MINUTES OF THE INVESTMENT ADVISORY COMMITTEE
March 11, 2005

I. CALL TO ORDER AND ROLL CALL

Chair Andrews called the Investment Advisory Committee Meeting of March 11, 2005 to order at 9:30 a.m. In attendance were:

Investment Advisory Committee	**Others**
Chair Michael F. Andrews	Darlene Malaney, Florida League
Stephen L. Brown	Greg Coleman, Atlanta Capital
Edward L. Hennessy, Jr.	Jane Skittone, Finance Director
Albert D. Hutzler, III	Cheryl Somers, Asst. Finance Director
Bernard R. Panfel	Betty Cotton, Office Assistant

II. PLEDGE OF ALLEGIANCE

Chair Andrews led the pledge of allegiance.

III. APPROVAL OF AGENDA

Mr. Brown made a motion to approve the agenda, Mr. Hennessy seconded, motion passed unanimously.

IV. COMMUNICATIONS FROM CITIZENS (3 MINUTE LIMIT PLEASE)

No citizens attended

V. APPROVAL OF MINUTES FROM THE JANUARY 31, 2005 MEETING

Mr. Brown made a motion to approve the minutes, Mr. Hennessy seconded, motion passed unanimously.

VI. PRESENTATION BY THE FLORIDA LEAGUE OF CITIES

Chair Andrews turned the meeting over to Darlene Malaney with the Florida League of Cities.

Ms. Malaney introduced Jeanne Garner, the Director of Financial Services for the League of Cities. Ms. Garner attended as an observer.

Ms. Malaney turned the meeting over to Greg Coleman to address the committee's questions in addition to his normal economic and investment update.

Mr. Coleman said in addition to the questions and answers, he handed out a PowerPoint presentation that serves as cliff notes of what's in the context of the memo. He mentioned in the responses that included in the packets were Fitch ratings but he had trouble downloading that so he brought hard copies. This is a once a year detail on all the investment trusts that the League manages from enhanced cash which is a AAA rated version of the SBA but also rated AAA all the way out to the 1– 3 and the intermediate which the Town is in, and the pension trust which will not be addressed today. All the ratings and descriptions are there. Fitch will be getting ready to review that at the end of this quarter. Those are the guys that warrant that Atlanta Capital sticks to the guidelines, that the funds are rated AAA, and that the volatility of the kinds of things that they purchase are stable. Fitch looks over the shoulders of Atlanta Capital and puts their reputation on the line as well. It's the same Fitch that rates the Town of Palm Beach and much of Florida. They are very large in the municipal area.

He asked the committee if they wanted to go through the packet or go through each question?

Chair Andrews stated Mr. Coleman did an excellent job in answering the questions in written format. He said the Town staff deserves a lot of credit also for putting everything together. He likes the format used here where the Committee's questions are sent to the Town staff to coordinate and send to Ms. Malaney and Mr. Coleman to respond before the next meeting. That is something the Committee would like to do on a more consistent basis. He said in the future, to prevent having a meeting lag, if the Committee has any additional questions after the presentation or after they've had a chance to digest the information, they'd like to again go through the Town Finance Department and then send the questions to the League to get a turn around in enough time for the next meeting. He asked the committee if they would like to have the economic forecast or if they would like to go directly to the answers to the questions? Since the Committee had no preference, he asked Mr. Coleman to lead the discussion.

Mr. Coleman said the first part of the packet is specifically trying to address the questions in sort of graphic form and the second part is the economic update.

He said page 1 shows not quite two years of performance. In some sense, it's textbook in terms of the variation in return that the Committee mentioned several times in meetings as to why the yield is so volatile. Shown are the two funds the Town is in, an estimate of the SBA, and T-Bills which is also a good proxy. In the short term investments, there's no variation. For the twenty two months if starting with the dollar, he indexed this and in looking at gains and losses, coupon income, reinvestment, unrealized gains and losses, and at the end of the day how much is the Town's portfolio? Month to month, the Town had some big ups and downs. At the end of the twenty two months, the longer dated assets had a higher return than the shorter dated assets but a little more rocky road in between.

The second thing is Atlanta Capital would be in a defensive mode managing all of their fixed income portfolios. For some of the reasons alluded to in the questions, the Federal Reserve is on record that they are raising interest rates, oil prices are higher, inflation appears to be rising a little bit, which is the good news. The bad news is it tends to put pressure on interest rates.

As someone else mentioned in the questions, not uniformly short term interest rates are up a lot, and intermediate and long term interest rates are not up at all. Atlanta Capital has to temper their defensive enthusiasm with the fact that the Federal Reserve only controls short term interest rates. They do not control directly long term interest rates. There are only three principle ways that Atlanta Capital operates defensively. One is the yield on the Town's portfolio yields more than both the benchmarks in the index that they are managing against. It also yields a lot more than short term interest rates so they get somewhat defensive due to the fact that the Town's assets yield between 1 to 1.5% higher than if they were just in cash.

On page 2, Forecast Direction of Interest Rates, Intermediate High Quality Bond Fund, this is right out of their 4th quarter book. Shown, instead of the duration or average maturity of the portfolio and that of the benchmark, is just the difference. In much of the late 90's, Atlanta Capital was positioned with maturities and durations a little bit longer than the benchmark, as high as 20% sometimes. In general, it's 10 to 15%. Then when it seemed the Federal Reserve was about to raise interest rates, short term interest rates got so low, Atlanta Capital became defensive and positioned the maturities, the cash flow and the investments shorter than the benchmark that they are going against. As a working rule of thumb, the 1 – 3 high quality trust that the Town is in, if averaging all of the maturities and cash flow from 30 days to 5 years, would be an equivalent of a 2 year treasury. The price sensitivity to price risk is a little less than the 2 year treasury in this index. Then if in defensive mode, and think rates are going higher, they have been as much as 20% shorter. That's one of the reasons returns relative to the benchmark have been so good the last 1 to 2 years.

On page 3, 1 – 3 year high quality bond fund, the story is the same and then some. Note that Atlanta Capital has been more than 15% shorter than the benchmark. The reason is the Federal Reserve controls short term interest rates and out to about 2 – 3 years, when they raise rates 25 basis points, 1 year and 2 year rates are likely to go up nearly that amount so they are going to take the brunt of that. The duration of the portfolio as of December was only 1.3 years. That's duration equivalent to about a 1.5 year bond. That is shorter than the 2 year treasury.

The third way that Atlanta Capital tries to be defensive is on page 4, FMIvT 1-3 Year HQ Composite Characteristics. If the investments, cash flows, and different types were added up, take the streamlined weighted average, that's what gives the duration or the average maturity. But you could have an average maturity of 2 years made up of 100% 2 year treasuries. In roughly equal amounts of 1, 2, 3 and 4 year treasuries or asset backs, etc., a lot of money would be in the very short end to take advantage of when the Feds are raising rates. Then it matures quickly and is rolled into higher rates and that is what's known in the trade as the barbell strategy which Atlanta Capital does when the Federal Reserve will be raising rates on the front end. The green bar shows that Atlanta Capital has 40% of the portfolio in the 0 – 1 year bucket. The benchmark that they go against roughly has nothing in the 0 – 1 and everything else in the 1 – 3 area, and some even out a little bit further.

When they are all weighted together, the duration or average maturity is shorter than the benchmarks between 1.3 and 1.5. But that's highly concentrated in that short end. Again, that also helps protect the portfolio against rising interest rates. The Allocation by Sector at the top is self explanatory. Some additional characteristics are shown over on the right. It's a very high quality portfolio. In order to get the AAA Fitch rating, no more than 5% of the assets can be securities that aren't rated AAA. Atlanta Capital has about 98% or so rated AAA and a few corporates in there.

Chair Andrews asked if it is normal to have about 5% of your portfolio in cash?

Mr. Coleman said yes. Atlanta Capital runs between 0 and 10%, and uses cash for two reasons, one principally to have control of the overall maturity profile of the portfolio to the extent that they have things out in the 4 – 5 years. Some shorter than that average benchmark is needed. The fund is about 300 million so they have people getting in and getting out all the time so they have some cash for liquidity as well.

Chair Andrews said on the benchmark, which was stated is the Merrill Lynch 1 – 3 government index, it stops at 3 years. Does Atlanta Capital go any farther than 5 years or is it up to 5?

Mr. Coleman replied it is up to 5.5.

Chair Andrews said Atlanta Capital obviously with that extended maturity has either an advantage sometimes or a disadvantage. He asked Mr. Coleman to explain that.

Mr. Coleman said that's what makes the game what it is today. The duration decision overall average is probably the most important decision a portfolio manager makes and the second most important is how it's allocated along that curve.
He said a perfect example for the 10 year treasuries would be last year, for the whole year almost year over year they did nothing. So what happened when rates went up, the rates in the short end went up a lot faster than the rates even in the 5 year and 10 year. The long and short of that is when short rates are rising very rapidly, the overall portfolio is better off with some here and some here and less in the middle even though it averages the same middle number. If long rates and short rates would have risen all at the same level, it would have been a little worse because the yield in the portfolio when using the barbell is a little bit over weight in the front. A little bit over weight in the long end tends to yield, on a static basis, a little less than if it all had been in that 2 year area. So what is needed is a rapid rise in the front end. Of course the Chairman was true to his word and said they are likely to raise interest

rates in a measured way and he is now 6 for 6 so that has helped but that's the decision that Atlanta Capital makes. Sometimes in month to month it doesn't always work but when the yield curve is flattening, that is, short rates rising faster than long rates, you tend to come out ahead.

On page 5 is the same graph for the intermediate composites and it's much the same in terms of that barbell strategy. He has 0 – 2 years so he went out an extra year to show that because they can go out a little bit longer. Fitch volatility rating was V2 on the portfolio they reviewed and V3 on this. It goes back to the days of Orange County when the treasurer there got a little bit far afield and bought things that were backed by agencies of the federal government but jumped around the market value an unbelievable amount for a real small change in rates. Fitch and others have come into the business of rating either portfolios or bonds and to give a sense of how volatile the security is, the V2 rating seen on the Town's portfolio, Atlanta Capital was pretty proud of that, and that is the rough variability of a 2 year treasury. If it was a 100% 2 year treasury, it would still be rated V2. Their collection of assets is pretty short but they say that they are very stable as well. The 1 – 3 gets a V2 rating and then the intermediate gets a V3. Fitch is constantly reviewing that as well to make sure that's the case.

Chair Andrews asked is that what Atlanta Capital aims for, a V2 in the shorter and a V3 in the longer?

Mr. Coleman replied yes and in the pension funds, they manage against a little longer term asset that's a V4 because in longer dated you can go 30 year treasuries and some of those kinds of things.

He said page 6 is a very busy page but it comes at the heart of several excellent questions. "How is it that you have assets that are backed by either 5 year auto loans or 15 and 30 year mortgages and that you're here to tell me that these things are short term instruments?" This is what their traders stare at all day long and Atlanta Capital manages a lot of stock portfolios. Stock brokers can go home and talk about what they bought today, talk about the drugs they are buying that's going to make the world a better place or Wendy's or McDonald's or whatever. These are real assets that conjure up pictures. When he tells his wife and kids he bought Freddie 2561UD, it just doesn't have the same pizzazz but in bond land, this is very exciting. This is a bond that is backed by originally 20 year mortgages, as seen in the upper left FGTW. They are 5.5% mortgages and that's the pool of mortgage assets that is backing all of these mentioned in the memo, little mini tranches that are going to subdivide these cash flows.

When Fannie Mae, Freddie Mac and Ginnie Mae were all invented, you'd have a 20 year pass through security and if 20% of the loan was paid off, everybody would get 20% of the principle. If 2% of the loan is paid off, everyone would get a proportionate share of the 2%. It was very fair but some investors liked longer cash flows and some investors liked shorter cash flows. So someone got the great idea to take the cash flows, put them in a big pot and divvy them up and don't give everyone the same cash flow. Put the earlier classes first and they'll get all the principle until their class is paid off, and then whether it's 20% or 40% or 2%, they are going to get all the principle not on just their proportionate share but on everyone else's proportionate share. What that does is it makes that first or second tranch much shorter than the 15 or 30 year mortgage that it's backing. It also yields less so the specific example shows a short tranch.

The middle tab in blue is the yield to maturity on this investment from now going forward assuming that the amount of homeowners that are prepaying their mortgage continues at its current and forecasted trend. That 295 psa is bond lingo for about 18% a year. Mortgages are being prepaid because people are refinancing, and that's a big reason, but people get divorced, move, die, trade up, change jobs. All of those things lead to some type of prepayments which runs between 6 and 9% a year no matter what happens. In this particular tranch, we are getting divvies on the cash flow of everyone's principles or most of the tranch's principles, of .67 a year.

The 7/15/06, at the current rate, is the last cash flow so that is the effective final maturity of this bond. It's much shorter than the 20 year loans, it's much shorter than those which back up this mortgage. The key question is okay that's at today's rates but what if rates were to rise? On the table on the left hand side where it says +300, assume mortgage rates, not fed funds rates in this particular instance, rise tomorrow by 3%, so if the 20 year mortgage rate is 5, it's going to 8 tomorrow. That probably will not slow down the divorce, the deaths, the trade ups maybe a little bit, but it will slow up the refinancing so the prepayment estimate will drop dramatically. But because we have this first tranch and are getting everyone's principle it does extend a little bit. It goes from .6 of a year to 1.31 years on average and its last cash flow is 10/15/07. It's unlikely that we will get a 3% move so you can follow what if rates rise 100 basis points, you can see it extends out to about a year so these are the kinds of mortgage scenarios in the portfolio.

Fortunately for the League and for the League's clients, someone is looking over Atlanta Capitals shoulder making sure that's the case and this is a typical bond that they have in the Town's portfolio and other portfolios. The other major non standard bond, the nice thing about corporates, agencies and treasuries, is that you get your coupon every six months, you don't get any principle and at maturity you get your money back. It's a bean counters delight. It's very easy to measure and whereas on these securities you don't exactly know how much principle you're getting back each month, within very manageable numbers you get paid a lot but they are hard to account for, hard to discuss at cocktail parties, but they are wonderful little earners, they are AAA rated, they don't blow up, they don't default and they are terrific if you have the systems in place to account for them. This is what is in there on the mortgage side.

It's even more stable on asset back securities that are typically backed by auto loans. The car loans are a band of prepayments because people don't refinance their car loans for a better rate. It's almost like the actuary tables that on any given auto receivable you're going to get 1 to 1.5 % of your principle back each month almost irrespective of where interest rates are so that lends to the stability which rolls back into that Fitch V2 V3 rating. That's a summary of some of the supporting documents of the lengthy pros on the Q & A but he would be happy to address any specific questions about this or the memo or anything else that just came up.

Mr. Brown thanked Mr. Coleman and said that's all very helpful. A number of packets were sent to the committee in advance in addition to the one just gone over and one of them was a listing of each holding. That was what caught the committee's attention about maturity dates because that's what was listed in there. He has another handout which for some reason he just has for the 1 – 3 year, he doesn't seem to have it for the intermediate which gives the data in somewhat different format and it shows categories of investments starting with ABS floaters and then agency and so on.

Mr. Coleman said that's a report that Atlanta Capital provides and uses and that's why he sent it.

Mr. Brown said this one has more useful information because it shows the yield to maturity which he assumes is the expected maturity in the pace of mortgage pass throughs and so on. It has something called WAL. Is that weighted average life?

Mr. Coleman replied it is indeed.

Mr. Brown said WAL is pretty close to duration. He finds this information more useful than the other handout which only gave the final maturity date that is printed on the material which is kind of useless, as was just explained, right? It would be nice to get this kind of information on a regular basis for both the 1 – 3 year and the Intermediate. One question on this material is when he gets to the category CMO fixed. Does that mean what it says that this is a fixed maturity? It does not have any variation depending upon interest rates and so on. What does CMO fixed mean?

Mr. Coleman said it is a fixed rate as opposed to a floating rate. The mortgages that are behind it are fixed as opposed to adjustable rate mortgages. He said he wished it was that there's no variation that it's fixed but that's not the case.

Mr. Brown said so the securities that do not change with interest rates would be the agency category, the corporate category and the government category? Those are the ones that are fixed maturity.

Mr. Coleman replied yes.

Mr. Brown said the last question he has on this is that on the 1 – 3 year high quality bond fund, he noticed that some of the average lives and durations go beyond 3 years, as mentioned before, so what is the significance of the category heading 1 – 3 year high quality bond fund? He would have interpreted that as being that all the bonds are in the 1 – 3 year category. That obviously isn't true so what is true?

Mr. Coleman said the benchmark that Atlanta Capital is going against is what was just stated. It is all of the government bonds, treasuries and agencies, that are in the 1 – 3 category. But in the trust that was set up, the significance of the 1 – 3 for us is that average life of that 1 – 3 year, it goes between about 1.6 and 1.8 years. The 1 – 3 year trust, will have that same metric, average life and duration. Now the individual bonds in there, theoretically, not in this trust, but as mentioned, there's an infinite amount of bonds that could make up somewhat of an average life of 1.8. You could have 30 years. He doesn't think that they have any short term accounts where they would do that. Theoretically, you could have 1,000 30 year bonds and you could still have the duration of 1.8. In this portfolio, they are limited to a final on conventional bonds of 5.5 years, so it would be longer that the 3. There's comfort in the fact that the overall duration or average life is going to behave similar to something that was made up of entirely 1 – 3. That's one of the ways that they think they add value, they go a little bit longer or a little bit shorter and then also on instruments that behave the way just described, the CMO's and asset backs that yield more but have characteristics that may go out past 3 years.

Mr. Brown said just to follow up, Atlanta Capital has a 5.5 year self imposed maximum on any individual security expected maturity, is that true?

Mr. Coleman said in 85%, that's a good working assumption. In the actual trust, which is in the Q&A, says you can't be any more volatile than a 5.5 year security or if it's a security that doesn't have a fixed maturity date, it's getting a cash flow each month, etc., then on those issues, it has to be one or the other. It can't be more than twice as volatile or must end in 7 years. So you could have some tails that would go longer than 5.5 years but the overall complexion has to be very stable, otherwise, the rating could not be kept.

Mr. Brown said so in the column that says weighted average life, there is never going to be anything more than 5.5 and more than 7?

Mr. Coleman said correct, where the 5.5 is average or more than 7 is the final maturity.

Mr. Brown said so that would be the 5.5. Does Atlanta Capital have a self imposed maximum on the intermediate?

Mr. Coleman said yes and that is not shown here but it can be provided. The answer to your question is 11.5 years.

Mr. Brown thanked him

Chair Andrews said he had one question that comes from the original packet, not the one that Mr. Brown was talking about, which is the Atlanta Capital package. In the heading categories, there is unrealized gain and loss in there in the next to last category in the 1 – 3 year bonds. He asked Mr. Coleman if they actually have realized gains and losses in the portfolio? Or do they show up kind of in the market?

Mr. Coleman said the realized would have already been, say it was sold and sold at a loss or sold it at a gain, then that would show up in that month's ending market value. Because either you have more cash or less cash than you started with when you purchased it but if it's realized, it won't be imbedded in any of the listings that you see because they are off the portfolio. In fact, in some sense, that's both the realized and unrealized. On the squiggle lines shown in the very beginning that just showed the compound return index to 1, those big dips showed up in the market value largely in unrealized losses. In that very first chart in times like March of last year, which he painfully remembers that big dip down in performance, there would have been some realized losses and things that was sold but a lot of that would be unrealized as well, all of which shows up in the market value.

Chair Andrews said that one of the issues that the committee has is that they hear Mr. Coleman say there's a fair amount of artwork so to speak in how they put the portfolios together, and their ability to think at the end of 1 – 3 years, you go up about 5% in excess of 3 years. The issue though as a committee is that the numbers that are reported are scientific fashion and the committee sometimes doesn't get the advantage of knowing by the numbers that your 20 year bonds sometimes have an actual duration of 3 years or something like that.

Mr. Coleman said yes and that was one of the long ones for us. He said Chair Andrews is absolutely right and that's why he can make sure that the committee gets this. This is real easy for Atlanta Capital, the reason that custodians never show that, and don't even show the yield to maturity, is their job is to count the widgets and they are reporting what's there. They are not getting paid to forecast whether this bond really has a 3 year average life or a 4 year average life. Atlanta Capital is and certainly can provide that.

Mr. Coleman said he is through with the presentation but he has the economic update.

Chair Andrews said he would prefer to pass on the economic update unless there are questions later on and go to the individual questions. He asked the committee if they would just like to have the individual questions read and the summation of the answers by Mr. Coleman or if they had another suggestion on how they would like to go through the questions? It seems like some of them have been answered or at least addressed. Is there any discussion from the committee members on how to address these?

Mr. Brown suggested going through the questions and see if Mr. Coleman feels he has already answered them. If they have already been addressed, keep moving.

Mr. Coleman addressed question 1 from Chair Andrews: How do they price fixed income investments, i.e., to maturity, to a specific call to shortest call, etc.?

He said it's to maturity on almost all of the non asset back and non CMO's. Asset backs and CMO's are priced to the average life.

He said he has answered question 2.

Question 3: Tell us again the parameters for an investment to be included in the short and intermediate portfolios that we own.

He said the parameters for an investment to be included in the short and intermediate portfolios, you can see a final payment window of seven years or less based on the then prevailing prepayment assumptions as determined by the market place basically or the price volatility can't be more than 2 x the index which is roughly about a 5 year bond.

Chair Andrews said it has been addressed to his satisfaction unless anyone else has any questions.

Question 4: Are they actively buying and selling into this anticipated rising interest rate environment (and accepting losses for better buying opportunities) or are they taking a relatively defensive position such as "buy-and-hold"?

Chair Andrews said he hears that Atlanta Capital has a defensive portfolio primarily. Is the defensive portfolio position not necessarily buy and hold?

Mr. Coleman said that's correct. The biggest reason that Atlanta Capital thinks they are defensive is, as was seen from the charts, they are much shorter than their average maturity or duration bogey? They are a good bit short of that and do generate 5 to 10 million a month in cash flow from the portfolio that they have to reinvest. If they did nothing, they would have 120 million in the portfolio at the end of the year in cash. So that number gets redeployed sometimes into the same assets sometimes in different assets. And then they also sell one bond and buy another one if they think it's a better opportunity.

Mr. Brown said from an individual point of view, the act of trading, he understands, is to try to improve the longer term rate of return on the portfolio. It does have a downside which is that it accentuates the volatility of the reported returns. And so from the committee's point of view, this is not all positive. There's a long term positive and there's a short term negative involved in that. He doesn't know whether that should impact upon policy or not, of course, the other people in this fund would have the same kind of reporting problem that this committee has.

Mr. Coleman said that's an excellent point. He referred the committee back to the very first page in the exhibit, the graph. First of all as turnover goes which is what would generate realized gains but it also generates realized losses. It's a pretty low turnover in terms of actively managed portfolios. He stated they aren't moving things in and out just to do that. Look at the intermediate, most of those down and up quarters are from unrealized gains and losses. It's just a market value change. He would also say that the end point of the market value of the Town's portfolio, which is shown on the 1 – 3 and the intermediate, would be a little bit lower if Atlanta Capital didn't do some of these swaps that was discussed. Again, it may not give too much comfort on a month to month basis when those go down but the unbalance over time if Atlanta Capital sells something at a loss at 4% but reinvests at 4.10%, it will maximize the market value and that's what they are trying to do.

Chair Andrews said he has just one more question on that. It looks good on the graph but the intermediate, the longer of the two funds, historically has better performance, but not necessarily with the Town's funds since October. Is that because of the flatness of the long end of the curve?

Mr. Coleman said, right, not since October. He is not sure what the two numbers are October to date but the intermediate actually since September 30 has outperformed the 1 – 3, 94 basis points versus 45 basis points. And that's because, through January anyway, the short rates had risen but long rates had not. It's only been in the last 20 or 25 days where short rates and long rates have risen.

Chair Andrews said so just assume in the rising interest rate that the longer term would actually underperform.

Mr. Coleman said absolutely and because, for example, look at calendar 2004, short term interest rates went up 1.5% and ten year interest rates didn't go up at all. Now the intermediate portfolio is only about a three year maturity so it went up some but it actually outperformed in a rising rate environment. He said Chair Andrews' statement is correct if all rates rise the same amount. When the yield curve is flattening, by definition, the short rates are rising a lot faster than the intermediate and long rates so that has actually helped. That's one of the reasons that the intermediate portfolio return there is higher over this period.

Mr. Coleman went to Question 1 from Mr. Brown about floating rate investments that were mentioned but none are indicated. He said the beauty of a floating rate investment is that of course it resets every month or every quarter or every six months so you get a market rate. If rates are going down, it hurts relative to fixed rates. If rates are going up, it helps you. In defensive mode, that's one of the things done. The reason Atlanta Capital doesn't own more of those is because the interest rate move is so well advertised that in going out 18 months or so can pick up 150 basis points over a floating rate investment. Floating rate assets are pretty low yielding. They're between 2.5% and 2.65% and that big bulk of maturities and cash flow seen on that 0 – 1 year, almost 40% of the portfolio, that is a cash surrogate which is what a floating rate investment is as well and it yields a good bit more than 2.5%.

Chair Andrews said he noticed that Mr. Brown had mentioned that you have weighted average life but not duration.

Mr. Coleman said they do have duration. In short maturities, they're pretty close but in the longer, there's a little differential. Hopefully, the graph that was pulled from Bloomberg that's got every data point imaginable to man on that one page was his attempt to answer the question.

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Question 4 from Mr. Brown: What does "interest rate" mean in the report? Is there an expected rate of return that is different that could be reported?

Mr. Coleman said that's an easy one The interest rate in the report referred to was pulled down from the League, and that is simply the coupon rate on the instrument. So they don't tell yield to maturity, the duration, the weighted average life, the rate there is just the rate that's on the bottom.

Chair Andrews said let's go to the questions that Mr. Hutzler has. Question 1: What are our prospects for increasing the rate of return on your managed portfolio for the Town over the next year? Can it be done without compromising the integrity of the portfolio and also beat the benchmark indices for the Town's composite goals and objectives?

Mr. Coleman said he took some liberty in sort of defining, as he knows it, rate of return. He spent a good bit of his career before 1990 in the banking industry and rate of return and it meant something different than it does in portfolio management. So he is familiar with amoratizing book cost over life and some of those kinds of measures. So it just depends, the rate of return on the portfolio is going up in terms of the snapshot basis but if rates rise, the value of the bonds go down even as your coupon is going up so the best guess, somewhat with rising rates and rising inflation but not a lot, that's his forecast which is attached in the second half of this. But he believes the Federal Reserve is about half way through their tightening mode, They are certainly closer to the end than they were in June when they started and rates are already pretty high. The Town's portfolio is yielding about 4%. There may be some price erosion but he believes it will still end up higher than the money markets. He said the benchmark and the yields there hopefully will continue the good run that they have had here. This is one of the reasons that the Town has their money with the League, they are going to bring value at over or above this benchmark and so far because of the collection of assets and because of the barbell strategy, they have been able to add 50, 60, or 70 basis points to that benchmark yield. So if they can do that, they ought to be in the 2 to 3% range, but they do not think it's going to be lights out unless there is some God forbid disaster or something.

Mr. Hutzler said since he is the one that asked the question, he would like to maybe add to that question in light of Mr. Greenspan's discussion yesterday in which he expressed extreme concern about the budget deficit for the United States and whether that might have additional effect, he asked these questions before that, but he seems to be quite concerned about it and would that change this answer in any way?

Mr. Coleman said maybe at the periphery. In general, there is stronger economic growth. The budget as a percent of GDP shrinks and instead of going back to 2% or 1% of the GDP, it looks like it is going to be stuck around 3 and 3.5%. That's more debt being financed, etc. In looking back over history, the periods balancing that, when rates have fallen the most, are when the largest deficits have been run because generally the economy is slowing down. He has seen studies from 0 to 25 basis points in terms of how much the protracted deficit if it's 3 to 3.5% of GDP or it's an extra half of 1%, the government is not the only borrower so to the extent that corporation's cash flow continues to do as good as it does may offset that somewhat. He thinks one of the reasons the rates are where they are now and may be headed higher is because of that. So that will likely answer your question directly and Atlanta Capital will probably maintain their shorter benchmark strategy because they are concerned about that as well.

Mr. Hutzler said at the end of all the questions, he has another question.

Chair Andrews said that's fine.

Question 2: Mr. Hutzler: Since there has been so much negative publicity on Fannie Maes, Freddie Macs, and Federal Home Loan Bank Issues, what is Atlanta Capital's approach to investing in this paper? How are you reallocating your asset allocation and bond mix?

Mr. Coleman said it's somewhat counter intuitive. It's certainly bad news for stockholders and it's not a good thing to open up the Wall Street Journal and find yet another potential restatement, etc. He said the proof is in the pudding so to speak, when world.com blew for example, the yields on world.com bonds went through the roof and the prices fell dramatically. On Fannie Mae and Freddie Mac just the opposite has happened. You only get 24 basis points or 23 basis points extra return versus a 5 year treasury for buying a Fannie Mae. That's been as high as 40 basis points so over this period, it's actually has come down. As a bond holder, we are going to limit their growth. They can't grow as fast as they have. They have to be more conservative. They were growing their balance sheet and their earnings at 15, 16 and 17% a year and they were leveraging more and more and fairly profitable. Now they won't be able to do that. As a stockholder, he likes high growth companies so he is saddened by that. As a bond holder, he is delighted that they can't grow as fast. So Atlanta Capital has not really altered their position there and that's the reason. They don't own the stock and he wouldn't own the stock for those reasons.

Question 3: Mr. Hutzler: The report on the FMIvT 1-3 Year High quality bond fund holdings as of 12/31/04 was somewhat confusing because only maturity dates were shown. He asked if call dates and average life can also be included in this analysis and rank them from the shortest to longest projected maturities or call dates? He thinks the Committee seems to be interested in compliance with their past objectives and guidelines.

Mr. Coleman said that was a good point and he has addressed that. Atlanta Capital has average life, yield to maturity, duration on those standard reports to give what is needed. Since they do not have a lot of callable bonds, the price typically to maturity is average life. It's not the prices they put on them. They have pricing services that do that as does the custodian, the official record keeper.

Question 5: Mr. Hutzler: The Federal Open Market Committee continues to raise short-term rates on a measured basis; however, rates on 10 year and 30 year bonds keep dropping. What is the significance of this?

Mr. Coleman said the significance of the short rates going up and the 10 and 30 year not going up is the Federal Reserve began raising the key overnight Fed funds rate in June, and started from such a low level (1%-not seen in over 40 years), and if held there would ultimately lead to an over-stimulative monetary policy. So in a measured way, the Fed was worried about deflation, that's why it was so low. They are not worried about that any more and they keep raising it. But since the reported numbers for inflation, Atlanta Capital follows about 15 not just the CPI or the core CPI or the PPI, all of those measures, Atlanta Capital is around 1 to 1.5, currently 1.5 to 2 and he thinks they are going to 2 to 2.5. That should put a little bit of pressure on the 10 year and intermediate but not as much as what's going to happen in the short end. And largely because the Federal Reserve's got inflation under control and then what's different this time than last time, the power of the internet and price discovery, and when you buy plasma TV now, they can tell you the best price within 2 cents by some of these web sites that do that, multiply that across thousands of goods and there is also the China effect. At Atlanta Capital, there's wholesale, retail and there's the China price. Since prices are set at the margin, that also is a certain fundamental decline and puts downward pressure on inflation. He still thinks rates are going to rise as the economy matures, when the expansion matures, that's what happens but he doesn't think they are going to the moon. In fact, last year at this time, a lot of people thought maybe they were going to 5% in 10 year rates, and it didn't go anywhere because inflation didn't do anything.

Question 6: Mr. Hutzler: If everyone is concerned about a turnaround in longer rates and the risks in owning longer bonds, why not buy 2.5 – 3% Treasuries and sit with them to maturity? What are your thoughts for the next six months, one-year, three years?

Mr. Coleman replied, "If you maybe were running just your personal account and you were convinced because you had irrefutable evidence that all rates were going to rise dramatically, you might do something just like this. A couple of reasons that you've allocated some funds to going out the yield curve a little bit and you are not way out the curve even with the intermediates, you've got money with the SBA, money with the League in the 1 – 3 and then a little bit longer. You take the weighted average of that, it's still probably pretty short to some extent. Just say that's the optimal asset allocation, if rates continue to rise in the short end, the SBA and your real short-term investments are going to rise. If oil goes to $60 a barrel, and all of a sudden you start to see Walmart sales decline, there could be surprises such that the Fed says well we are not going to keep tightening in this plight. If you had all your assets that short, you would under perform your benchmarks. So we are going to be defensive but we are not going to be more than probably 20% short of our bogey because you never know what will happen, if they blow up an oil field in Saudi Arabia, or anything that would put a damper on economic growth."

Mr. Hutzler asked Mr. Coleman if he were advising the committee now, can the committee increase total return with this prospect for longer rates at some point reallocating how the money is invested, maybe a little more toward the longer end?

Mr. Coleman said his best guess would be that probably 2005 would not be the best time to do that. In looking at some of the historic relationships, knocking it down a little bit for the China effect, would still sort of get the 10 year treasury, just to pick the one that's on CNBC in the corner all the time, and get it to 4.75 or 5, that may be the time to start to advance out a little bit.

Mr. Hutzler asked, "so, we are really not looking at any change here until maybe after the Federal Reserve is through their measured pace on the short end"?

Mr. Coleman said the market consensus is that the short rates will go to 3.5. We think it's going to go to 4.

Chair Andrews said, "Is this your guess because Chairman Greenspan has predicted and so far has achieved an orderly progression in rates that we will have an orderly progression in the way the market acts? Is one correlated to the other? It's been that way so far."

Mr. Coleman said, "in the short end absolutely because that's where he's got the most control and the problem is when he changes ………slightly, you can't imagine industry, there's a cottage industry out there that measures the language that they used at the last ……..meeting and this one, and if they take the word measured out of the March 22nd statement, you'll see the return to volatility and the payroll employment on every Friday is still a number that's volatile, but you're right, there's been much less volatility in stocks and in bonds largely because of the statements that he's made but, once he starts to change it, you might get a big ratchet up and then let's say ok he took the measured out, now maybe we are on cruise control for another five months but that initial change will be more dramatic than maybe otherwise would have been".

Chair Andrews said Mr. Hennessy had some thoughts that did not get presented in this packet. He asked Mr. Hennessy if he had any questions of Mr. Coleman?

Mr. Hennessy said they have been covered.

Chair Andrews asked Mr. Panfel if he had any questions?

Mr. Panfel replied no.

Mr. Brown said he does not want to go through the whole economic report but on the last page of the packet passed out, in the top right hand corner, some market data for treasury bills is shown, 5 year treasury notes, 10 year treasury bonds, etc. as of December, then a projected is shown as of December 05, and then a projected expected return. Just on the surface in looking at this, it seems to say that money ought to be in treasury bills and not in 5 and 10 year notes because 2.8 is a lot better than .4 and .8. He asked Mr. Coleman to explain.

Mr. Coleman said that's an excellent question. Today the duration of a 10 year treasury is about 8. The duration of a 5 year treasury is about 4. The Town's durations are 3 and 1.5 and yield a lot more than a treasury invested. That rolled together gets the 2 to 3%. But if the Town's choice was T-bills or 10 year notes, when this went to print in the middle of December, T-bills would be taken.

Mr. Brown asked Mr. Coleman in using the short term portfolio as a comparison, even with the projections just made, if he feels the 1 -3 year and the intermediate can do better during this rising interest rate environment in the next year?

Mr. Coleman said he does but not by a lot. They have to work with the one scenario assumption, but he thinks returns can be maximized versus the benchmark in a rising rate environment and the Town also has that option if something happens, if the economy slips into recession or oil goes higher, then the Town has the chance to earn one of the positive scenarios. It can have negative scenarios as well but fortunately since the rates on 2 year securities for example are already way above today's overnight rate, there's a lot of negative news factored in, so it's not going to look particularly glamorous, it's going to be up and down each month but, if and when it turns, then the Town will be in a position because they are longer to post a couple of good months.

Mr. Hutzler said he is a little confused as to why the expected return is higher on the treasury bills considering the fact that the rate is going up considerably faster than the 5 and 10 year notes. He asked Mr. Coleman to enlighten him on that.

Mr. Coleman said remember that this expected return is realized and unrealized gains and losses. If 10 year treasuries were bought today at 4.5% and that's the only thing bought, and a year from now 10 year treasuries were 5%, nothing was sold, the coupon got was 4.5% and some might say 4.5% was earned for the year and Atlanta Capital would say that 5% was earned because the market value has now slipped to 96.5 on that bond. They are going to give the scorecard that pretends that it sold at 3/31. From that point, effectively the cost is 96.5 and the following year if rates didn't change at all, 5% would be earned that year. So coupon rate is way less but in the scorecard here of treating gains and losses where the markets went down, they are going to ding themselves for that.

Chair Brown asked are there any other questions for Mr. Coleman or Ms. Malaney?

Ms. Malaney said the questions asked were very thorough and this is actually a good review for staff as well. She just wanted to remind the committee that Mr. Coleman mentioned Fitch looking over their shoulder a lot just as an added measure of comfort, and of how the investment trust works, it's good on occasion the oversight is not limited just to Fitch. It actually involves several other parties including a Board. They have an Investment Advisory Committee made up of Ms. Skittone's peers, of experienced finance directors throughout the state, and they are the ones who ask the types of questions that are being asked here, the tough questions. In addition to that, they have an elected Board of Trustees that actually governs the trust. In addition to those two parties and Fitch, they have a third party independent consultant that doesn't just look at it, they also do the compliance which kind of ties in with making sure that the AAA rating is there. But they are not just looking at the volatility and the quality, they are also looking at how Atlanta Capital is performing against other managers in the universe of their peers. So in addition to staff, they are doing a good job and that's looked at every quarter.

Chair Andrews thanked them for a very good, very thorough and a timely presentation.

VII. MONTHLY INVESTMENT REPORT AND CASH FLOW PROJECTION

Chair Andrews said the next agenda item is the monthly investment report and cash flow projection. He asked the Town staff to take the lead in this discussion.

Ms. Skittone said they gave out the most recent investment report for January and they did make some changes to the format. She is not going to go through the numbers because she is sure the committee has already. But she wanted to get the committee's input on the new format and whether things need to be added, deleted, or modified in any way.

Chair Andrews said he has a question of whether they need to go back to the beginning as far as the information unless the committee wants to see that maybe on a legal sheet instead 8 ½ x 11.

Ms. Skittone said the very large one is where all the data is kept. She said the Finance staff can give the committee anything on that larger spreadsheet on a monthly basis or the whole spreadsheet. That's how they keep track of a lot of the information off the larger spreadsheet, and for the Council and the committee's monthly purposes, most of that information is consolidated onto the smaller, shorter spreadsheet.

Mr. Brown said he thought this was a significant improvement.

Ms. Skittone said they tried to include on this report any comments that the committee had made from these meetings and from some of the questions they were given.

Mr. Brown said he saw in the bigger sheet projections that go out a couple of years and it moves around a bit but it looks like the fund is expected to stay in excess of $100,000,000 throughout the next couple of years.

Mr. Hutzler said total return actually shows the actual monthly return rather than annualizing the return. Would it be easier for the committee to use an annual number, have that number annualized, or would it be just for comparison purposes or both?

Ms. Skittone said they could put both. She asked if he meant percentage not the dollars?

Mr. Hutzler said percentage.

VIII. INVESTMENT ALTERNATIVES AND POSSIBLE CHANGES TO CURRENT INVESTMENT PLAN

Chair Andrews said as long as Mr. Hutzler brought up that particular page where they have the balances by member, it's interesting to note that aside from the Florida League of Cities Trust which is the big 300 lb. gorilla in this, Palm Beach is actually #2 in total amount of assets. He asked for comments from the Finance Department with the Town being #2, if there would be any advantage with having some participation on their Board?

Ms. Skittone said Ms. Malaney mentioned that once before. She will have to look into that to see how they appoint their boards. Boca, Juno and Wellington are on the Board. Boynton has a lot of money in there but they are not on the Board.

Chair Andrews said he thought it would be a good idea. He asked the Committee if they believe it would be positive to have a member of the Town Finance Department on the Board?

Mr. Hennessy suggested writing a letter to them to receive a response.

Chair Andrews said he would encourage the Town to at least address that issue. He would like that letter to be part of the next package with their response. He said he believes they are very solicitous of the Town's business and position. He feels with the amount of money that the Town has invested, $41,000,000, the Town and Committee should have more direct participation in what's going on. They are giving presentations but he would feel more comfortable as the Chairman of the Committee in having a little tighter contact. Ms. Skittone can just write them requesting in her own terms that she would like to be considered for a position on that Board.

Mr. Panfel noted it's interesting Boynton Beach has all of their investment in the 1 – 3 year and zero in the intermediate fund - $52,000,000.

Chair Andrews said it isn't known what their other investments are. The Town has made an effort to contact a lot of these other cities. At the last meeting, the committee was given a huge package of information and reached the decision that there wasn't a lot of conclusions that could be drawn other than where they put their money.

Mr. Hutzler said he gathers the percent here is the percent to total of their total investments so they have 18% which is more than the Town has, which is 15%, so that is close.

Mr. Brown said he would like to raise the question as to how much the committee cares about the volatility of the returns that are reported? Some of that comes from unrealized appreciation or depreciation and some of it comes from trading. One of the things he envisioned going into this was that in a longer term investment, like a 3 year bond for example, it would be held to maturity and the intervening interest rate movements would not really affect anything over the whole 3 year period because depreciation in the early part comes back at the end. It doesn't really happen that way in the Florida League because they are trading all the time, the maturities change to some degree and it's not quite the same. That results in these monthly changes, and when they get very negative as they did last August, that causes a fair amount of nervousness. One of the things that should be considered is whether a portion of this non SBA investing should be done by the Town staff in a very simple buy and hold 2 – 3 year treasury securities and maybe moving out to other things at some future date but something that was a lot less complex.

Chair Andrews said he'd like to open it up for discussion. His question for the Town is how would they value a 3 year treasury?

Ms. Skittone said annually it has to be valued to market.

Chair Andrews said but the committee gets the numbers every month.

Ms. Skittone said right.

Chair Andrews said it would have to be valued based upon the market so at that point even though a higher rate of return is being received, the Town might have the same problem.

Mr. Brown said it would be unrealized gain or loss. It wouldn't be realized if held to maturity. Whatever unrealized depreciation the Town had, would be made up for in a very specific period of time, because it is going to mature.

Chair Andrews asked what are the current spreads now between a 3 year treasury? He thinks the SBA should be considered as the benchmark because it's new money. Money would not be taken out of the Florida League of Cities but what would the opportunity costs be of having one of those 3 year bonds?

Mr. Brown said he thinks a 3 year treasury is yielding around 3.5.

Mr. Hutzler said it's on this Bloomberg report at 3.72%.

Ms. Skittone said SBA is yielding 2.5**%.**

Mr. Hutzler said knowing that rates are going up on the short end and at some point rates on the short end including the 3 year will level off, some of this money at a meeting subsequently, could be used to buy and also value it on an accreted basis. It can be valued on an accreted basis so at least it has some value particularly if held until maturity. Then the accreted value will give a little bit better idea of what the actual value is.

Chair Andrews asked Mr. Hutzler if he has a recommendation because the committee is allowed to make that decision at this meeting.

Mr. Hutzler said it's been put on the floor.

Chair Andrews said it's a discussion.

Mr. Panfel said he raised the issue earlier and it was decided to hold it for this meeting. To review in today's times, they speak of a 4.5% rate because the Japanese Central Bank, as well as China and South Korea, has stopped buying dollars and is going to demaximize their holdings on the dollar. It seems to be a trend and the value of the dollar will go down. It seems from this article, that they are talking in terms of 4.5% rate. But what disturbed him is that Mr. Coleman said that if the rate went to 5%, assuming that it is bought at 4.5%, the moment that it goes to 5%, that bond will be shown at 96.25. In the past, that would have been footnoted with the cost…..in the notes. By doing that, an unrealized loss is suffered. It's not realized and will never be realized because what was paid for that bond will always be what will be received back.

Chair Andrews said it will show up. He would not have an objection to putting a certain amount of money into a fixed investment that would be held for a while but then there's the same problem, if bought in today's market, if it goes up a point, the investment is already going to be in a hole from a reporting standpoint. Is there any more discussion on that?

Mr. Brown said he wasn't sure what Mr. Hutzler was saying about showing it on an accretive basis. Were you saying something other than market value?

Mr. Hutzler said yes.

Mr. Brown said he is not sure the Town has the right to do that. In the insurance industry, that was done because they had buy and hold for the most part and just accreted the rate and never showed market value but he doesn't think the Town has that right. Is that true?

Ms. Skittone said annually it has to be reported on market value. The Town only reports monthly to the committee.

Mr. Brown said so theoretically on a monthly basis show what the cost basis was of the investment if it was intended to hold it to maturity, but that is not reality.

Chair Andrews said it is not reality and it is a little different from the way the other investments were reported. He thinks as a committee, they still want to make it simple for the Town and for themselves, but he is not against having another investment. He is not opposed to taking any kind of motion from the floor from the other committee members if they have a suggestion of an investment opportunity other than the SBA or the Florida League of Cities.

Mr. Hennessy said he would like to put $10,000,000 into a longer term investment. He doesn't know why that could not be subtracted from either the SBA or from the other funds and put it into a 3 year treasury.

Mr. Brown said he thinks it's a good idea. He would rather take it out of the allocation that would normally go to the Florida League of Cities because that is the long term investing alternative.

Chair Andrews said it is the 1 – 3 also. It would be complimentary to that.

Ms. Skittone said the Town investments are a little bit over weighted in the SBA, at 64% instead of 60%. So there's a little there.

Mr. Hutzler said since he is in the investment business, he is flipping the coin over on the other side. Rates are definitely going up on the short end and recently they have appreciated on the long end. He is somewhat concerned in locking in any amount of funds for even as long as 3 years with the Federal Reserve still on a measured pace and still telling what they are going to be over the next several months. He thinks that even though treasuries are certainly a safe investment, it's not a good idea to invest a small amount in a 3 year treasury not knowing where rates are going. There has been a definite indication on the short end where rates are going. And the short end range by the FOMC does influence funds out to about 3 – 5 years. He would vote against it at this meeting, but he thinks it should be reconsidered at the next meeting, at which the committee would be able to schedule possible dates. It could be a month, a month and a half, and give an opportunity at that time maybe to get a little higher rate and maybe even a little longer out to 3, 3.5, 4 years.

Mr. Brown said Mr. Hutzler has a good point and he agrees with the point about the short term rates. Should the committee at this meeting suggest reducing the normal allocation to the Florida League until the Fed is done moving these rates up or at least until it appears they are done?

Mr. Hutzler said he would agree to that on a small scale.

Mr. Brown said on a small scale maybe 40% or less?

Ms. Skittone said probably less.

Mr. Brown said maybe the percentages should be moved down to 35 or 30% and move it back later on, when the rates have gone up, which they are going to do at the short end.

Chair Andrews said he would rather see a percentage movement than a specific movement because any other funds that would be freed up would automatically go in the SBA, and this committee can say wait a minute because of the market conditions, the committee wants it at 100% SBA. So the percentages that the committee set up about a year ago are not locked in. He opened that up for discussion on the idea of reducing the allocation of the Florida League of Cities for new money. He doesn't think they are talking about selling anything.

Ms. Skittone said but the Town doesn't have any plans to contribute any more money.

Ms. Somers said February 2004 was the last month money was put into the Florida League.

Chair Andrews said the Town is almost better off if nothing is done

Mr. Brown asked is there going to be any new money?

Ms. Skittone said right now the Town is slightly over allocated in the SBA, at 65% instead of 60%. So if the committee wanted to rebalance, the monies would be moved into the SBA.

Mr. Brown asked so the committee is saying not to rebalance for the time being?

Chair Andrews asked is there any kind of a motion that anybody has on a specific investment opportunity at this meeting? This will be brought up at the next meeting. Is there any other discussion or any other motions that anybody would like to bring up at this time?

Ms. Skittone said Chair Andrews mentioned in his questions to staff about having a securities firm give suggestions. She did not do that for this meeting because she didn't want to just pick one because the Town does not deal with one in particular. She asked if he wanted that for the next meeting.

Chair Andrews said no, he doesn't want to micromanage what the Town staff is doing. He believes the Town staff can pick and let the committee know. He asked if treasuries have to be bought through a broker dealer?

Mr. Hutzler said no they can also be purchased through a banking institution.

Chair Andrews said but it has to be bought through a third party.

Mr. Hennessy said some of the other towns were buying through Smith Barney.

Chair Andrews said it could be anybody. The Town staff could pick that and let the committee know and unless the committee thought there was a problem with the broker/dealer, it would be fine.

Mr. Hutzler said he respectfully requests that the Town not go to Wachovia.

Ms. Skittone said she doesn't think they can. There is a custody agreement already with the Pension Boards through State Street. She spoke with them thinking there is a possibility the Town may have other assets that they are going to have to custody. They said they would give us the same rates to custody them with the pension which is 1.5 basis points. They also have a brokerage that the Town could use with them if necessary.

Chair Andrews asked are there any items anyone would like to bring up before going to the next item on the agenda?

Mr. Brown said he would like to summarize his understanding of what he thinks has been concluded today. First of all, he thinks it was agreed not to rebalance given the outlook for short term rates, that it is better to keep a little more in the SBA than previously had been targeted. Secondly, the committee would consider taking part of the longer term money that is today invested in the Florida League and invest in treasuries through the Staff at some future meeting. Is that about it?

Chair Andrews said the Town will not have any new monies to invest so it may not be a decision anyway.

Mr. Brown said it's a decision in the sense that they are not going to take money from the SBA and put it in the Florida League in order get up to….

Chair Andrews said he has not heard any discussion about moving any investments at this time.

Mr. Hutzler said he would like to see this issue addressed at the next meeting.

The committee agreed to make this an agenda item for the next meeting.

IX. NEXT MEETING DATE

Chair Andrews said he is open for any date because he will be here. He asked Ms. Skittone if the dates listed as possible alternatives on the agenda are open?

Ms. Skittone said she picked those because the Council Chambers are open for those specific dates.

The committee agreed on Friday, April 8th at 2:00 p.m.

Chair Andrews suggested that if anyone has any comments about the literature that was given by the Florida League of Cities and the discussion that they address any comments to the staff. The staff can send an email to the committee members. He thinks it would be easier if the staff requests some type of response back since Mr. Hennessy did not receive his email.

Chair Andrews stated that he also serves on the Recreation Commission as an alternate. He noticed this Committee does not have any alternates assigned to it. He doesn't know what the pool is of people that were available to serve on the Committee but he would like to discuss next time whether it would be a good idea. He also wants to get some input from the Town not on individuals, but on what the pool is, and get a reading from the Town on what they would think of having a non voting alternate to just sit on the Committee. He would like to have a pool that is available during the year.

Ms. Skittone said the ordinance may have to be changed to have an alternate. The ordinance limits the Committee number to five and she does not think it discussed alternates but it can be changed.

Chair Andrews asked are there any other questions?

Ms. Skittone asked if April was planned to be the last meeting until the Fall unless something was needed in the interim.

Chair Andrews said he thinks it's a little long not to have a meeting in the summer. Since three Committee members are here all year to have a quorum, the other two could be here telephonically. This can be discussed at the next meeting to come up with ideas and times. He said at the next meeting Ms. Skittone can send out alternate dates for a telephonic meeting during the traditional summer hiatus.

X. ANY OTHER MATTERS

There were no other matters.

XI. ADJOURNMENT

Mr. Hennessy made a motion to adjourn. Mr. Brown seconded. Motion passed unanimously.