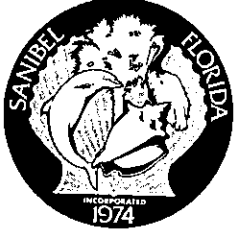


9. **OLD BUSINESS**

a. Updates on Financial Issues

1. Update regarding meeting with Chief Financial Officer(CFO) Alex Sink, Vice Mayor Ruane and staff Monday, April 07, 2008 (Vice Mayor Ruane)
- ii. Letter of April 29, 2008 to Chief Financial Officer Sink (Vice Mayor Ruane)



# City of Sanibel

800 Dunlop Road  
Sanibel, Florida 33957-4096

### AREA CODE - 239

CITY COUNCIL	472-4135
ADMINISTRATIVE	472-3700
BUILDING	472-4555
EMERGENCY MANAGEMENT	472-3111
FINANCE	472-9615
LEGAL	472-4359
PARKS & RECREATION	472-9075
PLANNING	472-4136
POLICE	472-3111
PUBLIC WORKS	472-6397
UTILITIES	472-1008

April 29, 2008

The Honorable Alex Sink  
Chief Financial Officer, State of Florida  
Florida Department of Financial Services  
200 E. Gaines Street  
Tallahassee, FL 32399-0300

**RE: Local Government Investment Pool**

Dear Chief Financial Officer Sink:

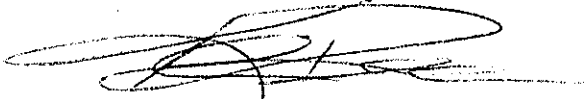
On behalf of the City of Sanibel, I want to again thank you for your courtesy and the time you provided to the City staff members and me in your offices on April 7, 2008 when we outlined our City's concerns regarding the current status of the Local Government Investment Pool (LGIP). I have had several subsequent conversations with Dr. James Francis, who you were kind enough to have present at that meeting with us, and that information has assisted us with a more comprehensive understanding of the LGIP and its current status.

In addition, I have reviewed the State of Florida, State Board of Administration, Investment Compliance Performance Audit dated December 31, 2007, which I believe was first posted on the sbafila.com website on April 19, 2008. Although reading the Audit Report has given me no comfort, it has confirmed that the City's concerns were correct. There were purchases of investments made by the SBA that were not authorized by the investment criteria of the Florida Statutes and Codes. The SBA also deviated from the principal protection and liquidity criteria which were statutorily mandated to them, and that the SBA clearly should not have purchased many of the investments that it now holds to the detriment of the pool participants. As you know, this has a direct and substantially detrimental effect on the City of Sanibel because those invested funds are necessary for our day-to-day municipal operations. It is, at the least, fundamentally inequitable that our City be placed in this position as a result of the SBA's failure to adhere to its statutorily mandated requirements. I would also note that, for the most part, the SBA management has agreed, through its formal audit response, with the auditor's findings.

In light of the position in which the City of Sanibel has been placed by the SBA's actions and our City's actual and immediate need for our funds, we would again strongly urge you to do everything in your power to assure that on May 15, 2008, or sooner, the liquidity calculation be modified to allow a withdrawal, without penalty, of an amount equal to 50% of an existing balance or \$11,000,000, whichever is greater. Even with the liquidity calculation established in this way, the City will still have funds in the LGIP that cannot be withdrawn without penalty and that causes us great concern. However, this revision to the calculation will at least allow the City to withdraw sufficient funds to meet our immediate operating needs.

In closing, I want to stress that the City of Sanibel, like most local governments in Florida, has considered the Local Government Investment Pool to be very useful and, until recently, a valuable tool to meet the City's needs for principal protection and liquidity. We are confident that the SBA will make the necessary changes to again gain the full confidence of municipalities, counties, districts and other participants. If that is the case, the City will certainly consider continuing its long-term relationship with the SBA. For the immediate future, however, it is critical that the City have access to its funds and we need your assistance to assure that our request is addressed favorably.

Sincerely,



Kevin Ruane  
Vice Mayor

cc: City Council  
Judith A. Zimomra, City Manager  
Kenneth B. Cuyler, City Attorney  
Renee Lynch, Finance Director