

# **SWFRPC BUDGET & FINANCE COMMITTEE MEETING**

## **March 28, 2011**

The SWFRPC's Budget & Finance Committee held a meeting/conference call on March 28, 2011 at the offices of the Southwest Florida Regional Planning Council. The following members and staff were in attendance:

### Attendees

Commissioner Carolyn Mason, Sarasota County BOCC (Chair)  
Ms. Andrea Messina, Charlotte County Governor Appointee  
Mr. Ken Heatherington, SWFRPC Executive Director  
Ms. Nancy Doyle, SWFRPC HR Operations Manager  
Ms. Janice Yell, SWFRPC Finance Manager  
Ms. Nichole Gwinnett, SWFRPC Sr. Administrative Assistant

Commissioner Mason called the meeting to order at 2:10 p.m. and then introductions were made.

#### 1. Note Refinance Cancelled

Ms. Yell of staff presented the item.

Commissioner Mason asked which bank holds the Council's checking account. Ms. Yell replied that the Council's checking account is still with Bank of America.

Ms. Messina asked if the prepayment clause was within the contract. Ms. Yell explained that it was listed within the contract that if the note was prepaid that there would be penalty which Bank of America deemed or considered a loss; however, it was stated "if any" loss. Neither Iberia nor the Bond Counsel had noticed that clause. Mr. Heatherington noted that the process had started in November 2010 and it was a year later that Bank of America announced the penalty and staff asked Iberia Bank why it took the Bond Counsel so long to discover this issue. Ms. Yell stated that apparently nobody was aware of it until Bank of America put it into the pay-off amount.

Ms. Messina asked if the Bond Counsel agreed that it was valid. Ms. Yell stated that both the Bond Counsel and Iberia Bank felt that staff should have known about it ahead of time. They didn't have any reason to give for not seeing it ahead of time or anticipating it.

Ms. Yell explained that originally staff was looking at extending the loan with Iberia from a 15 year loan to 18 years. There would have been a lower interest rate, but in the end even though it would have saved the Council money in the first five years, there still would have been a balloon payment in 2016. The balloon payment would have been more because we were tacking on the extra money and that is when Iberia Bank said it wasn't fair to the Council to move forward with the loan.

Ms. Messina asked the question of what procedures are in place where the Council is putting aside the funds (\$105,000 annually) so that there are prepared to make that balloon payment in 2016. Both Ms. Yell and Mr. Heatherington replied that Bank of America has stated that it would be a

refinance of the remaining balance. Iberia Bank had stated the same for their loan, when the balloon payment came due it would turn into a refinance of the remaining balance.

Ms. Messina stated that make sure that when the refinance of the building is done that there is no pre-payment penalty clause or if there needs to be one that the Council is aware of it. Ms. Yell stated that she feels that Bank of America will want a pre-payment penalty clause in the refinance loan.

It was discussed that a report needs to be given to the Council on why the refinance hasn't occurred.

## 2. April 7<sup>th</sup> CD Matures

Ms. Yell of staff presented the item.

Ms. Messina asked the question if there is a way where if we do not turn over the CD that we can specifically indicate that the funds are for the use of cash flow, but not to be used for short falls in certain things. She is concerned that the CD is part of the Council's reserves which we could liquidate if needed, but we don't want to make the reserves less. Ms. Yell explained that the reserves are not being touched in this issue. According to our general ledger, all that is being done is moving cash from one place to another. On paper the Council is doing fine, in March there is a net income of \$67,000. The problem is receiving the cash/payments from the vendors.

Commissioner Mason asked the question to Ms. Yell when there is a shortfall where is she taking the money from. Ms. Yell replied another cash account.

Ms. Yell explained that another option with the \$50,000 is putting it in the Florida Government Pool Account. That way it is in an account where it can be pulled out when it is needed.

Both Commissioner Mason and Ms. Messina stated that they prefer to have the \$50,000 go into the Florida Government Pool Account.

Ms. Messina stated that when the \$50,000 is withdrawn out of the Florida Government Pool that there needs to be some type of "trigger of awareness" to either the Budget and Finance Committee or the Council, so that it is not just pulled out without anybody knowing that the funds have been withdrawn. Commissioner Mason agreed with Ms. Messina.

Mr. Heatherington stated that staff would let the Budget and Finance Committee know of any movement of any funds that was necessary on our behalf.

**Mr. Heatherington clarified that the 10 month CD will be cashed in and then transfer the funds into Florida's Government Pool. Both Commissioner Mason and Ms. Messina responded yes.**

Ms. Messina referred to the \$4,000 Bond Counsel invoice. Ms. Yell explained that staff is waiting for responses on the invoice. Mr. Heatherington explained that originally Iberia Bank had all of the closing costs rolled into the loan, but when Iberia Bank backed out of the loan their CEO said that they were not responsible for the payment but the Council was. He explained that the Council has no signed agreement, but since the invoice is from a lawyer firm he doesn't want to go to court over

a \$4,000 invoice. He is planning on getting in contact with the Bond Counsel and see what can be done if anything.

Ms. Messina asked if the Bond Counsel has submitted a breakdown of the costs. Mr. Heatherington replied yes. Ms. Messina then stated that then clearly some attorneys had done some work on the Council's behalf. Mr. Heatherington replied yes. Ms. Messina said that she is not disputing that the work wasn't done nor is she disputing that since the contract didn't go through somebody has to pay the invoice. But she doesn't necessarily see that Iberia Bank is at fault, but she does see that there is some culpability here. This is why she asked if staff received a breakdown of the costs and if there are legitimate costs.

Ms. Yell explained that the invoice is three pages and it is very detailed.

**Commissioner Mason stated that she feels that if the invoice is detailed and it appears that the responsibility is the Council's to pay the invoice then she feels that the Council should move forward with paying the invoice.**

Ms. Messina asked Ms. Yell if there is a way to somehow to obtain some costs from Bank of America to lower some fees. Ms. Yell explained that Bank of America was not really involved with the refinancing itself. It was very difficult to get Bank of America to lower the pre-payment penalty.

### 3. Reserve Policy Revised

Ms. Yell of staff presented the item.

Commissioner Mason asked if the revised Reserve Policy has to go to the full Council for approval. Ms. Yell replied yes.

Ms. Messina stated that when the revised Reserve Policy is submitted to the full Council she requested that a strikethrough and underlined version be presented so that they can know what has been changed.

Ms. Messina referred to the assigned fund balance reserves total of \$644,000 as of October 2010 is the same as October 2009, so as clarification there was no change in the assigned fund balance reserves. Ms. Yell explained that there wasn't a change between 2009 and 2010; the only thing that had changed was the unassigned because we didn't have that much of a net income at the end of the year.

Ms. Messina asked if the Council's auditor said that the Council's policy should include a balance as October 1<sup>st</sup> because she is not familiar with any policy that has a date and dollar figure specific to it. It could be a note on the policy, but she doesn't feel that it should be part of the body of the policy. Ms. Yell stated that she can move it as a note.

Mr. Heatherington asked if a summary sheet should be included for the Council on GASB 54. Commissioner Mason replied yes.

4. 2011-12 Budget

Ms. Yell presented the item. She explained that between not knowing with what is going to happen with the Florida Department of Community Affairs (DCA) and the Florida Retirement System (FRS) that staff is waiting until May to put the budget together. Staff is also recommending that there be another Budget & Finance Committee meeting before the budget is presented to the Council in June.

The Committee scheduled their next meeting for Monday, May 23<sup>rd</sup> at 10:30 a.m.

5. Adjournment

The meeting adjourned at 2:40 p.m.