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# eNOTICE

An INVESTMENT SERVICE for FLORIDA PUBLIC FUNDS

October 9, 2012

## THE RELATIONSHIP BETWEEN FLORIDA PRIME'S NET ASSET VALUE AND AD-VALOREM TAX REVENUES

Attached is a recent report developed by the State Board of Administration's (SBA) Investment Policy & Economic unit, exploring the relationship between Florida PRIME's net-asset-value (NAV) and property values throughout the State.

Key findings include: 1) Clear seasonal pattern with month-end NAV's, peaking at or near the turn of the year; 2) Rising property values, resulting in higher property tax receipts, help to drive growth in the pool. Over the last three years, the year-end NAV has risen gradually even though statewide taxable value continued to fall (albeit modestly); 3) Regression analysis indicates a strong relationship between the two components, with a 1% rise in taxable value generating a 0.62% increase in the year-end NAV of Florida PRIME; and 4) Results project Florida PRIME's NAV will steadily increase over the next few years, rising to \$11 billion in 2016, based on certain underlying assumptions.

LEARN MORE ABOUT FLORIDA PRIME AT

<https://www.sbafla.com/PRIME>

PLEASE CONTACT US IF YOU HAVE ANY QUESTIONS

(850) 488-7311

BETWEEN 7:30 a.m. and 4:30 p.m. ET, Monday through Friday.



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