

Town of Miami Lakes

Investment Policy Workshop

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

May 31, 2020

Prepared by

Valley View Consulting, L.L.C.

Town Manager

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

	January 31, 2020		May 31, 2020		
	Book Value	Market Value	Book Value	Market Value	Ave. Yield
Bank/DDA	\$ 1,480,192	\$ 1,480,192	\$ 819,895	\$ 819,895	0.18%
MMA/Pool/MMMF	15,150,514	15,150,514	14,063,855	14,063,855	0.35%
CDs/Securities	1,823,075	1,823,075	543,733	543,733	1.22%
Totals	\$ 18,453,781	\$ 18,453,781	\$ 15,427,483	\$ 15,427,483	0.37%

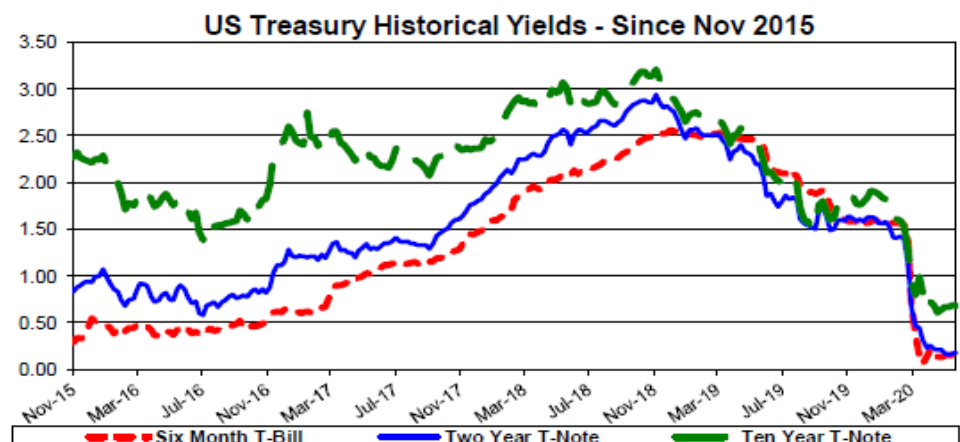
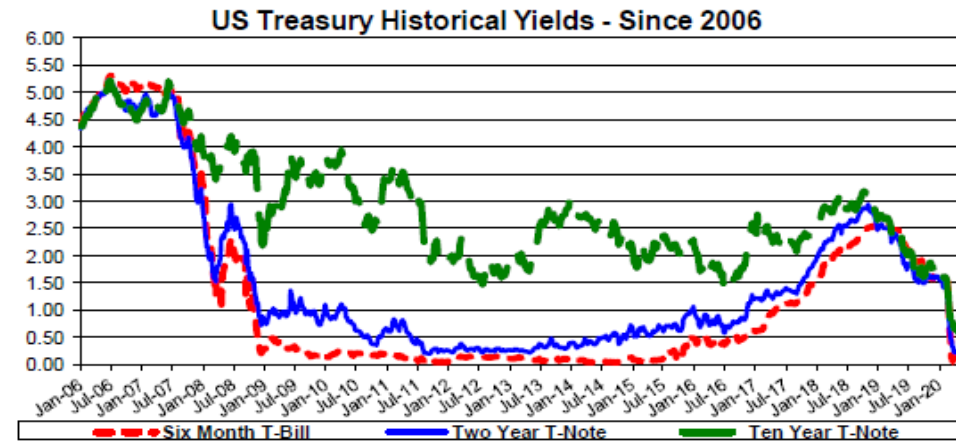
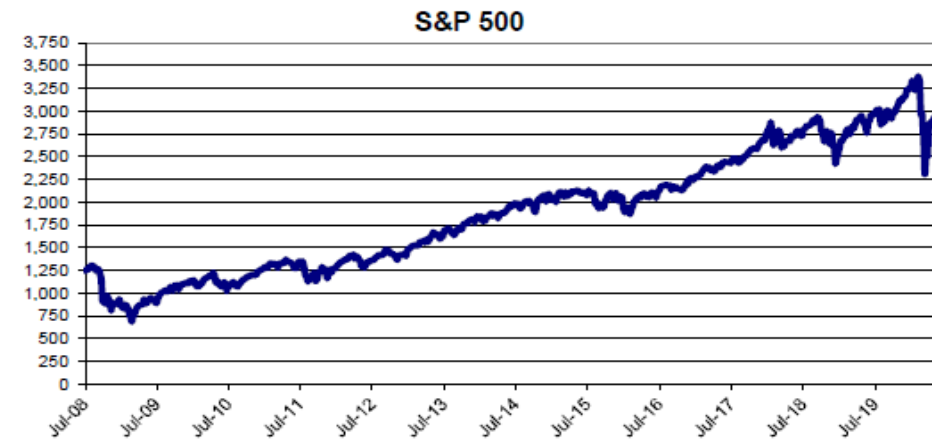
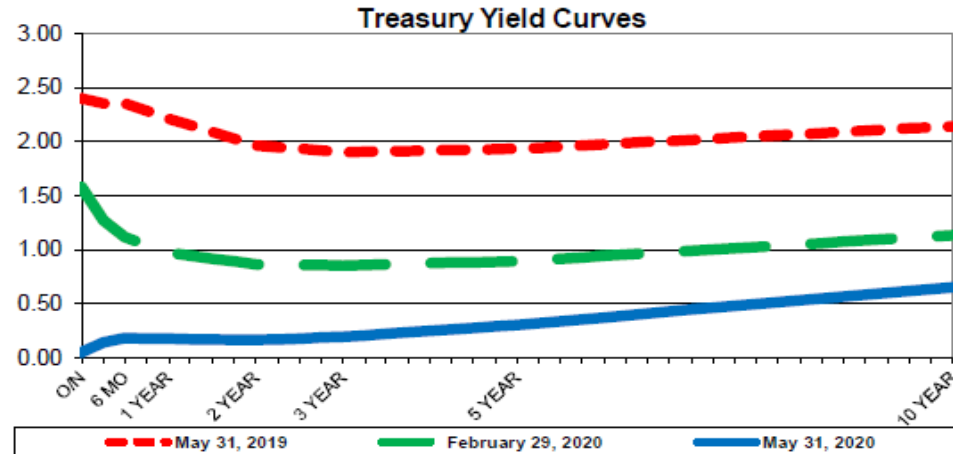
Current Period Average Yield (1)		Fiscal Year-to-Date Average Yield (2)	
Total Portfolio	0.37%	Total Portfolio	1.04%
Rolling Three Month Treasury	0.19%	Rolling Three Month Treasury	0.88%
Rolling Six Month Treasury	0.88%	Rolling Six Month Treasury	1.29%
SBA Pool A Yield	0.77%	SBA Pool A Yield	1.29%

	Interest Income (unaudited)	Bank Service Fees Offset	IA Fees	Net
This Period	\$ 61,426	\$ 5,880	\$ 2,333	\$ 64,973
Fiscal Year to Date	\$ 139,657	\$ 11,927	\$ 4,667	\$ 146,917

(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.

The Federal Open Market Committee (FOMC) maintained the Fed Funds target range at 0.00% to 0.25% (Effective Fed Funds are trading +/-0.05%). Worldwide economic activity is slowly re-emerging as "social isolation" gradually abates. The Yield Curve remains stabilized with lower rates. Crude oil regained footing and trades above \$30 per barrel. Unemployment claims reached over 40 million. The Stock Market recovery continues. The U.S. and international communities are opening their economies. Full recovery timeline still to be determined.



Investment Holdings

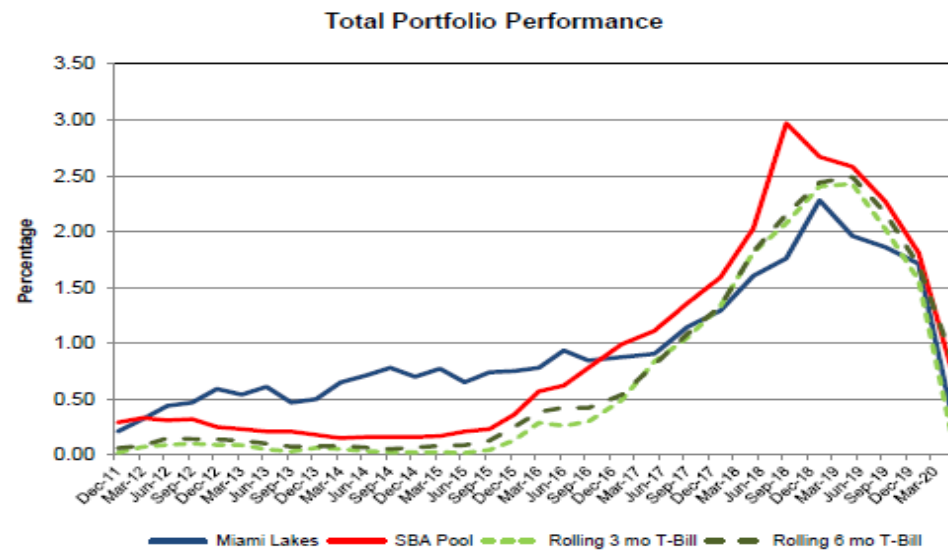
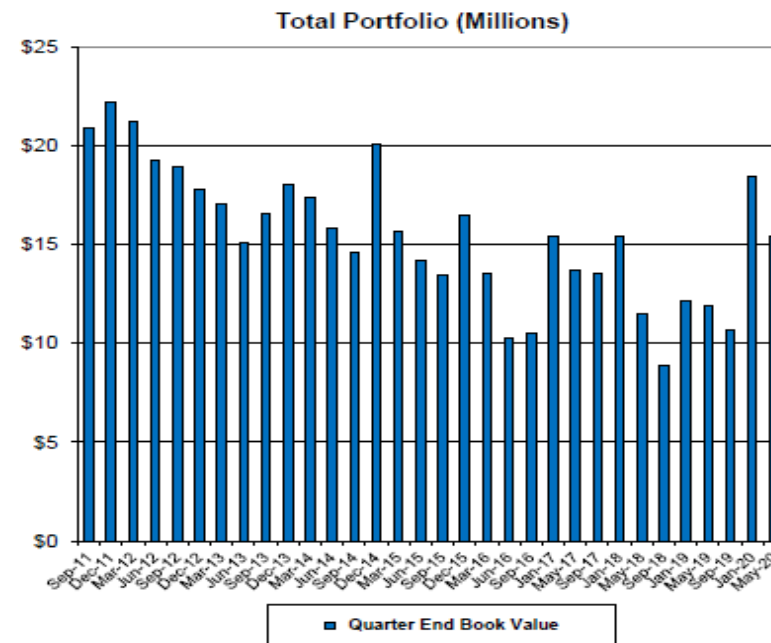
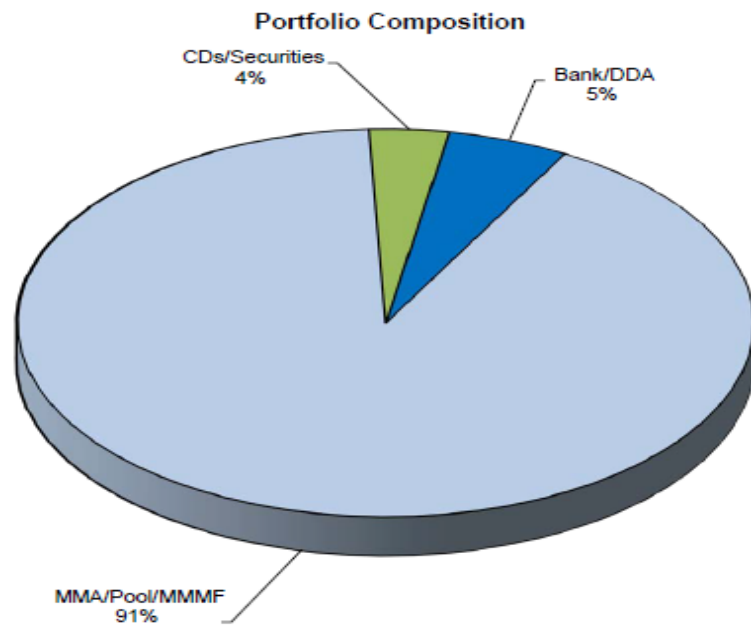
May 31, 2020

Description	Rating	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Book Value	Market Price	Market Value	Life (days)	Yield
Bank United Pooled Cash		0.23%	06/01/20	05/31/20	\$ 628,410	\$ 628,410	1.00	\$ 628,410	1	0.23%
Bank United EUT		0.00%	06/01/20	05/31/20	191,484	191,484	1.00	191,484	1	0.00%
Bank United MMA		0.35%	06/01/20	05/31/20	13,304,793	13,304,793	1.00	13,304,793	1	0.35%
SBA Pool A	AAAm	0.77%	06/01/20	05/31/20	310,901	310,901	1.00	310,901	1	0.77%
TD Bank Deposit Sweep #3203 Interest		0.07%	06/01/20	05/31/20	347,653	347,653	1.00	347,653	1	0.07%
TD Bank Principal Acct Trust #3104		0.07%	06/01/20	05/31/20	100,508	100,508	1.00	100,508	1	0.07%
TD Bank CD - Reserve		1.22%	02/05/21	02/04/20	543,733	543,733	100.00	543,733	250	1.22%
					<u>\$ 15,427,483</u>	<u>\$ 15,427,483</u>		<u>\$ 15,427,483</u>	<u>10</u>	<u>0.37%</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

			January 31, 2020			May 31, 2020	
	Coupon/ Discount	Maturity Date	Book Value	Increases	Decreases	Book Value	
Bank United Pooled Cash	0.23%	06/01/20	\$ 1,478,192	\$ –	\$ (849,782)	\$ 628,410	
Bank United EUT	0.00%	06/01/20	2,000	189,484		191,484	
Bank United MMA	0.35%	06/01/20	14,658,600		(1,353,807)	13,304,793	
SBA Pool A	0.77%	06/01/20	309,663	1,238		310,901	
TD Bank Deposit Sweep #3203 Interest	0.07%	06/01/20	148,493	199,160		347,653	
TD Bank Principal Acct Trust #3104	0.07%	06/01/20	33,758	66,750		100,508	
TD Bank CD - Reserve	2.10%	02/04/20	672,626		(672,626)	–	
City National Bank CDARS	2.48%	04/09/20	1,150,449		(1,150,449)	–	
TD Bank CD - Reserve	1.22%	02/05/21	–	543,733		543,733	
			\$ 18,453,781	\$ 1,000,365	\$ (4,026,663)	\$ 15,427,483	



INVESTMENT REVENUE TRENDS

Interest Income for the last 7 years excluding FY2020

<i>Year</i>	<i>2020</i>	<i>2019</i>	<i>2018</i>	<i>2017</i>	<i>2016</i>	<i>2015</i>	<i>2014</i>	<i>2013</i>
Total FY Interest	147,749	223,226	192,277	136,601	115,943	102,573	90,011	77,021
Increase (decrease)		30,949	55,676	20,659	13,370	12,562	12,990	
% Change	0%	16%	41%	18%	13%	14%	17%	



Current Economic Overview

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

Book Value as of 7-17-2020

<i>Investment Description</i>	<i>Coupon/ Discount</i>	<i>Book Value</i>
Bank United Pooled Cash	0.23%	1,062,305
Bank United EUT		2,000
Bank United MMA	0.35%	8,808,341
SBA Pool	0.43%	311,045
TD Bank Interest Account	0.07%	115,710
TD Bank Principal Account	0.07%	117,177
TD Bank Reserve	1.22%	544,284
TIAA Bank 6-Month	0.60%	1,000,000
TIAA Bank 9-Month	0.75%	1,000,000
TIAA Bank 12-Month	0.92%	1,000,000
TIAA Bank 18-Month	0.96%	1,000,000
		<i>14,960,862</i>

Earned additional \$27,000 over 18 months by soliciting CD's in early June. This is in comparison to our MMA.

Q&A

Thank You!