

Members Present:

Lung Chiu (*Chairman*)
Jim Rockett (*Vice-Chair*)
Nancy Handweg (*Committee Member*)
Marge Herzog (*Committee Member*)
Bridget Subramanya (*Committee Member*)

Members Absent:

None

Others Attending:

Councilman Ryan Liang (*Town Councilman - FAAC Liaison*)
Frank Spence, Town Manager
Holly Hugdahl, Finance Director
Cindy Corum, Assistant Town Clerk
Dane Sheldon, Senior VP of Government Banking for Wachovia
Lee DeSantis and David Penitierre, Associates with Morgan Stanley - Smith Barney

Members of the Public – Vice LGWCD Board Member John Ryan, Elise Ryan, Peter Liang, Doreen Baxter, Mr. Subramanya

1. Opening

Chairman Lung Chiu called the meeting to order at 6:40 pm

2. Roll Call

Roll call was taken by Assistant Town Clerk and all members were present.

3. Approval of Agenda

MOTION: Marge Herzog made a motion to accept the agenda; Nancy Handweg seconded the motion. Motion passed by voice vote 5-0.

4. Presentations on Investment Policies and Bond Statements by Dane Sheldon of Wachovia Bank and Lee DeSantis of Morgan Stanley - Smith Barney

Town Manager, Frank Spence explained we currently have approximately \$2,000,000 in the bank and Elise Ryan and Mr. Spence had previously called many financial institutions to research the best rates. Mr. Spence stated that they had discovered there are various opportunities through different instruments, that are safe for public funds, and he had invited two firms to meet with the Finance Committee to explain these types of products. Mr. Lee DeSantis of Morgan Stanley - Smith Barney of said it was his intent, first and foremost, to garner an understanding of what the Town needed and he was not in attendance to sell any specific product. He stated he was there more as an observer. Mr. Dane Sheldon of Wachovia concurred with Mr. DeSantis and spoke about Wachovia Bank's policies and products. After some discussion, Chairman Lung Chiu interrupted the dialogue. He stated that we need to remember that we are a government body; and we do have Florida Statutes governing procurement of investment banking services which need to go through the RFP process for transparency and fairness.

Chairman Chiu said he personally was not comfortable with the presentations going any further and he suggested the conversation be stopped. Finance Director Holly Hugdahl said she would like to ask the bank representatives some very broad questions before they left. Chairman Chiu objected and said he did not want these two firms to have a preference to engage in more conversation than other firms. He said he preferred to stop the discussion immediately. Town Manager, Frank Spence said he disagreed.

Mr. Spence felt that the bank representatives answering the questions would be beneficial to Ms. Hugdahl as she, along with himself, would be the ones to prepare the RFP. Mr. Chiu stated he wanted to go on the record as objecting to this conversation going further. Mr. Lee DeSantis then answered some questions by Ms. Hugdahl concerning US Treasury Bonds. Chairman Chiu said: I think the conversation is leaning toward negotiations now and he again requested the conversation be stopped. Resident John Ryan made a few comments about T Bill rates and stated that the interest is almost nothing now. Councilman Liang asked the banking representatives what type of information would be useful in the RFP. Mr. DeSantis replied: Amount required to be invested; Cash flow requirements; Time horizons; Maturity dates and what risk is the Town willing to take.

It was agreed by consensus that an RFP should be issued for investment products.

5. Approval of January 13, 2010 FAAC meeting minutes:

Committee member Nancy Handweg pointed out a typo and the Committee approved the minutes pending the one correction.

MOTION: Nancy Handweg made a motion to accept the minutes as amended; seconded by Marge Herzog. Motion passed 5-0.

6. November 2009 and December 2009 Financials

Finance Director, Holly Hugdahl asked the Committee for help with the verbage regarding the "Other Contractual" accounts. She wanted to know how they would like the accounts identified. She explained how she had incorporated most of the changes requested by the Committee and that she would continue making changes until the financials were in the exact format that the Committee desired. She stated she preferred to make any journal entries in the subsequent month and was not comfortable going back to prior month as she felt this was better accounting procedure. Mr. Spence stated that Holly was staff support and is available to answer any questions, and that members of the Committee should feel free to call her directly at any time. Ms. Hugdahl to send her email address to all Committee members. Numerous small details were gone over and Holly clarified all issues with satisfactory answers. Elise Ryan brought up the fact that we still do not know what the gas tax fund balance is, due to the correct numbers not being forthcoming from past management. (New Communities Strategies) She was concerned that the Council was going far too long without knowing the true balance. Holly Hugdahl stated she would like to set up a separate transportation fund and would like the Committee's help in identifying which expenses should be set up in this fund, and how they should be broken out. Vice Chair Jim Rockett recommended doing a budget amendment mid-year. Chairman Chiu disagreed and felt the budget should be left alone and not reset, unless money needed to be moved to pay for something that was unexpected in the original budget. Ms. Hugdahl stated that usually the only time a budget amendment was called for was if you bring in another revenue source. And that since the Town does budget by Resolution it is customary to do adjustments at year's end when you have 60 days to do re-classes. Elise was concerned that some of the funds were encumbered and should be shown as such. Holly commented that the Town's Investment Policy was satisfactory in her opinion. Jim Rockett stated that this was the first time in fifteen months that we have received accurate financials from Staff and that he was very pleased. Elise Ryan concurred.

MOTION: Jim Rockett made a motion to approve the November 2009 and December 2009 financials; seconded by Marge Herzog. Motion passed 5-0.

7. Review of Special Magistrate Administrative Fees

Discussion centered around the Special Magistrate Administrative fees charged by previous Town Staff. Although Town Council voted on and approved \$50 administrative fees, somehow the amount charged was \$750. Later the original Magistrate orders were changed and the fees were reduced to \$400. It was unclear whether all of the property owners who were fined, had actually paid the fees or not. Mr. Spence stated that the fee amount was outrageous. Chairman Chiu stated that the Council authorized \$50 fees and Staff should carry out what Council has authorized. It was agreed by consensus that going forward, administrative fees would be \$50 until that amount was formally changed by Town Council.

8. Former Lobbyist Donna Brosemer's Debt to the Town

Mr. Spence stated that with Council's approval, the Town attorney has written the former lobbyist a demand letter. Ms. Brosemer responded to the attorney that she considered the matter closed. Committee member Bridget Subramanya said she was concerned that the Town was not in possession of the original cancelled bank checks and that she did not recognize the signature on most of the checks as belonging to any of the Town Council members'. Holly Hugdahl pointed out that it could cost more than \$2000 to recover the \$2000 owed. She said the debt was sitting in the receivables on the books and it would either be pursued or written off as a bad debt. John Ryan stated that the lobbyist had never listed Loxahatchee Groves as her client on her state reports and this is an ethics violation. He also said IRS rules state that payments by Federal, State or Local Government agencies for "professional service fees" are reportable and should be issued 1099 forms. Holly Hugdahl said she believed those rules applied to individuals and not corporations. Committee member Nancy Handweg said that she felt we should drop the matter as it would be costly to pursue, and she also felt it was "personal issue". Elise Ryan responded that we should immediately stop the clock on the attorney and that ends the issue of the attorneys fees. Mrs. Ryan disagreed that the matter was personal. She said this matter was researched at the request of the Council. Mrs. Ryan pointed out that several things bothered her with this issue including: 1) State Reports have not been filed; 2) Staff was writing checks without a signed contract; 3) Several checks were written to Ms. Brosemer as an individual - as opposed to her corporation, and 4) Staff did not issue a 1099 on those personal checks. Mrs. Ryan felt there was clearly an ethics violation and stated she did not think it appropriate to just let it drop. Chairman Chiu called for a consensus from the Committee on what action to take. Committee member Marge Herzog suggested asking the Town Council for their recommendation. Vice Chairman Rockett and Chairman Chui both said it was the Committee's job to provide the recommendation to Council. Chairman Chui called for a voice vote on whether to pursue the matter with the State regulatory agency and in small claims court. A voice vote was taken and consensus was to pursue the matter with Committee member Nancy Handweg dissenting.

9. New Business

Chairman Chiu said he would like to give Assistant Clerk, Cindy Corum a suggested format for the Punch List. Elise Ryan said she would like to see the completed items remain on the Punch List. Ms. Corum pointed out that at the last meeting, Vice Chair Rockett had asked the "done" items be dropped from the list. Jim Rockett said we have already provided Cindy with some input and hopefully we are consistent going forward. Councilman Liang said the word "pending" was confusing and he would rather see "in progress" instead. Chairman Chui said he would supply Cindy with a template of sorts.

10. Setting of New Meeting Date and Time

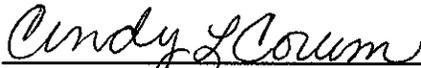
Next meeting was set for March 10, 2009 at 6:30pm at Palms West Hospital

11. Committee and Public Comments

Vice Chair Jim Rockett said Finance Director, Holly Hugdahl did a super job. Nancy Handweg also thanked Holly and remarked that the financials were much easier to go through this month. Cindy Corum mentioned to Holly that all of our meeting audios were available on the Town's website.

**MOTION: Motion to adjourn was made by Marge Herzog; seconded by Nancy Handweg.
Meeting adjourned at 9:15**

ATTEST:



Cindy Lou Corum, Asst. Clerk



Lung Chiu, Chairman, FAAC

6-3-2010
Date: