

**BOARD OF COUNTY COMMISSIONERS
HIGHLANDS COUNTY, FLORIDA
Quarterly Investment Report for FY 19-20
December 31, 2019**

INTRODUCTION

The formal written investment policy sets forth the investment objectives and parameters for investment decisions made by the Highlands County Clerk of Courts (Clerk). The investment policy applies to all cash and investments, under the direct control of the Highlands County Board of County Commissioners (Board), in excess of those required to meet current expenses. This policy does not apply to any funds held on behalf of any of the other Constitutional Officers.

In accordance with the investment policy, this investment report is being submitted to the Clerk of Courts and the Board of County Commissioners.

SIGNIFICANT CHANGES TO BOARD'S PORTFOLIO

Beginning October 1st, the Board transitioned their county-funded insurance coverage from Blue Cross Blue Shield of Florida to Cigna. As a part of this agreement, the County was required to open an account with JP Morgan Chase as a depository/funding account for the payment of Cigna benefits.

PORTFOLIO SUMMARY

The primary objectives of the Board's investment activities are Safety, Liquidity, and Yield. The following is a summary of the Board's portfolio as of December 31, 2019. A comprehensive table of the Board's investment portfolio can be found in the appendix.

Safety

Safety of principal is the foremost objective of the Board's investment policy. The Board's investment policy sets diversification limits to minimize the risk of loss resulting from over concentration of assets in a specific maturity, issuer, instrument, dealer or bank. To quickly evaluate portfolio percentage limitations, please see Tables 1 and 2 below. These tables show the actual percentages invested, compared to the maximum allowed percentages as indicated in the policy.

Table 1: Portfolio Institution Limitations

Institution	Investment Actual	Policy Limitation
TD Bank	22.58%	80.00%
JP Morgan Chase	0.27%	80.00%
Regions Bank	3.24%	25.00%
FL PRIME	11.73%	30.00%
FLGIT	1.31%	30.00%
FL PALM	27.33%	30.00%
FL CLASS	10.52%	30.00%
FL SAFE	6.22%	30.00%
FL FIT	16.80%	30.00%

Table 2: Portfolio Instrument Type Limitations

Instrument Type	Investment Actual	Policy Limitation
Public Funds Depository Accounts	9.08%	80.00%
Certificates of Deposit	17.01%	50.00%
Local Government Investment Pools	73.91%	75.00%

As shown in Table 1, the Board’s portfolio is compliant with its institution diversification policy limitations as of December 31, 2019. As shown in Table 2, as of December 31, all instrument type limitations were also met.

State Statutes require that public funds only be deposited in financial institutions that are certified as a qualified public depository (QPD) by the State of Florida. The QPD program is a voluntary, statewide collateralization program that provides protection of public funds, similar to FDIC insurance. All funds deposited with TD Bank , JP Morgan Chase, and Regions Bank are fully collateralized under the QPD program.

Liquidity

The Board’s Investment Portfolio consists largely of investments with active secondary or resale markets to allow for dynamic liquidity to ensure all cash demands are met. As of December 31, 2019, the weighted average maturity (WAM) of the portfolio is 35 days.

Yield

The Investment Portfolio is limited to relatively low risk investments in anticipation of earning a fair return relative to the risk assumed. As of December 31, 2019, the portfolio’s 30-day weighted average yield is 0.197% which is 0.069% higher than our benchmark (S&P Rated Government Investment Pool Index) of 0.128%. The portfolio’s 12-month weighted average yield is 1.811% which is 0.271% higher than our 12-month yield benchmark of 1.540%.

TRANSACTIONS

Table 3 on the following page provides a summary of the transactions that occurred during the quarter ending December 31, 2019.

Table 3: Summary of Investment Transactions

Date	Amount	Transferred From	Transferred To
10/3/2019	\$600,000.00	FL CLASS	TD Bank Clearing
10/9/2019	\$1,700,000.00	FL PRIME	TD Bank Clearing
10/23/2019	\$4,405,000.00	FL PRIME	TD Bank Clearing
10/30/2019	\$1,900,000.00	FL PALM Daily	TD Bank Clearing
11/6/2019	\$3,600,000.00	FL FIT	TD Bank Clearing
11/20/2019	\$800,000.00	FL PALM Daily	TD Bank Clearing
12/6/2019	\$5,150,000.00	TD Bank Clearing	FL FIT
12/6/2019	\$5,150,000.00	TD Bank Clearing	FL CLASS
12/6/2019	\$5,150,000.00	TD Bank Clearing	FL PRIME
12/10/2019	\$6,715,000.00	TD Bank Clearing	FL PALM Daily
12/13/2019	\$5,024,431.50	FL PALM Term	FL PALM Daily
12/19/2019	\$5,728,252.55	FL PALM Term	FL PALM Daily
12/20/2019	\$1,329,533.00	FL PALM Daily	TD Bank Clearing
12/20/2019	\$5,000,000.00	TD Bank Clearing	TD Bank CD
12/23/2019	\$3,214,440.00	TD Bank Clearing	FL FIT

HIGHLANDS COUNTY BOARD OF COUNTY COMMISSIONERS

1st QUARTER INVESTMENT REPORT

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Appendix: Investment Portfolio Summary

Investment Name	Book Value (General Ledger Balance)	Market Value (Statement Balance)	30 Day Rate of Return	12 Month Rate of Return	Quarterly Investment Earnings	YTD Investment Earnings	Quarterly Fees	Credit Rating	Purchase Date	Maturity Date	Average Maturity (In Days)
TD Bank - Clearing	\$ 7,520,343.18	\$ 8,134,602.47	0.050%	0.600%	\$ 11,182.07	\$ 11,182.07	\$ 5,269.01	(a) 4 stars	N/A	N/A	0
JP Morgan Chase - Cigna	\$ 252,883.74	\$ 252,883.74	0.000%	0.000%	\$ -	\$ -	\$ -	(a) 5 stars	N/A	N/A	0
TD Bank - 12 month CD	\$ 5,178,833.85	\$ 5,178,833.85	0.203%	2.440%	\$ -	\$ -	(c)	Not Rated	1/7/2019	1/7/2020	7
TD Bank - 12 month CD	\$ 2,552,750.00	\$ 2,552,750.00	0.198%	2.380%	\$ -	\$ -	(c)	Not Rated	4/19/2019	4/18/2020	109
TD Bank - 12 month CD	\$ 5,000,000.00	\$ 5,000,000.00	0.138%	1.650%	\$ -	\$ -	(c)	Not Rated	12/20/2019	12/21/2020	356
Regions Bank - 12 month CD	\$ 3,000,000.00	\$ 3,000,000.00	0.161%	1.930%	\$ -	\$ -	(c)	Not Rated	6/12/2019	6/11/2020	163
FL PRIME	\$ 10,846,271.44	\$ 10,846,271.44	0.273%	1.830%	\$ 40,298.89	\$ 40,298.89	(c)	(b) AAAM	Various	N/A	1
FLGIT - Short-Term Bond	\$ 610,816.73	\$ 610,816.73	0.154%	3.481%	\$ 2,815.91	\$ 2,815.91	(c)	(b) AAaf	Various	N/A	3
FLGIT - Day to Day Fund	\$ 601,184.56	\$ 601,184.56	0.146%	2.320%	\$ 2,776.63	\$ 2,776.63	(c)	(b) AAAM	Various	N/A	1
FL PALM	\$ 22,770,796.86	\$ 22,770,796.86	0.152%	1.820%	\$ 52,679.05	\$ 52,679.05	(c)	(b) AAAM	Various	N/A	1
FL PALM - Term Series	\$ -	\$ -	0.000%	0.000%	\$ 20,510.74	\$ 20,510.74	(c)	(b) AAaf	9/17/2019	12/13/2019	0
FL PALM - Term Series	\$ -	\$ -	0.000%	0.000%	\$ 24,683.98	\$ 24,683.98	(c)	(b) AAaf	9/20/2019	12/19/2019	0
FL PALM - Term Series	\$ 2,500,000.00	\$ 2,500,000.00	0.152%	1.820%	\$ -	\$ -	(c)	(b) AAaf	8/28/2019	4/24/2020	115
FL CLASS	\$ 9,724,171.10	\$ 9,724,171.10	0.298%	1.800%	\$ 29,099.81	\$ 29,099.81	(c)	(b) AAAM	Various	N/A	1
FL SAFE - Stable NAV	\$ 2,608,376.42	\$ 2,608,376.42	0.147%	1.760%	\$ 12,186.97	\$ 12,186.97	(c)	(b) AAAM	Various	N/A	1
FL SAFE - Variable NAV	\$ 3,147,600.00	\$ 3,147,600.00	0.153%	3.050%	\$ 16,800.00	\$ 16,800.00	(c)	(b) AAaf	11/1/2017	3/31/2020	91
FL FIT - Cash Pool	\$ 15,529,317.58	\$ 15,529,317.58	0.280%	1.850%	\$ 52,122.86	\$ 52,122.86	(c)	(b) AAaf	Various	N/A	1
Grand Total	\$ 91,843,345.46	\$ 92,457,604.75	0.197%	1.811%	\$ 265,156.91	\$ 265,156.91	N/A	N/A	N/A	N/A	35

(a) At Bauer Financial, banks are rated by stars. As of 9/30/2019, TD Bank was rated 4 stars and JP Morgan Chase was rated 5 stars. The rating system is: 5 star is Superior; 4 star is Excellent; 3 1/2 star is Good; 3 star is Adequate; 2 star is Problematic; 1 star is Troubled.

(b) The Standard & Poor's rating scale is as follows, from excellent to poor: AAA, AA+, AA, AA-, A+, A, A-, BBB+, BBB, BBB-, BB+, BB, BB-, B+, B, B-, CCC+, CCC, CCC-, CC, C, D. Any rating lower than a BBB- is considered a speculative or junk bond.

(c) All rates of return are reported net of fees.