



Legislation Text

File #: 19-0050, **Version:** 1

Summary

To: Town Commission
From: Stefan Massol, Director of Support Services
Date: 3/5/2019

Subject:

Review of Town Investments

Summary:

Provided is an overview of the Town of Belleair's pooled cash investments.

Background/Problem Discussion: For many years the Town of Belleair has participated in a local government investment pool sponsored by the State Board of Administration (SBA). The pool has historically provided modest yields, but allows the town the ability to withdraw funds within one business day with minimal risk. At the close of 2007 there was a run on the SBA, and as a result the SBA voted to freeze the fund. Because of the issues surrounding the SBA, as well as very low rates of return, the Town did not move additional pooled cash into the SBA or other cash-like investments for several years.

By 2017 it was evident that local government investment pools (LGIPs) like the SBA were seeing rising interest returns, and pursuant to the Investment Policy the Town resumed investment of idle cash into the SBA. Additionally, the town became a member of a second LGIP called Florida SAFE as a way to further reduce risk through diversification.

Financial Implications: Since May 2018 the rate of return has been consistently in excess of 2%, ranging from 2.03% to 2.97%. In the first four months of FY 2017-18 the town has earned interest proceeds of \$76,800. Current balances of town LGIP holdings are approximately \$12,500,000, however this number will decline notably in the coming months. 85% of the Town's Ad Valorem proceeds are received between October and January, and as operating expenses are incurred in the coming months there will be a need to convert LGIP funds to cash, thereby reducing the average monthly interest earnings for the remainder of the fiscal year. Overall I am forecasting investment earnings in excess of \$175,000 for this fiscal year. This number will vary depending on interest rates, the timing of large payments made for the Pinellas Road and Palmetto projects, as well as grant proceeds from SWFWMD and FEMA.

Enclosed are a Summary of Investments and Performance for FY 2018-19 YTD as well as for FY 2017-18.

Recommendation: None, this item is for discussion purposes only.

Proposed Motion: None, this item is for discussion purposes only.