



FINANCE AND ADMINISTRATIVE SERVICES DEPARTMENT

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MEMORANDUM

DATE: January 11, 2018

TO: George Tablack, CPA
Chief Financial Officer

FROM: Lori Fortenberry, Investment & Finance Coordinator
Finance and Administrative Services Department

FROM: Anna Owens, Investment & Finance Coordinator
Finance and Administrative Services Department

RE: Portfolio and Economic Summary – December 31, 2017

As of December 31, 2017, the Broward County Portfolio had a par value of \$2.4 billion and a Yield to Maturity of 1.447%. In comparison, the Bank of America Merrill Lynch 1-3 Year U.S. Treasury & Agency Index benchmark (1.86% as of December 31, 2017) exceeded the yield on the County's portfolio by 24 basis points. In a rising rate environment, it is typical for Index yields to increase quicker as they can incorporate changes at a faster pace. The yield on the Broward County Portfolio will continue to increase as upcoming maturities are reinvested at higher yields.

On December 13, 2017, at the last meeting of its departing chair, Janet Yellen, the Federal Reserve Bank's (Fed) Federal Open Market Committee voted to increase short-term rates to the range of 1.25% to 1.50%, which was the fourth rate hike since December 2016. The committee has indicated it expects that its strategy of gradual rate hikes will support strong labor market conditions and a sustained return to 2 percent inflation. Based on median estimates, the Fed projects three more rate increases in 2018, with the expectation from the markets that the first increase will occur at its March 21, 2018 meeting.

The U.S. House and Senate each introduced the Tax Cuts and Jobs Act ("Tax Reform") legislation in November 2017 that had the potential to greatly change the way municipalities borrowed and managed its finances. The House bill would have eliminated advance refundings, private activity bonds, tax credit bonds, and bonds to finance professional sports stadiums while the Senate bill sought to eliminate advance refundings and tax credit bonds. The Tax Reform bill signed by the President on December 22, 2017 followed the Senate version, in relation to municipal bonds, keeping intact the ability to issue private activity bonds and stadium bonds. Due to the potential elimination of advance refunding debt proposed by Congress, municipalities issued (and refunded) \$55.6 billion in long-term municipal bonds in December, breaking the record of \$54.7 billion set back in 1985.

Please see the attached pages showcasing portfolio detail and key economic data as of the end of the period.



**Broward County
Portfolio Management
Portfolio Summary
December 31, 2017**

BROWARD COUNTY
115 S. ANDREWS AVE A430
FT LAUDERDALE, FL 33301

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM 360 Equiv.	YTM 365 Equiv.
Commercial Paper Discount	148,050,000.00	147,845,548.31	147,845,548.31	6.12	64	33	1.453	1.473
Federal Agency Coupon Securities	440,045,000.00	436,895,284.64	439,822,969.98	18.21	1,106	540	1.362	1.381
Federal Agency Coupon - Callable	1,004,850,000.00	990,514,044.90	1,004,845,246.36	41.61	1,389	928	1.520	1.541
Federal Agency Discount	253,125,000.00	251,008,240.58	251,195,862.92	10.40	267	191	1.398	1.417
Treasury Coupon Securities	370,970,000.00	368,644,319.67	370,493,453.10	15.34	887	398	1.289	1.307
Treasury Bills	48,000,000.00	47,678,080.00	47,705,927.69	1.98	225	154	1.313	1.331
World Bank Coupon Securities	90,000,000.00	88,620,630.00	90,002,570.00	3.73	1,215	831	1.425	1.445
Israel Bonds	5,000,000.00	4,999,635.00	5,000,000.00	0.21	730	669	2.229	2.260
World Bank Discount	58,010,000.00	57,891,772.75	57,893,934.73	2.40	74	52	1.284	1.301
Investments	2,418,050,000.00	2,394,097,555.85	2,414,805,513.09	100.00%	1,000	604	1.427	1.447
Cash and Accrued Interest								
Accrued Interest at Purchase		31,858.04	31,858.04					
Subtotal		31,858.04	31,858.04					
Total Cash and Investments	2,418,050,000.00	2,394,129,413.89	2,414,837,371.13		1,000	604	1.427	1.447

Total Earnings	December 31 Month Ending	Fiscal Year To Date
Current Year	3,068,977.90	7,933,882.33
Average Daily Balance	2,674,475,018.62	2,346,581,175.68
Effective Rate of Return	1.35%	1.34%
Effective 12/31/2017		

Current Modified Duration 1.596 (\$38,592,078) Current Effective Duration 0.784 (286 days)

Total Bank Account Balance: \$614,830,258 Percentage of Total Portfolio: 25.42%

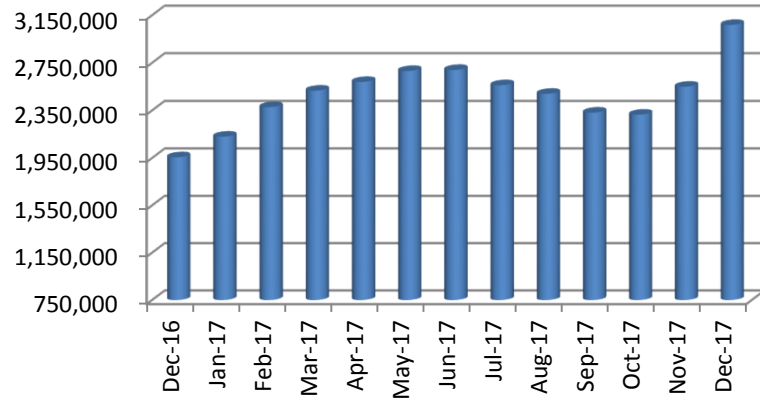
Diversification by Investment per Investment Policy:

US Treasuries/Agencies	- 100% Maximum	Commercial Paper	- 25% Maximum
Florida PRIME	- 50% Maximum	World Bank Securities	- 15% Maximum

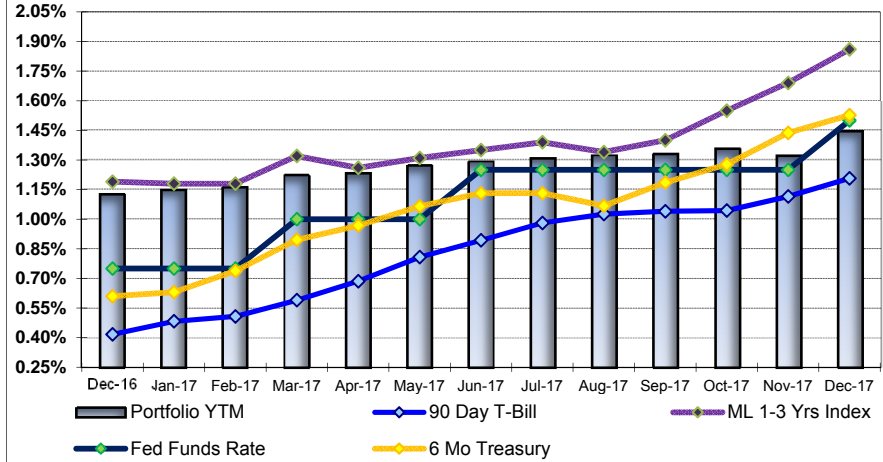
Reporting period 12/01/2017-12/31/2017

Quarterly Portfolio Analysis - December 31, 2017

Interest Earnings History

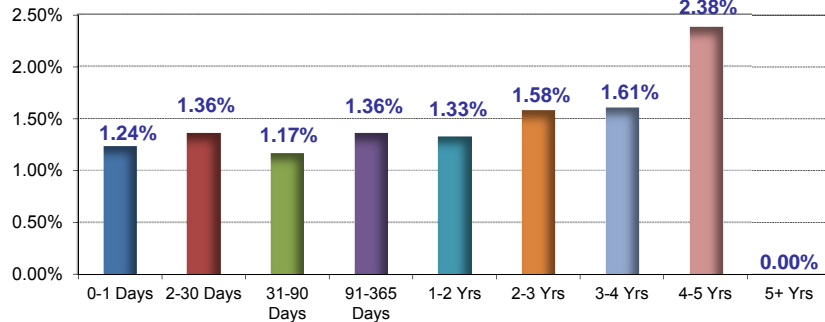


YTM Rate Comparison to Benchmark¹



¹Note¹ Investment Policy determined benchmark is ML 1 - 3 Yrs Index.

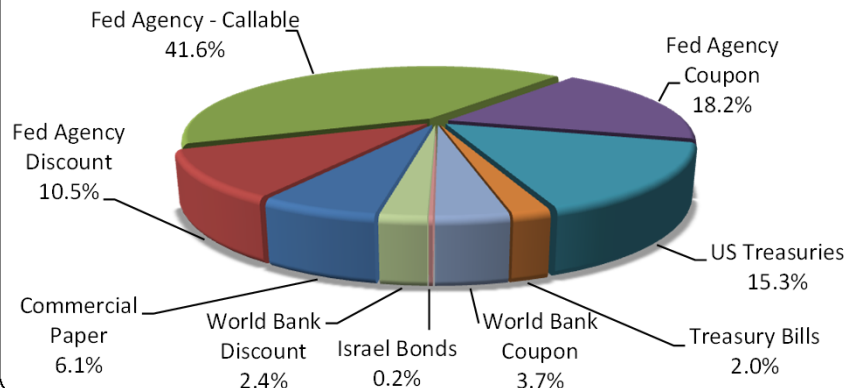
Yield by Maturity Breakdown



Key Economic Data:

	Dec-17	Dec-16	% change
*Fed Funds Rate -	1.50%	0.75%	100.0%
*Rolling 90 Day T-Bill - AVG	1.207%	0.417%	189.4%
*Prime Rate -	4.50%	3.75%	20.0%
*DJIA -	24,719	19,763	25.1%
*Crude Oil -	60.42	53.72	12.5%
*Gold (\$/oz) -	1,303.05	1,152.27	13.1%
*10 Year Treasury Note -	2.41%	2.44%	-1.6%
*Total Portfolio Yield -	1.45%	1.13%	28.3%
* ML 1-3 YR Yield -	1.86%	1.19%	56.3%

Portfolio Composition



Maturity Schedule by Percentage Comparison to Benchmark

