

TREASURE COAST REGIONAL PLANNING COUNCIL

MEMORANDUM

To: Council Members

AGENDA ITEM 6

From: Staff

Date: June 15, 2018 Council Meeting

Subject: Interest Bearing Account Management

Introduction

At its May 18, 2018 meeting, Council reviewed the financial reports and discussed possible options for moving Council accounts into accounts earning higher interest rates. Council directed staff to provide an overview of current accounts, assets, and liabilities in order to determine what changes, if any, should be made to better manage Council's finances. Following is a summary of Council's current financial status:

**Cash Bank – Operating Checking**

Council's general checking account is held with TD Bank, which is a requirement of Council's office building loan (see below). Previously, interest on this checking account was 0.70 percent. As a result of Council discussion at its May meeting, staff approached the bank to request a better rate. The bank has offered a new interest rate of 1.25 percent.

**Brownfields Revolving Loan Fund (RLF)**

The Brownfields revolving loan funds are held at Florida Community Bank. These funds are FDIC insured, held at a Qualified Public Depository, and currently earning 1.87 percent interest. These funds are restricted in their uses to Brownfields activities. Some local governments utilize Florida Prime as an investment vehicle. It was established by the Legislature in 1977 as the Local Government Surplus Funds Trust Fund. It is operated by the State Board of Administration (SBA) with the Governor, Chief Financial Officer, and the Attorney General of the State of Florida serving as Trustees. SBA has retained the services of Federated Investors as the investment manager for the fund. The current interest rate at Florida Prime is 1.97 percent.

In the past, Council utilized Florida Prime as a depository to hold some of its funds, transferring money out as needed to a local checking account. During the most recent recession, Council experienced significant liquidity problems with Florida Prime. At one point, its funds were frozen and, thereafter, access to Council funds was restricted to allow only measured amounts to be withdrawn over a period of years. Council closed out its accounts with Florida Prime last year. Florida Prime is not FDIC insured, and while the fund seeks to preserve the value of the initial investment at \$1.00 per share, it is a riskier fund in that it is possible for it to go below this initial amount.

**Fixed Asset Replacement Budget (FARB)**

Established by Council July 2009, the FARB account is funded annually in the amount of \$5,000. This account is used to cover building repair costs. The account, held at Florida Community Bank, has a current balance of \$31,526 and earns 1.87 percent interest.

**Brownfields RLF Receivable**

The Fort Pierce Redevelopment Agency (FPRA) has a current outstanding loan balance of \$261,603 with a 0.25 percent annual rate. This is a fixed-rate, four-year loan issued to FPRA, which comes due on February 1, 2020. FPRA has paid back previous Brownfields RLF loans to Council on time or early.

**Council Office Building Loan Payable**

Council's building loan is held with TD Bank. It is an unsecured loan with an interest rate of 3.97 percent. The loan comes due in full with a balloon payment on April 1, 2026. The monthly payment is \$11,154.10. Since 2015, Council has made additional monthly principal payments of \$2,500 on the loan based on cash availability. So far this fiscal year, an extra payment has been made each month. With the additional loan repayments, Council expects to pay off this loan by March 2026 without needing a balloon payment.

Recommendation

Council should discuss Council's current interest bearing accounts and make recommendations as appropriate.