

BOCA RATON AIRPORT AUTHORITY

INVESTMENT REPORT



FISCAL YEAR
2018



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SECTION ONE:

ABOUT THE BOCA RATON AIRPORT AUTHORITY

The Boca Raton Airport is publicly-owned by the State of Florida and is designated as a general aviation transport facility, serving the corporate, recreational, and flight training needs of the region. It is located on 220 acres in Boca Raton off of I-95 between Spanish River Boulevard and Glades Road. The Airport's one runway 5/23 is 6,276 feet long and 150 feet wide.

The Airport is operated by the Boca Raton Airport Authority, a seven-member Board established by the Florida Legislature as an Independent Special District of the State of Florida. Five members are appointed by the Boca Raton City Council and two are appointed by the Palm Beach County Commission. Each Board member serves a term of two years.

The Airport Authority was established in order to operate, maintain, and develop the Boca Raton Airport in a safe, professional manner; enhance services and facilities available to the Airport's tenants and users; improve the Airport's relationship with the surrounding community; eliminate financial subsidies by local taxpayers and the Board of Trustees; and limit the potential for operational liability by the State and the local community.

In October 2011, the Airport Authority developed a Strategic Business Plan that identified the Airport's mission to be a world class Public Use General Aviation facility that benefits our growing business and regional communities.

THE AIRPORT'S STRATEGIC GOALS ARE TO:

1. Strengthen Community Relations
2. Mitigate Noise Impacts
3. Enhance Financial Performance
4. Effectively Operate in a Changing Government Environment
5. Explore Land Opportunities

The Airport Authority sustains the Airport's operations by generating revenue from land leases and fuel fees. Operating surpluses are reinvested in infrastructure improvements included in the Airport Capital Improvement

Program and used to match FAA Airport Improvement Program and Florida Department of Transportation Aviation Work Program grants.

SECTION TWO:

UNDERSTANDING OUR INVESTMENT POLICY

The Boca Raton Airport Authority's Accounting Policy and Procedure Manual dictates that Authority funds should be properly invested to safeguard against physical loss or misuse. Invested funds are funds not presently needed for airport operations or capital projects.

The Authority's investment policy mirrors Florida Statute, Section 218.415(17), which states that units of local government may invest or reinvest any public funds in their control or possession in:

- The Local Government Surplus Funds Trust Fund, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, as provided in s. [163.01](#).
 - Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
 - Interest-bearing time deposits or savings accounts in qualified public depositories, as defined in s. [280.02](#).
 - Direct obligations of the U.S. Treasury.
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Further, the Authority has established keen objectives with regard to its investment strategy:

- **Safety** – The primary objective of the Authority's investment activities is the protection of investment capital.
 - **Liquidity** – The Authority's investment strategy will provide sufficient liquidity such that cash flow requirements are met through the utilization of investments with structured maturities.
 - **Investment Income** – The Authority will strive to maximize the return on the portfolio while minimizing investment risk.
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Management is responsible for ensuring proper compliance with both Florida Statutes and the established investment strategy. The Authority's compliance with the requirements of Florida Statute, Section 218.415 is

examined by the Independent Auditor and any opinion on the Authority's compliance is reported to the Board in conjunction with the Annual Financial Audit Report.

SECTION THREE:

UNDERSTANDING OUR RESERVES POLICY

In accordance with the Authority's reserves policy, sound financial management principles require that sufficient funds be retained by the Authority to provide a stable financial base at all times. In order to retain this stable financial base, the Authority needs to maintain an unrestricted net

asset balance sufficient to provide financial reserves for unanticipated expenditures and/or revenue shortfalls of an emergency nature. The unrestricted net asset balance shall be no less than 75% of budgeted operating expenses, including depreciation.



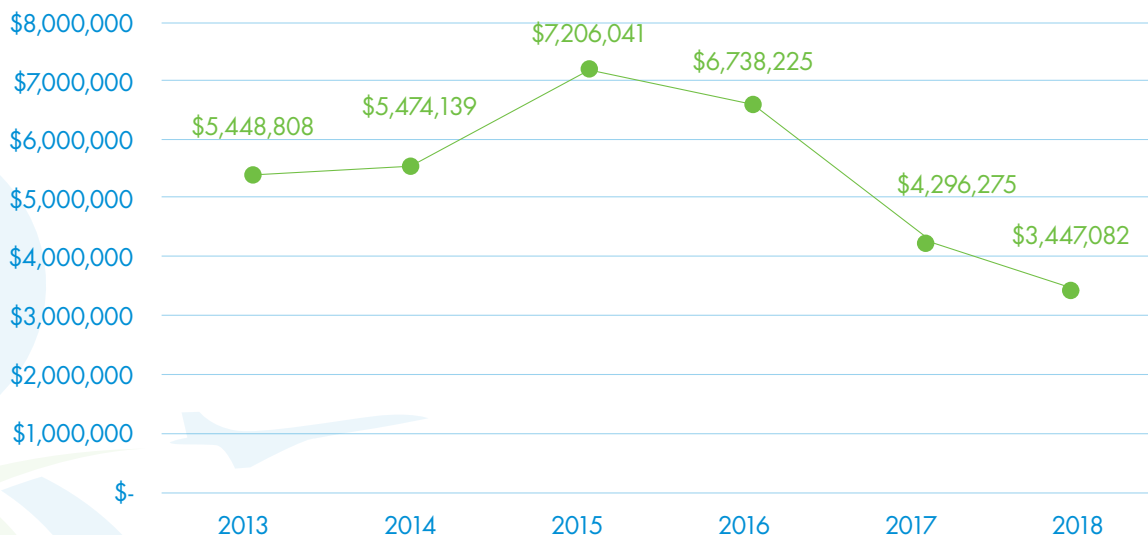
SECTION THREE:

2018 INVESTMENT HIGHLIGHTS

As of May 31, 2018, the Airport's invested funds total \$3,447,082, a decrease of 20% over prior year. This decrease in invested funds is directly attributable to the Airport's matching share of the U.S. Customs Facility and the EMAS projects currently underway. The delayed completion of the U.S. Customs Facility project has resulted in the replenishment of funds occurring at a slower rate than contemplated in the Fiscal Year 2018 Operating, Capital Outlay, and Capital Improvement Plan Budgets. Of the \$3,447,082 in invested funds, \$187,179 are restricted funds, held as security deposits for the Premier Aviation and City Furniture leaseholds. The total invested funds balance available for the Airport's operational and capital needs is \$3,259,903.

Subsequent to May 31, 2018, the Airport received an additional \$3.9 million dollars in grant reimbursements, bringing the Airport's invested funds balance to \$7,376,202. These funds were placed in short-term 3-month CD's, in order to allow for added liquidity in late 2018, a diversification of portfolio, and maximization of returns in an increasing rate environment.

BRAA INVESTED FUNDS



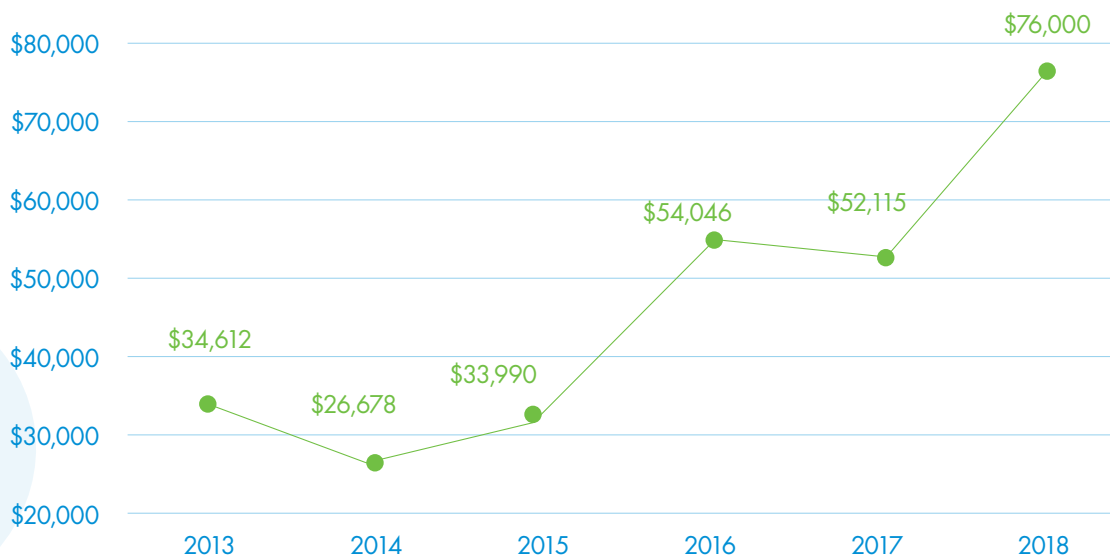
SECTION THREE: 2018 INVESTMENT HIGHLIGHTS

The Airport's funds are invested in Certificates of Deposit (C.D.), the Certificate of Deposit Account Registry Service (CDARS), Insured Cash Sweep (ICS), and Money Market Accounts at various Qualified Public Depositories. These funds are 100% protected in a combination of coverage provided by the Federal Deposit Insurance Corporation and Florida's Public Deposits Program.

As of May 31, 2018, approximately 95% of Airport funds are invested in Certificates of Deposit, while the remaining 5% are invested in liquid accounts such as Money Markets. No funds are currently invested in the Certificate of Deposit Account Registry Service (CDARS) or Insured Cash Sweep (ICS). The Airport's

investments are yielding an average annual rate of return of 1.8%, a 0.7% increase over prior year. Consequently, interest income is \$32,312 year-to-date, a decrease of 17.1% to budget. Based on the current investments schedule, and additional investments contemplated subsequent to May 31, 2018, interest income is projected to be \$76,000 for Fiscal Year 2018, an increase of \$23,885 over prior year. This increase in interest income is attributable to ongoing cash flow analysis, increasing interest rates, diligent efforts to procure competitive rates of return, and a continued commitment by management to maximize the return on the Airport's portfolio while minimizing investment risk and meeting ongoing capital improvement needs.

INTEREST INCOME



SECTION THREE:

INVESTMENT SCHEDULE

BOCA RATON AIRPORT AUTHORITY INVESTMENT SCHEDULE - May 31, 2018 (Unaudited)

CITIBANK - MONEY MARKET			
TERM	MATURITY DATE	APY	CURRENT BALANCE
Liquid	-	0.40%	\$ 180,882
BANK UNITED - CD			
TERM	MATURITY DATE	APY	CURRENT BALANCE
11 Months	1/5/2019	1.75%	\$ 1,005,766
BANK UNITED - CD			
TERM	MATURITY DATE	APY	CURRENT BALANCE
12 Months	2/5/2019	1.85%	\$ 1,006,097
CITI NATIONAL BANK - CD			
TERM	MATURITY DATE	APY	CURRENT BALANCE
12 Months	4/5/2019	2.15%	\$ 1,067,159
EVERBANK - CITY FURNITURE RESTRICTED CD SECURITY DEPOSIT			
TERM	MATURITY DATE	APY	CURRENT BALANCE
3 Years	6/22/2019	1.22%	\$ 115,086
EVERBANK BANK - PREMIER RESTRICTED CD SECURITY DEPOSIT			
TERM	MATURITY DATE	APY	CURRENT BALANCE
5 Years	3/20/2020	2.23%	\$ 72,093
CASH EQUIVALENTS			\$ 180,882
UNRESTRICTED CDS			\$ 3,079,021
RESTRICTED CDS			\$ 187,139
TOTAL INVESTED FUNDS			\$3,447,082

SECTION FOUR:

UNRESTRICTED NET ASSET BALANCE

In accordance with the Authority's emergency reserves policy, sound financial management principles require that sufficient funds be retained by the Authority to provide a stable financial base at all times. In order to retain this stable financial base, the Authority is committed to maintaining a surplus fund balance sufficient to provide financial resources for unanticipated expenditures and/or revenue shortfalls of an emergency nature. As such, the unrestricted net asset balance, or

the difference between current assets and current liabilities, shall not fall below 75% of budgeted operating expenses, including depreciation.

For the Fiscal Year 2018 operating budget, the threshold of 75% of budgeted operating expenses including depreciation is equal to \$3,401,825. The Airport has also committed to capital outlays of \$35,000 for the overall enhancement of airfield management and response capabilities.

In addition, the Airport has established a robust Capital Improvement Plan consisting of:

- Runway 5-23 Guard Lights Design and Installation
- Expand Airport Road and Utility Corridor
- Landside Access Pavement Rehabilitation
- Taxiways Papa 4, Charlies and Foxtrot Widening Design & Construction
- Airfield Pavement Rejuvenator
- Wildlife Hazard Management Plan

The Authority's share of funds committed to the Airport's Capital Improvement Plan for Fiscal Year 2018 is \$860,549.

while the current commitments to operating expenses, capital outlay, and the capital improvement plan total \$4,297,374 including depreciation.

As of May 31, 2018, the Authority's unrestricted net asset balance is \$8,520,093

BOCA RATON AIRPORT AUTHORITY UNRESTRICTED NET ASSET BALANCE May 31, 2018 (Unaudited)

ASSETS	
Current Assets	\$8,910,827
Rent Receivable	\$ 467,943
Total Current and Other Assets	\$ 9,378,770
LIABILITIES	
Current Liabilities	\$ 690,798
Non-Current Liabilities	\$ 167,879
Total Liabilities	\$ 858,677
TOTAL UNRESTRICTED NET ASSETS	\$ 8,520,093

SECTION FIVE:

LOOKING AHEAD

With the use of a financial forecasting model, Airport management is able to closely monitor fund balances. Based on the approved Fiscal Year 2018 Operating, Capital Outlay, and Capital Improvement Plan Budgets, the Airport's invested funds balance is expected to increase by approximately \$4.3 million by the end of Fiscal Year 2018. The fluctuation in the projected Airport invested funds balance is directly attributable to grant reimbursements by the Federal Aviation

Administration and the Florida Department of Transportation for eligible projects including the recently completed U.S. Customs and Border Protection Facility and the mandated EMAS project. As Airport management develops the Fiscal Year 2019 Operating, Capital Outlay, and Capital Improvement Plan Budgets, it will continue to analyze Airport fund balances and ensure sufficient liquidity to meet future commitments.

INVESTMENT REPORT PRESENTATION

On behalf of the Secretary/Treasurer and Airport Management, I respectfully present the Fiscal Year 2018 Investment Report to the Airport Authority.

Clara Bennett
EXECUTIVE DIRECTOR

JUNE 20, 2018