

MINUTES OF COMMITTEE MEETING VIERA STEWARDSHIP DISTRICT

The regular meeting of the audit committee of the Board of Supervisors of the Viera Stewardship District was held Wednesday, June 13, 2012, at 4:00 p.m. at 7380 Murrell Road, Suite 201, Viera, Florida 32940.

Present and constituting a quorum were:

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| Jay A. Decator, III | Committee Chairman |
| Mark Engwall (<i>by phone</i>) | Committee Member |
| Ann M. Gainey | Committee Member |
| Chris Leffler | Committee Member |
| David Tomczak | Committee Member |

Also present were:

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| Gary L. Moyer | Manager: Moyer Management Group |
| Jennifer Kilinski (<i>by phone</i>) | Attorney: Hopping, Green & Sams |
| Paul Martell | Treasurer |
| Ashley Martell | Intern for The Viera Company |

FIRST ORDER OF BUSINESS

Roll Call

Mr. Decator called the meeting to order at 4:10 p.m.

Mr. Decator called the roll, indicating a quorum was present for the meeting.

SECOND ORDER OF BUSINESS

Authorization for Staff to Solicit Proposals from Qualified Accounting Firms

Mr. Moyer stated this Board appointed itself as the audit committee, and as such, this is a meeting of that committee, which is separate and distinct from your role as being Supervisors of the Viera Stewardship District. We are following a procedure outlined in Florida Law on how governments go about obtaining auditing services. We are asking the committee to authorize staff to solicit proposals for qualified accounting firms. That means we will publish a notice in the newspaper, which was included in the agenda package. This notice requests any auditing firm that desires to provide those services, to the District to submit to us their qualifications. Unlike selecting an engineer or an architect where we cannot ask for price, in selecting an auditor, we can ask for price. I suggest to the Board that we do that. The number of auditors who are active providing this service to special Districts is fairly small, perhaps six or so in the State that are heavily involved in this process. They are all qualified, and many of them have been doing this for years and have numerous CDD and special District clients. All that will be

reflected in the proposals that are received by the committee. We will discuss the evaluation criteria next, but I think price does play a role. It should not be the only determining factor because we do need to follow the process and look at who is the most qualified to provide that service, but I think price is important.

THIRD ORDER OF BUSINESS

Approval of Evaluation Criteria

Mr. Moyer stated we provided two options for the committee to choose for the evaluation criteria, one including price and one not. Under Option A, the ability of personnel is weighted the heaviest at 30 points, the proposer's experience is 20 points, understanding the scope of work is 10 points, the ability to furnish the required services within the Statute's guidelines of nine months is 20 points, and price is 20 points. Option B has the first four criteria from Option A, deleting price, and we weighted everything at 25 points each. My recommendation is to select Option A since it is a better way of scoring the responses that we will receive for auditing services.

Mr. Martell stated I concur; I like the first option that includes price.

Mr. Decator stated Mr. Martell's comments as the Treasurer are welcome, and I agree that we need to include price as a criterion.

Mr. Martell stated the six auditing firms are pretty typical for these services. I talk with a couple local firms in Brevard County, and sometimes they will ask how they can provide services to us. There might be some local firms, as well, but they will not have the volume of work specifically related to CDD operations or a Stewardship District. I think there is some real value there, but that is covered under the understanding and experience, as well as the other criteria. My experience in evaluating this for other CDDs where I have been a Supervisor or other capacity is a lot of times, price is very significant. Everyone has good experience and knowledge and is obviously licensed as a CPA firm.

Mr. Tomczak asked how much do the prices vary among the firms?

Mr. Martell stated not by very much.

Mr. Tomczak stated I think if we have the ability to use price as one of the factors, then we need to consider it. I think we have the responsibility of looking after the District's funds.

Mr. Martell stated looking at the instructions for item 3, it says if the contract is awarded, it will only be awarded to a responsive and responsible proposer who is

qualified by experienced and licensed to do the work. That is the requirement. Once you get a licensed CPA firm with experience, you are 98% there.

Mr. Moyer stated as the District ages and becomes more active, there will probably be more differences in price on a going-forward basis. I would expect, for this year, if they really understand the scope of work, they can audit every single financial transaction of the District, which might be 30 at the most. With a mature District that has 200 requisitions and you are paying numerous vendors, then it becomes more complex. I would expect for this initial year that it is a fairly easy audit engagement.

Mr. Martell stated one of the factors in choosing an auditor is how much of the burden they are going to place on the Supervisors, which is probably very minimal, if anything. Most of it will be the management company. If they are not experienced, they could spend a lot of staff time from the management firm, and that is something we need to consider, as well.

Mr. Decator asked are the actions of the committee a recommendation to the Board of Supervisors, or is this the final action?

Mr. Moyer stated I think the committee can authorize this work. However the safest thing might be for me to bring it up under my report at the regular meeting for the Board to approve the solicitation.

Ms. Kilinski stated the committee can authorize this work. Once the proposals are received, scored and ranked, then that will be a recommendation of the committee to the Board of Supervisors on which proposer to select. For this purpose, we are merely advertising to receive proposals, and this action does not bind the Board to select any particular auditor. It just puts that process in motion. It is also fine for Mr. Moyer to raise it under his staff report.

Mr. Moyer stated I will do that. I will ask the committee to approve Option A for the evaluation criteria.

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| On MOTION by Mr. Leffler, seconded by Mr. Tomczak, with all in favor, unanimous approval was given to Option A evaluation criteria. |
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FOURTH ORDER OF BUSINESS

Approval of Audit Proposal Instructions

Mr. Moyer stated these instructions are fairly standard and will tell these accounting firms what we are looking for and what we expect them to include in their proposals.

Mr. Decator stated this is a request for auditing services for this fiscal year with an option for the next two fiscal years. I do not have any objection to that. Is that standard?

Mr. Moyer stated yes. Generally, you can get better pricing if they know they can amortize some of the first year learning curve costs into future years. That is why we offer that option.

Mr. Decator asked that is the District's option?

Mr. Moyer stated yes.

Mr. Decator asked if we are not satisfied with the services of the auditor, we do not have to exercise the renewal option for the following fiscal year?

Mr. Moyer stated that is correct.

Mr. Decator asked typically there is no penalty for not exercising that option?

Mr. Moyer stated no, there is not. Every year we will bring an engagement letter to the Board to consider.

Mr. Tomczak asked do we have the ability to lock in any fees with them?

Mr. Moyer stated we will ask that as part of the proposal, that they provide fees on a going-forward basis.

On MOTION by Mr. Engwall, seconded by Mr. Tomczak, with all in favor, unanimous approval was given to the audit proposal instructions.

FIFTH ORDER OF BUSINESS

Other Business

There being none, the next order of business followed.

SIXTH ORDER OF BUSINESS

Adjournment

The committee meeting adjourned at 4:20 p.m.

Jay A. Decator, III, Committee Chairman