

# **MINUTES OF AUDIT COMMITTEE MEETING OSCEOLA CHAIN OF LAKES COMMUNITY DEVELOPMENT DISTRICT**

The audit selection committee of the Board of Supervisors of the Osceola Chain of Lakes Community Development District held a meeting Wednesday, November 7, 2018, at 1:30 p.m. at the District office, 313 Campus Street, Celebration, FL 34747.

Present and constituting a quorum were:

Anthony Iorio	Committee Member
Ryan Kahn	Committee Member
Kimberly Locher	Committee Member

Also present were:

Gary Moyer	Manager: Moyer Management Group
Sarah Sandy	Attorney: Hopping Green & Sams
Nicole Stalder	Engineer: Dewberry

## **FIRST ORDER OF BUSINESS**

### **Call to Order**

Mr. Iorio called the meeting to order at 1:30 p.m.

## **SECOND ORDER OF BUSINESS**

### **Roll Call**

Mr. Iorio called the roll and stated a quorum was present for the meeting.

## **THIRD ORDER OF BUSINESS**

### **Review and Ranking of Auditing Proposals**

Mr. Moyer stated at the July committee meeting, the Board approved scoring criteria for how you would rank auditors. We received three responses, and those proposals were distributed to the Board: Berger, Toombs, Elam, Gaines & Frank (hereinafter “Berger Toombs”); Carr Riggs & Ingram (hereinafter “CRI); and Grau & Associates (hereinafter “Grau”). For many years, I have worked with all three of these companies. In my opinion, as you go through this material, it is pretty obvious that they are all very qualified to do this work. One thing that is different in selecting an auditor from going through the process of selecting an engineer is, when we solicit RFPs for auditors, we can ask what the cost would be for their service. That is listed on the scoring sheet we provided, but I will enter it for the record. The fee from Berger Toombs was \$3,515 for year 1; \$3,585 for year 2; and \$3,700 for year 3. The fee from CRI was \$3,000 each year with no increase. The fee from Grau was \$3,600 for year 1; \$3,700 for year 2; and \$3,800 for year 3. We are not supposed to focus only on price, but I think on all the other criteria the committee approved, they are substantially similar.

Mr. Iorio stated I had a question for CRI. It appears the bulk of their fee was based on the fact that the District has not yet issued bonds or other debt instruments to finance capital acquisition and construction.

Mr. Moyer stated which this District has done, so we will need to confirm their proposal included debt.

Mr. Iorio stated in the event debt is incurred, they said audit fees will increase by an amount not to exceed \$3,000 per year. Is that in total, or just for the debt?

Mr. Moyer stated what we are going to ask this committee and then ultimately the Board of Supervisors is to rank these firms. I recommend we rank CRI as #1. It is not a contract at that point but simply authorization for me to negotiate with them to come back with a contract. If they increase their fees to \$4,500, then we would cease negotiations with them because the fee is not as presented in their proposal, and I would go to the #2-ranked firm to negotiate a contract with them. We are not locking ourselves into a long-term relationship but just starting a process. At your next meeting, I will advise the Board if there will be any increase. If there is no increase, then we will go ahead and sign the contract. If there is an increase, we will revisit this.

Ms. Sandy stated the committee will rank them in any case so we will know the next highest-ranked firm.

Mr. Moyer stated yes. Based on the proposals, I suggest #2 be Berger Toombs and #3 be Grau.

Ms. Sandy asked is the committee okay with assigning full points to each firm in all the other categories?

Mr. Iorio stated I left open that caveat with CRI, and I ranked them the lowest because I was not sure; it was open-ended. I am familiar with the other two firms' qualifications. They probably have a larger portfolio from what I saw in their proposals for CDDs they service.

Mr. Moyer stated the difference in fees is not significant. If you are more comfortable with someone you have engaged before, that is fine with me.

Mr. Iorio stated I had a tie between Grau and Berger Toombs. CRI was third. Both Grau and Berger Toombs have the personnel, the experience, understanding of the scope, and the ability to furnish the required services. It was a difficult decision, and these are not new firms to the industry.

Mr. Moyer stated that is correct.

Mr. Iorio stated the only one I was not familiar with and did not understand the compensation was CRI.

Ms. Locher stated I have worked with them before.

Mr. Iorio asked has anyone had a bad experience working with any of these firms?

Ms. Locher stated no.

Mr. Iorio stated that was my ranking, but based on Mr. Moyer's comments, I equated them all with the only differential based on fees. I am in favor of working with them to get the best price.

Mr. Kahn stated I ranked CRI #1 with 100 points. Looking at the material, they are all very qualified. Berger Toombs was #2 with 95 points, and Grau was #3 with 90 points.

Ms. Locher stated I ranked them also CRI #1 with 100 points, Berger Toombs #2 with 95 points, and Grau #3 with 90 points.

Mr. Iorio stated I am fine with that ranking. My points were different because of the unknown about CRI's compensation. Based on this new information, I would rank CRI #1 with 100 points, Berger Toombs and Grau each with 95 points.

Ms. Sandy stated I recommend you score Grau with 90 points so we have a clear ranking of #1, #2, and #3.

Mr. Iorio stated yes.

**FOURTH ORDER OF BUSINESS**

**Recommendation to the Board of Supervisors**

<p>On MOTION by Mr. Kahn, seconded by Ms. Locher, with all in favor, unanimous approval was given to recommend an auditor ranking to the Board of Supervisors as follows: Carr Riggs &amp; Ingram #1 with 100 points; Berger, Toombs, Elam, Gaines &amp; Frank #2 with 95 points; and Grau &amp; Associates #3 with 90 points.</p>
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**FIFTH ORDER OF BUSINESS**

**Other Business**

There being none, the next order of business followed.

**SIXTH ORDER OF BUSINESS**

**Committee Member Requests**

There being none, the next order of business followed.

**SEVENTH ORDER OF BUSINESS**

**Adjournment**

The committee meeting adjourned at 1:40 p.m.

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Gary L. Moyer, Secretary

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Anthony Iorio, Chairman