

Approved 5/30/19

**The School Board of Broward County, Florida
FINANCIAL ADVISORY COMMITTEE MEETING MINUTES**

Friday, March 15, 2019
KCW Administration Building
11th Floor Conference Room

The Financial Advisory Committee of The School Board of Broward County, Florida, met at 10:00AM on Friday, March 15, 2019 in the 11th Floor Conference Room at the Kathleen C. Wright Administration Building, 600 SE 3rd Avenue, Fort Lauderdale, FL.

Those in Attendance:

Committee Members

Ray Monteleone - Chair, Community
Ivan Perrone - Staff
Shelley Meloni – Staff

Committee Member(s): On the Phone

Maree Moscati – Community

Committee Member(s) Absent:

John Ruffin - Vice Chair, Community

Also in Attendance

Steve Alexander, PFM (Financial Advisor)
David Moore, PFM (Financial Advisor)
Dane Sheldon, SunTrust Bank

The purpose of the meeting:

- Approve Minutes of November 29, 2017, May 1, 2018, May 4 , 2018 and May 9, 2018 Meetings
- Committee Member(s)
 - Announce Committee Member Resignation (Maree Moscati)
 - Review resume, interview and recommend Community Member (Dane Sheldon) to the Superintendent

- Financial Advisor(s)
 - AM - Market Update
 - AM - Investment Policy
 - FA – Recap of GOB and TAN Issuance

- Other Matters that May Come Before the Committee

Mr. Monteleone, called the meeting to order. He asked for self-introductions.

The first item of business on the agenda was the motion to select a chair. Mr. Monteleone expressed his interest to Mr. Perrone and the Committee. Ms. Moscati made the motion to select Mr. Monteleone as Chair and Mr. Ruffin as Vice Chair. This motion was seconded and passed unanimously.

The second item on the agenda was the approval of the minutes for the last meetings held on November 29, 2017, May 1, 2018, May 4, 2018 and May 9, 2018. A motion was made to approve, seconded, and passed unanimously.

The next item on the agenda was the discussion of Committee Members. Ms. Moscati announced her resignation. She understands her role as a Community member and agreed to serve on this Committee until a replacement is found.

The Committee also interviewed Mr. Sheldon, a new potential committee member that would replace Mr. Abraham's vacancy as a community member. After reviewing Mr. Sheldon's resume, the Committee agreed to recommend the appointee to the School Board and Superintendent.

Next, Mr. Alexander with PFM presented a market update and reviewed the School Board's current investment policy. He discussed short term versus long term assets, the School Board's investment performance review, the Federal Reserve, corporate trends and the Portfolio Stress Test.

Mr. Alexander discussed the importance of the Portfolio Stress Test and how this gives them a better understanding how the Portfolio will respond to market trends.

Mr. Monteleone, Chair, stated for the record that the actual underlying investment has a different value than the market value if held to maturity.

Mr. Alexander agreed and stated our strategy is to monitor the market so that we make the right decisions. If the market changes, the Portfolio is updated. Active trading is also important to take advantage of higher interest rates. PFM reviews the Florida State Statutes, APT US&C, GFOA best practices and other neighboring school district investment policies to help shape and keep the School Board's investment policy moving in a good direction.

Next, Mr. Moore with PFM discussed debt. He recapped on GOB and TAN issuance. He stated, typically things good for investments are bad for debt. Each year the School District issues a Tax Anticipation Note to cover operating funds until the ad valorem taxes come in November/December. Mr. Moore stated, interest rates are higher this year than last, so the School Board could make money on the TAN.

Mr. Monteleone asked, what causes a profit? What drives that?

Mr. Moore stated, you are borrowing tax exempt and investing it in taxable. There is a precise formula and time table given by the IRS to follow. So, we can leave it outstanding for 9 to 10 months until interest rates are higher and make a profit.

Mr. Perrone stated we have a general parameter of \$125 million.

Mr. Monteleone stated, this is tied in to the ad-valorem taxes.

Ms. Meloni asked if this is issued once a year at the same time?

Mr. Perrone answered, yes. This is when the need occurs for funds. He then made a motion to move forward with the issuance of the TAN in Fall. The motion was moved, seconded and approved unanimously.

The last item of business discussed on the agenda was a follow up report for the GOB 2015. Mr. Moore reviewed the second financing of approximately \$174 million which closed in mid-February at 3.8% with 6 bidders.

Mr. Monteleone asked, what caused such a large premium?

Mr. Moore explained the norm in the market now is that bonds are sold at premium. He stated that the underwriters need to step it up on both competitive sales and negotiated financings. PFM tracks trade data and essentially gives them a report card.

Mr. Monteleone asked, how did they do?

Mr. Perrone replied, they did well.

Being no further business, the Chair adjourned the meeting at approximately 12:00PM.