

Florida Public Assets for Liquidity Management FL PALM Term Portfolio

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Executive Summary

Kroll Bond Rating Agency (KBRA) completed its annual surveillance review on Florida Public Assets for Liquidity Management FL PALM Term Portfolio ("FL PALM", or the "Program"), utilizing the [Investment Funds Global Rating Methodology](#) published March 12, 2020. KBRA's review resulted in an affirmation of the AAAkf rating on the Program. The key determinants of the rating affirmation include both quantitative and qualitative factors.

Key Considerations	+/-
Strong Asset Quality and Diversification The Program adheres to investment restrictions mandating that the portfolio be made up of assets determined to be of high investment grade quality. In addition, PFMAM considers issuer and asset type diversification when constructing the portfolio which minimizes concentrated credit risk.	+
Strong Management Team and Credit Process PFM Asset Management (PFMAM) has over 40 years of public sector experience and senior management has been through various economic cycles. Their experience coupled with their well-established credit approval process are strengths of the Program.	-/+

Rating Sensitivities

	+/-
A decrease in credit quality of the underlying assets could drive the overall asset quality assessment of the Program down.	-

Program Overview

Florida Public Assets for Liquidity Management FL PALM Term Portfolio (known as Florida Education Investment Trust Fund FEITF Term Portfolio until June 1, 2019) is a common law trust organized in October 2010 under the laws of the State of Florida. The Program is classified as a Local Government Investment Pool (LGIP) and is designed to meet the cash management and short-term investment needs of Florida's school districts and political subdivisions or instrumentalities of political subdivisions. The Program's key investment objectives include principal preservation and liquidity.

The table below summarizes key Program characteristics, which remain unchanged from those at original issuance, as detailed in [Florida Education Investment Trust Fund FEITF Term Portfolio's](#) issuance report.

The Program (As of 12/31/2020)	
Year of Inception	2010
Net Assets	\$588.6 million
Administrator / Investment Manager	PFM Asset Management
Custodian	Wells Fargo Bank NA
Auditor	Carr, Riggs & Ingram
Sponsors	Florida School Boards Association; and Florida Association of District School Superintendents

Asset Quality

PFMAM, the Program's investment manager, must abide by the Program's investment restrictions; these are unchanged from those detailed in [Florida Education Investment Trust Fund FEITF Term Portfolio's](#) issuance report. In summary, assets must be U.S. dollar denominated short-term credit instruments and must be on the Approved Issuer List or must pass through PFMAM's credit screening process.



FLPALM: Top 10 Securities by MV (as of 12/31/20)				
Issuer	Security Type	Maturity	Trade Mkt Val	% of FLPALM
ABN AMRO FUNDING USA LLC COMM PAPER	DCP	6/4/2021	\$22,026,583	3.74%
SWEDBANK COMM PAPER	DCP	5/3/2021	\$20,983,725	3.57%
COOPERATIEVE RABOBANK UA CERT DEPOS	DCD	3/8/2021	\$19,997,018	3.40%
SKANDINAV ENSKILDA BK NY CERT DEPOS	DCD	5/27/2021	\$19,192,151	3.26%
WESTPAC SECURITIES NZ LT COMM PAPER	DCP	5/25/2021	\$19,011,968	3.23%
METLIFE SHORT TERM FUND COMM PAPER	DCP	6/21/2021	\$18,974,331	3.22%
AUST & NZ BANKING GROUP COMM PAPER	DCP	6/9/2021	\$17,979,390	3.05%
SUMITOMO MITSUI BANK NY CERT DEPOS	DCD	6/7/2021	\$14,995,395	2.55%
TORONTO DOMINION BANK COMM PAPER	DCP	3/23/2021	\$14,992,935	2.55%
SOCIETE GENERALE COMM PAPER	DCP	6/7/2021	\$14,984,145	2.55%
Total / WAVG		5/31/2021	\$588,576,468	100.0%

KBRA used various sources, including publicly assigned ratings and internal credit estimates, to assess the asset quality of the Program's investments. Based on the portfolio composition as of December 31, 2020, KBRA's asset quality score was 'a+'. Historically, PFM has managed to a score of 'aa'; however, KBRA believes this is a temporary deterioration, and not a sustained change in PFM's portfolio management strategy.

Liquidity & Duration

Given specific Program requirements, investment duration is between 60 days and one year. As of December 31, 2020, the weighted average maturity of investments in the portfolio is 152 days. Liquidity is managed to be consistent with these short investment maturities, and the Program further assesses early withdrawal penalties to investors should they wish to redeem early.

Manager Review

PFM Asset Management LLC (PFMAM) is a subsidiary of the PFM I, LLC (PFM), a financial services firm established in 1975 to provide financial services to government and not-for-profit clients. PFM has grown steadily over the years and today has more than 600 professionals in 36 office locations across the U.S. PFMAM, the asset management arm, is a registered investment advisor with the Securities and Exchange Commission. As of December 31, 2020, PFMAM's assets under management totaled \$164.0 billion, \$120.6 billion of which is discretionary.

On March 2, 2021, KBRA held a conference call with key members of the PFMAM team managing the Program to assess any changes or developments over the past 12 months. Based on these discussions, KBRA continues to believe that PFM is managing this portfolio in accordance with stated Program guidelines and that there are no notable or significant changes impacting its manager review.

Related Publications

- [Florida Public Assets for Liquidity Management \(FLPALM\) 2020 Surveillance Report](#)
- [Florida Public Assets for Liquidity Management \(FLPALM\) 2019 Surveillance Report](#)
- [Florida Education Investment Trust Fund FEITF Term Portfolio 2018 Surveillance Report](#)
- [Florida Education Investment Trust Fund FEITF Term Portfolio 2017 Issuance Report](#)
- [Global Investment Funds Rating Methodology](#)



ESG Considerations

KBRA's ratings incorporate all material credit factors including those which relate to ESG factors. Throughout our analysis, KBRA captures the impact of ESG factors in the same manner as all other credit-relevant factors. More information on ESG Considerations for the funds sector can be found in our report titled [Environmental, Social and Governance \(ESG\) Considerations by Sector: Funds](#).

There were no ESG factors in consideration for this rating analysis.



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