

## M E M O R A N D U M

Date: February 3, 2016

**TO:** Investment Advisory Committee  
**FROM:** Sue Smith, Finance Director  
**SUBJECT:** Investment options for daily operating cash

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### Title

Florida Education Investment Trust Fund (FEITF)

### Description

The Town's unrestricted pooled operating cash is held in a checking accounting with Bank of America earning a minimum earnings credit rating of .25%. Based on our current contract (signed October 1, 2013) with Bank of America, banking service fees are approximately \$37,000 annually requiring an average monthly available balance of \$15 million, which the Town maintains in order to avoid paying bank fees.

I would like the ability to invest a portion of these balances in a liquid investment vehicle for better earnings and simply pay the bank fees outright. When I spoke to Steve Alexander about the idea he recommended FEITF. In my analysis, if we moved 50% of the float in Bank of America to the FEITF earning .40%, we would earn an additional \$11,500. If we moved 75%, we would earn an additional \$17,000. Beach bond proceeds could also be held here short term and transferred out as drawdowns are needed.

Highlights of the FEITF, provided by PFM are as follows:

- The Trust was created to offer a much needed investment alternative to Florida Public Agencies following the liquidity issues of the local government investment pool administered by the State of Florida.
- The Board of Directors of the Trust is composed of locally elected and appointed Florida School Board members and Florida School Superintendents.
- FEITF was formed by school districts originally, but is open to investment by any public agency in the state of Florida.
- An investment advisory committee was created by the Board of Directors. The committee is comprised of School Finance Officers.
- The goal of the FEITF is to provide a safe and liquid investment vehicle for all Florida Public Agencies.
- By approving the Trust Agreement, the Public Agency will be able but not obligated to invest funds in the Trust.
- The Florida Association of District School Superintendents and the Florida School Boards Associations are sponsoring agencies of the Florida Education Investment Trust Fund.

**Recommendation**

That the Investment Advisory Committee approve the interlocal agreement to become a Signatory Public Agency of the Florida Education Investment Trust Fund and recommend to the Town Commission to authorize the Town Manager to sign all necessary documents.

**Financial Impact**

Greater interest earnings.

**Negative Impact**

Will require additional time and attention by the Chief Accountant and Finance Director.



# Seeking to Optimize Interest Earnings?

## *Explore Your Options with a Fixed-Rate, Fixed-Term Investment Program*

### Putting Your Dollars to Work

Many investors concerned with meeting cash flow needs may keep more cash on hand than is needed. While this is convenient, excess amounts of cash can be costly. Perhaps you know of expenses that need to be met within the next three, six, nine, or 12 months. Funds that are not needed immediately may generate additional interest earnings if invested according to a schedule that can meet expenses down the road.

Many investors are familiar with the Florida Education Investment Trust Fund's (FEITF) daily liquidity vehicle, the FEITF Portfolio. FEITF also now offers an additional option, FEITF Term, that can help make the most of your cash by lining up investments with their expected use and doing so at relatively competitive interest rates.

### What are the Benefits?

Conveniently linked to your FEITF portfolio, investment in FEITF Term allows you to:

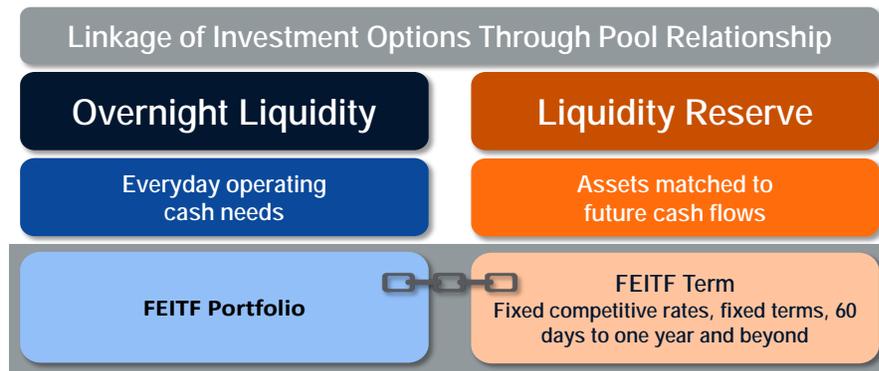
- Secure competitive interest rates
- Ladder maturities to meet known cash flow needs
- Select from a wide range of maturity dates
- Plan around your interest income stream
- Diversify your portfolio's maturity structure
- Optimize interest earnings

### FEITF Fixed-Rate Investments

Many public entities have accounts with known revenue and expenditure streams, with sources including federal or state subsidies and tax revenues. These accounts are ideal for fixed-rate investments offered by FEITF, in particular, **FEITF Term** which allows investors to lock in a competitive fixed rate of return for a specified timeframe. Term portfolio investments are based on a pool of open-market securities similar to those invested in the FEITF Portfolio and are matched to the dollar commitments and maturities selected by the individual investor. The investment period ranges from 60 days to one year, and interest is paid to investors upon maturity.

### How It Works with Your FEITF Portfolio Account

Fixed-rate investments are designed to build upon and complement your FEITF relationship. Funds can be transferred directly from your FEITF Portfolio account to purchase Term investments and vice versa. In this way, your investments are linked and work in tandem to meet both daily liquidity and longer-term needs.



## Why Use FEITF Term for Fixed-Rate Investing?

In addition to the convenience of working with FEITF's dedicated team, you benefit from the professional management of PFM Asset Management LLC (PFMAM), investment advisor to FEITF. PFMAM's trading volume and market knowledge can help obtain competitive prices for securities.

By working with PFMAM's professionals who understand the unique nature of your cash flows, such as the timing of revenue collection, you can seek to prudently identify and invest excess cash, enhancing your investment income while still aiming to meet important cash flow needs.

**Adding laddered,  
fixed-rate  
investments to  
your portfolio  
provides earnings  
potential.**

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## Contact Us Today

Taking advantage of every opportunity for incremental yield can mean the difference between a tight budget and room to breathe. Investing funds in a combination of the FEITF Portfolio or FEITF Term is a solution designed to help you meet multiple objectives: safety, liquidity, and yield. We invite you to contact your current representative to learn more about how a laddered, fixed-rate investment could enhance your investment program.



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### FEITF Client Services Group

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*This information is for institutional investor use only, not for further distribution to retail investors, and does not represent an offer to sell or a solicitation of an offer to buy or sell any fund or other security. Investors should consider the Florida Education Investment Trust Fund's ("FEITF's") investment objectives, risks, charges and expenses before investing. This and other information about the Fund is available in the Fund's Information Statement, which should be read carefully before investing. Copies of the Fund's Information Statement may be obtained by calling 1-877-495-8246 or are available on the Fund's website at [www.feitf.com](http://www.feitf.com). While the FEITF Portfolio seeks to maintain a stable net asset value of \$1.00 per share and the FEITF Term Portfolio seeks to achieve a net asset value of \$1.00 per share at its stated maturity, it is possible to lose money investing in the Fund. An investment in the Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Shares of the Fund are distributed by **PFM Fund Distributors, Inc.**, member Financial Industry Regulatory Authority (FINRA) ([www.finra.org](http://www.finra.org)) and Securities Investor Protection Corporation (SIPC) ([www.sipc.org](http://www.sipc.org)). PFM Fund Distributors, Inc. is a wholly owned subsidiary of PFM Asset Management LLC.*



# FEITF Investment Program Rates

January 28, 2016

Please Call FEITF Client Services Group With Questions or to Invest at 877-495-8246

More Information and Account Access at [www.FEITF.com](http://www.FEITF.com)

Current 7-Day Yield <sup>(1)</sup>	
<b>FEITF Fund</b>	<b>0.43%</b>

FEITF Fixed Term Rates <sup>(2)</sup>		
<u>Maturity</u>	<u>Date</u>	<u>Net Rate</u>
60 Days	March	*
90 Days	April	<b>0.44%</b>
120 Days	May	<b>0.52%</b>
150 Days	June	<b>0.59%</b>
180 Days	July	<b>0.60%</b>
210 Days	August	<b>0.62%</b>
240 Days	September	<b>0.63%</b>
270 Days	October	<b>0.69%</b>
300 Days	November	<b>0.72%</b>
330 Days	December	<b>0.81%</b>
365 Days	January	<b>0.80%</b>

## FEITF Investment Program Attributes

- Daily liquidity, 2:00 p.m. cut-off for same-day wires
- FEITF Term investment, 12:00 p.m. cut-off for same day trades
- \$10,000 minimum FEITF Portfolio investment
- \$1,000,000 minimum FEITF Term investment
- Variety of maturity dates available for fixed-term investments
- Designed for the investment of:
  - General Fund
  - Proceeds from debt issuance
  - Capital Reserves
  - Debt Service and debt service reserve funds

1. The current seven-day yield, also referred to as the current annualized yield, represents the net change, exclusive of capital changes and income other than investment income, in the value of a hypothetical account with a balance of one share (normally \$1.00 per share) over a seven-day base period expressed as a percentage of the value of one share at the beginning of the seven-day period. This resulting net change in account value is then annualized by multiplying it by 365 and dividing the result by 7. Past performance is not indicative of future results and yields may vary. The yields shown above may reflect fee waivers by the Fund's current or prior service providers. When such waivers occur, they reduce the total operating expenses of the Fund, and the Fund's yield would have been lower if there were no such waivers.

2. FEITF Term rates are market rates, subject to change and the rates shown are net of applicable advisory fees and other expenses. They are quoted on an actual day basis, interest is simple and payable at maturity. Actual rates, availability, and minimum investment amounts may vary at the time of purchase and are subject to change. Once you place an investment, the rate is fixed for the full term of your investment and there may be a penalty for early redemption. The minimum investment for FEITF Term is \$1,000,000. A description of the FEITF Term Portfolio is contained in the FEITF Information Statement. The Information Statement contains important information and should be read carefully before investing. Past performance is not indicative of future results.

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Analysis on Bk Amer - Last 12 months

Month	Avg. Coll balance:	Avail bal required:	Monthly CR rate:	Monthly Earnings:	Monthly Svc Chg:	Net Mos. Earn/(Chgs)	FDIC	FIET		FIET		
								50%	75%	50%	75%	
February 2015	18,966,995	15,506,330	0.25%	4,027.23	3,292.44	734.79	no charge	0.40%	9,483,498	3,161	14,225,246	4,742
March 2015	18,781,601	17,236,134	0.25%	3,601.95	3,305.56	296.39	no charge	0.40%	9,390,801	3,130	14,086,201	4,695
April 2015	18,463,345	15,921,441	0.25%	3,920.29	3,380.58	539.71	no charge	0.40%	9,231,672	3,077	13,847,509	4,616
May 2015	17,202,782	16,014,691	0.25%	3,534.81	3,290.69	244.12	no charge	0.40%	8,601,391	2,867	12,902,087	4,301
June 2015	15,111,239	15,078,362	0.25%	3,208.55	3,201.57	6.98	no charge	0.40%	7,555,619	2,519	11,333,429	3,778
July 2015	14,523,045	14,933,805	0.25%	2,984.18	3,068.59	(84.41)	no charge	0.40%	7,261,523	2,421	10,892,284	3,631
August 2015	13,379,785	13,978,794	0.25%	2,840.91	2,968.10	(127.19)	no charge	0.40%	6,689,892	2,230	10,034,839	3,345
September 2015	12,637,171	13,685,098	0.25%	2,683.23	2,905.74	(222.51)	no charge	0.40%	6,318,586	2,106	9,477,878	3,159
October 2015	13,424,728	15,147,792	0.25%	2,758.50	3,112.56	(354.06)	no charge	0.40%	6,712,364	2,237	10,068,546	3,356
November 2015	10,171,081	12,662,015	0.25%	2,159.61	2,688.51	(528.90)	no charge	0.40%	5,085,541	1,695	7,628,311	2,543
December 2015	10,973,174	13,225,848	0.25%	2,254.76	2,717.64	(462.88)	no charge	0.40%	5,486,587	1,829	8,229,881	2,743
January 2016	16,650,980	15,815,426	0.25%	3,535.48	3,358.07	177.41	no charge	0.40%	8,325,490	2,775	12,488,235	4,163
		14,933,811.35		37,509.50	37,290.05	219.45	-			30,048		45,071

BofA	Float	BofA	Float
0.25%	9,483,498	1,976	4,741,749
0.25%	9,390,801	1,956	4,695,400
0.25%	9,231,672	1,923	4,615,836
0.25%	8,601,391	1,792	4,300,696
0.25%	7,555,619	1,574	3,777,810
0.25%	7,261,523	1,513	3,630,761
0.25%	6,689,892	1,394	3,344,946
0.25%	6,318,586	1,316	3,159,293
0.25%	6,712,364	1,398	3,356,182
0.25%	5,085,541	1,059	2,542,770
0.25%	5,486,587	1,143	2,743,294
0.25%	8,325,490	1,734	4,162,745
		18,780	9,390
	Income	48,827	54,461
	Expense	37,290	37,290
	Gain	11,537	17,171