



**DATE:** July 2, 2019  
**TO:** Wazir Ishmael, Ph.D., City Manager  
**VIA:** Adam Reichbach, Assistant City Manager *Cintya Ramos*  
**FROM:** Cintya Ramos, Director of Financial Services Department  
**SUBJECT:** Quarterly Investment Report

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**ISSUE:**

Consistent with the requirements of the City's Investment Policy, the Department of Financial Services is to prepare and submit a quarterly investment report.

**EXPLANATION:**

The First Quarter Investment Report details all the City's investments held at quarter-end December 31, 2018, and reviews investment earnings for the quarter and year-to-date periods. Investments totaled \$477.4 million at quarter-end, and the City earned \$1,720,268 in interest for the three-month period compared to \$1,063,048 for the same period last year. Additional comparative overview information is presented for the same period last year.

The overall rate of return on the City's portfolio for the quarter ended December 31, 2018 was 1.96%. Pursuant to the City's Investment Policy, the goal for overall investment performance is to regularly exceed the average Fed Funds rate (2.22%) and 91-day Treasury Bill rate (2.32%) for the period. These rates are considered benchmarks for riskless investment transactions and a minimum standard to measure the portfolio's overall rate of return. For the quarter ended December 31, 2018, the City's investment return was .26% under the average Fed Funds rate and .36% under the 91-day Treasury Bill rate.

In response to the City's financial auditor's recommendation that the City segregate Beach and Downtown Community Redevelopment Agency Funds, the City was required to increase liquidity and did so by not reinvesting rolling maturing funds into other short-term investments which would have yielded a higher return. Segregation of the Beach and Downtown Community Redevelopment Agency Funds coupled with an increasing interest rate environment has led to the overall return falling short of immediate benchmarks. Overall returns are anticipated to improve in the near term with the City's shift in investment strategy to accommodate increased liquidity.

**RECOMMENDATION:**

For information only.

C: Mayor and Commissioners

**CITY OF HOLLYWOOD, FLORIDA  
SUMMARY OF QUARTERLY INVESTMENT  
AND EARNINGS ACTIVITY**

The following is a comparison of the City's investments (by type) and earnings at December 31, 2017 and December 31, 2018:

<b>Investment Type</b>	<b>At 12/31/18</b>		<b>At 12/31/17</b>	
	<b>In Millions</b>	<b>% of Total</b>	<b>In Millions</b>	<b>% of Total</b>
Demand Deposits	\$ 69.2	14%	\$135.6	32%
U.S. Instrumentalities	55.0	12%	55.0	13%
Certificate of Deposit	115.9	24%	122.1	29%
Money Market Account	71.2	15%	110.6	26%
LGIP	90.5	16%	0	0%
Overnight Sweep Repur Ag	75.6	10%	0	0%
	<u>\$477.4</u>	<u>100%</u>	<u>\$423.3</u>	<u>100%</u>
<b>Av. Investment Bal For Quarter</b>	\$389,470,687		\$366,643,528	
<b>Interest For the Quarter</b>	\$1,720,268		\$1,063,048	
<b>Interest Year-To-Date</b>	\$1,720,268		\$1,063,048	
<b>Portfolio Average Yield:</b>				
For the Quarter	1.96%		1.22%	
Year-To-Date	1.96%		1.22%	
<b>Av. 91-Day Treasury Bill Rate:</b>				
For the Quarter	2.32%		1.21%	
Year-To-Date	2.32%		1.21%	
<b>Average Fed Funds Rate:</b>				
For the Quarter	2.22%		1.20%	
Year-To-Date	2.22%		1.20%	

All year-to-date information shown above is presented on a fiscal year basis.

The City of Hollywood's goal for overall investment performance is to regularly exceed the average rate for 91-day U.S. Treasury Bills and the average Fed Funds rate, which are considered benchmarks for riskless investment transactions and minimum standards to measure the portfolio's overall rate of return.

Schedules 1, 2 and 3, as follows, provide further detail regarding the above information. Schedule 4 provides a short glossary of terms.

**CITY OF HOLLYWOOD, FLORIDA  
FIRST QUARTER INVESTMENT REPORT**

For the Quarter Ended December 31, 2018

**CITY OF HOLLYWOOD, FLORIDA  
INVESTMENT PORTFOLIO SUMMARY  
BY INVESTMENT TYPE**

**SCHEDULE 1**

<b>INVESTMENT TYPE</b>	<b>AT DECEMBER 31, 2018</b>		<b>AT DECEMBER 31, 2017</b>	
	<b>Book Value</b>	<b>%</b>	<b>Book Value</b>	<b>%</b>
<b>DEMAND DEPOSITS, INTEREST BEARING</b>				
Pooled	8,307,438		54,529,606	
SRF Loan Debt Service	3,486,318		1,778,906	
SRF Loan Repayment Reserve	657,294		646,170	
2010 Water & Sewer Bonds - DS Reserve	3,031,936		2,980,625	
2010 Water & Sewer Bonds - Wells Fargo	0		295,151	
2015 Bch CRA Bonds Account	6,311,865		10,348,549	
2015 Bch CRA Bonds Acct Debt Svc Res	5,704,302		5,607,765	
2016A CAP IMP REV REF Bonds	3,529,080		5,001,679	
CRA Beach	38,124,458		35,452,511	
Hollywood Beach CRA	0		18,957,639	
<b>Total Demand Deposits</b>	<b>69,152,691</b>	<b>14%</b>	<b>135,598,601</b>	<b>32%</b>
<b>U.S. INSTRUMENTALITIES:</b>				
Pooled	55,000,000		55,000,000	
<b>Total U.S. Instrumentalities</b>	<b>55,000,000</b>	<b>12%</b>	<b>55,000,000</b>	<b>13%</b>
<b>CERTIFICATE OF DEPOSIT:</b>				
Pooled	115,913,912		122,090,915	
<b>Total Certificate of Deposit</b>	<b>115,913,912</b>	<b>24%</b>	<b>122,090,915</b>	<b>29%</b>
<b>MONEY MARKET:</b>				
Pooled	50,484,174		91,259,989	
2003 Water & Sewer Rate Stabilization Fund	10,000,000		10,000,000	
DT CRA Note 2015 Series-TIAA Bank	0		373,817	
CRA Downtown-TIAA Bank	10,739,370		9,006,499	
<b>Total Money Market</b>	<b>71,223,544</b>	<b>15%</b>	<b>110,640,305</b>	<b>26%</b>
<b>LOCAL GOVERNMENT INVESTMENT POOL (LGIP):</b>				
Pooled	90,516,825		-	
<b>Total LGIP</b>	<b>90,516,825</b>	<b>19%</b>	<b>-</b>	<b>0%</b>
<b>OVERNIGHT SWEEP REPURCHASE AGREEMENT:</b>				
Sweep Master Concentration Acct (Wells Fargo)	60,176,655		-	
Sweep HWD Beach CRA (Wells Fargo)	15,450,475		-	
<b>Total Overnight Sweep Repur Agre:</b>	<b>75,627,130</b>	<b>16%</b>	<b>-</b>	<b>0%</b>
<b>TOTAL INVESTMENTS</b>	<b>477,434,101</b>	<b>100%</b>	<b>423,329,821</b>	<b>100%</b>

CITY OF HOLLYWOOD, FLORIDA  
INVESTMENT PORTFOLIO SUMMARY  
Pooled Investments vs. Restricted Use

SCHEDULE 1A

INVESTMENT TYPE	AT DECEMBER 31, 2018		AT DECEMBER 31, 2017	
	Book Value	%	Book Value	%
<b>POOLED INVESTMENTS:</b>				
DEMAND DEPOSITS	8,307,438	2%	54,529,606	12%
U.S. INSTRUMENTALITIES	55,000,000	12%	55,000,000	13%
CERTIFICATE OF DEPOSIT	115,913,912	24%	122,090,915	29%
MONEY MARKET	50,484,174	11%	91,259,989	22%
LGIP	90,516,825	19%		
OVERNIGHT SWEEP REPUR AGREEMENT	60,176,655	13%		
<b>Total Pooled Investments</b>	<b>380,399,004</b>	<b>80%</b>	<b>322,880,510</b>	<b>76%</b>
<b>RESTRICTED USE:</b>				
<b>DEMAND DEPOSITS</b>				
SRF Loan Debt Service	3,486,318		1,778,906	
SRF Loan Repayment Reserve	657,294		646,170	
2010 Water & Sewer Bonds - DS Reserve	3,031,936		2,980,625	
2010 Water & Sewer Bonds - Wells Fargo	0		295,151	
2015 Bch CRA Bonds Account-FCB	6,311,865		10,348,549	
2015 Bch CRA Bonds Acct Debt Svc Res-FCB	5,704,302		5,607,765	
2016A CAP IMP REV REF Bonds-FCB	3,529,080		5,001,679	
CRA Beach-FCB	38,124,458		35,452,511	
Hollywood Beach CRA-Wells Fargo	0		18,957,639	
<b>Total Demand Deposits</b>	<b>60,845,253</b>	<b>13%</b>	<b>81,068,995</b>	<b>19%</b>
<b>U.S. INSTRUMENTALITIES</b>				
<b>Total U.S. Instrumentalities</b>	<b>-</b>	<b>0%</b>	<b>-</b>	<b>0%</b>
<b>MONEY MARKET</b>				
2003 Water & Sewer Rate Stabilization Fund	10,000,000		10,000,000	
DT CRA Note 2015 Series-TIAA Bank	-		373,817	
CRA Downtown-TIAA Bank	10,739,370		9,006,499	
<b>Total Money Market</b>	<b>20,739,370</b>	<b>4%</b>	<b>19,380,316</b>	<b>5%</b>
<b>OVERNIGHT SWEEP REPURCHASE AGREEMENT</b>				
Sweep HWD Beach CRA (Wells Fargo)	15,450,475			
<b>Total Overnight Sweep Repur Agre</b>	<b>15,450,475</b>	<b>3%</b>		
<b>Total Restricted Use</b>	<b>97,035,098</b>	<b>20%</b>	<b>100,449,311</b>	<b>24%</b>
<b>TOTAL INVESTMENTS</b>	<b>477,434,101</b>	<b>100%</b>	<b>423,329,821</b>	<b>100%</b>



CITY OF HOLLYWOOD, FLORIDA  
 U.S. SECURITIES HELD AT DECEMBER 31, 2018

SCHEDULE 2

<u>INVESTMENT TYPE</u>	<u>Maturity Date</u>	<u>Stated Interest Rate</u>	<u>Yield To Maturity</u>	<u>Par Value</u>	<u>Book Value</u>	<u>Market Value</u>
<b>U.S. INSTRUMENTALITIES:</b>						
Purchased FFCB Note 05/16/16	05/16/19	1.170%	1.170%	10,000,000	10,000,000	9,949,000
Purchased FHLMC Note 06/14/16	06/14/19	1.280%	1.280%	5,000,000	5,000,000	4,971,090
Purchased FNMA Note 06/21/16	06/21/19	1.375%	1.375%	10,000,000	10,000,000	9,945,730
Purchased FHLMC Note 08/23/16	08/23/19	1.300%	1.300%	5,000,000	5,000,000	4,954,890
Purchased FFCB Note 10/24/16	10/24/19	1.210%	1.210%	5,000,000	5,000,000	4,941,490
Purchased FFCB Note 12/27/16	12/27/19	1.700%	1.700%	10,000,000	10,000,000	9,904,440
Purchased FHLMC Note 12/30/16	12/30/19	1.500%	1.500%	10,000,000	10,000,000	9,888,530
Total U.S. Instrumentalities				<u>55,000,000</u>	<u>55,000,000</u>	<u>54,555,170</u>
<b>TOTAL U.S. SECURITIES</b>				<u><b>55,000,000</b></u>	<u><b>55,000,000</b></u>	<u><b>54,555,170</b></u>

CITY OF HOLLYWOOD, FLORIDA  
INVESTMENT INCOME SUMMARY  
AT DECEMBER 31, 2018

SCHEDULE 3

INVESTMENT TYPE	BALANCE AT		INTEREST INCOME		WEIGHTED AVG YLD	
	12/31/18	YTD 12/31/18	% OF TOTAL	QTR 12/31/18	YTD* 12/31/18	QTD** 12/31/18
<b>DEMAND DEPOSITS, INTEREST BEARING:</b>						
Pooled (Wells Fargo)		28,692		28,692		
(TD Bank)	1,354,252	613		613		
Pooled (Florida Community Bank)	405,523	54,663		54,663		
SRF Loan Debt Service	6,547,663	17,440		17,440		
SRF Loan Repayment Reserve		3,337		3,337		
2010 Water Sewer Bonds - DS Reserve		15,394		15,394		
2010 Water Sewer Bonds - Wells Fargo	0	-		-		
2015 Bch CRA Bonds Account- FCB	6,311,865	32,047		32,047		
2015 Bch CRA Bonds Acct Debt Svc Res- FCB	5,704,302	28,962		28,962		
2016A CAP IMP REV REF Bonds- FCB	3,529,080	17,918		17,918		
CRA Beach-FCB	38,124,458	86,102		86,102		
CRA BCH-Wells Fargo	0	0		-		
<b>Total Demand Deposits</b>		285,168	16%	285,168	0.33%	0.33%
<b>U.S. INSTRUMENTALITIES:</b>						
Pooled		191,417		191,417		
<b>Total U.S. Instrumentalities</b>		191,417	11%	191,417	0.15%	0.15%
<b>CERTIFICATE OF DEPOSIT:</b>						
Pooled		548,796		548,796		
<b>Total Certificate of Deposit</b>		548,796	32%	548,796	0.58%	0.58%
<b>MONEY MARKET:</b>						
Pooled (BankUnited)		334		334		
Pooled (City National Bank)	75,924	99,912		99,912		
2003 Water & Sewer Rate Stabilization Fund	24,014,931	57,061		57,061		
CRA Downtown (TIAA Bank)	10,000,000	17,426		17,426		
Pooled (TIAA Bank)	10,739,370	5,494		5,494		
Pooled (Iberia Bank)	796,823	75,781		75,781		
Pooled (Leumi Bank)	15,473,722	49,592		49,592		
<b>Total Money Market</b>		305,599	18%	305,599	0.37%	0.37%
<b>LOCAL GOVERNMENT INVESTMENT POOL(LGIP):</b>						
Pooled (FLCLASS)		269,158		269,158		
<b>Total LGIP</b>		269,158	16%	269,158	0.38%	0.38%
<b>OVERNIGHT SWEEP REPURCHASE AGREEMENT:</b>						
Sweep Master Concentration Acct (Wells Fargo)		44,091		44,091		
Sweep HWD Beach CRA (Wells Fargo)	60,176,655	76,039		76,039		
<b>Total Overnight Sweep Repur Agmt</b>		120,130	7%	120,130	0.15%	0.15%
<b>TOTAL INVESTMENTS</b>		1,720,268	100%	1,720,268	1.96%	1.96%

BENCHMARKS (Average Rates):	
91 Day Treasury Bill:	YTD* 2.32%
Fed Funds Rate:	QTD** 2.22%

Note: Interest does not reflect change in FV of investments and arbitrage rebate liabilities.

\*YTD - 10/01/18-12/31/18 \*\*QTD - 10/01/18-12/31/18

**CITY OF HOLLYWOOD, FLORIDA**  
**SCHEDULE 4: INVESTMENT REPORT GLOSSARY**

**Book Value**- The carrying amount of the investment in the City's financial records, in accordance with generally accepted accounting principles.

**Certificate of Deposit**- A non-negotiable certificate proving the deposit of a sum of money for a specified period of time at a specified interest rate with a bank. The City invests only with banks participating in the State of Florida's "Public Depository" program which guarantees such investments.

**Demand Deposit**- An account balance that can be drawn on by check, cash withdrawal, or wire transfer without prior notice to the bank (also referred to as a checking account). All of the City's demand deposit accounts are interest-bearing. Monies maintained in this account are considered public deposits and collateralized by the corresponding bank in accordance with Florida Statutes Chapter 280.

**Fed Funds Rate**- The interest rate that banks charge each other for overnight loans generally to meet Fed reserve requirements.

**Money Market Account**- An investment vehicle that allows for the pooling and investing of numerous investors' assets in traditional money market instruments, typically U.S. government securities and instrumentalities. With the exception of some small balance reserve accounts overseen by a bank trustee, all the money market accounts included in the report total are considered public deposits and collateralized by the corresponding bank in accordance with Florida Statutes Chapter 280.

**Par Value**- The face (stated) value of the security.

**Local Government Investment Pool (LGIP)**- An investment by local governments in which their money is pooled as a method for managing local funds, (i.e., Florida State Board of Administration's Florida Prime Fund).

**Overnight Sweep Repurchase Agreement**- Interest income by sweeping funds from an account into an overnight investment. After credits and debits have been processed and target balance requirements are met, the remaining collected balance is invested.

**Stated Interest Rate**- The annual rate of interest that the issuer promises to pay to the security holder.

**U.S. Government Agencies**- Bonds, debentures, notes or callables issued or guaranteed by United States Government agencies, provided such obligations are backed by the full faith and credit of the United States Government and have an active secondary market.

**U.S. Treasury Bills and Notes**- Obligations of the United States Treasury. These securities are among the most widely used investment vehicles. Payment of principal and interest is backed by the full faith and credit of the United States government. Treasury bills are short-term investments of under one year, while Treasury notes have a duration of between one and ten years.



**U.S. Instrumentalities** - Securities issued by banks or corporations chartered by the Federal government. Although they are not backed by the full faith and credit of the U.S. government, applicable federal law makes them highly secure. Among these investments are notes and bonds issued by the Federal Home Loan Mortgage Corporation (FHLMC), Federal Home Loan Banks (FHLB), Federal National Mortgage Association (FNMA), and the Federal Farm Credit Banks (FFCB).

**Weighted Average Yield** - Daily averages are used to calculate all quarter-to-date and year-to-date yields. All year-to-date percentages shown are presented on a fiscal year basis.

**Yield to Maturity** - Annualized overall rate of return, considering the time value of money and compounding of interest.