



John A. Carey
Inspector General

OFFICE OF INSPECTOR GENERAL
PALM BEACH COUNTY



Inspector General
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“Enhancing Public Trust in Government”

Investigative Report

2016-0004

Town of Loxahatchee Groves Professional Services Agreement for Town Management Services

May 23, 2018



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OFFICE OF INSPECTOR GENERAL PALM BEACH COUNTY

INVESTIGATIVE REPORT CASE NUMBER: 2016-0004

DATE ISSUED: MAY 23, 2018



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TOWN OF LOXAHATCHEE GROVES PROFESSIONAL SERVICES AGREEMENT FOR TOWN MANAGEMENT SERVICES

SUMMARY

WHAT WE DID

On January 4, 2016, the Palm Beach County Office of Inspector General (OIG) received a letter from former Town of Loxahatchee Groves (Town) Council Member James Rockett. The letter alleged that Underwood Management Services Group, LLC (Underwood Management) did not invoice the Town in accordance with its Professional Services Agreements with the Town. As a result, the Town overpaid Underwood Management for town management services.

During the course of our investigation, we conducted multiple interviews and reviewed extensive records from the Town's website, the Bureau of Labor Statistics, and records provided by the Town and Underwood Management through September 30, 2016.

WHAT WE FOUND

The information obtained and reviewed by the OIG *supports* the allegation. The OIG found that the Town did not pay Underwood Management in accordance with consistent methodology used to comply with the terms of their agreements.

In total, the OIG found that **\$10,547.94** (net) *was overpaid* to Underwood Management, which amount is considered questioned costs.¹

WHAT WE RECOMMEND

The OIG recommends that the Town:

1. Establish additional internal controls and methods of review for invoices submitted by vendors to ensure that payments are made in compliance with agreements signed by the Town and its vendors, specifically the town management company.

¹ Questioned costs are costs or financial obligations that are questioned by the OIG because of an alleged violation of a provision of a law, regulation, contract, grant, cooperative agreement, other agreement, policies and procedures, or document governing the expenditure of funds; a finding that, at the time of the OIG activity, such cost or financial obligation is not supported by adequate documentation; or, a finding that the expenditure of funds for the intended purpose is unnecessary or unreasonable. As such and in this specific case, not all questioned costs are indicative of potential fraud or waste.

2. Ensure that Town professional service agreement terms and the performance of such agreement terms are consistent.
3. Review the questioned costs and determine if that amount should be recouped.

BACKGROUND

The Town of Loxahatchee Groves was incorporated in 2006, becoming the 38th municipality in Palm Beach County. The Charter of the Town provides for a council-manager form of government. The Town Council has five members vested with all legislative powers of the Town. The Town Council elects a mayor and a vice-mayor from its members, both of whom have the same legislative powers and duties as other council members.



The Town contracts for professional services in several ways. For example, the Town contracts with professionals, for legal counsel, for engineering services, and for Town management².

On September 30, 2011, the Town entered into a Professional Services Agreement with Underwood Management for town management services, commencing October 1, 2011. Underwood Management agreed to provide these services to the Town and to “exercise and discharge of all the powers, authority, duties and responsibilities of the Town Manager as such powers, authority, duties and responsibilities were set forth in the Town Charter.” The portion of the contract establishing those terms is:

PROFESSIONAL SERVICES AGREEMENT

THIS PROFESSIONAL SERVICES AGREEMENT (“Agreement”) is made and entered into as of the 30 day of September, 2011, by and between the **TOWN OF LOXAHATCHEE GROVES**, a Florida municipal corporation organized and operating pursuant to the laws of the State of Florida, with a business address of 14579 Southern Boulevard, Suite 2, Loxahatchee Groves, Florida 33470 (“Town”) and **UNDERWOOD MANAGEMENT SERVICES GROUP, LLC**, a Florida limited liability company with a business address of 840 N.E. Stokes Terrace, Jensen Beach, Florida 34957 (“Underwood”).

² http://www.loxahatcheegrovesfl.gov/sites/default/files/fileattachments/town_council/page/1281/gov_presentation.pdf

2. Retention of Underwood.

(a) Subject to the terms and conditions of this Agreement, the Town hereby retains Underwood to provide the Services (hereinafter defined) commencing on October 1, 2011 (the "Commencement Date") and Underwood hereby agrees to provide the Services to the Town. For purposes hereof, the "Services" shall mean the exercise and discharge of all of the powers, authority, duties and responsibilities of the Town Manager of the Town as such powers, authority, duties and responsibilities are set forth in the Town Charter of the Town (the "Town Charter"), including those services described in the Scope of Work which is attached hereto as Exhibit "A".

ALLEGATION AND FINDING

Allegation:

Underwood Management did not invoice the Town and the Town did not pay Underwood Management in accordance with the terms of the Professional Services Agreements between them. As a result, the Town overpaid Underwood Management for town management services.

Finding:

The information obtained *supports* the allegation.

The Base and Amended Base Contracted Fees – FY 2012

The initial contract completed in FY 2011 between the Town and Underwood Management established a base fee of \$20,885.20 per month. That contract portion is below, with highlighting added to note the base fee applicable from October 1, 2011:

3. Fee and Expenses.

(a) In return for the Services, Underwood shall be entitled to receive from the Town a monthly fee of Twenty Thousand Eight Hundred and Eight Five and 20/100 Dollars (\$20,885.20) for the period commencing on the Commencement Date, (the "Base Fee"), which Base Fee shall be automatically adjusted on October 1, 2012 and on each October 1 thereafter during the Term in an amount equal to the percentage change in the Consumer Price Index - All Urban Consumers for the South Urban Region for the corresponding period. The Base Fee, as increased in accordance with the foregoing, is referred to herein as the "Fee." The Fee shall be payable to Underwood on a monthly basis throughout the Term (subject to "CPI" adjustments). Should the CPI adjustment be negative, then the adjustment would not apply. The initial month for which payment shall be due is October, 2011; provided that for October, 2011, the fee shall be pro-rated on a daily basis in the event Underwood cannot commence services under this Agreement on October 1, 2011. The monthly fee shall be payable on the first of each month following the month worked for the term of the Agreement. Each month during the Term, Underwood shall submit an invoice for the Fee then payable by the Town. The terms of the Florida Prompt Payment Act, Florida Statute Sections 218.70-.80, are hereby incorporated herein by this reference and the Town agrees to make payment in accordance with same.

This monthly base fee of \$20,885.20 was paid for five of the first seven months of FY 2012 (November 2011 – March 2012). However, in October 2011 and April 2012, \$20,855.20 was paid to Underwood Management, resulting in an underpayment of \$30.00 for each of those months.

The Town amended the initial contract effective May 1, 2012, to change the base fee to a monthly fee of \$27,135.20, as follows:

3. (a) Fee and Expenses of the agreement shall be modified:

(a) In return for the Services, **effective May 1, 2012** Underwood shall be entitled to receive from the Town a monthly fee of Twenty Seven Thousand One Hundred and Thirty Five and 20/100 Dollars (\$27,135.20) ~~Twenty Thousand Eight Hundred and Eight Five and 20/100~~

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WTH

The amended FY 2012 base fee was paid for four of the remaining five months of FY 2012 (May 2012 and July 2012-September 2012). In June 2012 \$27,165.40 was paid to resolve the underpayment in April 2012; however, this payment resulting in an overpayment for June 2012 of \$30.20. The October 2011, April 2012, and June 2012 payments resulted in a net **underpayment of \$29.80³** during FY 2012.

Contractual CPI Fee Adjustments

The Professional Services Agreement effective October 1, 2011 and the amendment effective May 1, 2012, detailed annual fee adjustments, beginning in October 1, 2012, based on the United States Department of Labor Bureau of Labor Statistics CPI – All Urban Consumers for the South Urban Region⁴ index. This CPI adjustment increased the base fee “*in an amount equal to the percentage change in the Consumer Price Index ... for the corresponding period.*” The contract language states:

³ This amount reflects a reduction of questioned costs for FY 2012.

⁴ The Consumer Price Index (CPI) is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services. United States Department of Labor, Bureau of Labor Statistics at: https://www.bls.gov/cpi/questions-and-answers.htm#Question_1

3. Fee and Expenses.

(a) In return for the Services, Underwood shall be entitled to receive from the Town a monthly fee of Twenty Thousand Eight Hundred and Eight Five and 20/100 Dollars (\$20,885.20) for the period commencing on the Commencement Date, (the "Base Fee"), which Base Fee shall be automatically adjusted on October 1, 2012 and on each October 1 thereafter during the Term in an amount equal to the percentage change in the Consumer Price Index - All Urban Consumers for the South Urban Region for the corresponding period. The Base Fee, as increased in accordance with the foregoing, is referred to herein as the "Fee." The Fee shall be payable to Underwood on a monthly basis throughout the Term (subject to "CPI" adjustments). Should the CPI adjustment be negative, then the adjustment would not apply. The initial month for which payment shall be due is October, 2011; provided that for October, 2011, the fee shall be pro-rated on a daily basis in the event Underwood cannot commence services under this Agreement on October 1, 2011. The monthly fee shall be payable on the first of each month following the month worked for the term of the Agreement. Each month during the Term, Underwood shall submit an invoice for the Fee then payable by the Town. The terms of the Florida Prompt Payment Act, Florida Statute Sections 218.70-.80, are hereby incorporated herein by this reference and the Town agrees to make payment in accordance with same.

Methodology for CPI-Based Adjustments

Based upon the contract language and the methodology used by Underwood Management for the FY13 CPI adjustment, the OIG performed calculations to determine the adjustment percentage of the base fee due each October 1st. The calculations and methodology were determined and completed based on the note provided on invoice 2012-10, dated October 12, 2012 and the CPI information available on the Department of Labor website. The methodology established and used by Underwood Management, at the time of the first increase in October 2012, was verified for accuracy and used for each subsequent increase to apply consistency in the methodology.

The CPI-All Urban Southern Region Consumers information utilized is:

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	HALF1	HALF2
2010	210.056	210.020	211.216	211.528	211.423	211.232	210.988	211.308	211.775	212.026	211.996	212.488	211.338	210.913	211.764
2011	213.589	214.735	217.214	218.820	219.820	219.318	219.682	220.471	220.371	219.969	219.961	219.469	218.618	217.249	219.987
2012	220.497	221.802	223.314	224.275	223.356	223.004	222.667	223.919	225.052	224.504	223.404	223.109	223.242	222.708	223.776
2013	223.933	225.874	226.628	226.202	226.289	227.148	227.548	227.837	227.876	227.420	226.811	227.082	226.721	226.012	227.429
2014	227.673	228.664	230.095	231.346	231.762	232.269	232.013	231.611	231.762	231.131	229.845	228.451	230.552	230.302	230.802
2015	226.855	227.944	229.337	229.957	230.886	232.026	231.719	231.260	230.913	230.860	230.422	229.581	230.147	229.501	230.793
2016	229.469	229.646	230.977	231.975	232.906	233.838	233.292	233.561	234.069	234.337	234.029	234.204	232.692	231.469	233.915

FY 2013 Fees

The percentage change between the October 2011 CPI value of 219.969 and the September 2012 CPI value of 225.052 is an increase of 2.3108%.⁵ When that percentage increase is applied to the end of FY 2012 monthly Underwood Management fee of \$27,135.20, the new monthly base fee that Underwood Management should have been paid for FY 2013 was \$27,762.23, and the twelve month total paid to Underwood Management for FY 2013 should have been \$333,146.76. Town records provided to the OIG show that the total paid to Underwood Management for FY 2013 was \$333,147.00, a FY 2013 **overpayment of \$0.24**. It appears that Underwood Management applied the methodology throughout FY13, with a nominal rounding exception.⁶

FY 2014 Fees

The OIG applied the same methodology used by Underwood Management FY2013, to calculate the appropriate FY 2014 CPI-adjusted fees.

The October 2012 CPI value was 224.504, and the September 2013 CPI value was 227.876. Therefore, Underwood Management should have received a CPI percentage based increase of 1.5020%⁷, and a monthly CPI-adjusted fee of \$28,179.22 for FY 2014. Instead, Underwood Management submitted invoices and was paid a fee of \$28,595.66 for each month during FY 2014. In FY 2014, Underwood Management appears to have changed its methodology for calculating the CPI increase. This resulted in an overpayment of \$416.44 per month.⁸

OIG interviews of Underwood Management principals William and Perla Underwood, and interviews of numerous Town City Councilors did not reveal a methodology which produced the increase which Underwood Management charged to the Town. Although the contractual terms for calculation of CPI-based fee adjustments did not change for FY 2014, Underwood Management's methodology for calculating the annual CPI adjustments changed. During his interview with the OIG, Williams Underwood stated that he used the February CPI value as the percentage for increase. However, use of the February CPI percentage increase did not equate to the \$28,595.66 fee charged.

The total charged by Underwood Management for FY 2014 was \$343,146.92; the total fees that should have been charged were \$338,150.64. This resulted in a FY 2014 **overpayment of \$4,996.28**.

⁵ (CPI September 2012 is 225.052 minus CPI October 2011 is 219.969) / CPI October 2011 of 219.969 = 2.3018%

⁶ Though the total fees paid was substantially the same as the contracted adjusted amount, in each of eight months of fiscal year 2013, Underwood was overpaid \$0.02. Additionally, in three consecutive months they were underpaid \$627.03, and in the month that followed those three overpayments, an offsetting overpayment of \$1,881.17 was made.

⁷ (CPI September 2013 is 227.876 minus CPI October 2012 is 224.504) / CPI October 2012 of 224.504 = 1.5020%

⁸ The amount of \$416.44 was an overpayment for all months, except for in the month of May 2014, when the overpayment was \$415.44.

FY 2015 Fees

The OIG applied the same methodology used by Underwood Management during FY 2013, to calculate the appropriate FY 2015 CPI-adjusted fees.

The October 2013 CPI value was 227.420, and the September 2014 CPI value was 231.762. Therefore, Underwood Management should have received a CPI percentage based increase of 1.9092%⁹, and a monthly CPI-adjusted fee of \$28,717.23 during FY 2015. Instead, Underwood Management submitted invoices and was paid a fee of \$29,196.25 for each month during FY 2015. This resulted in a monthly overpayment of \$479.02 per month.

OIG interviews of Underwood Management principals William and Perla Underwood, and interviews of numerous Town City Councilors did not reveal a methodology which produced the increase which Underwood Management charged to the Town. The contractual terms for calculation of CPI-based fee adjustments did not change for FY 2015, but Underwood Management's methodology for calculating the annual CPI adjustments changed. The OIG attempted to apply the fee adjustment suggested by William Underwood; that the February CPI value was applied as the percentage for increase; however, use of the February CPI percentage increase did not equate to the \$29,196.25 fee charged.

The total charged by Underwood Management for FY 2015 was \$350,355.00; the total fees that should have been charged were \$344,606.76. This resulted in a FY 2015 **overpayment of \$5,748.24.**

FY 2016 Fees

The OIG applied the same methodology used by Underwood Management during FY 2013, to calculate the appropriate FY 2016 CPI-adjusted fees.

The October 2014 CPI value was 231.131, and the September, 2015 CPI value was 230.913.¹⁰ Thus, the CPI for FY 2016 was negative. The contract specifically addressed fee adjustments during a year when the CPI index decreased, stating "*Should the CPI adjustment be negative, then the adjustment would not apply.*" Therefore, the monthly rate of \$28,717.23 should have been continued during FY 2016. During the months October 2015 through March 2016, Underwood Management was paid a monthly fee of \$29,780.11.

⁹ (CPI September 2014 is 231.762 minus CPI October 2013 is 227.420) / CPI October 2013 of 227.420 = 1.9092%

¹⁰ (CPI September 2015 is 230.913 minus CPI October 2014 is 231.131) / CPI October 2014 of 231.131 = -0.0943% which is a negative adjustment. Based on contract terms, no adjustment / increase was due for FY 2016.

However, the potential overpayments from those months are not questioned costs due to the Town's approval of a new contract between the Town and Underwood Management on April 5, 2016, with a retro-active commencement date of October 1, 2015. This retro-active commencement date negated the FY 2016 overpayments.

That April 5, 2016 new contract contained the following language:

PROFESSIONAL SERVICES AGREEMENT

THIS PROFESSIONAL SERVICES AGREEMENT ("Agreement") is made and entered into as of the 5th day of APRIL 2016, by and between the TOWN OF LOXAHATCHEE GROVES, a Florida municipal corporation organized and operating pursuant to the laws of the State of Florida, with a business address of 155 F Road, Loxahatchee Groves, Florida 33470 ("Town") and UNDERWOOD MANAGEMENT SERVICES GROUP, LLC, a Florida limited liability company with a business address of 840 N.E. Stokes Terrace, Jensen Beach, Florida 34957 ("Underwood").

2. Retention of Underwood.

(a) Subject to the terms and conditions of this Agreement, the Town hereby retains Underwood to provide the Services (hereinafter defined) commencing on October 1, 2015 (the "Commencement Date") and Underwood hereby agrees to provide the Services to the Town. For purposes hereof, the "Services" shall mean the exercise and discharge of all of the powers, authority, duties and responsibilities of the Town Manager of the Town as such powers, authority, duties and responsibilities are set forth in the Town Charter of the Town (the "Town Charter"), including those services included in the Scope of Work which is attached hereto as Exhibit "A".

3. Fee and Expenses.

(a) In return for the Services, Underwood shall be entitled to receive from the Town monthly fee of Thirty Thousand Three Hundred Sixty-four and no/100 Dollars (\$30,364) for the period commencing on the Commencement Date, (the "Base Fee"), which Base Fee shall be increased on October 1, 2015 and on each October 1 thereafter during the Term in an amount approved by the Town Council during the annual budget. The monthly fee shall be payable by the 20th of each month. Each month during the Term, Underwood shall submit an invoice for the Fee then payable by the Town. The terms of the Florida Prompt Payment Act, Florida Statute Sections 218.70-80, are hereby incorporated herein by this reference and the Town agrees to make payment in accordance with same.

At the time this new contract was enacted, Underwood Management had been paid \$29,780.11 for each of the first six months of FY 2016.

The Section 3, Fee and Expenses portion of this amended contract set the new base fee amount at \$30,364.00. The new contract retroactively compensated Underwood Management an additional \$583.89 for those six months, resulting in an April 2016 fee payment of \$33,867.00 to resolve the \$3,503 underpayment to Underwood Management.

Commencing in May 2016, Underwood Management was paid \$30,364.00, which complied with the new contract.

On May 3, 2016, the Town again amended the monthly fee to Underwood Management:

**AMENDMENT NUMBER 1
PROFESSIONAL SERVICES AGREEMENT**

THIS PROFESSIONAL SERVICES AGREEMENT (“Agreement”) AND THIS PROFESSIONAL SERVICES AGREEMENT, AMENDMENT NUMBER 1 (“Amendment”) is made and entered into as of the 3rd day of May, 2016, by and between the **TOWN OF LOXAHATCHEE GROVES**, a Florida municipal corporation organized and operating pursuant to the laws of the State of Florida, with a business address of 155F Road, Loxahatchee Groves, Florida 33470 (“Town”) and **UNDERWOOD MANAGEMENT SERVICES GROUP, LLC**, a Florida limited liability company with a business address of 840 N.E. Stokes Terrace, Jensen Beach, Florida 34957 (“Underwood”).

3. Fee and Expenses.

(a) In return for the Services, Underwood shall be entitled to receive from the Town monthly fee of Thirty ~~Nine~~ Thousand ~~Three-Two~~ Hundred ~~Sixty-four~~ ~~Thirty-nine~~ and no/100 00 Dollars (~~\$30,364~~39,239) for the period commencing on the Commencement Date, (the "Base Fee), which Base Fee shall be increased on October 1, 2016 and on each October 1 thereafter during the ~~Term~~ in an amount approved by the Town Council during the annual budget. The monthly fee shall be payable by the 20th of each month. Each month during the Term, Underwood shall submit an invoice for the Fee then payable by the Town. The terms of the Florida Prompt Payment Act, Florida Statute Sections 218.70-80, are hereby incorporated herein by this reference and the Town agrees to make payment in accordance with same.

All terms and conditions of the Professional Services Agreement not in conflict herewith shall remain in full force and effect. In the event of any conflict between this Amendment Number 1 and the Professional Services Agreement, the terms and conditions of this Amendment Number 1 shall prevail.

The new monthly fee to be paid to Underwood Management as of June 1, 2016 was \$39,239.00. However, for the remaining four months of FY 2016, Underwood Management was paid \$39,197.33 monthly. This resulted in four months being underpaid \$41.67 per month which resulted in a net 2016 **underpayment of \$167.02**.¹¹

The Town shows the start of a trend during the last four months of FY 2016; that Underwood Management was underpaid during that period. Based on this trend, it is possible that Underwood Management was also underpaid during FY 2017 and FY 2018. The investigation was conducted based on records provided by the Town through the end of FY 2016; therefore, the Town should review the information for proper payment during FY 2017 and 2018.

¹¹ This amount reflects a reduction of questioned costs for FY 2016.

CPI Questioned Costs Summary		
<u>Dates</u>	<u>Fiscal Year (FY)</u>	<u>Net Amount</u>
Oct. 1, 2011 – Sept. 30, 2012	FY 2012	(\$29.80)
Oct. 1, 2012 – Sept. 30, 2013	FY 2013	\$0.24
Oct. 1, 2013 – Sept. 30, 2014	FY 2014	\$4,996.28
Oct. 1, 2014 – Sept. 30, 2015	FY 2015	\$5,748.24
Oct. 1, 2015 – Sept. 30, 2016	FY 2016	(\$167.02)
Total Questioned Costs (net)		\$10,547.94

Appendix 1 details the entirety of professional services fees paid.

OIG Interview of William Underwood, Managing Member of Underwood Management

William Underwood stated that Underwood Management's billing procedure to the Town from the beginning has been to submit an invoice for the standard service to accounts payable, go to the Town Council with the invoice, have the council and the committee review the invoice and ask questions, and have the Town Council sign it.

The Town Council policy established that the annual budget process starts in February; Underwood Management used that month throughout the scope of contracts to calculate base fee adjustments. The October corresponding period language in the "Fees and Expenses" section of the contract between Underwood Management and the Town referred to October as when Underwood Management should begin collecting the adjusted base fee. Mr. Underwood stated that the contract did not say that the Town had to use October as the corresponding period for the CPI calculation. Underwood Management could have used any month, but they started the budget process in February.

Mr. Underwood never calculated the CPI adjustment using the month of October. He stated that he did not know if the Town overpaid or underpaid Underwood Management when compared to October being used as the relevant month.

Mr. Underwood explained that the language of the new and current contract between the Town and Underwood Management does not require the use of the CPI to calculate the adjustment to Underwood Management's base fee. He stated that Underwood Management does not want to be out of compliance with the contract and the new contract aligns with the real operational structure of the Town.

OIG Interview of former Town Manager Mark Kutney

Mark Kutney stated that in 2011, Mr. Underwood was the Finance Director for the City of Oakland Park, Florida and owned Underwood Management. After Underwood Management was awarded the Town management contract, Mr. Underwood offered Mr. Kutney the Town of Loxahatchee Groves Town Manager position.

Mr. Kutney oversaw the procurement process of the town but was not involved with Underwood Management's invoicing to the Town or the CPI calculations.

Mr. Kutney believes the CPI calculations related to Underwood Management's contract with the Town were addressed as part of the town budget. Mr. Underwood frequently came in to the town offices when the town budget was prepared. Mr. Kutney never handled CPI calculations and he believes that Mr. Underwood performed the CPI calculation; Mr. Kutney never questioned him about it. The Town Council never had an issue with the CPI calculations during the time Mr. Kutney was the Town Manager.

OIG Interview of Mayor David Browning

Mayor Browning stated all invoices are forwarded by the Town Manager, who reviewed them for mathematical accuracy, validity, conformity to the budget, and compliance with contract and bid requirements. Then, a staff member or principal of Underwood Management or the Town Manager ensures that all conditions and specifications on a contract or order have been satisfactorily fulfilled prior to any disbursement of payment. By approving an invoice, the Town Manager indicates the invoice has been reviewed by for accuracy and recommends a check for payment. Under no circumstances can invoices be paid unless approved by the Town Manager.

The Mayor was not sure whether the Town's Finance Committee calculated the CPI adjustment percentages based on the Professional Services Agreement entered into by and between the Town and Underwood Management.

The Mayor did not recall if the Town Council discussed these CPI adjustments every fiscal year. The Mayor had no knowledge of whether he or the Town Council members knew if there has been an underpayment or overpayment to Underwood Management based on CPI adjustment calculations.

OIG Interview of Town Councilman Ronald Jarriel

Mr. Jarriel could not tell if Underwood Management was under billing or over billing the Town because of the CPI adjustment calculation. Mr. Jarriel stated CPI adjustments and related payments had not been discussed in a Town Council meeting.

OIG Interview of Town Councilman Ryan Liang

Mr. Liang stated that two Town Council members were supposed to perform a review of invoices and the check that needs their signature after they receive them. However, Councilman Liang believes that the majority of Town Council members signed the checks without this review and trusting that the Town Manager reviewed them. Mr. Liang believes the Town Manager's invoices to the Town were not reviewed by the Town Council members for accuracy.

OIG Interview of former Town Councilman Thomas R Goltzene

Mr. Goltzene stated that he was not personally qualified to discuss the CPI issues, adding that for that issue it was necessary to obtain an economist's written opinion on the subject. Mr. Goltzene believes the Town Council voted as to what the actual proper number was, and that the Town Council may have chosen not to deal with the CPI anymore and chose another option.

RECOMMENDED CORRECTIVE ACTIONS

The OIG recommends that the Town:

1. Establish additional internal controls and methods of review for invoices submitted by vendors to ensure that payments are made in compliance with agreements and ensure payments are completed in compliance with agreement terms signed by the Town and its vendors, specifically the town management company.
2. Ensure that Town professional services agreement terms and the performance of such agreement terms are consistent.
3. Review the questioned costs and determine if that amount should be recouped.

IDENTIFIED, QUESTIONED, AND AVOIDABLE COSTS

Questioned Costs: \$10,547.94

RESPONSES

Pursuant to Article XII, Section 2-427 of the Palm Beach County Code, William and Perla Underwood, Managing Members of Underwood Management and the Town were provided the opportunity to submit a written explanation or rebuttal to the findings as stated in this Investigative Report within ten (10) calendar days. Their written responses are attached to this report.

- 1) We reviewed Underwood Management's response and explanation of its methodology in calculating CPI percentages. This response did not provide sufficient information for the OIG to modify our finding.
- 2) The Town did not provide a response.

Appendix 1								
Professional Services Agreement Fees (commencing 10/01/2011), Amendment 1 , Amendment 2 and Amendment 3								
						What Should Have Been	What Was	Difference
A	B	C	D	E	F	G	H	I
Period	Base Fee	Amendment 1	% Δ in CP	Adjusted Base Fee	Adjusted amendment	Professional Services that should have been paid \$	Professional Services Paid \$	Overpaid or (Underpaid) \$
Formulas				B+(B*D)	C+(C*D)	E+F	See ^	H-G
Oct-11	\$20,885.20					\$20,885.20	\$20,855.20	(\$30.00)
Nov-11						\$20,885.20	\$20,885.20	\$0.00
Dec-11						\$20,885.20	\$20,885.20	\$0.00
Jan-12						\$20,885.20	\$20,885.20	\$0.00
Feb-12						\$20,885.20	\$20,885.20	\$0.00
Mar-12						\$20,885.20	\$20,885.20	\$0.00
Apr-12						\$20,885.20	\$20,855.20	(\$30.00)
May-12	\$20,885.20	\$6,250.00				\$27,135.20	\$27,135.20	\$0.00
Jun-12						\$27,135.20	\$27,165.40	\$30.20
Jul-12						\$27,135.20	\$27,135.20	\$0.00
Aug-12						\$27,135.20	\$27,135.20	\$0.00
Sep-12						\$27,135.20	\$27,135.20	\$0.00
Subtotal						\$281,872.40	\$281,842.60	(\$29.80)
Oct-12	\$20,885.20	\$6,250.00	2.3108%	\$21,367.81	\$6,394.42	\$27,762.23	\$27,762.25	\$0.02
Nov-12				\$21,367.81	\$6,394.42	\$27,762.23	\$27,762.25	\$0.02
Dec-12				\$21,367.81	\$6,394.42	\$27,762.23	\$27,135.20	(\$627.03)
Jan-13				\$21,367.81	\$6,394.42	\$27,762.23	\$27,135.20	(\$627.03)
Feb-13				\$21,367.81	\$6,394.42	\$27,762.23	\$27,135.20	(\$627.03)
Mar-13				\$21,367.81	\$6,394.42	\$27,762.23	\$29,643.40	\$1,881.17
Apr-13				\$21,367.81	\$6,394.42	\$27,762.23	\$27,762.25	\$0.02
May-13				\$21,367.81	\$6,394.42	\$27,762.23	\$27,762.25	\$0.02
Jun-13				\$21,367.81	\$6,394.42	\$27,762.23	\$27,762.25	\$0.02
Jul-13				\$21,367.81	\$6,394.42	\$27,762.23	\$27,762.25	\$0.02
Aug-13				\$21,367.81	\$6,394.42	\$27,762.23	\$27,762.25	\$0.02
Sep-13				\$21,367.81	\$6,394.42	\$27,762.23	\$27,762.25	\$0.02
Subtotal						\$333,146.76	\$333,147.00	\$0.24
Oct-13	\$21,367.81	\$6,394.42	1.5020%	\$21,688.75	\$6,490.47	\$28,179.22	\$28,595.66	\$416.44
Nov-13				\$21,688.75	\$6,490.47	\$28,179.22	\$28,595.66	\$416.44
Dec-13				\$21,688.75	\$6,490.47	\$28,179.22	\$28,595.66	\$416.44
Jan-14				\$21,688.75	\$6,490.47	\$28,179.22	\$28,595.66	\$416.44
Feb-14				\$21,688.75	\$6,490.47	\$28,179.22	\$28,595.66	\$416.44
Mar-14				\$21,688.75	\$6,490.47	\$28,179.22	\$28,595.66	\$416.44
Apr-14				\$21,688.75	\$6,490.47	\$28,179.22	\$28,595.66	\$416.44
May-14				\$21,688.75	\$6,490.47	\$28,179.22	\$28,594.66	\$415.44
Jun-14				\$21,688.75	\$6,490.47	\$28,179.22	\$28,595.66	\$416.44
Jul-14				\$21,688.75	\$6,490.47	\$28,179.22	\$28,595.66	\$416.44
Aug-14				\$21,688.75	\$6,490.47	\$28,179.22	\$28,595.66	\$416.44
Sep-14				\$21,688.75	\$6,490.47	\$28,179.22	\$28,595.66	\$416.44
Subtotal						\$338,150.64	\$343,146.92	\$4,996.28
Oct-14	\$21,688.75	\$6,490.47	1.9092%	\$22,102.84	\$6,614.39	\$28,717.23	\$29,196.25	\$479.02
Nov-14				\$22,102.84	\$6,614.39	\$28,717.23	\$29,196.25	\$479.02
Dec-14				\$22,102.84	\$6,614.39	\$28,717.23	\$29,196.25	\$479.02
Jan-15				\$22,102.84	\$6,614.39	\$28,717.23	\$29,196.25	\$479.02
Feb-15				\$22,102.84	\$6,614.39	\$28,717.23	\$29,196.25	\$479.02
Mar-15				\$22,102.84	\$6,614.39	\$28,717.23	\$29,196.25	\$479.02
Apr-15				\$22,102.84	\$6,614.39	\$28,717.23	\$29,196.25	\$479.02
May-15				\$22,102.84	\$6,614.39	\$28,717.23	\$29,196.25	\$479.02
Jun-15				\$22,102.84	\$6,614.39	\$28,717.23	\$29,196.25	\$479.02
Jul-15				\$22,102.84	\$6,614.39	\$28,717.23	\$29,196.25	\$479.02
Aug-15				\$22,102.84	\$6,614.39	\$28,717.23	\$29,196.25	\$479.02
Sep-15				\$22,102.84	\$6,614.39	\$28,717.23	\$29,196.25	\$479.02
Subtotal				\$265,234.10		\$344,606.76	\$350,355.00	\$5,748.24
Subtotal FY 2012-2015 Contract/Amendments						\$1,297,776.56	\$1,308,491.52	\$10,714.96

Professional Services Agreement (commencing 10/01/2015) and Amendment 1 (May 3, 2016)								
A	B	C	D	E	F	G	H	I
Period	Base Fee	Amendment 1				Professional Services that should have been paid \$	Professional Services Paid \$	Overpaid or (Underpaid) \$
Formulas						B+C		H-G
Oct-15	\$30,364.00					\$30,364.00	\$29,780.11	(\$583.89)
Nov-15						\$30,364.00	\$29,780.11	(\$583.89)
Dec-15						\$30,364.00	\$29,780.11	(\$583.89)
Jan-16						\$30,364.00	\$29,780.11	(\$583.89)
Feb-16						\$30,364.00	\$29,780.11	(\$583.89)
Mar-16						\$30,364.00	\$29,780.11	(\$583.89)
Apr-16						\$30,364.00	\$33,867.00	\$3,503.00
May-16						\$30,364.00	\$30,364.00	\$0.00
Jun-16	\$30,364.00	\$8,875.00				\$39,239.00	\$39,197.33	(\$41.67)
Jul-16						\$39,239.00	\$39,197.33	(\$41.67)
Aug-16						\$39,239.00	\$39,197.33	(\$41.67)
Sep-16						\$39,239.00	\$39,197.33	(\$41.67)
Subtotal/New Contract						\$399,868.00	\$399,700.98	(\$167.02)
Net Total								\$10,547.94

**Appendix 2
Response from Underwood
Management Services Group, LLC
Follows**

Underwood Management Services Group, LLC

840 N.E. Stokes Terrace
Jensen Beach, Florida 34957
Telephone: 772.233.1511

William F. Underwood, II
Partner
Email: umsg@att.net

May 18, 2018

Stuart A. Robinson, Director of Investigations
Office of Inspector General
Palm Beach County
P. O. Box 16568
West Palm Beach, FL

RE: Response of the Town Council of the Town of Loxahatchee Groves to Investigative Report 2016-0004 "Town of Loxahatchee Groves Professional Services Agreement for Town Management Services, dated May 9, 2018 ("Report")

Dear Mr. Robinson:

As you may be aware, the draft Audit Report containing one finding and three recommendations relating to the Town's professional services agreement for Town Management Services as it relates to the CPI adjustment is the **second inquiry** on this matter by OIG, and the **second** response to this identical allegation proffered by Councilman Rockett (Rockett). In fact, this may be the same allegation continued. I have attached the OIG inquiry dated November 18, 2015 and the December 11, 2015 response by the Town.

It appears the crux of Rockett's and the OIG issue is the interpretation of the contract language, and the legislative authority of the Town Council wherein we believe the "corresponding period" for the increased calculation contract amount can be interpreted otherwise, and the Town Council has ultimate authority to set, change, or eliminate the corresponding period. The "Fee shall be automatically adjusted on October 1, 2012 and on each October 1 thereafter during the term..." Actions specifically by Councilman Rockett, and the Finance Accounting and Auditing Committee (FAAC) in 2012, and approved by the Town Council indicates the legislative intent and interpretation of the "corresponding period" that categorically does not support the OIG position used in this report. This may be the reason the 2015 Complaint (See Attached OIG 2016-10-0032 Case dated 11/18/2015 and Town Response of 12/11/2015) that was originally submitted on this matter *conveniently excluded the CPI* used for FY2013.

Similarly, an additional question can be raised regarding which Consumer Price Index should be used in the contract analysis. That is, does the Town use the not seasonally adjusted or seasonally adjusted CPI in the formula calculation? *The contract language is ill defined or legislative authority is the final arbitrator.* The action of the FAAC and Rockett in particular, from the beginning of the contract used "corresponding period" to mean a period of Council's choosing as evidenced by the fiscal year 2012-2013 approved contract amount. In that contract year, Rockett insisted and the FAAC agreed the contract budget use the CPI increase that begins in May 2012 not February or October (as the OIG would prefer.) From inception, Management has consistently used the Not Seasonally Adjusted, Southern Urban CPI, for February in each year. In 2012, the CPI was 3.3; however, Councilman Rockett and the FAAC recommended the May CPI of 1.6 be selected as the increase for the FY2013 Contract services. With all

due respect, we do not believe that the OIG has the authority to override the legislative act of the Town Council and specifically, Council Member Rockett's use of the 2012 May CPI.

It escapes me why Rockett filed a complaint with the OIG in January 2016 because during his tenure with the Town which includes the period of January 2016, he had sufficient opportunity and support by the majority of Town Council to perform any investigation into contract compliance if he so desired, and select any CPI increase he so chose as he had previously done for FY2013. You may want to correct Page 1 of your Investigative Report where you state "[on] January 4, 2016 ... received a letter from former Town of Loxahatchee Groves (Town) Council Member James Rockett" because he was still a sitting Council Member of the Town until his election loss in March 2016.

The only time Management's calculation for the services contract CPI increase did not use the Not Seasonally Adjusted; Southern Urban CPI for February was done for the Town's FY2016 Budget. The funding amount that included a 2% increase was done as a placeholder for Severn Trent, the new company that was ultimately selected in September 2015 to provide Management services as identified in the Town's December 11, 2015 response.

Additionally, the Town Council which included Rockett received detail information during every annual budget process to question publicly or privately any amount, comment, or recommendation proffered by Management in the budget. In each of the subsequent years, no dialogue privately or publicly occurred that indicated that neither FAAC members, nor Rockett disagreed with the new contract amounts. *Therefore, please accept this as our unfettered categorical rejection of the OIG analysis and questioned costs.*

However, what this investigation report failed to depict in its analysis was the fact that the Town Council approved a 2012 May CPI of 1.6% as the Contract adjustment calculation for fiscal year 2013. In fact, I would have thought the reported analysis within your Draft Report would have identified the Town Council selection of the 2012 May CPI adjustment as we were questioned on this matter directly by the OIG staff recently at a meeting at its office.

I believe the OIG continues to fail in understanding the legislative authority of local municipal governments in their home rule capacity. The Town Council can and does implement legislative actions that may be disagreeable to the OIG, other agencies, and I. The OIG fails to recognize the Town Council can legislatively implement any change in a contract they desire and it is up to the party of the second part to object and take action to correct a contract infraction.

Unfortunately, in hindsight the Management company should not have capitulated to Rockett and the FAAC members request to use the 2012 May CPI of 1.6% as this matter has consumed untold unnecessary Palm Beach County taxpayer, Town of Loxahatchee Groves citizen, and Management's expense.

For clarity of understanding, attached hereto is a copy of the Bureau of Labor Statistics table used in determining the CPI from 2005 through October 2015. In it you will see the 2012, 2013, 2014, and 2015 12-month percentage change in the Consumer Price Index – All Urban Consumers, Not Seasonally Adjusted for the South Urban Consumers.

Please note the February 12-month percent change is 3.3% in 2012, 1.8% in 2013, and 1.2% in 2014. Due to the fact the approved contract budget used for fiscal year 2013 was 1.6%; the differential from

3.3% to 1.6% is 1.7%. This differential was included in the 2014 contract budget which increased from 1.8% to 3.5%. That is, the loss of 1.7% in the FY 2013 contract budget along with the 1.8% increase in the FY 2014 was used to calculate the increase in the contract. Attached hereto is Appendix 1 that reflects the contract amount that should have been paid during each of the questioned fiscal years and the amount actually remitted by the Town. As you will read, it took the following two (2) years to recoup the FY 2013 legislatively mandated and somewhat capricious reduction in the contract amount.

In conclusion, we categorically disagree that there was no methodology on the part of Management as it has used February as the month to determine at which the subsequent budget is based. We summarily dismiss the statement that Management was overpaid. To the contrary, Management remained continually in the arrears at the end of the FY 2012 and basically every month and year thereafter until the fiscal year ends at September 2015. At the end of FY 2016 Management had been cumulatively *overcompensated about \$130*. As of the end of September 2017, the Town had cumulatively *undercompensated Management about \$370* that has continued through May 2018, as reflected in Appendix 1.

In order to comply with the OIG recommendations 1, 2, and 3, the Town Council would be required to review its own legislative actions that caused changes in specific contract amounts and subsequent invoices to be submitted for payment differing from any original contract. Notwithstanding the fact the Town Council's review of detailed appropriations, monthly revenue and expenditure reports, and detailed accounting review by their FAAC advisory committee, the OIG recommendations to establish additional internal controls beyond those already identified, could lead one to believe the OIG considers the Council as not capable or should not take legislative action that it deems to be in the best interest of its citizens. For the OIG to imply that additional methods of review of invoices should be taken by the Town Council, one can only conclude the OIG does not perceive the Town Council capable of exercise its legislative authority, or should relinquish its legislative authority to another body for review and approval. However, we will continue to encourage the Council to review all the detail appropriations and all contracts.

Submitted,



William F. Underwood, II, Manager
Underwood Management Services Group, LLC



John A. Carey
Inspector General

OFFICE OF INSPECTOR GENERAL
PALM BEACH COUNTY
MANAGEMENT INQUIRY



Inspector General
Accredited

November 18, 2015

David Browning, Mayor
Town of Loxahatchee Groves
155 F Road
Loxahatchee Groves, FL 33470

Re: OIG# 2016-10-0032

Dear Mr. Browning:

The Palm Beach County Office of Inspector General (OIG) received an anonymous complaint against the Town of Loxahatchee Groves. The complainant alleges the Town Manager inflated the Consumer Price Index (CPI) calculations and paid himself \$11,807.00 more than his contract allowed. The complainant explains that the Underwood Management Services Group (UMSG) overpaid itself during the 2013/14, 2014/15, and the 2015/16 contract year. The complainant asserts that "the contract between the Town of Loxahatchee Groves and UMSG effective 10/1/11 entitles UMSG to a "Base Fee" which "Base Fee" shall be automatically adjusted on October 1, 2012 and each October 1 thereafter during the Term in an amount equal to the percentage change in the Consumer Price Index-All Urban Consumers for the South Urban Region for the corresponding period...should the CPI adjustment be negative, then the adjustment would not apply."

Additionally, the complainant indicates the Town failed to collect on a court ordered judgment. The complainant claims that on June 5, 2015, the United States District Court-Southern District ordered and adjudged the Town of Loxahatchee Groves to recover \$3,257.86 along with a post judgment interest at the rate of .24% from resident Todd McLendon until monies are paid. The complainant indicates that as of October 26, 2015, the Town has made no efforts to recover the money.

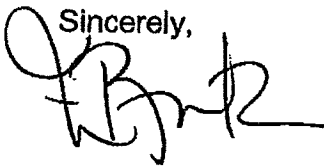
"Enhancing Public Trust in Government"

In order for our office to determine whether a more formal investigation is warranted with regard to the above-referenced issues, please conduct an inquiry into the Complainant's allegations and provide a summary of your findings to this office no later than December 18, 2015.

Once this information is received, it will be reviewed to determine if any further OIG involvement is warranted.

Thank you for your attention to this matter.

Sincerely,



Evangeline Rentz
Intake Manager

cc: Town Council
Ron Jarriel, Vice Mayor
Tom Goltzene, Councilman
Jim Rockett, Councilman
Ryan Liang, Councilman

This inquiry is being sent to you for your response as part of an active investigation by the Palm Beach County Office of Inspector General in accordance with the Inspector General Ordinance, Article XII, Sections 2-4272 and 2-423, pursuant to § 119.0713(2), Florida Statutes, information received, produced, or derived from an investigation by an office of inspector general is confidential and may not be disclosed until the investigation is complete or is no longer active. Accordingly, you must maintain the confidentiality of this document until the investigation is complete or is no longer active. Pursuant to § 119.10(2)(a), Florida Statutes, any person who willfully and knowingly violates any provision of Chapter 119, Florida Statutes, commits a misdemeanor of the first degree, punishable by a term of imprisonment of up to one year and a fine of up to \$1,000.



Town of Loxahatchee Groves

155 F Road
Loxahatchee Groves, FL 33470

Phone (561) 793-2418
Fax (561) 793-2420
www.loxahatcheegrovesfl.gov

December 11, 2015

Evangeline Rentz, Intake Manager
Palm Beach County Office of Inspector General
PO Box 16568
West Palm Beach, FL 33416

Dear Ms. Rentz:

Re: OIG#2016-10-0032

In response to your request relative to an anonymous complaint filed against the Town relative to an inflated Consumer Price Index by the Town Manager, and a failure to collect on a court ordered judgement, please be advised an investigation into the allegation of the Town Manager using an inflated Consumer Price Index (CPI) has been performed. It is noted that the fiscal year 2012/13 was not included in the complaint. Please understand our investigation included the timeframe from the inception of the contract, October 2011 through the 2015/16 fiscal year.

The Town Manager used the CPI - All Urban Consumer for the South Urban Region. The Town begins its annual budget in April of each year. In order for the budget to be prepared effective October 1, of each year the index is pegged to the month of February. Specifically, the index from the Bureau of Labor Series Id is CUUR0300SA0, Not Seasonally Adjusted. The contract base fee was \$250,625 per annum.

The investigation indicated that in fiscal year 2012/13 the CPI was 3.3% and when applied to the base, the amount to be paid under the contract should have been \$258,895; however, the amount budgeted and paid in that year was \$254,635. UMSG was underpaid \$4,260.

Fiscal year 2013/14 had a 1.8% CPI applied to the new base providing for an amount that should have been \$263,556. The amount budgeted and paid in that year was \$264,106 in order to compensate for a portion of prior year shortage. UMSG was overpaid by \$550. However, when that over payment was applied to the prior year underpayment of \$4260, UMSG continued with a credit balance of \$3700.00

Fiscal Year 2014/15 which had a 1.2% CPI applied to the new base providing for an amount that should have been \$266,718. The amount budgeted and paid in that year was \$269,653. Again the payment was done in order to compensate for the portion of the outstanding balance owed UMSG. UMSG was overpaid \$2,935, but continued with a credit balance of \$775.

In conclusion, the Town **underpaid** UMSG in the amount of **\$775** for fiscal years 2012, 2013, and 2014.

With respect to compensation to UMSG for planning and zoning services portion of the management services contract, the Town Manager correctly used the CPI – All Urban Consumer for the South Urban Region. As with the initial contract, this contract budgeting begins in April of each year as indicated in the Town's annual budget. Similarly, for the budget to be prepared effective October 1, of each year the index

is pegged to the month of February. Specifically, the same index from the Bureau of Labor Series Id is CUURO300SA0, Not Seasonally Adjusted. The contract base fee was \$75,000 per annum.

This portion of the investigation indicated that in fiscal year 2012/13 the CPI was 3.3% and when applied to the base, the amount to be paid under the contract should have been \$77,475; however, the amount budgeted and paid in that year was \$76,200. UMSG was under paid \$1,275.

The subsequent year 2013/14 had a 1.8% CPI applied to the new base providing for an amount that should have been \$78,869.55. The amount budgeted and paid in that year was \$79,042 in order to compensation for a portion of the prior year shortage. UMSG was overpaid \$172.45, however when that overpayment was applied to the prior year underpayment of \$1,275, UMSG continued with a credit balance of \$1102.55.

The next year of the complaint is 2014/15 which had a 1.2% CPI applied to the new base providing for an amount that should have been \$79,815.98. The amount budgeted and paid in that year was \$80,702. UMSG was overpaid by \$886.02. Again the payment was done in order to compensate for the portion of the outstanding balance owed UMSG of \$1102.55; however, when applied to the prior year underpayment, UMSG continued with a credit balance of \$216.53.

For fiscal years 2012, 2013, and 2014, the Town **underpaid** UMSG in the amount of **\$216.53** for the planning and zoning component of the management services agreement.

With respect to this current fiscal year, the budget amount was based on UMSG not being extended. The Town Manager for purposes of providing funding for the next management firm simply used the 2% increase the Palm Beach County Sherriff requested. No change has been made subsequent to the beginning of the fiscal year. The Town Manager was unaware the contract would be extended until September 1, 2015. As a result, this current fiscal year published in the budget is \$275,045. The CPI is 0%. In October, the Town Council requested the Town Manager suggest revisions to the current management services contract for Town Council discussion and consideration at their January meeting. Annual adjustments to the management services agreement will be part of the revisions for consideration that will include the new adjustment for the current fiscal year.

Finally, please be advised that the Town **underpaid** UMSG for the periods 2012 through 2015 in the amount of **\$992**. Town Manager Underwood has advised he has no plan to submit a request for the \$992 owed his company.


With respect to the allegation that the Town failed to collect on a court order judgement, please be advised that our Town Attorney Mike Cirullo reached out to the Town's insurance counsel on the OIG inquiry into the McLendon Cost Judgement. The judgement resulted from litigation against the Town in which the cost of defense was paid by the Town's insurer, to wit the Florida Municipal Insurance Trust (FMIT). Although the judgment debtor is the Town, any amounts recovered belong to the FMIT. While the FMIT has recorded the judgment in the official records of Palm Beach County, to date the FMIT has elected not to expend additional funds in an effort to satisfy the judgement although it retains the right to do so in the future.

Sincerely,




David Browning, Mayor

cc: Mike Cirullo, Town Attorney
William F. Underwood, II


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Consumer Price Index - All Urban Consumers

12-Month Percent Change
 Series Id: CUUR0300SA0
 Not Seasonally Adjusted
 Area: South urban
 Item: All items
 Base Period: 1982-84=100

Download:  [xlsx](#)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	HALF1	HALF2
2005	3.0	3.1	3.2	3.5	2.9	2.7	3.2	3.7	5.0	4.8	3.8	3.7	3.6	3.1	4.0
2006	4.3	3.8	3.7	4.0	4.4	4.5	4.5	4.1	2.0	1.1	1.9	2.5	3.4	4.1	2.7
2007	1.8	2.2	2.6	2.5	2.7	2.7	2.3	2.0	3.0	3.8	4.7	4.4	2.9	2.4	3.4
2008	4.9	4.6	4.4	4.2	4.6	5.3	5.8	5.6	5.4	3.9	1.0	0.0	4.2	4.7	3.6
2009	-0.1	0.1	-0.3	-0.7	-1.3	-1.4	-2.1	-1.6	-1.8	-0.4	2.0	2.9	-0.4	-0.6	-0.2
2010	2.8	2.3	2.5	2.4	2.0	0.9	1.0	1.1	1.4	1.3	1.1	1.4	1.7	2.1	1.2
2011	1.7	2.2	2.8	3.4	4.0	3.8	4.1	4.3	4.1	3.7	3.8	3.3	3.4	3.0	3.9
2012	3.2	3.3	2.8	2.5	1.6	1.7	1.4	1.6	2.1	2.1	1.6	1.7	2.1	2.5	1.7
2013	1.6	1.8	1.5	0.9	1.3	1.9	2.2	1.7	1.3	1.3	1.5	1.8	1.6	1.5	1.6
2014	1.7	1.2	1.5	2.3	2.4	2.3	2.0	1.7	1.7	1.6	1.3	0.6	1.7	1.9	1.5
2015	-0.4	-0.3	-0.3	-0.6	-0.4	-0.1	-0.1	-0.2	-0.4	-0.1				-0.3	

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Appendix 1

Professional Services Agreement Fees (commencing 10/01/2011), Amendment 1, Amendment 2, Amendment 3
 Professional Services Agreement Fees (commencing 10/01/2016), Amendment 1

A	B	C	D	D1	E	E1	G	H	I
Period	Base Fee	Amd. No.	% CPI	Apvd % CPI	Adjusted Base & Adm. Fee-% CPI	Adjusted Base & Adm. Fee- Apvd % CPI	Professional Services that should have been paid	Professional Services Paid	Overpaid or (Underpaid) Balance
FY2012									
Oct-11	\$ 20,885.20						\$ 20,885.20	\$ 20,855.20	(\$30.00)
Nov-11							\$ 20,885.20	\$ 20,885.20	
Dec-11							\$ 20,885.20	\$ 20,885.20	
Jan-12							\$ 20,885.20	\$ 20,885.20	
Feb-12							\$ 20,885.20	\$ 20,885.20	
Mar-12							\$ 20,885.20	\$ 20,885.20	
Apr-12							\$ 20,885.20	\$ 20,855.20	(\$30.00)
May-12		\$ 6,250.00					\$ 27,135.20	\$ 27,135.20	
Jun-12							\$ 27,135.20	\$ 27,165.40	\$30.20
Jul-12							\$ 27,135.20	\$ 27,135.20	
Aug-12							\$ 27,135.20	\$ 27,135.20	
Sep-12							\$ 27,135.20	\$ 27,135.20	
Subtotal							\$ 281,872.40	\$ 281,842.60	(\$29.80)
FY2013									
							Under payment from FY2012		(\$29.80)
Oct-12	\$ 21,367.82	\$ 6,394.43	3.30%	1.60%	\$ 336,367.92	\$ 332,147.00	\$ 28,030.66	\$ 27,762.25	(\$298.21)
Nov-12							\$ 28,030.66	\$ 27,762.25	(\$566.62)
Dec-12							\$ 28,030.66	\$ 27,135.20	(\$1,462.08)
Jan-13							\$ 28,030.66	\$ 27,135.20	(\$2,357.54)
Feb-13							\$ 28,030.66	\$ 27,135.20	(\$3,253.00)
Mar-13							\$ 28,030.66	\$ 28,643.40	(\$2,640.26)
Apr-13							\$ 28,030.66	\$ 27,762.25	(\$2,908.67)
May-13							\$ 28,030.66	\$ 27,762.25	(\$3,177.08)
Jun-13							\$ 28,030.66	\$ 27,762.25	(\$3,445.49)
Jul-13							\$ 28,030.66	\$ 27,762.25	(\$3,713.90)
Aug-13							\$ 28,030.66	\$ 27,762.25	(\$3,982.31)
Sep-13							\$ 28,030.66	\$ 27,762.25	(\$4,250.72)
Subtotal							\$ 336,367.92	\$ 332,147.00	
FY2014									
							Under payment from FY2013		(\$4,250.72)
Oct-13	\$ 22,008.83	\$ 6,586.83	1.80%	3.50%	\$ 342,422.56	\$ 343,147.92	\$ 28,535.21	\$ 28,595.66	(\$4,190.27)
Nov-13							\$ 28,535.21	\$ 28,595.66	(\$4,129.83)
Dec-13							\$ 28,535.21	\$ 28,595.66	(\$4,069.38)
Jan-14							\$ 28,535.21	\$ 28,595.66	(\$4,008.93)
Feb-14							\$ 28,535.21	\$ 28,595.66	(\$3,948.49)
Mar-14							\$ 28,535.21	\$ 28,595.66	(\$3,888.04)
Apr-14							\$ 28,535.21	\$ 28,595.66	(\$3,827.59)
May-14							\$ 28,535.21	\$ 28,595.66	(\$3,767.15)
Jun-14							\$ 28,535.21	\$ 28,595.66	(\$3,706.70)
Jul-14							\$ 28,535.21	\$ 28,595.66	(\$3,646.26)
Aug-14							\$ 28,535.21	\$ 28,595.66	(\$3,585.81)
Sep-14							\$ 28,535.21	\$ 28,595.66	(\$3,525.36)
Subtotal							\$ 342,422.56	\$ 343,147.92	

Appendix 1

Professional Services Agreement Fees (commencing 10/01/2011), Amendment 1, Amendment 2, Amendment 3
 Professional Services Agreement Fees (commencing 10/01/2016), Amendment 1

A	B	C	D	D1	E	E1	G	H	I
Period	Base Fee	Amd. No.	% CPI	Apvd % CPI	Adjusted Base & Adm. Fee-% CPI	Adjusted Base & Adm. Fee- Apvd % CPI	Professional Services that should have been paid	Professional Services Paid	Overpaid or (Underpaid) Balance
FY2015							Under payment from FY2014		(\$3,525.36)
Oct-14	\$ 22,471.08	\$ 6,725.17	1.20%	2.10%	\$ 346,531.68	\$ 350,355.00	\$ 28,877.64	\$ 29,196.25	(\$3,206.75)
Nov-14							\$ 28,877.64	\$ 29,196.25	(\$2,888.14)
Dec-14							\$ 28,877.64	\$ 29,196.25	(\$2,569.53)
Jan-15							\$ 28,877.64	\$ 29,196.25	(\$2,250.92)
Feb-15							\$ 28,877.64	\$ 29,196.25	(\$1,932.31)
Mar-15							\$ 28,877.64	\$ 29,196.25	(\$1,613.70)
Apr-15							\$ 28,877.64	\$ 29,196.25	(\$1,295.09)
May-15							\$ 28,877.64	\$ 29,196.25	(\$976.48)
Jun-15							\$ 28,877.64	\$ 29,196.25	(\$657.87)
Jul-15							\$ 28,877.64	\$ 29,196.25	(\$339.26)
Aug-15							\$ 28,877.64	\$ 29,196.25	(\$20.65)
Sep-15							\$ 28,877.64	\$ 29,196.25	\$297.96
Subtotal							\$ 346,531.68	\$ 350,355.00	
FY2016							Over payment of FY2015		\$297.96
New Contract - 10/1/2015									
Oct-15	\$ 23,378.83	\$ 6,985.17	N/A	N/A	N/A	\$ 364,368.00	\$ 30,364.00	\$ 29,780.00	(\$286.04)
Nov-15							\$ 30,364.00	\$ 29,780.00	(\$870.04)
Dec-15							\$ 30,364.00	\$ 29,780.00	(\$1,454.04)
Jan-16							\$ 30,364.00	\$ 29,780.00	(\$2,038.04)
Feb-16							\$ 30,364.00	\$ 29,780.00	(\$2,622.04)
Mar-16							\$ 30,364.00	\$ 29,780.00	(\$3,206.04)
Apr-16							\$ 30,364.00	\$ 30,364.00	(\$3,206.04)
								\$ 3,503.00	\$296.96
May-16							\$ 30,364.00	\$ 30,364.00	\$296.96
Jun-16		\$ 8,875.00				\$ 35,500.00	\$ 39,239.00	\$ 39,197.33	\$255.29
Jul-16							\$ 39,239.00	\$ 39,197.33	\$213.62
Aug-16							\$ 39,239.00	\$ 39,197.33	\$171.95
Sep-16							\$ 39,239.00	\$ 39,197.33	\$130.28
Subtotal							\$ 399,868.00	\$ 399,700.32	
FY2017							Over payment of FY2106 Contract		\$130.28
Oct-16	\$ 24,080.33	\$ 7,194.55	\$ 8,875.00			\$ 481,798.56	\$ 40,149.88	\$ 40,108.21	\$88.61
Nov-16							\$ 40,149.88	\$ 40,108.21	\$46.94
Dec-16							\$ 40,149.88	\$ 40,108.21	\$5.27
Jan-17							\$ 40,149.88	\$ 40,108.21	(\$36.40)
Feb-17							\$ 40,149.88	\$ 40,108.21	(\$78.07)
Mar-17							\$ 40,149.88	\$ 40,108.21	(\$119.74)
Apr-17							\$ 40,149.88	\$ 40,108.21	(\$161.41)
May-17							\$ 40,149.88	\$ 40,108.21	(\$203.08)
Jun-17							\$ 40,149.88	\$ 40,108.21	(\$244.75)
Jul-17							\$ 40,149.88	\$ 40,108.21	(\$286.42)
Aug-17							\$ 40,149.88	\$ 40,108.21	(\$328.09)
Sep-17							\$ 40,149.88	\$ 40,108.21	(\$369.76)
Subtotal							\$ 481,798.56	\$ 481,298.52	

Appendix 1

Professional Services Agreement Fees (commencing 10/01/2011), Amendment 1, Amendment 2, Amendment 3
 Professional Services Agreement Fees (commencing 10/01/2016), Amendment 1

A	B	C	D	D1	E	E1	G	H	I
Period	Base Fee	Amd. No.	% CPI	Apvd % CPI	Adjusted Base & Adm. Fee-% CPI	Adjusted Base & Adm. Fee- Apvd % CPI	Professional Services that should have been paid	Professional Services Paid	Overpaid or (Underpaid) Balance

FY2018							<u>Under payment of FY2017 Contract</u>		<u>(\$369.76)</u>	
Oct-17	\$ 24,802.74	\$ 7,410.34	\$ 9,098.33				\$ 495,736.92	\$ 41,311.41	\$ 40,108.21	(\$1,572.96)
Nov-17								\$ 41,311.41	\$ 42,514.61	(\$369.76)
Dec-17								\$ 41,311.41	\$ 41,311.41	(\$369.76)
Jan-18								\$ 41,311.41	\$ 41,311.41	(\$369.76)
Feb-18								\$ 41,311.41	\$ 41,311.41	(\$369.76)
Mar-18								\$ 41,311.41	\$ 41,311.41	(\$369.76)
Apr-18								\$ 41,311.41	\$ 41,311.41	(\$369.76)
May-18								\$ 41,311.41	\$ 41,311.41	(\$369.76)
Jun-18								\$ 41,311.41		
Jul-18								\$ 41,311.41		
Aug-18								\$ 41,311.41		
Sep-18								\$ 41,311.41		
Subtotal								\$ 495,736.92	\$ 330,491.28	