

Draft



Investment Program Services

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Richard Pengelly, CFA, CTP
Director

- Relationship Manager
- 20 years of Investment Experience
- Chartered Financial Analyst (CFA)
- Certified Treasury Professional (CTP)
- FINRA Series 6, 63, 7 and 53
- Harvard University

Challenges



Review and update investment policy

Prepare long and short term cash flow forecasts

Maximizing Interest Earnings in the Face of Changing Market Conditions

Establishing best practices and operating procedures

Diversification Failure...

**Florida Fund Reduced By \$1.9 Billion After SIV Losses
(Update3)** www.Bloomberg.com



Lehman Brothers files for Chapter 11 protection
www.Foxnews.com

**Fed to lend \$85 billion to AIG, take
80 percent stake** www.Reuters.com



**MBIA Loses AAA Insurer Rating From Fitch Over Capital
(Update5)** www.Bloomberg.com

U.S. engineers sale of WaMu to JPMorgan

Regulators seize the faltering giant S&L. Deposits are secure.
www.LAtimes.com

JPMORGAN CHASE & CO.

JPMorgan and Fed Move to Bail Out Bear Stearns
www.NYtimes.com

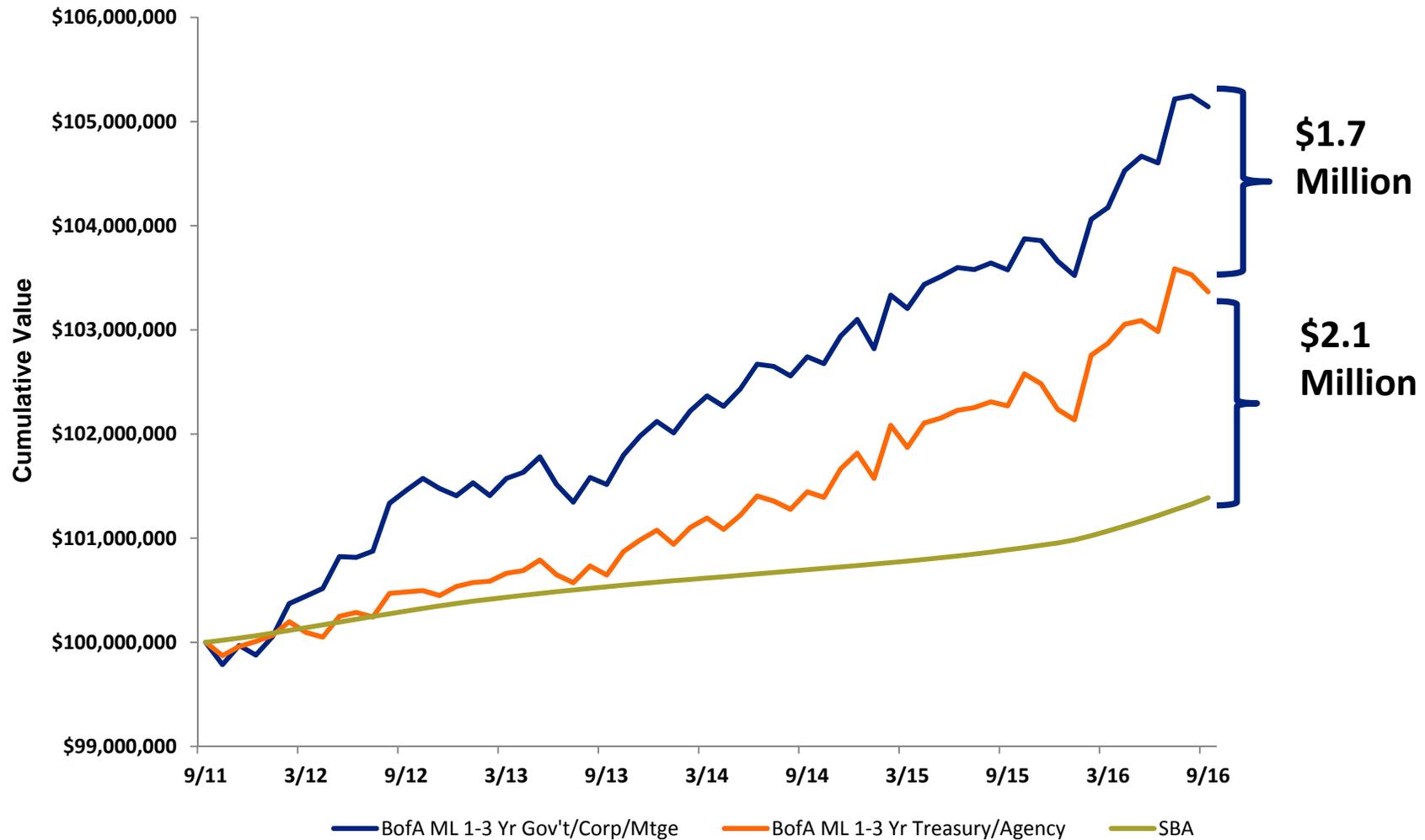
Liquidity Failure...

In 2007 the Florida SBA froze withdrawals on fund due to illiquidity in holdings - *Bloomberg*

In 2008, the Reserve Fund “broke the buck” when the value of some investments had fallen, customers now have only 97 cents for each dollar they had invested. -
New York Times

Cumulative Earnings for a \$100 Million Investment

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Bank of America Merrill Lynch Indices provided by Bloomberg. Florida Prime yield provided by <https://www.sbafla.com/prime/Home/tabid/521/Default.aspx>

Considerations for the Investment Program

Florida Statutes

GFOA Best Practices

Association of Public Treasurers of the US & Canada

Association of Financial Professionals

CFA Institute

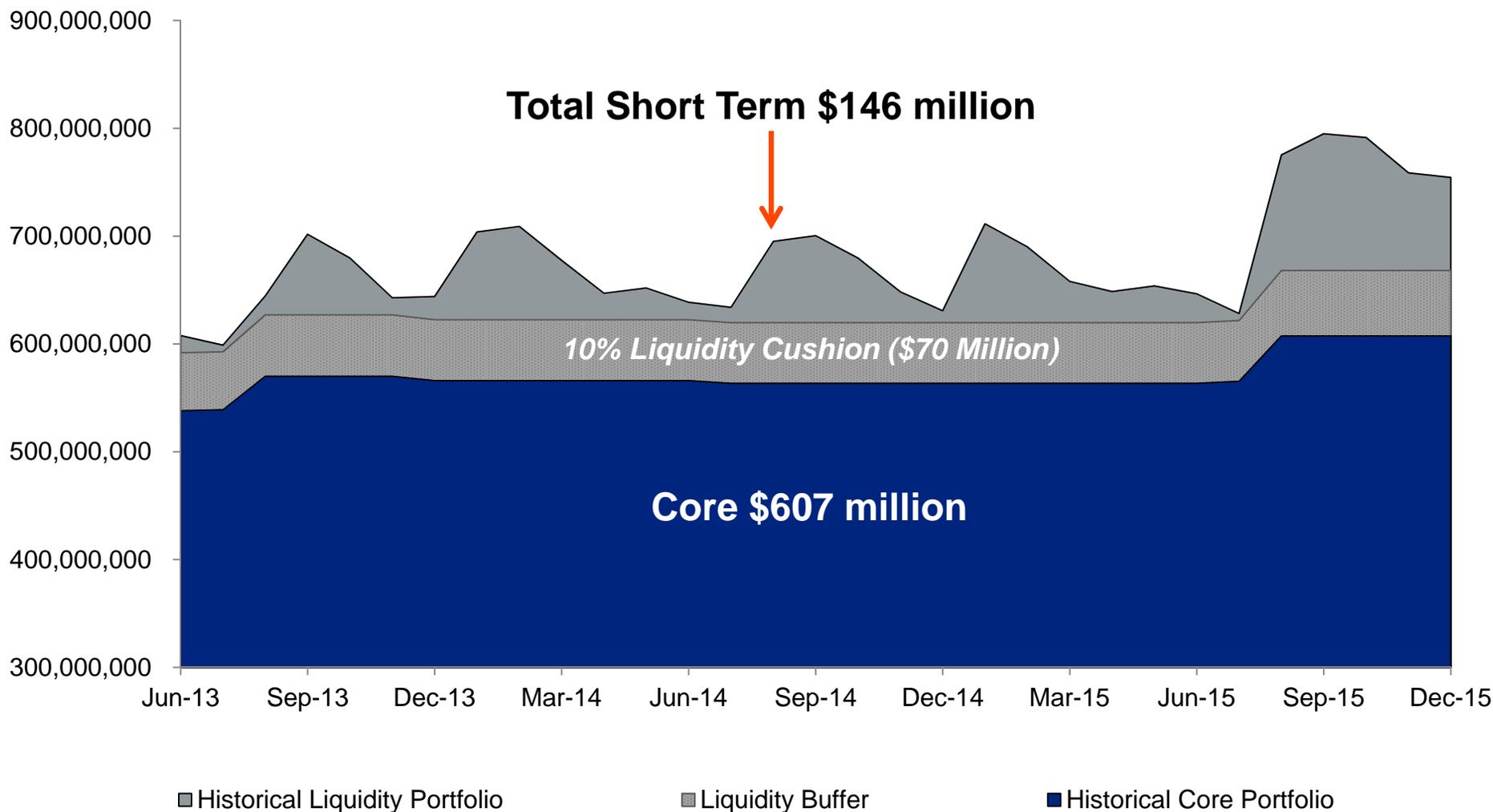
GASB



Investment Program Review Steps

Phases of Investment Program Review	PFMAM Staff	SFWMD Staff	Completion Timeframe
Step 1: Preliminary Review	X	X	10-15 days
Step 2: Interview the District's Finance Staff	X	X	10-30 days
Step 3: Analyze the District's current investment program and conduct portfolio analysis	X		10-30 days
Step 4: Prepare a cash flow analysis	X	X	30-60 days
Step 5: Review investment strategies	X	X	30-60 days
Step 6: Review performance benchmarks	X	X	30-60 days
Step 7: Internal controls review and enhancement	X	X	30-90 days
Step 8: Evaluate and provide recommendations regarding the District's Investment Policy and reporting	X		30-60 days
Step 9: Monitor investment program	X		First quarter end following investment

Liquidity Analysis



For illustrative purposes only.

Peer Comparison and Analysis

Sector	SFWM (2008)	SJRW (2011)	Toho Water (2015)	Palm Beach Schools (2015)	Central Florida Expressway (2015)	Hillsborough County (2008)	Brevard County (2011)	St. Johns County (2014)	St. Lucie County (2016)
SBA Florida PRIME	25%	25%	25%	25%	25%	50%	0%	75%	25%
U.S. Treasuries	100%	100%	100%	100%	100%	100%	100%	100%	75%
Federal Agencies	80%	80%	75%	80%	75%	60%	100%	80%	50%
Certificates of Deposit	25%	50%	10%	25%	50%	20%	10%	50%	40%
Commercial Paper	35%	25%	35%	35%	50%	20%	25%	25%	25%
Corporate Bonds	10%	25%	35%	10%	50%	15%	15%	25%	25%
Municipal Obligations (GO/Revenue)	20%	25%	25%	20%	25%	25%	25%	20%	0%
SEC Registered Money Market Funds	75%	50%	50%	75%	50%	50%	40%	50%	80%
Local Government Investment Pools	0%	0%	25%	25%	50%	20%	25%	25%	40%
Government Agency Mortgage -Backed Securities	30%	20%	25%	20%	25%	20%	100%	20%	0%
Supranational Agencies	0%	0%	25%	0%	25%	0%	0%	25%	25%
Asset Backed Securities	0%	25%	25%	0%	25%	0%	0%	0%	0%

Representative sample of investment policy permitted investments. Each entity's investment policy contains detailed requirements including additional permitted investments, maturity specifications and minimum ratings levels.

PFMAM Provides In-Depth Investment Training

PFMAM Investment Seminars

In-House & Off-site Training

Webinars and Conference Calls

Please join us for our
16th Annual Investment Training Seminar
Friday, January 29, 2016
8:00 a.m. - 5:00 p.m.
Rosen Shingle Creek
9939 Universal Blvd. • Orlando, FL 32819
Continental breakfast, lunch and breaks provided

Topics

- The State of Florida - What is Ahead for Florida in 2016 & the Impact of the Presidential Election
- Economic Update
- GASB Updates
- Fixed Income Portfolio Management
- Supranationals and World Bank Bonds
- Investment Analyst Challenge
- New Rule 2a-7's Effect on Money Market Funds and LGIPs

Learning Objectives

- Understand the important changes happening in Florida and...

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FGFOA Palm Beach Chapter
Investment Practices and
Products Training Seminar

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needed. Prerequisite: Holding a governmental financial position. Program level Group-Live. For questions or additional information regarding refund, complaint policies, please contact Lee Alexander at 407-913-1635.

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PFM Welcomes you
Back to Basics
Investment Training Seminar
September 25, 2015
8:00 am - 5:00 pm

The PFM Group
Public Financial Management, Inc.
PFM Asset Management LLC
PFM Advisors
303 South Orange Avenue
Suite 1170 Orlando, FL 32801

Past Experiences with SFWMD



Banking Services RFP (2004 & 2011)

Investment Product Procurement

Flex Repurchase Agreement (2006)

Investment Policy (2008)

Treasury Management Procedure Manual (2014)

Experience Serving Florida Local Governments



St. John's River Water Management District



Toho Water Authority

Managing public funds since 1980

The PFM Group has offices in Orlando, Coral Gables, and Largo



Town of Palm Beach



City of Lake Worth

\$107 billion total assets*



Village of Royal Palm Beach



City of Miami

\$8.3 billion in Florida*

Portfolio management leadership team members average over 25 years of investment experience

*Listing does not represent an endorsement of PFMAM services.
Amounts as of June 30, 2016

Disclaimer

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