

**SEACOAST UTILITY AUTHORITY
REGULAR MEETING**

February 22, 2017
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 25, 2017

Moved to approve the minutes for meeting of January 25, 2017.

AGREEMENTS

A. DEVELOPER AGREEMENT

1. Fisher Contracting Building

Moved to approve execution of Developer Agreement for the project known as Fisher Contracting Building, as recommended by staff.

PARTIAL RELEASE OF UTILITY EASEMENT – DONALD ROSS VILLAGE PARCEL C

Moved to approve Partial Release of Utility Easement – Donald Ross Village Parcel C, as recommended by staff.

PARTIAL RELEASE OF UTILITY EASEMENT – PGA STATION (PARCEL 5B REPLAT)

Moved to approve Partial Release of Utility Easement – PGA Station (Parcel 5B Replat), as recommended by staff.

TERMINATION OF EASEMENT AND PARTIAL RELEASE OF A PUBLIC UTILITY EASEMENT – NUVO RIVERSIDE STORAGE

Moved to approve Termination of Easement and Partial Release of a Public Utility Easement – Nuvo Riverside Storage, as recommended by staff.

MOTION

Board Members Weisman/Gebbia moved to approve the consent agenda, as recommended by staff.

The motion carried unanimously.

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

NORTH PALM BEACH WATER AND WASTEWATER INFRASTRUCTURE IMPROVEMENTS – CHANGE ORDER NO. 1

MOTION

Board Members Weisman/Lo Bello moved to approve North Palm Beach Water and Wastewater Infrastructure Improvements contract Change Order no. 1, increasing the contract value by an amount not to exceed \$99,325.00, as recommended by staff.

The motion carried unanimously.

WATER TREATMENT CHEMICAL – ANHYDROUS AMMONIA

MOTION

Board Members Weisman/Lo Bello moved to authorize the purchase of Water Treatment Chemical – Anhydrous Ammonia from Tanner Industries, Inc., pursuant to the terms of the competitively bid City of Delray Beach contract no. 2015-09 through April 2018, in the amount of \$0.79/lb, estimated annual cost of \$74,055.00, as recommended by staff.

The motion carried unanimously.

UTILITY BILL PRINT/MAILING SERVICE CONTRACT EXTENSION

MOTION

Board Members Weisman/Lo Bello moved to authorize Utility Bill Print/Mailing Service Contract Extension with Municipal Code Corporation through March 2018, estimated annual cost of \$75,000.00, as recommended by staff.

The motion carried unanimously.

ANNUAL REPORTS

Board Members Weisman/Lo Bello moved to receive and file the Executive Director's Annual Report and the Engineer's Report on the Condition of the System, as recommended by staff.

President Pro-Tem John D'Agostino asked for an explanation of the increase in Workers' Compensation premiums. Executive Director Rim Bishop explained that this was in part due to a State of Florida adjustment in the experience modification used in calculating premiums. Finance Director Daniela Russell also added that the premium is also related to payroll and thus increases as payroll increases. Mr. Bishop stated that this was not related to increased claims since the number and dollar volume of claims was not extraordinary.

The motion carried unanimously.

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) – FY 2015/2016

Mr. Bishop stated Terry Morton of Nowlen, Holt & Minor, P.A. was prepared to summarize the CAFR if the Board wished.

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

There were no questions from the board.

Board Members Weisman/Lo Bello moved to receive and file the FY 2015/2016 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 this has been a great year for the utility and he is proud to be associated with such an outstanding organization.

Chair Ron Ferris indicated that based on information provided in the board packet, it appears excellent employees receive a 4% increase.

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

The motion carried unanimously.

COMMENTS FROM BOARD MEMBERS

There were no comments from the board.

OTHER BUSINESS

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.

ADJOURNMENT

There being no further business to come before the board, Chair Ron Ferris adjourned the meeting at approximately 3:08 PM.

APPROVAL:

RON FERRIS, CHAIR

ROBERT GEBBIA, VICE CHAIR

JOHN D'AGOSTINO, PRESIDENT PRO-TEM

JOSEPH LO BELLO, MEMBER

ROBERT WEISMAN, MEMBER

ATTEST:

JESSICA MOORE, AUTHORITY CLERK

Audit Presentation to Seacoast Utility Authority

February 22, 2017



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** – In the current year, GASB *Statement No. 72, Fair Value Measurement and Application* was implemented. This changed the presentation and information presented in *Note 2 Deposits and Investments* but did not make any significant changes to how Investments are recorded. There were no audit 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, 2015. This was the 12th consecutive year that Seacoast Utility Authority has achieved this prestigious award.



Net Position

	FY 2016	FY 2015	% Change	FY 2014	% Change
Assets:					
Current assets	\$ 86,393,270	\$ 75,275,999	14.8	\$ 68,632,490	9.7
Non current restricted assets	10,313,017	11,296,765	(8.7)	11,518,453	(1.9)
Capital assets (net)	270,772,619	272,693,084	(0.7)	281,023,171	(3.0)
Total assets	<u>\$ 367,478,906</u>	<u>\$ 359,265,848</u>	2.3	<u>\$ 361,174,114</u>	(0.5)
Deferred Outflows of Resources:					
Outflows from interest rate swap	\$ 567,545	\$ 1,000,590	(43.3)	\$ 1,332,699	(24.9)
Deferred loss on bond refundings	68,078	124,740	(45.4)	198,895	(37.3)
Total deferred outflows of resources	<u>\$ 635,623</u>	<u>\$ 1,125,330</u>	(43.5)	<u>\$ 1,531,594</u>	(26.5)
Liabilities:					
Current liabilities					
Payable from current assets	\$ 7,374,654	\$ 6,495,624	13.5	\$ 6,496,281	(0.0)
Payable from restricted funds	8,060,432	7,741,992	4.1	7,423,495	4.3
Other liabilities	2,522,693	2,807,146	(10.1)	3,088,761	(9.1)
Bonds payable (net)	92,551,323	100,036,676	(7.5)	107,175,927	(6.7)
Total liabilities	<u>\$ 110,509,102</u>	<u>\$ 117,081,438</u>	(5.6)	<u>\$ 124,184,464</u>	(5.7)
Net Position:					
Net investment in capital assets	\$ 166,347,112	\$ 161,764,222	2.8	\$ 164,414,699	(1.6)
Restricted	17,880,928	18,518,182	(3.4)	18,391,782	0.7
Unrestricted	73,377,387	63,027,336	16.4	55,714,763	13.1
Total net position	<u>\$ 257,605,427</u>	<u>\$ 243,309,740</u>	5.9	<u>\$ 238,521,244</u>	2.0



Revenues, Expense and Changes in Net Position

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

	FY 2016	FY 2015	% Change	FY 2014	% Change
Operating revenues:					
Charges for services	\$ 51,238,445	\$ 48,337,424	6.0	\$ 45,934,545	5.2
Miscellaneous	171,908	166,850	3.0	154,450	8.0
Total operating revenues	<u>51,410,353</u>	<u>48,504,274</u>	6.0	<u>46,088,995</u>	5.2
Operating expenses:					
Plant operation and maintenance	16,116,589	15,758,025	2.3	16,530,982	(4.7)
General and administrative	6,183,057	6,061,989	2.0	6,128,660	(1.1)
Depreciation	17,727,911	17,233,272	2.9	12,411,843	38.8
Total operating expenses	<u>40,027,557</u>	<u>39,053,286</u>	2.5	<u>35,071,485</u>	11.4
Nonoperating revenues:					
Interest income	1,122,509	821,557	36.6	598,500	37.3
Net increase (decrease) in FMV	419,896	317,981	32.1	128,583	147.3
Other revenue	108,188	81,998	31.9	72,031	13.8
Bond rebate	1,392,355	1,384,267	0.6	1,385,635	(0.1)
Total nonoperating revenues	<u>3,042,948</u>	<u>2,605,803</u>	16.8	<u>2,184,749</u>	19.3
Nonoperating expenses:					
Interest expense	5,584,067	6,029,897	(7.4)	1,202,679	401.4
Amortization	139,220	156,322	(10.9)	161,285	(3.1)
Other expense	1,309,422	3,817,089	(65.7)	2,637,075	44.7
Total nonoperating expenses	<u>7,032,709</u>	<u>10,003,308</u>	(29.7)	<u>4,001,039</u>	150.0
Income (loss) before capital contributions	<u>7,393,035</u>	<u>2,053,483</u>	260.0	<u>9,201,220</u>	(77.7)
Capital contributions and grants:					
Developer and other contribution	<u>6,902,652</u>	<u>2,735,013</u>	152.4	<u>1,548,914</u>	76.6
Change in net position	<u>\$ 14,295,687</u>	<u>\$ 4,788,496</u>	198.5	<u>\$ 10,750,134</u>	(55.5)