



CITY OF FORT LAUDERDALE
City Commission Agenda Memo
CONFERENCE MEETING

#19-0261

TO: Honorable Mayor & Members of the
Fort Lauderdale City Commission

FROM: Chris Lagerbloom, ICMA-CM, City Manager

DATE: March 5, 2019

TITLE: Quarterly Investment Report for Period Ending December 31, 2018

The City of Fort Lauderdale's Investment Policy, effective May 1, 2018, states that the Investment Advisor shall provide the City with quarterly investment reports. This report includes all cash and investments of the City's operating, capital, and bond reserve funds. The objectives of the City's Investment Policy are the safety of principal, the maintenance of liquidity and the return on investment. The portfolios are managed to meet anticipated cash flow requirements and specific benchmarks on returns.

The attached investment report compares each portfolio's rate of return for the quarter to the corresponding benchmark. In accordance with the City's Investment Policy, the 90-day Treasury Bill Rate is used as the benchmark for short-term investments. The Total Florida Municipal Investment Trust Policy is used as the benchmark by Florida League of Cities, Inc. for the Florida Municipal Investment Trust. Lastly, the Bank of America Merrill Lynch 1-3 Year Treasury Index is the benchmark for longer term investments.

Below are the investment portfolio summaries including:

- City Operating Funds - Self-Directed (short-term)
- Bond Proceeds (restricted)
- Community Redevelopment Agency ("CRA")
- City Surplus - Fixed Income (long term)
- Other Post-Employment Benefits ("OPEB") Trust Fund
- Cemetery Trust Fund ("Cemetery")
- General Employees Retirement System ("GERS")
- Police and Fire Retirement System ("PFRS")

The projected rate of return (last column in chart below) for combined City funds is estimated based on a blended rate of the total portfolio using historical data. Past financial performance is not a guarantee of future results. The projected rate of return for OPEB, Cemetery, GERS, and PFRS are based on the assumed actuarial rate of return.

<u>Portfolios</u>	<u>Market Value</u>	<u>Current Quarter</u>	<u>Fiscal Year To Date</u>	<u>Trailing 12 Months</u>	<u>Fiscal Year Projected Rate of Return</u>
City Operating Funds - Self-Directed	\$ 275,695,238	0.61%	0.61%	1.67%	
Total Bond Proceeds	\$ 196,221,739	0.67%	0.67%	1.77%	
CRA Funds	\$ 69,924,481	0.77%	0.77%	2.00%	
<i>BofA Merrill Lynch 1-3 Year Treasury Index</i>		1.29%	1.29%	1.58%	
Fixed Income Investment Portfolio - PFM	\$ 285,895,388	1.44%	1.44%	N/A	
<i>BofA Merrill Lynch 1-5 Year Treasury Index</i>		1.72%	1.72%	1.52%	
Total City of Fort Lauderdale Funds	\$ 827,736,845	0.92%	0.92%	1.14%	0.83%
OPEB Trust Fund	\$ 24,632,280	-7.67%	-7.67%	-4.10%	7.00%
<i>Russell 3000 55% / Barclays Agg Bond Index 45%¹</i>		-7.25%	-7.25%	-2.60%	
Cemetery Trust Funds	\$ 28,621,248	-6.08%	-6.08%	-4.46%	5.00%
<i>Benchmark</i>		-6.05%	-6.05%	-1.90%	
General Employees Retirement System	\$ 632,068,131	-8.70%	-8.70%	-4.10%	7.50%
<i>Benchmark</i>		-8.90%	-8.90%	-4.80%	
Police & Fire Retirement System	\$ 883,359,587	-7.43%	-7.43%	-3.45%	7.50%
<i>Benchmark</i>		-8.00%	-8.00%	-3.76%	

Notes:

1. The Russell 3000 55%, Barclays Agg Bond Index 45% is the City's benchmark by Policy.

Performance and market value for the Cemetery Trust Funds, General Employee Retirement System and Police & Fire Retirement System portfolios are derived from their manager reports. PFM calculated the performance for the OPEB Trust Fund from the data provided on the custody statements. The performance for the CRA Funds are calculated as a weighted average of the yield over the period. The Fixed Income Investment Portfolio return is calculated from the custody statements. The Bond Proceeds returns are calculated as a weighted average of the return from the FMIT portfolios. The City Operating Funds return is calculated as a weighted average of their respective yields derived from the custody statements.

The detailed investment activities related to the OPEB, Cemetery, GERS, and PFRS are not included in the attached report as those portfolios are the responsibility of their respective boards.

Resource Impact

There is no fiscal impact to the City.

Strategic Connections

This item is a *Press Play Fort Lauderdale Strategic Plan 2018* initiative, included within the Internal Support Cylinder of Excellence, specifically advancing:

- Goal 12: Be a leading government organization, managing resources wisely and sustainably.
- Objective 1: Ensure sound fiscal management

This item advances the *Fast Forward Fort Lauderdale Vision Plan 2035: We are United*.

Attachment

Exhibit 1 – City Operating Funds Investment Performance Review

Prepared by: Pamela Winston, Finance
Laura Garcia, Finance
Linda Blanco, Finance

Department Director: Kirk W. Buffington, Finance