

# Investment Update

April 26, 2022

CLAY COUNTY CLERK OF COURT & COMPTROLLER  
TARA S. GREEN



Purpose of the Investment Committee is to provide overall direction for investing under the Investment Policy approved by the Board of County Commissioners

## **Current Members:**

- **Tara S. Green, Clerk of Court and Comptroller**
- **Wayne Bolla, Chairman of Board of County Commissioners**
- **Howard Wanamaker, County Manager**
- **Rick Dingle, Chief Administrative Officer**
- **Troy Nagle, Assistant County Manager**
- **Amy Bramlitt, Finance Officer**
- **Debbie Sileo, Director of the Office of Management and Budgets**
- **Heather Boucher, Commission Auditor**

# Market Update

- Federal Reserve raised interest rates in March for the first time since 2018
  - Strong economic activity and low unemployment rate
  - Inflation remains elevated “reflecting supply and demand imbalances related to the pandemic and higher energy prices”<sup>1</sup>
- Federal Fund Rate targeted from 0.25% to 0.50%
- Anticipates that future increases will be needed
  - Economists state that they could potentially raise the target rate an additional 50 basis points in May and then another 50 basis points in June
- Sends a message that the Federal Reserve is moving to a tighter monetary policy from a neutral policy<sup>2</sup>

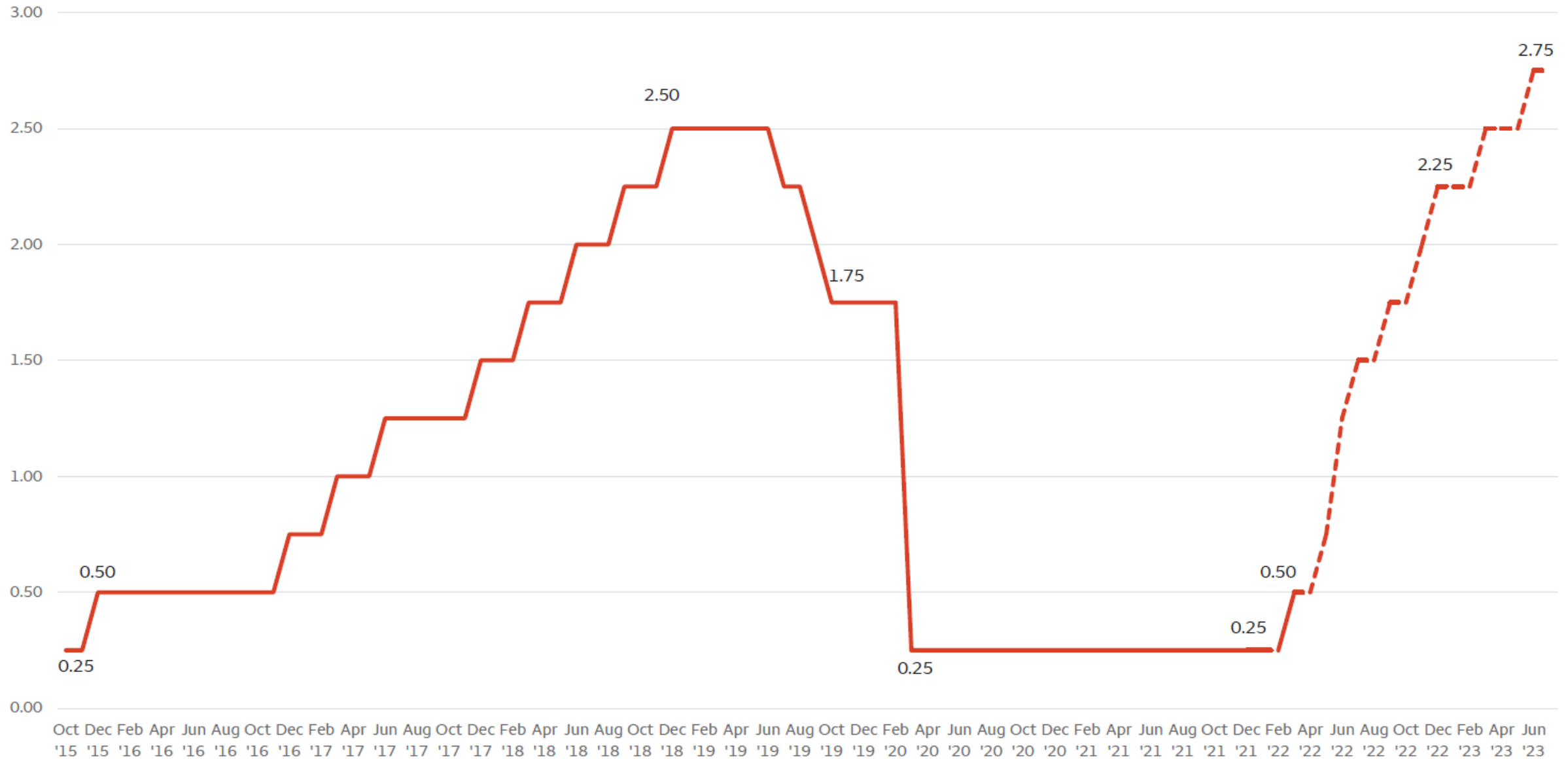
We will continue to watch the market to invest prudently to improve yields

<sup>1</sup> From Federal Reserve Press Release dated March 16, 2022

<sup>2</sup> From Jim Caron, Morgan Stanley’s Senior Portfolio Manager and Chief Strategist, Weekly Update March 28, 2022

# Market outlook

Chart below includes trend of historical and predicted Fed Funds Target (FFT)



Source for predicted future rates is the CME Fed Watch Tool as of March 17<sup>th</sup> 9:15 AM EST

# Oct-Dec 2021 Actions

- Took \$110.5 million excess cash from Wells Fargo and moved \$50.0 million to Florida Class and \$60.5 million to Florida Prime
- Moved \$33.3 million to Florida Prime from Florida Safe
- Continue to monitor excess cash as the Ad Valorem receipts are received moving into Florida Prime of Florida Class
- Longer term as we finalize the 5 year plan this year we will ladder investments out generating better returns while protecting principal

# Descriptions of the Invested Funds

- Florida Prime – (Daily Liquidity)
  - Intergovernmental investment pool and currently serves over 700 participants across the state
  - Pooled assets of \$20.2 billion as of 3/24/2022 and is invested in short-term, high-quality fixed income securities
  - Pool rated AAAM by Standard & Poor's
  
- Florida Class – (3-5 Day Liquidity)
  - Intergovernmental investment pool with a longer term investment strategy generating a higher return
  - Pooled assets of \$569.9 million as of 3/30/2022
  - Pool rated AA Af/S1 by Fitch
  
- PFM/US Bank
  - Bond investments in PFM's Pooled funds and US Treasuries recommended by Financial Advisor

# Cash & Investments as of 12/31/2021

	Balances in Accounts	Average Return	Net Interest Collected for Quarter
Wells Fargo *	\$ 84,577,997		\$ 13,350
US Bank Bond Investments	\$ 93,640,712	0.27%	\$ 62,701 **
Florida Palm Bond Investments	\$ 31,003,661	0.02%	\$ 1,628
Florida Class	\$ 50,010,676	0.20%	\$ 10,676
Florida Safe Investments	\$ 876	0.06%	\$ 2,573
Florida Prime Investments	\$ 201,190,086	0.10%	\$ 34,675
Total Cash & Investments	\$ 460,424,009		\$ 125,603
PFM Fees for Bond Portfolio	\$ (19,040)		
Amount of Investments net of fees	\$ 460,404,969		

\* This is actual cash in bank as of 12/31/2021

\*\* PFM Fees netted from interest earnings

Note: Cash & Investments at 3/31/2022 = \$441 Million

# Summary of Cash & Investments

Note: All returns are net of fees

	Florida Prime	Annual Return	Florida Safe	Annual Return	Florida Class	Annual Return	Florida Palm - Bond Proceeds Daily Funds/ Palm term/US Bank	Annual Return	Wells Fargo - Operating Acct	Total
Balance at 9/30/2021	\$ 107,355,411		\$ 33,298,985		\$ -		\$ 124,561,004			
Earnings	\$ 34,675	0.10%	\$ 2,573	0.06%	\$ 10,676.45	0.20%	\$ 64,329	0.21%		
Changes to Investment	\$ 93,800,000		\$ (33,300,682)		\$ 50,000,000.00					
Balance at 12/31/2021	\$ 201,190,086		\$ 876		\$ 50,010,676		\$ 124,625,333		\$ 84,577,997	\$ 460,404,969
% Invested	43.70%		0.00%		10.86%		27.07%		18.37%	100.00%
Maximum Per Investment Policy	<80%		<40%		<40%		<40%		<40%	
Total in Pools										27.07%
Maximum in Pools per Investment Policy										<80%
S&P Rated GIP Index Government 30-Day Gross of Fees Yield										0.09%
S&P Rated GIP Index Government 30-Day Net of Fees Yield										0.02%
FMV of Investments							\$ 123,888,503			
Unrealized Gain /(Loss) <sup>1</sup>							\$ (755,870)			

<sup>1</sup> Loss will only be recognized if investment is sold prior to term



# Net Earnings by Investment FY 2021/2022

*\*Since invested in Treasury Investments*

	Current Investments				
	Florida			PFM/US	
	Prime	Florida Safe	Florida Palm	Bank *	Florida Class
Average	0.096%	0.062%	0.021%	0.268%	0.202%
High	0.096%	0.063%	0.050%	0.289%	0.203%
Low	0.095%	0.061%	0.007%	0.232%	0.200%

**\* Since invested in Treasury Investments**

Note: All of these funds with the exception of the bond proceeds are liquid funds with same day to 3 days availability

# Questions

# Appendix

# Detail Earnings for Q1 FY 2021/2022

Note: All returns are net of fees except US Bank

	Florida Prime	Annual Return	Florida Safe	Annual Return	Florida Class	Annual Return	Florida Palm - Bond Proceeds Daily Funds/ Palm term	Annual Return	Florida Palm - US Bank - Treasuries	Annual Gross Return	Wells Fargo - Operating Acct	Total
Balance at 9/30/2021	\$ 107,355,411		\$ 33,298,985		\$ -		\$ 31,002,034		\$ 93,558,970			\$ 382,681,677
Interest October 2021	\$ 8,572	0.10%	\$ 1,697	0.06%	\$ -		\$ 1,288	0.05%	\$ 28,476	0.37%	\$ 5,380	
Interest November 2021	\$ 10,104	0.10%	\$ 876	0.06%	\$ 2,226	0.20%	\$ 169	0.01%	\$ 24,286	0.31%	\$ 3,604	
Interest December 2021	\$ 15,999	0.10%	\$ -		\$ 8,450	0.20%	\$ 170	0.01%	\$ 28,979	0.37%	\$ 4,366	
Additional Principal - November	\$ 19,800,000		\$ (33,300,682)		\$ 50,000,000							
Additional Principal - December	\$ 74,000,000											
Investment Premium & Accrued Interest												
Balance at 12/31/2021	\$ 201,190,086		\$ 876		\$ 50,010,676		\$ 31,003,661		\$ 93,640,712		\$ 84,577,997	\$ 460,424,009
% Invested	43.70%		0.00%		10.86%		6.73%		20.34%		18.37%	100.00%
Maximum Per Investment Policy	<80%		<40%		<40%		<40%		<40%		<40%	
Total in Pools												37.93%
Maximum in Pools per Investment Policy												<80%
FMV of Investments									\$ 92,884,841.89			
Unrealized Gain /(Loss)									\$ (93,640,711.54)			
									\$ (755,869.65)			