

MINUTES
FORT MYERS BEACH
AUDIT COMMITTEE
Town Hall - Council Chambers
2523 Estero Boulevard
Fort Myers Beach, FL 33931

Monday, February 9, 2015

I. CALL TO ORDER

Meeting was called to order at 9:03 a.m. by Chair Rodwell. Members present: Dick Cote, Edward Lombard, James Rodwell, and James Steele.

Excused: Daniel Hughes

Council Liaison: Rexann Hosafros

Staff Liaison: Lisa Kolar and Maureen Rischitelli.

II. PLEDGE OF ALLEGIANCE

III. PUBLIC COMMENT

No public comment.

IV. APPROVAL OF MINUTES of January 12, 2014

No minutes.

V. CURRENT ITEMS

A. Recommendations to the Charter Review Committee

The recommendation to strike the language in Sec. 11.03(b) was adopted by the Charter Review Committee. Discussion was held concerning the purchase of Town Hall and a stormwater referendum. Ms. Rischitelli indicated she would like GSG to make a presentation at the next meeting.

B. Debt Management Policies and Procedures *The Committee reviewed and made recommendations for changes. Chairman Rodwell will revise the Draft accordingly.*

1. Authorization to borrow: add (the "Town") after the Town of Fort Myers Beach, Florida. Add a comma after Section 166.111.

2. Administration of debt policy: delete (the "Town") after the Town of Fort Myers Beach, Florida, is ~~charged with~~ responsible for overseeing and implementing the provisions of this policy. This responsibility shall include:

a. Recommendations to the Town Manager and Town Council

1. to recommend specific projects for debt financing, to participate as members of the financing team in the issuance of any debt obligations of the town, and;

2. the selection of any external agents (bond counsel, financial advisors, underwriters, arbitrage rebate consultants, paying agents, trustees, printers, etc.).
- b. Additional Duties
 1. to review the proposed annual capital expenditures and financing plan, and;
 2. to ensure all continuing disclosure requirements are met following the sale of bonds.
3. **General policy:** It is the objective of this policy that the Town obtain financing only when necessary, that the process for identifying the timing and the amount of debt financing be as efficient as possible and that the most favorable interest rate and other related costs ~~to~~ be obtained.
The estimated useful life of the asset or project shall exceed the payout schedule of the debt the Town assumes.
4. **Use of debt financing:** Except as permitted in Section 5., the Town shall use...
 - b. The project's useful life,...
 - d. The debt shall be ~~primarily~~ used primarily to...
5. **Short term debt:** Short term debt consists primarily of bank notes or lease-purchase agreements...
 - b. the acquisition of capital assets is not complicated; or
 - c. the use of long-term debt is too expensive and impractical. d. becomes a stand-alone paragraph. Change the word "identified" to "designated."
6. **Long-term debt:** Chair Rodwell to add a paragraph concerning refinancing debt.
 - a. change the colon to a semi-colon.
 - c. payable is one word.
7. **Term:** the following guidelines shall govern the issuance of ~~new money~~ debt financing:
 - a. The maturities of debt shall be less than useful economic life of the item being financed.
 - b. change "should" to "shall."
 - c. change "maturity to maturity" to "issue by issue." Such credit enhancements may be used when net debt service on a specific bond issue is reduced by more ~~that~~ than the costs of the enhancement, taking time value of money into consideration.
8. **Sales Process for Long-Term Bonds:**
 - a. change the period to a colon.
 - b. ...as agreed to by the Finance Director and, if applicable, the Financial Advisor;
 - c. change "will" to "shall."
 1. change "will" to "shall."
 2. the Finance Director and, if applicable, the Financial Advisor, will remain...
 3. the Finance Director and, if applicable, the Financial Advisor, who are is familiar with ~~and abreast of~~ the condition... The Financial Advisor shall submit recommendations regarding the method of sale, structure and timeline ~~events~~ for the issue to the Town in written form.

d. change "determined" to "determine."

9. **Financing team.** The financing team ~~will~~ may consist of... The Financial Advisor should be the first person to be hired ~~so that he or she can~~ and be available to assist in selecting the rest of the financing team.

10. **Capital improvement plan.** Change "will" to "shall."

- a. Forecast of the spending levels for capital projects;
- b. The availability of ~~its~~ internal funds to pay for capital projects; and
- c. Desired and actual debt service coverage levels.

11. **Investment of bond proceeds.** No change.

12. **Arbitrage.** Change "restriction" to "restrictions."

13. **Continuing Disclosure Requirements.** Securities and Exchange Commission.

14. **Conduit Financings.** The Town is specifically prohibited from sponsoring conduit financings for any purpose or for ~~any~~ the benefit of ~~an~~ any entity.

15. **Debt Limitations:** Chair Rodwell to rewrite section.

C. Other Possible Revenue Sources

Ms. Rischitelli distributed a handout consisting of categories used for the audit. She reviewed the difference between government revenue versus special revenue, expenses, net change, change of revenue over expenses, total tax, and allocation of expenses. Ms. Rischitelli indicated that she would come back with additional information on the expense side. She asked for recommendations concerning changes in revenue streams and she commented on the communications service tax. Discussion was held regarding the different categories. Ms. Rischitelli indicated she would bring back expenses related to water, the Mound House, Bay Oaks, and the bulk water review.

D. Information on SunTrust Bank Loan

Ms. Rischitelli indicated the loan for the water project was on hold due to restrictions. She stated she would try to have preliminaries on where they stand with the state's revolving fund by the next meeting.

E. RFP - Accounting Software

Ms. Rischitelli noted they would have information for the next meeting.

F. Audit Status

Ms. Rischitelli reported that she would schedule a date to meet with the partner of the audit firm.

VI. MEMBER ITEMS AND REPORTS

No member items.

VII. SET AGENDA FOR NEXT MEETING - March 9, 2015 at 9:00 a.m.

Remove RFP software.

*Recommendations to the Charter Review Committee
Debt Management Policies and Procedures
Other Possible Revenue Sources
Audit Status*

VIII. PUBLIC COMMENT

No public comment.

IX. ADJOURNMENT

MOTION: Mr. Cote moved to adjourn; second by Mr. Lombard.

VOTE: Motion passed unanimously.

Meeting adjourned at 11:20 a.m.

Adopted 3/9/2015 with/without changes. Motion by Mr. Lombard and Cote
(DATE)

Vote: 5-0 Signature: *James P. Palmer*

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