

**SEACOAST UTILITY AUTHORITY  
REGULAR MEETING**

February 24, 2016  
Seacoast Utility Authority Board Room

**MINUTES**

CALL TO ORDER: 3:00 PM

PLEDGE OF ALLEGIANCE

ROLL CALL:

PRESENT: Ron Ferris, Chair  
Robert Gebbia, Vice Chair  
John D'Agostino, President Pro-Tem  
Joseph Lo Bello, Member  
Robert Weisman, Member

ALSO PRESENT: Nat Nason, General Counsel  
Rim Bishop, Executive Director  
Jessica Moore, Authority Clerk

COMMENTS FROM THE PUBLIC:

There were no public comments.

**\*\*\*DETERMINE THE CONSENT AGENDA\*\*\***

APPROVAL OF AGENDA

Moved to approve the agenda.

APPROVAL OF MINUTES FOR MEETING OF JANUARY 27, 2016

Moved to approve the minutes for meeting of January 27, 2016.

AGREEMENTS

A. DEVELOPER AGREEMENTS

1. La Posada Expansion

Moved to approve execution of Developer Agreement for the project known as La Posada Expansion, as recommended by staff.

B. OTHER

1. Supplemental Class "A" Reclaimed Water Agreement – Cimarron Cove

Moved to approve execution of a Class “A” Reclaimed Water agreement for the project known as Cimarron Cove, as recommended by staff.

CONTRACT AWARDS

A. EQUIPMENT/SUPPLIES

1. Water Treatment Chemical Renewal – Anhydrous Ammonia

Moved to authorize a contract extension through March 31, 2017, for Anhydrous Ammonia, to Tanner Industries, in the amount of \$0.76/lb., total estimated annual cost of \$74,055.00, as recommended by staff.

ANNUAL REPORTS

Moved to receive and file the Executive Director’s Annual Report and the Engineers Report on the Condition of the System, as recommended by staff.

MOTION

**Board Members Weisman/D’Agostino moved to approve the consent agenda, as recommended by staff.**

**The motion carried unanimously.**

**\*\*\*END OF CONSENT AGENDA\*\*\***

WATER TREATMENT PLANT AND REPUMP FACILITIES – ELECTRICAL SYSTEMS MAINTENANCE AGREEMENT

MOTION

**Board Members Lo Bello/Weisman moved to approve Schneider Electric proposal for a three-year Square D electrical systems maintenance agreement in the amount of \$165,600.00, and to authorize a supporting \$16,100.00 budget transfer from O1607 40-546-330 Raw Water Main Cleaning, to O1604 40-546-330 MCC Maintenance and Inspections, as recommended by staff.**

**The motion carried unanimously.**

WATER TREATMENT CHEMICALS – SEQUESTANT AND CORROSION INHIBITOR

MOTION

**Board Members Weisman/D’Agostino moved to approve piggybacked purchase of Alkema, Inc. corrosion inhibiting chemicals AWC A-700 through the Lee County contract at \$0.399 per pound and AWC A-782 through the Town of Jupiter contract at \$0.405 per pound, estimated total annual cost of \$113,000, as recommended by staff.**

**The motion carried unanimously.**

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) – FY 2014/2015

Executive Director Mr. Bishop stated Terry Morton of Nowlen, Holt & Minor, P.A. is present if the board wishes to hear a summary of the CAFR.

Mr. Morton summarized Exhibit “A” and asked the board if there were any questions.

There were no questions from the board.

**MOTION**

**Board Members Lo Bello/Gebbia moved to receive and file the FY 2014/2015 Comprehensive Annual Financial Report and Audit, as recommended by staff.**

**The motion carried unanimously.**

ANNUAL PERFORMANCE EVALUATION EXECUTIVE DIRECTOR

Board Member Bob Weisman stated that Mr. Bishop and staff do an excellent job.

Finance Department Manager Daniela Russell summarized budgeted current year staff salary adjustments.

**MOTION**

**Board Members Weisman/Gebbia moved to authorize Executive Director Rim Bishop a 3% salary increase to his base salary.**

President Pro-Tem John D’Agostino thinks a 4-5% lump sum increase would be more appropriate and believes staff should be considered for a larger salary increase as well.

Vice-Chair Robert Gebbia thinks 5% is on the high end, and he would recommend adding it to Mr. Bishop’s base salary rather than as a lump sum.

**AMENDED MOTION**

**Board Members Lo Bello/D’Agostino moved to authorize a 4% salary increase base salary for Executive Director Rim Bishop.**

Mr. Gebbia said an excellent job is being done, but rates have also been increased. This should be avoided, but he is pleased that expenses have been reduced.

**The motion carried unanimously.**

OTHER BUSINESS  
COMMENTS FROM BOARD MEMBERS

Board Member Joe Lo Bello stated that he will not be present at the next board meeting.

STAFF REPORT

Executive Director Rim Bishop stated the engineer's report and the financial report were in the packet. Engineering Consultant David Holtz was present for any engineering questions. Finance Director Daniela' Russell was present for any financial report questions.

MEMBRANE PLANT

Mr. Bishop informed the board that the demolition of the Hood Road Lime Plant is almost complete. Soon the contractor will complete critically important electrical work. The project is scheduled for completion by April of this year.

FLINT MICHIGAN ISSUE

Mr. Bishop stated that staff has recently received numerous reports of unscrupulous water conditioning equipment sales practices within Seacoast's service area. Sales presentations have incorrectly and improperly raised concerns that the safety of Seacoast's water may be in question, using fear as a sales tactic. Staff has reached out to customers, informing them of this activity and inviting their questions.

RICHARD ROAD PROPERTY

Mr. Bishop asked for input regarding information he gave the board concerning the potential use of the Richard Road property.

Mr. Gebbia thinks it is premature to discuss the matter, noting that the Village of North Palm Beach has proposed a use which it would like to be fully and fairly considered. Mr. Gebbia believes having more information on each option would be beneficial.

Mr. Bishop stated none of the proposals discussed to date include great detail and that he will request interested parties to submit plans for further board consideration.

ADJOURNMENT

There being no further business to come before the board, Chair Ron Ferris adjourned the meeting at approximately 3:22 PM.

**APPROVAL:**

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RON FERRIS, CHAIR

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ROBERT GEBBIA, VICE CHAIR

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JOHN D'AGOSTINO, PRESIDENT PRO-TEM

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JOSEPH LO BELLO, MEMBER

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ROBERT WEISMAN, MEMBER

**ATTEST:**

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JESSICA MOORE, AUTHORITY CLERK

Exhibit "A"



**Audit Presentation to  
Seacoast Utility Authority**

**February 24, 2016**



**Nowlen, Holt & Miner, P.A.**

**Terry L. Morton, Jr., CPA,**

## Reports Issued

- **Independent Auditor's Report on the Financial Statements** – Our report expressed an Unmodified Opinion on the financial statements.
- **Independent Auditor's Report on Internal Control and on Compliance and Other Matters** – No material weaknesses reported and no instances of noncompliance or other matters that are required to be reported.
- **Independent Auditor's Management Letter Required by Chapter 10.550, Rules of the Auditor General:** No current year or prior year comments.
- **Independent Accountant's Report on Compliance with Section 218.415, Florida Statutes** – Section 218.415, Florida Statutes governs the Authority's Investment Policies. Our report expressed an Unmodified Opinion on the Authorities compliance with the requirements.
- **Independent Auditor's Report on Bond Compliance** – In connection with our audit, nothing came to our attention that caused us to believe that the Authority failed to comply with the terms, covenants, or provisions of Sections 7.01, 11.07 and 11.08 of the 1989 Trust Indenture, dated February 1, 1989, or with the terms, covenants, or provisions of the Fourth Supplemental Trust Indenture, dated March 11, 2005 with US Bank (formerly Wachovia Bank, N.A.) or with the terms, covenants, or provisions of the Fifth Supplemental Trust Indenture, dated March 11, 2005 with US Bank (formerly Wachovia Bank, N.A.) or with the terms, covenants, or provisions of the Sixth Supplemental Trust Indenture, dated October 1, 2009 with US Bank insofar as they relate to accounting matters
- **Letter to those charged with Governance** – No significant new accounting policies were issued and no audit adjustment or passed adjustments.

## Awards



Government Finance Officers Association

### **Certificate of Achievement for Excellence in Financial Reporting**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Seacoast Utility Authority for its comprehensive annual financial report for the fiscal year ended September 30, 2014. This was the 11th consecutive year that Seacoast Utility Authority has achieved this prestigious award.



## Net Position

**Table 1**  
**Net Position**  
(Condensed)

	FY 2015	FY 2014	% Change	FY 2013, as Restated	% Change
<b>Assets:</b>					
Current assets	\$ 75,275,999	\$ 68,632,490	9.7	\$ 62,283,874	10.2
Non current restricted assets	11,296,765	11,518,453	(1.9)	11,659,185	(1.2)
Capital assets (net)	272,693,084	281,023,171	(3.0)	282,404,599	(0.5)
Total assets	<u>\$ 359,265,848</u>	<u>\$ 361,174,114</u>	(0.5)	<u>\$ 356,347,658</u>	1.4
<b>Deferred Outflows of Resources:</b>					
Outflows from interest rate swap	\$ 1,000,590	\$ 1,332,699	(24.9)	\$ 1,866,811	(28.6)
Deferred loss on bond refundings	124,740	198,895	(37.3)	278,383	(28.6)
Total deferred outflows of resources	<u>\$ 1,125,330</u>	<u>\$ 1,531,594</u>	(26.5)	<u>\$ 2,145,194</u>	(28.6)
<b>Liabilities:</b>					
<b>Current liabilities</b>					
Payable from current assets	\$ 6,495,624	\$ 6,496,281	(0.0)	\$ 6,261,101	3.8
Payable from restricted funds	7,741,992	7,423,495	4.3	7,107,735	4.4
Other liabilities	2,807,146	3,088,761	(9.1)	3,385,452	(8.8)
Bonds payable (net)	100,036,676	107,175,927	(6.7)	113,967,454	(6.0)
Total liabilities	<u>\$ 117,081,438</u>	<u>\$ 124,184,464</u>	(5.7)	<u>\$ 130,721,742</u>	(5.0)
<b>Net Position:</b>					
Net investment in capital assets	\$ 161,764,222	\$ 164,414,699	(1.6)	\$ 159,968,584	2.8
Restricted	18,518,182	18,391,782	0.7	18,188,380	1.1
Unrestricted	63,027,336	55,714,763	13.1	49,614,146	12.3
Total net position	<u>\$ 243,309,740</u>	<u>\$ 238,521,244</u>	2.0	<u>\$ 227,771,110</u>	4.7





## Revenues, Expense and Changes in Net Position

**Table 2**  
**Revenues, Expenses, and Change in Net Position**  
 (Condensed)

	FY 2015	FY 2014	% Change	FY 2013, as restated	% Change
<b>Operating revenues:</b>					
Charges for services	\$ 48,337,424	\$ 45,934,545	5.2	\$ 43,462,698	5.7
Miscellaneous	166,850	154,450	8.0	158,958	(2.8)
Total operating revenues	<u>48,504,274</u>	<u>46,088,995</u>	5.2	<u>43,621,656</u>	5.7
<b>Operating expenses:</b>					
Plant operation and maintenance	15,758,025	16,530,982	(4.7)	14,971,773	10.4
General and administrative	6,061,989	6,128,660	(1.1)	5,862,420	4.5
Depreciation	17,233,272	12,411,843	38.8	9,998,627	24.1
Total operating expenses	<u>39,053,286</u>	<u>35,071,485</u>	11.4	<u>30,832,820</u>	13.7
<b>Nonoperating revenues:</b>					
Interest income	821,557	598,500	37.3	458,167	30.6
Net increase (decrease) in FMV	317,981	128,583	147.3	(547,630)	(123.5)
Other revenue	81,998	72,031	13.8	74,468	(3.3)
Bond rebate	1,384,267	1,385,635	(0.1)	1,419,359	(2.4)
Total nonoperating revenues	<u>2,605,803</u>	<u>2,184,749</u>	19.3	<u>1,404,364</u>	55.6
<b>Nonoperating expenses:</b>					
Interest expense	6,029,897	1,202,679	401.4	1,568,548	(23.3)
Amortization	156,322	161,285	(3.1)	160,220	0.7
Other expense	3,817,089	2,637,075	44.7	213,682	1,134.1
Total nonoperating expenses	<u>10,003,308</u>	<u>4,001,039</u>	150.0	<u>1,942,450</u>	106.0
Income (loss) before capital contributions	<u>2,053,483</u>	<u>9,201,220</u>	(77.7)	<u>12,250,750</u>	(24.9)
<b>Capital contributions and grants:</b>					
Capital contributions	2,735,013	1,548,914	76.6	1,546,908	0.1
Grants			100.0	500,000	
Total capital contributions & grants	<u>2,735,013</u>	<u>1,548,914</u>	76.6	<u>2,046,908</u>	(24.3)
Change in net position	<u>\$ 4,788,496</u>	<u>\$ 10,750,134</u>	(55.5)	<u>\$ 14,297,658</u>	(24.8)