



**TOWN OF MIAMI LAKES, FLORIDA  
REGULAR AGENDA  
Workshop**

**April 14, 2020**

**7:30 PM**

**Government Center**

**6601 Main Street Miami Lakes, FL33014**

Video stream of meetings can be viewed here:

<https://pub-miamilakes.escribemeetings.com>

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- 1. CALL TO ORDER**
- 2. MOMENT OF SILENCE**
- 3. PLEDGE OF ALLEGIANCE**
- 4. PUBLIC COMMENTS**

All comments or questions from the attending public to the Council shall be directed to the Mayor, in a courteous tone. No person other than the Council and the person recognized by the Mayor as having the floor, shall be permitted to enter into discussion without the permission of the Mayor. To ensure the orderly conduct and efficiency of the meeting, public comments shall be limited to three (3) minutes maximum per person; however, the Mayor may authorize the extension of the aforesaid time frame, and any extension shall apply to other individuals speaking on the same subject.

No clapping, applauding, heckling, verbal outburst in support of, or in opposition to a speaker or his/her remarks shall be permitted. Should a member of the audience become unruly, or behave in any manner that disrupts the orderly and efficient conduct of the meeting, the Mayor is given the right and the authority to require such person to leave the Council Chambers.

As a courtesy to others, all electronic devices must be set to silent mode to avoid disruption of the proceedings.

**Remote Public Comments:** Please register with the Town Clerk from the date the agenda is released to the date before the meeting. For additional information, please

contact [clerk@miamilakes-fl.gov](mailto:clerk@miamilakes-fl.gov)

**Live Remote Public Comments:** Livestreamed meetings will now allow the submission of Live Remote Public Comments. If you wish to be part of the scheduled Zoom meeting, please join the meeting by clicking on the URL Link below:

[Live Remote Public Comments](#)

## 5. ITEMS FOR DISCUSSION OR ACTION

### a. Town Investments

## 6. ADJOURNMENT

This meeting is open to the public. A copy of this Agenda and the backup therefore, has been posted on the Town of Miami Lakes Website at [miamilakes-fl.gov](http://miamilakes-fl.gov) and is available at Town Hall, 6601 Main Street, Miami Lakes 33014. In accordance with the Americans with Disabilities Act of 1990, all persons who are disabled and who need special accommodations to participate in this meeting because of that disability should contact Town Hall at 305-364-6100 two days prior to the meeting.

Anyone wishing to appeal any decision made by the Miami Lakes Town Council with respect to any matter considered at this meeting or hearing will need a record of the proceedings and for such purpose, may need to ensure that a verbatim record of the proceedings is made which record includes the testimony and evidence upon which the appeal is to be based.

Any member of the public wishing to speak on a public hearing matter on this Agenda or under public comments for items not on this Agenda, should fill out a speaker card and provide it to the Town Clerk, prior to commencement of the meeting. Any person presenting documents to the Town Council should provide the Town Clerk with a minimum of 15 copies.



## **Town of Miami Lakes Memorandum**

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**To:** Honorable Mayor & Councilmembers

**From:** Edward Pidermann, Town Manager

**Subject:** Town Investments Workshop

**Date:** April 14, 2020

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At the October 8, 2019 Regular Council Meeting, Councilmember Josh Dieguez introduced a new business item titled "Investment Evaluation Discussion". The purpose of this item was to set up a Town Council workshop to discuss how the Town of Miami Lakes makes investment decisions, how to get a broad overview of what is within the Investment Policy and to also foster a discussion with staff regarding town investments and related matters.

**Attachments:**

**PowerPoint Presentation (PDF)**  
**Investment Policy**  
**Current Economic Overview**  
**Investment Portfolio Summary – January 31, 2020.**

# Town of Miami Lakes

## Investment Policy Workshop

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# Investment Components

- Investment Policy
- Investment Committee
- Investment Advisor
- Investment Procedures
- Current Investment Portfolio
- Investment Revenue Trends
- Current Economic Overview



# INVESTMENT POLICY

## Investment Policy Highlights

1. The policy is compliant with Florida State Statutes.
2. This policy applies to all FUNDS.
3. The Goals of the Investment Policy:
  - a) To have effective cash management which is essential to good fiscal management.
  - b) To pursue the maximization of investment interest as viable and material revenue.

## The Goals of the Investment Policy: (cont'd)

- c) The Town's portfolio shall be designed and managed in a manner responsible to the public trust and consistent with state and federal laws.
- d) Investments shall be made with these PRIMARY OBJECTIVES in order of importance:
  - 1. Safety
  - 2. Liquidity
  - 3. Risk (yield)

*“ROI IS SECONDARY TO SAFETY AND LIQUIDITY”*



## Guidelines and focus to ensure objectives

1. Preservation of capital and protection of principal consistent with state and federal laws.
2. Maintenance of liquidity to meet operational needs.
3. Security of Town funds and investments.
4. Diversification of investments to avoid risks.
5. Optimization of interest income – (within state statutes)

## Delegation of Authority:

1. The Town Manager and Finance Director are designated as investment officers and responsible for investment decisions.
2. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures so established.
3. The Town Council may appoint an outside investment advisor to assist with the management of the Town's investment portfolio. Our current IA does NOT have discretionary authority over our portfolio.

## Performance Measurement and Strategies

We safeguard all FUNDS equally by focusing on safety and liquidity regardless of the investment, including the debt fund which has its own investment in the form of a CD in compliance with the Series 2010 Bond requirements and covenants.

## Prudence and Ethical Standards

1. Investments should be made with judgement and care, prudence, no speculations and focused on safety.
2. The policy calls for adherence to the Miami-Dade county code of ethics.
3. Investment officers (TM and FD) shall refrain from personal business activity that could conflict with proper execution of the investment or impair investment decisions.

## Maturity and Diversification

1. Our investments are limited to two years.
2. Currently, we only invest in Money Market Accounts, SBA MMA's, CDARS and Certificates of Deposit (CD's).
3. We use the CD ladder concept of 6,12,18 and 24 months, which creates diversification and liquidity.

## Authorized Investments

1. Direct obligations of the U.S. government, its agencies or instrumentalities.
2. SEC registered money market mutual funds.
3. Insured and fully collateralized CD's and Money Market accounts in financial institutions that are "Qualified Public Depositories" approved by the state.
4. Intergovernmental Florida Investment Pools like Florida Prime, (State Board of Administration- SBA).
5. Repurchased agreements secured by direct obligations of the U.S. Government.

## Selecting/Authorizing Financial Institutions and Products

1. Our banking services are selected through the Town's procurement process.– Our current bank is Bank United.
2. Our investment services or products are selected through an RFP or solicitation issued by our investment advisor (IA), thus creating independence and transparency for the town.

### *The investment product selection process is as follows:*

- a) IA maintains an updated list of financial institutions.
- b) IA creates and issues the CD/MMA solicitation.
- c) IA pre-qualifies all responding banks and products.
- d) Investment Officers and IA discuss solicitation responses.
- e) Investment Officers select the investment product.

## Competitive Conditions

- We need to create a competitive environment by considering multiple sources and products without relying solely on YIELD and considering at least three potential providers.

## Internal Controls

- Internal controls should be designed to prevent losses of funds, arising from fraud, error, misinterpretation or imprudent actions.
- *Our internal controls include the following:*
  - Oversight of Investment Committee at triannual meetings.
  - Oversight of Investment Advisor.
  - Separation of duties reconciling investment statements and revenue.
  - Investment decisions are made upon agreement between TM & FD.
  - All investments are audited by our independent auditors.



### Continuing Education

- Investment Officer(s) shall annually complete 8 hours of continuing education related to investment practices and products.

### Reporting

- The Investment Officer shall provide a quarterly investment report including the listing of holdings in the portfolio at cost or market value to the Town Council.

### Audits

- As part of the annual independent audit, the external auditing firm shall review adherence to the investment policy and compliance with state investment law and internal controls, to ensure compliance with policies and procedures.

### Policy Revision

- The investment policy is subject to revision consistent with laws, regulations and needs of the town. The Town Council shall review the policy on a periodic basis and adopt a resolution stating the is has reviewed the “Policy” and approves any changes or modifications.



# INVESTMENT COMMITTEE

## Investment Committee Members

- The committee is comprised of the Town Manager, the Finance Director, the Director of Budget and two town residents with financial investment expertise appointed by the Town Manager.
- Current committee members are:
  - Edward Pidermann – Town Manager
  - Ismael Diaz – CFO
  - Charles Gutiérrez – Best Driver Resources - Owner
  - Joaquin Medina – Apollo Bank – Banker
  - Andre Teixeira – Grahams Co. – CFO
  - Lester Barreras – CPA Firm Owner

## COMMITTEE PROCEDURES

- Committee meets triannually or every four months.
- Approval of minutes.
- IA discusses the current investment portfolio and provides a nationwide economic overview.
- Discussion of town's portfolio and financial position.
- Additional discussions and comments.



# INVESTMENT ADVISOR

## Valley View Consulting, L.L.C.

"Valley View Consulting, LLC provides investment management and consulting services to assist our clients in achieving their investment objectives. We provide dedicated service to each client, build each relationship, and ensure that the resulting program is most effective for the client."

- Contractual services include:
  - Advise on investment opportunities.
  - Review all holdings on an ongoing basis.
  - Review and evaluate all investment bank statements.
  - Prepare a triannual *“Investment Portfolio Summary”*. including all investments, rates, types, economic overview, investment holdings, portfolio details and book value comparison.

- Contractual services include: (cont'd)
  - Discuss the investment portfolio at every triannual committee meeting and provide an economic overview.
  - Procure all investment RFP's and/or solicitations.
  - Maintain a statewide bank list. (currently 60 institutions)
  - Evaluate or qualify all banks for requirements.



# CURRENT INVESTMENT PORTFOLIO





## **INVESTMENT PORTFOLIO SUMMARY**

**For the Period Ended**

**January 31, 2020**

**Prepared by**

**Valley View Consulting, L.L.C.**

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Town Manager

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Finance Director

Disclaimer: These reports were compiled using information provided by the Town. No procedures were performed to test the accuracy or completeness of this information. The market values included in these reports were obtained by Valley View Consulting, L.L.C. from sources believed to be accurate and represent proprietary valuation. Due to market fluctuations these levels are not necessarily reflective of current liquidation values. Yield calculations are not determined using standard performance formulas, are not representative of total return yields, and do not account for investment advisor fees.

## Current Period Summary

	September 30, 2019		January 31, 2020		
	Book Value	Market Value	Book Value	Market Value	Ave. Yield
Bank/DDA	\$ 1,340,931	\$ 1,340,931	\$ 1,480,192	\$ 1,480,192	0.26%
MMA/Pool/MMMF	6,536,043	6,536,043	15,150,514	15,150,514	1.78%
CDs/Securities	2,844,352	2,844,352	1,823,075	1,823,075	2.34%
<b>Totals</b>	<b>\$ 10,721,326</b>	<b>\$ 10,721,326</b>	<b>\$ 18,453,781</b>	<b>\$ 18,453,781</b>	

Current Period Average Yield (1)		Fiscal Year-to-Date Average Yield (2)	
Total Portfolio	1.71%	Total Portfolio	1.71%
Rolling Three Month Treasury	1.57%	Rolling Three Month Treasury	1.57%
Rolling Six Month Treasury	1.70%	Rolling Six Month Treasury	1.70%
SBA Pool A Yield	1.81%	SBA Pool A Yield	1.81%

	Interest Income (unaudited)	Bank Service Fees Offset	IA Fees	Net
This Period	\$ 78,230	\$ 6,047	\$ 2,333	\$ 81,944
Fiscal Year to Date	\$ 78,230	\$ 6,047	\$ 2,333	\$ 81,944

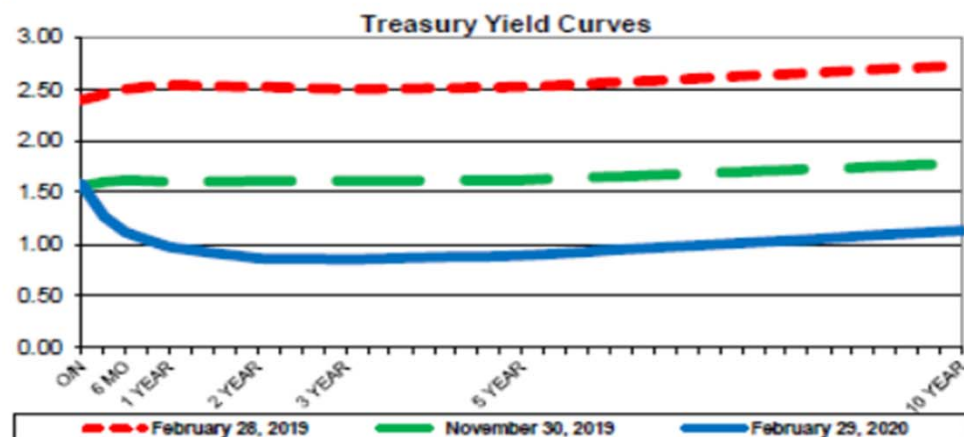
(1) Current Period Average Weighted Yield - calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees. The yield for the reporting month is used for bank, pool, and money market balances.

(2) Fiscal Year-to-Date Average Yields - calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

## Economic Overview

2/28/2020

On March 3rd, the Federal Open Market Committee (FOMC) reduced the Fed Funds target range 0.50% to 1.00% - 1.25% (Effective Fed Funds are trading +/-1.12%). Concerns over worldwide Coronavirus-related economic slow down was the justification. The Futures Market continues to project additional FOMC rate decreases. Crude oil remains less than \$55, with over production concerns. The Non Farm Payroll and Unemployment Rate numbers are still economic positives. Stock Market volatility dramatically increased as company outlooks changed. Consumer spending may be impacted by virus concerns. Housing construction has held steady. Pre-virus overall economic activity remained positive with 4th Quarter GDP confirmed at 2.1%. The Yield Curve plummeted.





## Investment Holdings

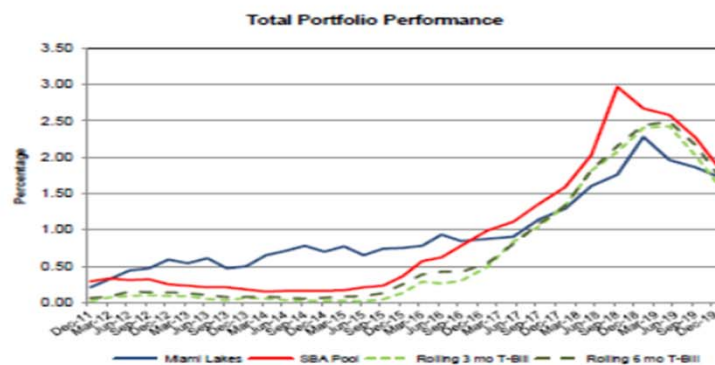
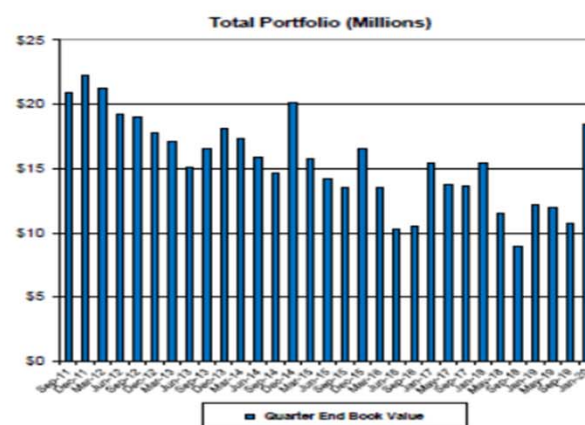
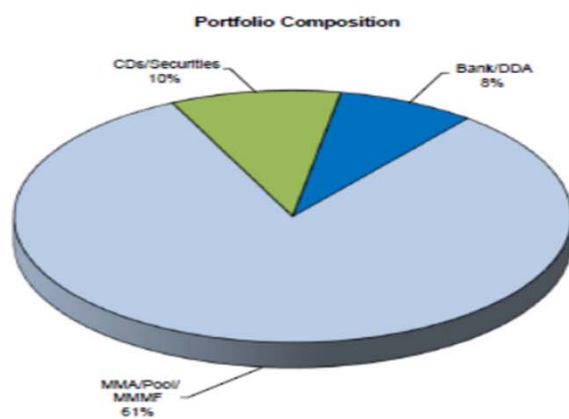
January 31, 2020

Description	Rating	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Book Value	Market Price	Market Value	Life (days)	Yield
Bank United Pooled Cash		0.26%	02/01/20	01/31/20	\$ 1,478,192	\$ 1,478,192	1.00	\$ 1,478,192	1	0.26%
Bank United EUT		0.00%	02/01/20	01/31/20	2,000	2,000	1.00	2,000	1	0.00%
Bank United MMA		1.79%	02/01/20	01/31/20	14,658,600	14,658,600	1.00	14,658,600	1	1.79%
SBA Pool A	AAAm	1.81%	02/01/20	01/31/20	309,663	309,663	1.00	309,663	1	1.81%
TD Bank Deposit Sweep - Interest		1.20%	02/01/20	01/31/20	148,493	148,493	1.00	148,493	1	1.20%
TD Bank Deposit Sweep - Principal		1.40%	02/01/20	01/31/20	33,758	33,758	1.00	33,758	1	1.40%
TD Bank CD - Reserve		2.10%	02/04/20	02/05/18	672,626	672,626	100.00	672,626	4	2.10%
City National Bank CDARS		2.48%	04/09/20	04/12/18	1,150,449	1,150,449	100.00	1,150,449	69	2.48%
					<u>\$ 18,453,781</u>	<u>\$ 18,453,781</u>		<u>\$ 18,453,781</u>	<u>5</u>	<u>1.71%</u>
										(1) (2)

(1) Weighted average life - For purposes of calculating weighted average life bank, pool, and money market balances are assumed to have a one day maturity.

(2) Weighted average yield to maturity - The weighted average yield to maturity is based on adjusted book value, realized and unrealized gains/losses and investment advisory fees are not considered. The yield for the reporting month is used for bank, pool, and money market balances.

(3) Wells Fargo Government Advantage Interest Checking - optimizes Compensating Balance/Earnings Credit (0.35%) and hard dollar interest (0.15%) balances.



## Book Value Comparison

	Coupon/ Discount	Maturity Date	September 30, 2019		January 31, 2020	
			Book Value	Increases	Decreases	Book Value
Bank United Pooled Cash	0.26%	02/01/20	\$ 1,034,560	\$ 443,632	\$ –	\$ 1,478,192
Bank United EUT	0.00%	02/01/20	306,370		(304,370)	2,000
Bank United MMA	1.79%	02/01/20	5,758,405	8,900,195		14,658,600
SBA Pool A	1.81%	02/01/20	307,698	1,965		309,663
TD Bank Deposit Sweep - Interest	1.20%	02/01/20	184,294		(35,801)	148,493
TD Bank Deposit Sweep - Principal	1.40%	02/01/20	285,637		(251,879)	33,758
TD Bank Deposit Sweep - Reserve	0.00%	02/01/20	9		(9)	–
EverBank CD	1.80%	10/20/19	1,035,482		(1,035,482)	–
TD Bank CD - Reserve	2.10%	02/04/20	667,995	4,631		672,626
City National Bank CDARS	2.48%	04/09/20	1,140,875	9,574		1,150,449
			<u>\$ 10,721,326</u>	<u>\$ 9,359,997</u>	<u>\$ (1,627,542)</u>	<u>\$ 18,453,781</u>



# INVESTMENT REVENUE TRENDS

## Investment Income Seven-Year Trend

Year	2019	2018	2017	2016	2015	2014	2013
Total FY Interest	224,808	186,212	136,601	115,943	102,573	90,011	77,021
Increase (decrease)	38,596	49,611	20,659	13,370	12,562	12,990	
% Change	21%	36%	18%	13%	14%	17%	





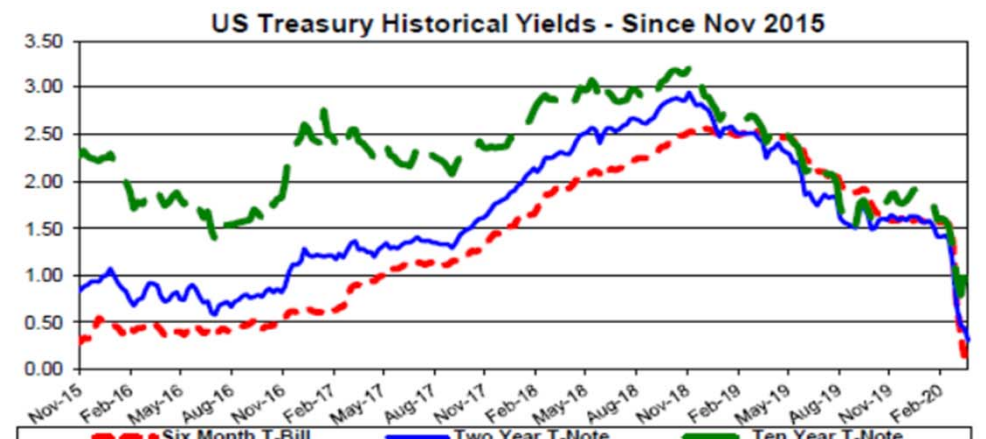
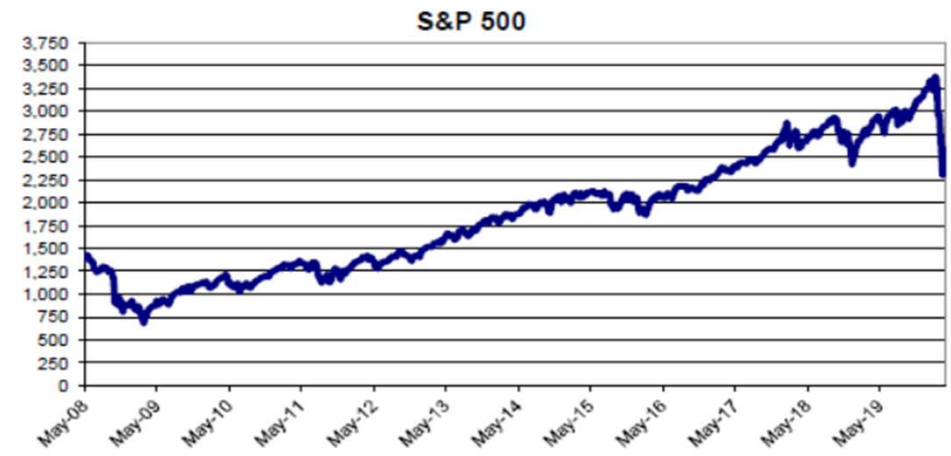
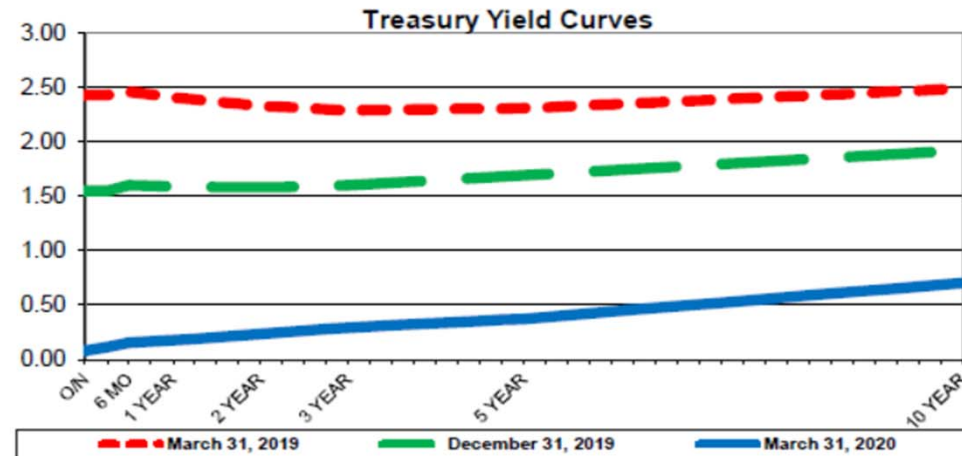
# Current Economic Overview

Presented by: Valley View Consulting, L.L.C.

## Economic Overview

3/31/2020

Due to COVID-19 pandemic concerns, the Federal Open Market Committee (FOMC) dramatically reduced the Fed Funds target range to 0.00% to 0.25% (Effective Fed Funds are trading +/- 0.10%). Worldwide economic activity has collapsed because of Coronavirus "social isolation" and other related actions. The Yield Curve plummeted. Crude oil declined severely to less than \$25 per barrel. Unemployment claims leaped to over 10 million. The Stock Market "corrected" into a full bear market. U.S. monetary and fiscal programs are designed to stabilize and improve near term economic conditions. Time will tell how long the pandemic lasts and full recovery takes.



Q&A

Thank You!

## **Town of Miami Lakes, Florida**

### **Investment Policy**

It is the policy of the Town of Miami Lakes (the "Town") that all available funds shall be invested in conformance with applicable Florida State Statute Chapters including, but not limited to, Chapter 218, Part IV *Investment of Local Government Surplus Funds*, Chapter 219 *County Public Money Handling by State and County*, s. 218.415 Local Government Investment Policies and Chapter 280 *Security for Public Deposits* this Policy, and any other authorized written administrative procedures.

Effective cash management is recognized as essential to good fiscal management. An effective cash management and investment policy will be pursued to take advantage of investment interest as viable and material revenue to all operating and capital funds. The Town's portfolio shall be designed and managed in a manner responsive to the public trust and consistent with state and federal law.

Investments shall be made with the primary objectives in order of importance:

- Safety,
- Liquidity, and
- Risk-commensurate Investment Income.

To ensure these objectives are attained, the Town will pursue:

- Preservation of capital and protection of principal,
- Maintenance of sufficient liquidity to meet operating needs,
- Security of Town funds and investments,
- Diversification of investments to avoid unreasonable or avoidable risks, and
- Optimization of interest earnings.

This Policy is to be authorized by the Town Council in accordance with Chapter 218, Section 415 of the Florida Statutes.

### **Scope**

This Policy shall govern the investment of all financial assets of the Town as accounted for in the Town's Financial Statements, including but not limited to, general, enterprise, debt service, capital project and special revenue funds, with the exception of funds specifically organized and administered separately (including but not limited to those assets owned by a 501(c)(3) tax exempt charitable organization controlled by the Town, pension and deferred compensation funds, and funds held under Bond Trust Indenture for defeased Town debt).

When possible, the Town will consolidate cash balances to enhance investment earnings. Investment income will be allocated, if necessary, to the various funds based on their respective participation and in accordance with generally accepted accounting principles.

This Policy shall apply to all transactions involving the financial assets and related activity of the Town.

Additionally, all bond proceeds and related funds shall be invested according to the restrictions and/or requirements of the related bond covenants.

### **Delegation of Authority**

The Town Manager and Director of Finance are designated as Investment Officers of the Town and are responsible for investment decisions, activities, and transactions for the Town's investment portfolio. The Director of Finance is designated as the Primary Investment Officer and is responsible for day-to-day investment decisions and activities. The Primary Investment Officer may delegate certain aspects of day-to-day administration of the cash management program as part of the written "Internal Controls."

No person may engage in an investment transaction except as provided under the terms of this Policy and the procedures so established. The Town Council may appoint an outside Investment Advisor to assist in the management of the Town's investment portfolio. Such Advisor must be registered under the Investment Advisors Act of 1940.

The Mayor, Town Manager, and the Finance Director are authorized signatories to initiate or approve wire transfer transactions in accordance with applicable policies and procedures.

### **Investment Committee**

There is hereby created an Investment Committee, consisting of the Town Manager, Finance Director, Director of Budget and Administration, and two Town residents, with financial investment expertise, appointed by the Town Manager.

The Investment Committee shall meet periodically to review general strategies and monitor overall portfolio performance. The Committee shall include in its deliberations such topics as:

- Economic outlook,
- Portfolio diversification,
- Maturity structure,
- Risk considerations,
- Authorized broker/dealers,

- Target rate of return on the portfolio, and
- Any other responsibilities assigned to the Committee by the Town Manager.

The Investment Committee shall establish its rules of procedure and provide for minutes of its meetings. Any two members of the Committee may request a meeting, and three members shall constitute a quorum.

## **Investment Objectives**

The Town shall manage and invest its cash with three primary objectives, listed in order of priority: safety, liquidity, and risk-commensurate investment income. The safety of the principal invested always remains the primary objective. All investments shall be designed and managed in a manner responsive to the public trust and consistent with state and local law.

The Town shall maintain a comprehensive cash management program, which includes collection of account receivables, vendor payments in accordance with invoice terms, and prudent investment of available cash. Cash management is defined as the process of managing monies in order to ensure maximum cash availability and enhancing earnings on short-term investment of idle cash.

### **Safety**

Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit and interest rate risk.

- ❑ Credit Risk – The Town will minimize credit risk, the risk of loss due to the failure of the issuer or backer of the investment, by:
  - Limiting investments to the safest types of issuers,
  - Pre-qualifying the financial institutions, pools, money market mutual funds, and broker/dealers with which the Town will do business, and
  - Diversifying the investment portfolio so that potential losses on individual issuers will be minimized.
- ❑ Interest Rate Risk – the Town will minimize the risk that investment earnings will deviate from budget and that the portfolio will be forced to realize market gains or losses, by:
  - Structuring investments to meet cash requirements and
  - Diversifying maturities and staggering purchase dates to minimize the impact of market movements over time.

### **Liquidity**

The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This will be accomplished by structuring the portfolio so that investments mature concurrent with cash needs, and maintaining a portion of the portfolio in short-term, cash equivalent investments.

### **Risk-Commensurate Investment Income**

The investment portfolio shall be designed with the objective of attaining risk-commensurate investment income throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above.

## **Performance Measurement and Fund Strategies**

As required by state law, the Town will establish performance measures by selecting benchmarks that are appropriate for the prudent management of each of the fund types and monitoring the results on no less than a quarterly basis.

**General and Enterprise Funds** – Investment strategies for General and Enterprise Funds will have as their primary objective to assure that anticipated cash flows are matched with adequate investment liquidity. The secondary objective is to create a portfolio structure that will experience minimal volatility during economic cycles. This may be accomplished by purchasing high quality, short to medium-term investments that will complement each other in a ladder maturity structure. The dollar weighted average maturity of 365 days or less will be calculated using the stated final maturity date of each investment. Funds shall be managed and invested with the objectives of safety, liquidity and yield (listed in order of priority). The performance of the general funds will be measured against the 6-month U.S. Treasury Bill index.

**Debt Service Funds** – Investment strategies for Debt Service Funds shall have as the primary objective the assurance of investment liquidity adequate to cover the debt service obligation on the required payment date. Investments purchased shall not have a stated final maturity date that exceeds the next unfunded debt service payment date. Funds shall be managed and invested with the objectives of safety, liquidity and yield (listed in order of priority). The performance of the debt service funds will be measured against the 3-month U.S. Treasury Bill index.

**Capital Project and Special Revenue Funds** – Investment strategies for Capital Project and Special Revenue Funds will have as their primary objectives to assure that anticipated cash flows are matched with adequate investment liquidity. These portfolios should include at least 10% in cash equivalent investments to allow for flexibility and unanticipated project outlays. The stated final maturity dates of securities held should not



exceed the estimated project completion date. Funds shall be managed and invested with the objectives of safety, liquidity and yield (listed in order of priority). The performance of the capital project or special purpose funds will be measured against the performance of the U.S. Treasury Bill index that represents a comparable maturity range.

## **Prudence and Ethical Standards**

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 from the investment.

This “prudent person” standard shall be applied in the context of managing an overall portfolio. Investment Officers acting in accordance with written procedures and the Investment Policy and exercising due diligence shall be relieved of personal responsibility for an individual investment’s credit risk or market price changes, provided deviations from expectations are reported in a timely fashion, and after review, take action as appropriate to control adverse developments.

All participants in the Town’s investment process shall seek to act responsibly as custodians of the public trust. The Investment Officer(s) shall avoid any transaction that might impair public confidence in the Town’s ability to govern effectively. Additionally, the Investment Officer(s) will adhere to the Miami-Dade County Code of Ethics which applies to all municipal officials, officers and employees.

Investment Officers 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, and should disclose any material personal interests that could be construed as conflicts to the Town Manager.

In determining whether the Investment Officer(s) or Investment Advisor has exercised prudence with respect to an investment decision, the investment of all funds over which the Officer/Advisor had responsibility, rather than the prudence of a single investment, and whether the investment decision was consistent with the Investment Policy, shall be considered.

## **Authorized Investments**

The Town is empowered by the state law and this Investment Policy to invest in the following types of securities:

1. Direct obligations of the U.S. Government, its Agencies or Instrumentalities;

2. Securities and Exchange Commission registered money market mutual funds with the highest credit quality rating from a nationally recognized rating agency;
3. Insured or fully collateralized Certificates of Deposit and other forms of deposit in financial institutions that are qualified public depositories of the State as determined by the State Treasurer, in accordance with Chapter 280.02 of the Florida Statutes;
4. Financial institution deposits that are in Qualified Public Depositories of the State in accordance with Chapter 280.02, Florida Statutes, where the selected depository arranges for the deposit of the funds in certificates of deposit in one or more federally insured financial institutions, wherever located, for the account of the Town in amounts that ensure that each certificate of deposit is insured by the Federal Deposit Insurance Corporation, and meet the requirements of Chapter 218.415 (23), Florida Statutes;
5. Intergovernmental investment pools authorized pursuant to the Florida Interlocal Cooperation Act functioning as a money market mutual fund with the highest credit quality rating from a nationally recognized rating agency; and
6. Repurchase agreements secured by direct obligations of the U.S. Government, its Agencies or Instrumentalities, pledged with an independent third party approved by the Town, and having a market value of not less than 102% of investment balance plus accrued interest. All repurchase agreement transactions shall be governed in accordance with a master repurchase agreement executed in compliance with State law.

### **Maturity Limitations**

In order to ensure adequate liquidity to meet financial obligations, the Town will attempt to match investment maturities with known cash needs and anticipated cash flow requirements. Investment maturities for operating and debt service funds shall not exceed two years, and capital project or special purpose funds shall not exceed three years.

### **Diversification Statement**

Diversification of the portfolio remains as the most effective means of protecting the portfolio from overexposure to liquidity, credit, and market risks. To avoid unnecessary risk, the portfolio will be diversified by issuer, maturity, and sector, as appropriate.

## **Authorized Financial Institutions and Broker/Dealers**

### **Depository**

A primary depository may be selected through the Town's banking services procurement process. The selection of a depository will be determined by evaluation of proposals based on the following selection criteria:

- The ability to qualify as a Qualified Bank Depository for public funds in accordance with State law.
- The ability to provide requested information or financial statements for the periods specified.
- The ability to meet all requirements in the banking RFP.
- Complete response to all required items in the banking RFP.
- "Best value" net banking service cost, consistent with the ability to provide an appropriate level of service.
- The credit worthiness and financial stability of the bank.

All primary and non-primary depository deposits shall be insured or collateralized in compliance with applicable State law. The Town reserves the right, in its sole discretion, to accept or reject any form of insurance or collateralization pledged towards depository deposits.

### **Broker/Dealers**

The Investment Officer(s) shall maintain a list of broker/dealers that are approved for investment purposes. Only firms meeting the following requirements shall be eligible to serve as broker/dealer:

1. Qualify under Securities and Exchange Commission Rule 15 C3-1 (uniform net capital rule);
2. Registered as a dealer under the Securities Exchange Act of 1934;
3. Member of the Financial Industry Regulatory Authority (FINRA); and
4. Registered to sell securities in Florida.

## **Third Party Custodians**

The Town shall contract with a bank or banks for the safekeeping or custody of securities owned by the Town as part of its investment portfolio or pledged to the Town as collateral.

Securities owned by the Town shall be evidenced by safekeeping receipts of the institution holding the securities. Safekeeping institutions shall be independent from the parties involved in the investment transaction.

Subject to the Public Deposits Program requirements, securities pledged to the Town shall be evidenced by custodial pledge receipts of the institution holding the securities. Custodial institutions shall be independent from the parties involved in the investment transaction.

All security transactions shall utilize the "Delivery Versus Payment" procedure for settlement.

### **Subject to Audit**

All collateral shall be subject to inspection and audit by the Town's designated financial officer or the Town's independent auditors.

## **Competitive Conditions**

It is the policy of the Town to create a competitive environment for all investment activities. To achieve that objective, multiple investment sources and products will be considered, with the Investment Officer selecting the best value determined by an appropriate risk/return analysis.

Rather than relying solely on yield, investment in money market mutual funds and intergovernmental investment pools shall be based on criteria determined by the Town or its Investment Advisor to demonstrate reasonable and prudent investment strategies of the fund/pool.

At least three potential providers must be contacted in all transactions involving individual securities. Quotes may be solicited in any manner provided by law. For those situations where it may be impractical or unreasonable to receive three quotes for a transaction due to a rapidly changing market environment or to secondary market availability, documentation of a competitive market survey of comparable options or an explanation of the specific circumstance must be included with the transaction documentation.

## **Internal Controls**

The Primary Investment Officer shall establish written internal controls and operations procedures. The internal controls should be designed to prevent losses of funds, which might arise from fraud, error, misrepresentation, or imprudent actions. No person may engage in an investment transaction except as authorized under the terms of this Policy.

The controls and procedures shall address the following points:

- Control of collusion,
- Prevention of fraud,
- Reduction of employee error,
- Limitation of imprudent employee action,
- Separation of transactions authority from accounting and record-keeping,
- Requirement of third-party custody and safekeeping,
- Clear delegation of authority to subordinate staff members,
- Prevention of misrepresentation by third parties,
- Written confirmation of all transactions for investments and wire transfers, and
- Adherence to all ethics and investment policies.

### **Continuing Education**

In compliance with s.218.415 (14), F.S., the Investment Officer(s) and any other staff responsible for investment-related activities shall annually complete eight (8) hours of continuing education in subjects or courses of study related to investment practices or products.

### **Reporting**

The Investment Officer shall provide a quarterly investment report including the listing of holdings in the portfolio at cost and market value to the Town Council. Such reports shall include:

- Individual investment descriptions,
- Coupon/Discount rate and yield to maturity,
- Final maturity and call dates,
- Credit Ratings,
- Book value and market value, and
- Quarterly interest earnings.

### **Sale of Securities**

When invested funds are needed prior to maturity of a security, or when more optimal investment positions are available and a swap would be deemed to be effective and prudent, the Town may sell a security at the then-prevailing market price.

In the event that an authorized investment loses its required minimum credit rating, all prudent measures will be taken to liquidate said investment. Additionally, the Town is not required to liquidate investments that were authorized at the time of purchase.

### **Audits**

As part of its annual audit, the external auditing firm shall review adherence to the Investment Policy and compliance with State investment law. Additionally, the auditors shall conduct a review of the system of internal controls to ensure compliance with policies and procedures.

### **Selection of Investment Advisory Services**

An RFP for Investment Advisory Services may be issued prior to the then current contract termination date. Proposals shall be received and ranked by a selection committee consistent with the Town's current PSA practices. Upon recommendation by the Town Manager and approval by the Town Council, a new contract can be signed.

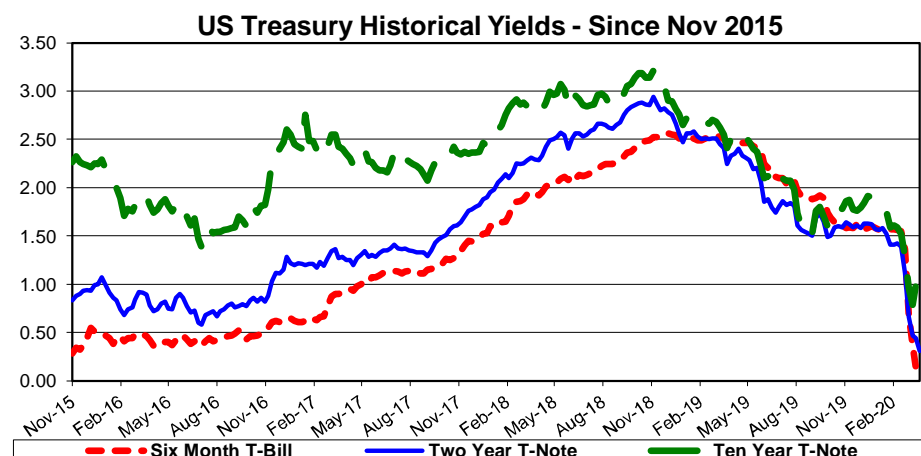
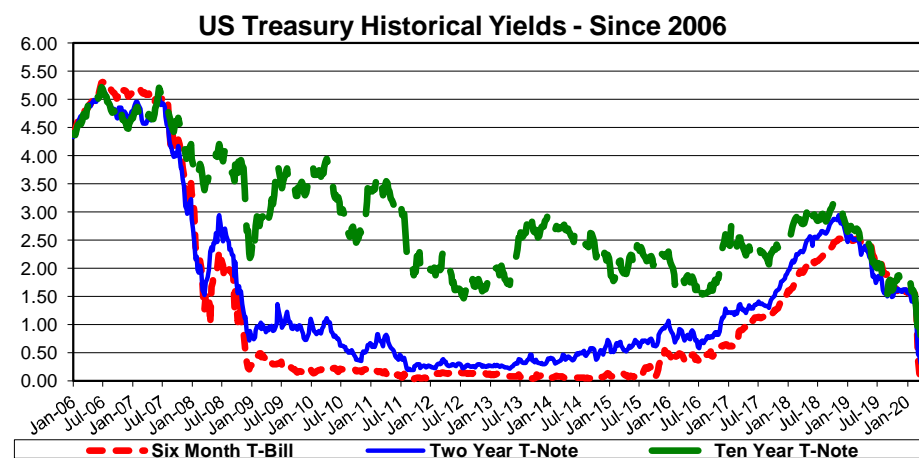
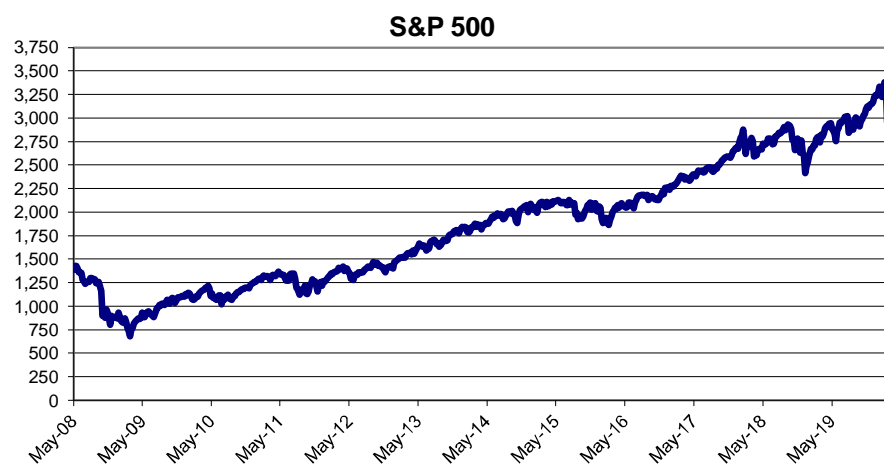
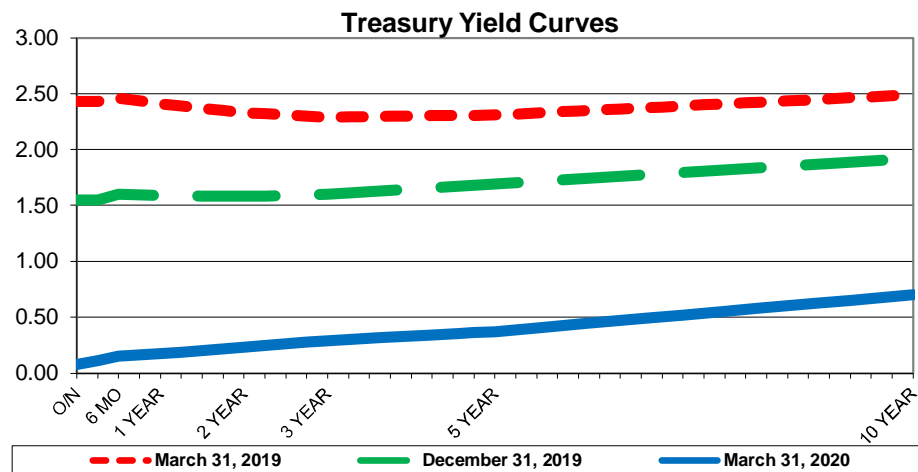
### **Investment Policy Review**

The Policy shall be subject to revisions consistent with changing laws, regulations, and needs of the Town. The Town Council shall review the Policy on a periodic basis and adopt a resolution stating that it has reviewed the Policy and approves any changes or modifications.

## Economic Overview

3/31/2020

Due to COVID-19 pandemic concerns, the Federal Open Market Committee (FOMC) dramatically reduced the Fed Funds target range to 0.00% to 0.25% (Effective Fed Funds are trading +/- 0.10%). Worldwide economic activity has collapsed because of Coronavirus "social isolation" and other related actions. The Yield Curve plummeted. Crude oil declined severely to less than \$25 per barrel. Unemployment claims leaped to over 10 million. The Stock Market "corrected" into a full bear market. U.S. monetary and fiscal programs are designed to stabilize and improve near term economic conditions. Time will tell how long the pandemic lasts and full recovery takes.





## **INVESTMENT PORTFOLIO SUMMARY**

**For the Period Ended**

**January 31, 2020**

**Prepared by**

**Valley View Consulting, L.L.C.**

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Town Manager

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Finance Director

Disclaimer: These reports were compiled using information provided by the Town. No procedures were performed to test the accuracy or completeness of this information. The market values included in these reports were obtained by Valley View Consulting, L.L.C. from sources believed to be accurate and represent proprietary valuation. Due to market fluctuations these levels are not necessarily reflective of current liquidation values. Yield calculations are not determined using standard performance formulas, are not representative of total return yields, and do not account for investment advisor fees.



## Current Period Summary

	September 30, 2019		January 31, 2020		
	Book Value	Market Value	Book Value	Market Value	Ave. Yield
Bank/DDA	\$ 1,340,931	\$ 1,340,931	\$ 1,480,192	\$ 1,480,192	0.26%
MMA/Pool/MMMF	6,536,043	6,536,043	15,150,514	15,150,514	1.78%
CDs/Securities	2,844,352	2,844,352	1,823,075	1,823,075	2.34%
<b>Totals</b>	<b>\$ 10,721,326</b>	<b>\$ 10,721,326</b>	<b>\$ 18,453,781</b>	<b>\$ 18,453,781</b>	

Current Period Average Yield (1)		Fiscal Year-to-Date Average Yield (2)	
Total Portfolio	1.71%	Total Portfolio	1.71%
Rolling Three Month Treasury	1.57%	Rolling Three Month Treasury	1.57%
Rolling Six Month Treasury	1.70%	Rolling Six Month Treasury	1.70%
SBA Pool A Yield	1.81%	SBA Pool A Yield	1.81%

	Interest Income (unaudited)	Bank Service Fees Offset	IA Fees	Net
This Period	\$ 78,230	\$ 6,047	\$ 2,333	\$ 81,944
Fiscal Year to Date	\$ 78,230	\$ 6,047	\$ 2,333	\$ 81,944

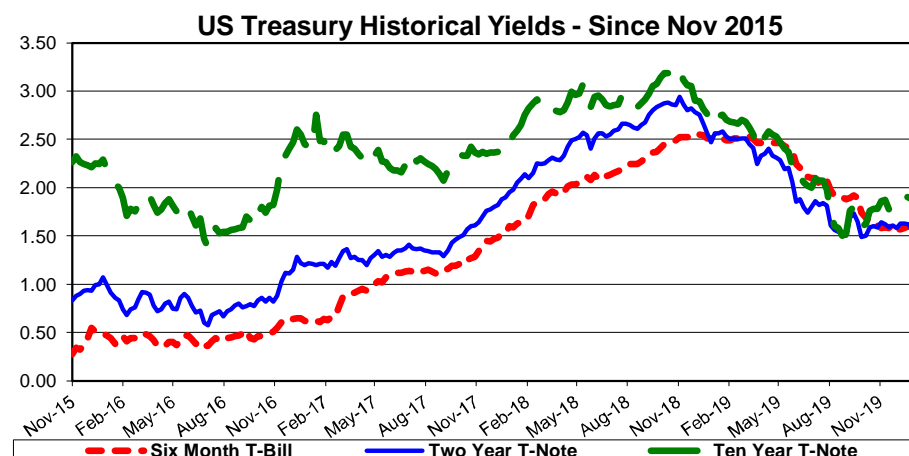
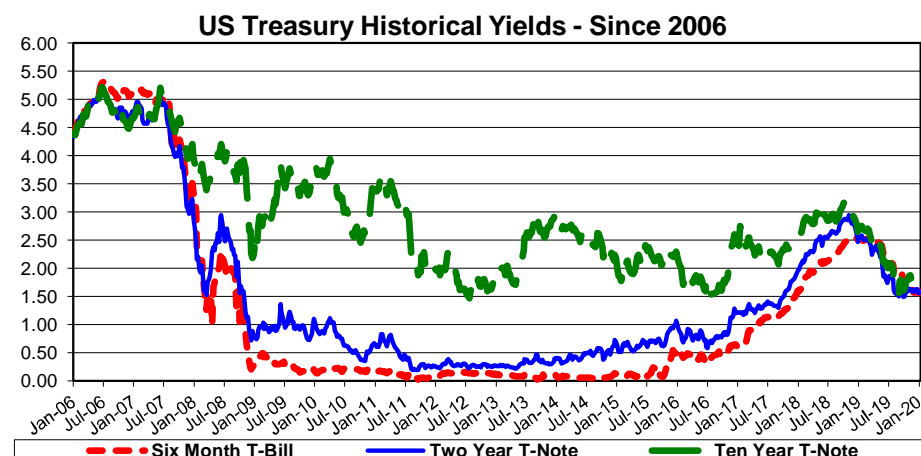
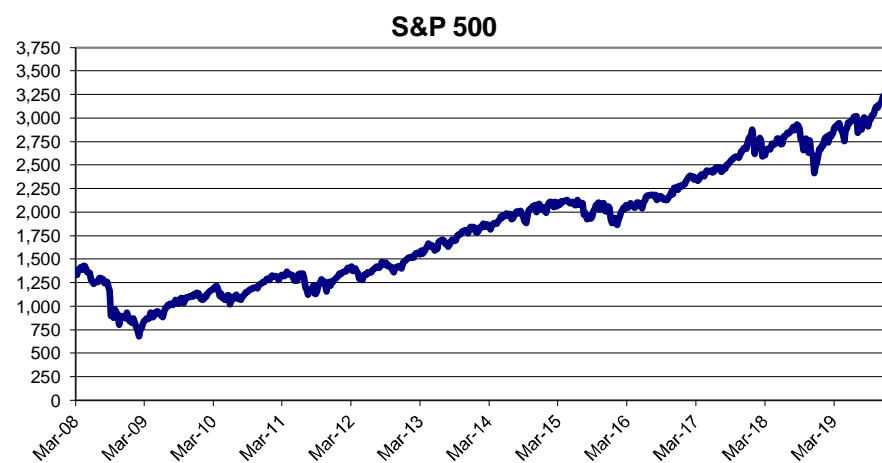
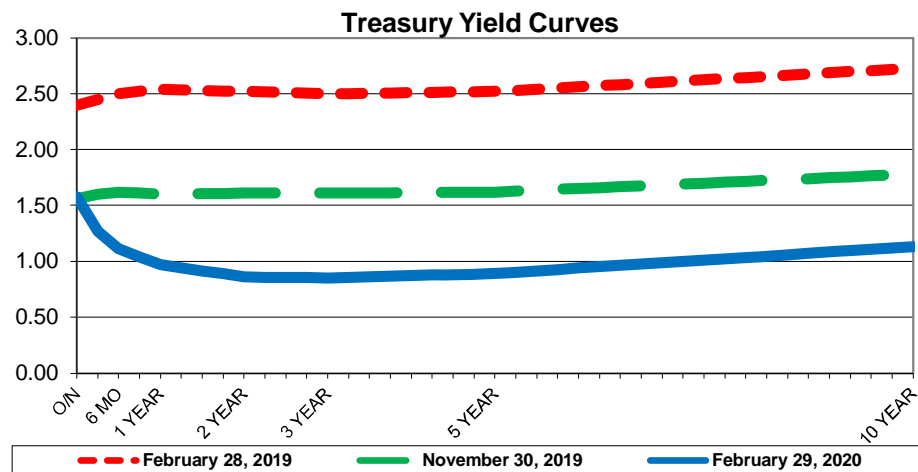
(1) **Current Period Average Weighted Yield** - calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees. The yield for the reporting month is used for bank, pool, and money market balances.

(2) **Fiscal Year-to-Date Average Yields** - calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

## Economic Overview

2/28/2020

On March 3rd, the Federal Open Market Committee (FOMC) reduced the Fed Funds target range 0.50% to 1.00% - 1.25% (Effective Fed Funds are trading +/-1.12%). Concerns over worldwide Coronavirus-related economic slow down was the justification. The Futures Market continues to project additional FOMC rate decreases. Crude oil remains less than \$55, with over production concerns. The Non Farm Payroll and Unemployment Rate numbers are still economic positives. Stock Market volatility dramatically increased as company outlooks changed. Consumer spending may be impacted by virus concerns. Housing construction has held steady. Pre-virus overall economic activity remained positive with 4th Quarter GDP confirmed at 2.1%. The Yield Curve plummeted.



## Investment Holdings

January 31, 2020

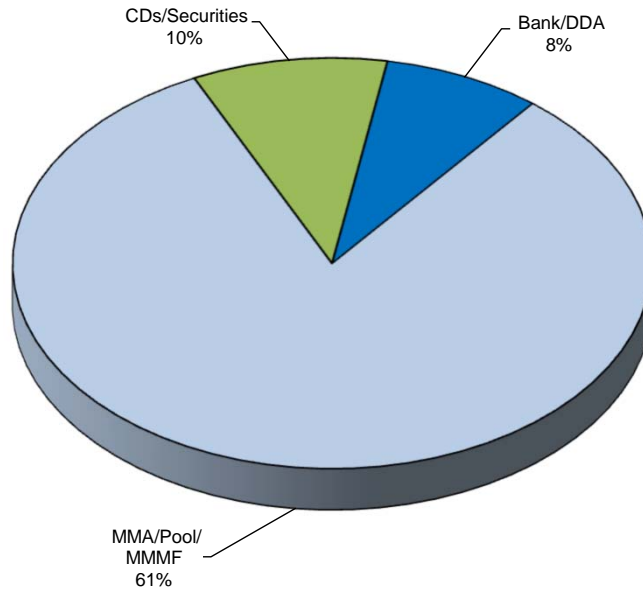
Description	Rating	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Book Value	Market Price	Market Value	Life (days)	Yield
Bank United Pooled Cash		0.26%	02/01/20	01/31/20	\$ 1,478,192	\$ 1,478,192	1.00	\$ 1,478,192	1	0.26%
Bank United EUT		0.00%	02/01/20	01/31/20	2,000	2,000	1.00	2,000	1	0.00%
Bank United MMA		1.79%	02/01/20	01/31/20	14,658,600	14,658,600	1.00	14,658,600	1	1.79%
SBA Pool A	AAAm	1.81%	02/01/20	01/31/20	309,663	309,663	1.00	309,663	1	1.81%
TD Bank Deposit Sweep - Interest		1.20%	02/01/20	01/31/20	148,493	148,493	1.00	148,493	1	1.20%
TD Bank Deposit Sweep - Principal		1.40%	02/01/20	01/31/20	33,758	33,758	1.00	33,758	1	1.40%
TD Bank CD - Reserve		2.10%	02/04/20	02/05/18	672,626	672,626	100.00	672,626	4	2.10%
City National Bank CDARS		2.48%	04/09/20	04/12/18	1,150,449	1,150,449	100.00	1,150,449	69	2.48%
					<b>\$ 18,453,781</b>	<b>\$ 18,453,781</b>		<b>\$ 18,453,781</b>	<b>5</b>	<b>1.71%</b>
									(1)	(2)

(1) **Weighted average life** - For purposes of calculating weighted average life bank, pool, and money market balances are assumed to have a one day maturity.

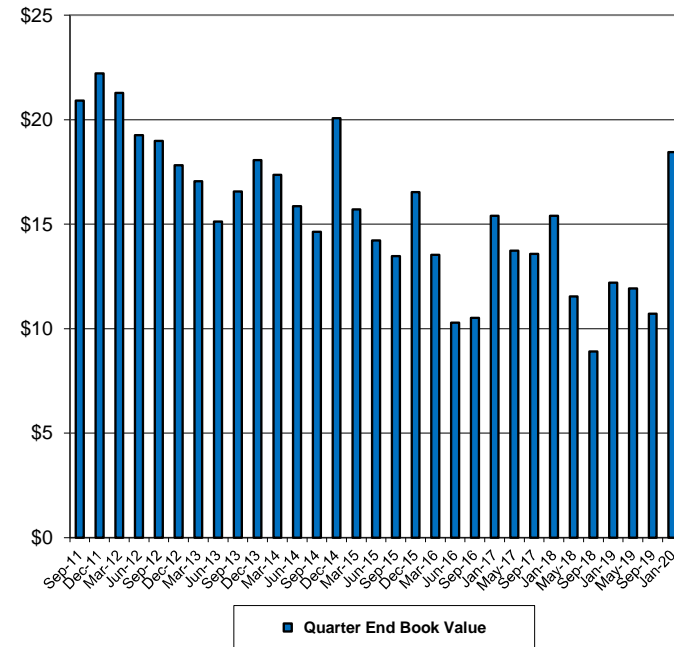
(2) **Weighted average yield to maturity** - The weighted average yield to maturity is based on adjusted book value, realized and unrealized gains/losses and investment advisory fees are not considered. The yield for the reporting month is used for bank, pool, and money market balances.

(3) **Wells Fargo Government Advantage Interest Checking** - optimizes Compensating Balance/Earnings Credit (0.35%) and hard dollar interest (0.15%) balances.

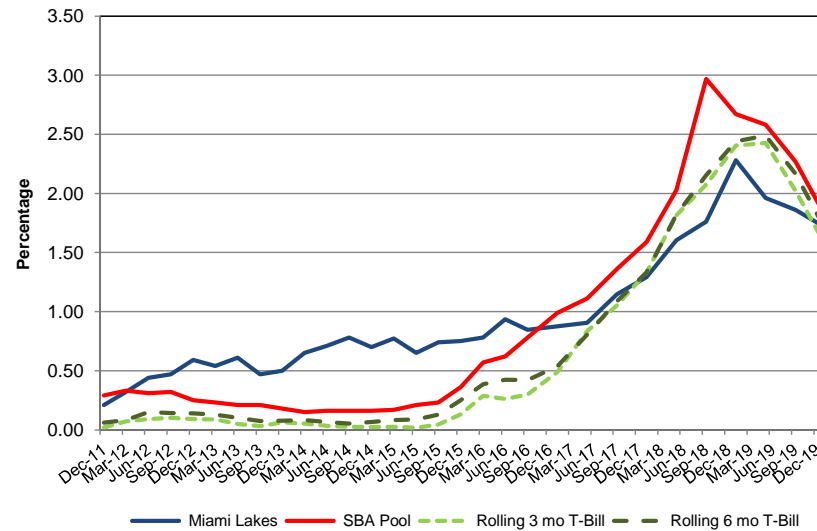
**Portfolio Composition**



**Total Portfolio (Millions)**



**Total Portfolio Performance**



## Book Value Comparison

			September 30, 2019		January 31, 2020	
	Coupon/ Discount	Maturity Date	Book Value	Increases	Decreases	Book Value
Bank United Pooled Cash	0.26%	02/01/20	\$ 1,034,560	\$ 443,632	\$ —	\$ 1,478,192
Bank United EUT	0.00%	02/01/20	306,370		(304,370)	2,000
Bank United MMA	1.79%	02/01/20	5,758,405	8,900,195		14,658,600
SBA Pool A	1.81%	02/01/20	307,698	1,965		309,663
TD Bank Deposit Sweep - Interest	1.20%	02/01/20	184,294		(35,801)	148,493
TD Bank Deposit Sweep - Principal	1.40%	02/01/20	285,637		(251,879)	33,758
TD Bank Deposit Sweep - Reserve	0.00%	02/01/20	9		(9)	—
EverBank CD	1.80%	10/20/19	1,035,482		(1,035,482)	—
TD Bank CD - Reserve	2.10%	02/04/20	667,995	4,631		672,626
City National Bank CDARS	2.48%	04/09/20	1,140,875	9,574		1,150,449
			<b>\$ 10,721,326</b>	<b>\$ 9,359,997</b>	<b>\$ (1,627,542)</b>	<b>\$ 18,453,781</b>