



# Town of Loxahatchee Groves

## Finance Advisory & Audit Committee Meeting

Monday, March 26, 2012 at 7:00 p.m.

Town Hall Conference Room, 14579 Southern Blvd, Suite 2

### MINUTES

#### 1. Opening

##### a. Call to Order & Roll Call

Chair Lung Chiu called the meeting to order at 7:06 p.m. Present were Chair Lung Chiu, Vice Chair Elise Ryan and Committee Members Cheryl Miller and Virginia Standish. Also present were Town Manager Mark Kutney; Office Coordinator Stephen Hainline; Bill Underwood, Managing Partner of Underwood Management Services Group (UMSG); and Terry Morton of Nolen, Holt, & Miner. Committee Member Ken Johnson was absent.

**Motion:** Vice Chair Ryan moved to **excuse** Committee Member Ken Johnson. Committee Member Miller seconded the motion which passed unanimously. **(Motion carried 4-0).**

##### b. Approval of Agenda

**Motion:** Committee Member Standish moved to **approve** the Agenda. Vice Chair Ryan seconded the motion, which passed unanimously. **(Motion carried 4-0).**

#### 2. Consent Agenda

##### a. Minutes: February 27, 2012

**Motion:** Vice Chair Ryan moved to **approve** the amended minutes of February 27, 2012. Committee Member Miller seconded the motion, which passed unanimously. **(Motion carried 4-0).**

Committee Member Standish recommended two (2) changes to the minutes.

#### 3. Presentations – *Draft Comprehensive Annual Financial Report*

Mr. Underwood gave his presentation stating the overall status of the Town was good with improved cash as well as an asset increase. He recommended to all Committee Members to try and send typos that are found directly to him prior to the meeting instead of going through them during the meeting. Committee members agreed.

Audit Representative Terry Morton of Nolen, Holt & Miner explained how overall the audit went well and that he saw no problems.

## Public Comment

Resident Marge Herzog asked if money in the capital improvement account was drawing interest. Mr. Underwood answered yes.

Chair Chiu asked Mr. Morton how he felt the Town was doing as far as the audit. Mr. Morton said everything was fine at this point, but that he was waiting on the County for information. He also mentioned filing with the state was late, but everything was fine. He explained several inconsistencies he found, but said they were minor and that the Town was in overall good shape.

### **4. Old Business**

#### a. Correction to December 2012 Financial Statement

1. Budget vs. Actual Report - Revised 3/6/2012  
Financial Activity Report- Revised 3/6/2012

Mr. Underwood explained changes and or errors that were discovered and corrected.

#### b. Change to Planning & Zoning Contract - \$217.50

Calvin Giordano – First Holiness Church – Revised Invoice 3/13/2012

#### c. Report on Solid Waste Commercial Permitting Implementation – Frank Schiola

This item was **postponed**.

### **5. New Business**

#### a. Approval of FY 2012 Financial Statements

1. Budget vs. Actual – February 2012

Mr. Underwood explained how the budget moved up to \$4 million. Committee Member Standish questioned why the budget doubled. Mr. Underwood responded that it was due to the addition of a new fund, and briefly explained governmental financial accounting rules and reporting principles.

Vice Chair Ryan commented about issues on the balance sheet. She asked about the negative charges and asked Town Manager Kutney about how the Town addressed cost recovery fees. He explained that the Town had recently received escrow funds from Land Design South as well as the Palm Beach State College for the Palm Beach State College project.

2. Bank Reconciliation – February 2012

3. General Ledger Detail – February 2012

4. Bank Statement – February 2012

**Motion:** Vice Chair Ryan moved to **approve** the Financial Statements. Committee Member Miller seconded the motion, which passed unanimously. **(Motion carried 4-0).**

b. Review of Planning & Zoning Invoices

Brief discussion took place about this item.

**6. Discussion**

a. Evaluation of Banking Services RFP 2012-001

Mr. Underwood explained that the Town received three (3) bids and commented on how TD Bank was disqualified because they crossed out numerous parts of the indemnity clause and were not allowed to do so. He continued to report that Bank United and Wells Fargo were the only two (2) remaining in contention and explained differences between the two (2). He recommended having both banks make presentations at the next meeting. Vice Chair Ryan commented and suggested sending questions to the banks requesting their comments in writing.

Council Member Standish commented that she was impressed with Wells Fargo and their features and services, but had trouble finding information on their interest rates. She also had questions referencing a line of credit. Mr. Underwood explained that the Town could not request a line of credit unless passed through a referendum.

Vice Chair Ryan commented positively on Bank United's proposal. She questioned earning credits with Wells Fargo as far as the accreditation. She also asked about FDIC charges with different accounts, and questioned the transaction numbers. Mr. Underwood explained those numbers were given based on actual bank statements provided to them. Vice Chair Ryan also questioned if the Town needed positive pay. Mr. Underwood stated that it was an additional security measure, and explained the experience and the benefits of this service.

Committee Member Standish asked about the frequency of the Bank United update for positive pay. Mr. Underwood explained why and how positive pay works. She also questioned if there was a fee with Wells Fargo for scanned deposits.

Vice Chair Ryan questioned how important the service issues were. Mr. Underwood explained how the Town Council may have inadvertently created some of the initial issues, which caused the strain on the relationship between Wells Fargo and current Town Management.

Public Comment

Resident Philomena Liang commented on how difficult the services and charges were with Wells Fargo.

Council Member Standish also expressed concern about the rumor of Bank United being sold. Chair Chiu questioned whether the Committee should bring in the bank representative for presentation or send questions to them for responses. Town Manager Kutney expressed bringing them in would be his recommendation.

## Public Comment

Resident John Ryan commented that he felt writing questions and sending them in to the banks might be better due to a possible uncomfortable setting for presenting. Vice Chair Ryan expressed the importance of issuing questions.

Resident Marge Herzog recommended asking questions to the banks about future acquisitions.

Resident Ryan commented about how high Bank United was rated in comparison to Wells Fargo. He said he felt that Bank United was more interested in the community than Wells Fargo. He also commented that there was quite a difference in interest accounts and felt that Bank United would do a better job, but that the questions were appropriate.

Mr. Underwood commented about the rankings, and explained that he looks to the State listing of Qualified Depositories as his guide with respect to bank ratings. He also advised that he would submit the questions discussed by the Committee as follows to the Banking Services RFP 2012-001 Proposers:

### Questions for Wells Fargo

- How will the Town earn interest earnings for a Non-Interest Bearing Account?
- What fees will be associated with this type of account?
- Is there a free for the remote access deposits services?

### Questions for Bank United

- With regard to the positive pay application, how frequently does the bank update the data?
- Given the bank was just created on May 21, 2009, when will the bank be available for acquisition?
- Is the bank in any stage of preparation of a potential future acquisition?

Mr. Underwood recommended Committee Members take the next week to submit any additional questions, and once the additional questions were submitted, he would gather them and submit them appropriately.

Resident Marge Herzog asked about the status of the state investment account. Mr. Underwood responded saying it was not active now, but was being revamped. She also commented that local banks were close in interest rates to what state previously offered.

Chair Chiu noted, for the record, that the Mr. Ching Chiu at Bank United was not related to him.

### b. Punch List

Mr. Underwood said he would not be keeping the list. He recommended if the Committee wanted to keep the list, that one of them volunteer, or the Committee should keep track of the list. Vice Chair Ryan recommended putting the punch list in the minutes. Mr. Underwood said that as Town Management gets an issue, it is their policy to address the issue immediately and

not wait for a list. Town Management keeps unfinished business on agendas or completes them and reports the results. Town Manager Kutney also noted that he would prefer uniformity with all the Town's Committees.

Public Comment

Resident Philomena Ryan recommended a committee member make the list.

Resident Marge Herzog presented an update regarding the current health condition of Committee Member Ken Johnson and suggested appointing an alternative.

**7. Closing Comments**

a. Public

Resident Philomena Liang expressed her condolences.

Resident John Ryan commented on Mr. Johnson being a valuable member of the Committee.

Resident Marge Herzog expressed her condolences.

b. Committee Members

All committee members expressed their sorrow on the news received with respect to the health condition of Committee Member Ken Johnson, and condolences for the loss of Loxahatchee Groves Water Control District Administrator Clete Saunier's mother.

Vice Mayor Ryan Liang expressed his thanks to the Committee Members for their attendance.

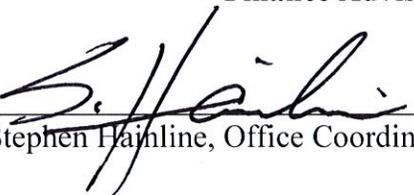
c. Concluding Administrative Remarks

Town Manager Mark Kutney expressed their appreciation for the time given by the attending Committee Members at the meeting, and also expressed their sorrow and condolences.

**8. Adjournment**

**Motion:** Committee Member Miller moved to **adjourn** the meeting at 8:35 p.m. Committee Member Standish seconded the motion, which passed unanimously. **(Motion carried 4-0).**

**These minutes were approved by the  
Finance Advisory & Audit Committee on April 23, 2012.**

  
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Stephen Hajhline, Office Coordinator

SEAL

  
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Lung Chiu, Chair