

MINUTES OF MEETING  
STOREY PARK  
COMMUNITY DEVELOPMENT DISTRICT

The Audit Committee meeting of the Storey Park Community Development District was held on Thursday, October 25, 2018 at 4:00 p.m. at the Offices of GMS-CF, LLC, 135 W. Central Blvd, Suite 320, Orlando, Florida.

Present were:

Rob Bonin  
Karen Morgan by phone  
Lane Register  
Ben Kraljev  
George Flint  
Andrew d'Adesky  
Christina Baxter by phone  
Michelle Barr by phone

**FIRST ORDER OF BUSINESS**

**Roll Call**

Mr. Flint called the meeting to order at 4:00 p.m.

**SECOND ORDER OF BUSINESS**

**Public Comment Period**

This item was discussed later in the meeting.

**THIRD ORDER OF BUSINESS**

**Approval of Minutes of the August 30, 2018 Meeting**

This item was discussed later in the meeting.

**FOURTH ORDER OF BUSINESS**

**Tally of Audit Committee Members  
Rankings and Selection of an Auditor**

Mr. Flint: At the last meeting, the Board appointed themselves as the Audit Committee and approved the selection criteria and the form of the notice. We subsequently advertised for auditing services. We also sent emails to five or six firms that primarily provide the services in Florida. We used to get four or five responses, but the last four or five times we bid it out, we only received two. So, it seems like the firms are thinning out a little because the pricing has become competitive, but these two firms perform a lot of this work. They are qualified to do it. We received responses from Berger, Toombs, Elam, Gaines & Frank and Grau & Associates.

The Board approved selection criteria, which includes the ability of personnel, their experience, their understanding of the scope, their ability to provide the required services and price. Each one of those items are 20 points each. You have a scoring sheet in your agenda. You are sitting as the Audit Committee for purposes of reviewing and ranking the responses and you are making a recommendation to the Board, based on their review of the proposals against the criteria. We will need at least one scoring sheet for the record. It could be a consensus ranking of the committee, if each member hasn't had a chance to rank them prior to the Board meeting. One approach may be to consider each of these proposers equally qualified on all of the criteria except for price. Price might drive the difference in the ranking between the number one and number two firms. That would be one option you could look at or you could have different thoughts on the criteria. We will need at least one ranking sheet for the record. If the Board is okay with the concept, both firms are qualified, so you could award 20 points each on the first four criteria and differentiate on the price, such as awarding 20 and 18 points or however you want to do it, if that's acceptable. Both firms performed numerous CDD audits.

Mr. Register: I think that's the way to fill it out.

Mr. Flint: So Berger, Toombs would be your number one ranked firm and Grau & Associates would be ranked number two; however, Berger, Toombs has been coming in low on a lot of these proposals and have been getting a lot of work, which makes us a little nervous.

Mr. d'Adesky: On their ability to furnish the required services?

Mr. Flint: Yes, a little bit, so the question is whether the price is overriding that difference. The time will tell. We ask for five years of pricing, but we enter into an annual engagement each year.

Mr. Register: We can reconsider it next year.

Mr. Flint: Yes, next year. If we ended up having issues this year because they've taken on more than they can handle, the Board can go bid out again. We are not bound for five years, but we have prices locked in for five years.

Mr. Bonin: What is your work experience with either one of these firms?

Mr. Flint: We work with both of them. Grau & Associates probably does more CDD audits out of any auditing firm. It's their primary business. Berger, Toombs also does a lot of them. We have them on a number of Districts, as well as a couple of other firms, such as McDermitt, Davis and Carr, Riggs. Those four firms probably perform 95% of the CDD audits in Florida. I think either firm can do the work. The only concern with Berger, Toombs is whether

they are spreading themselves a little thin because they are coming in low on a lot of these proposals.

Mr. Kraljev: Have you seen that in your other Districts?

Mr. Flint: We haven't yet. This year they have been very aggressive and they have been getting a number of audits.

Mr. Register: What is the risk and how would that manifest itself in not meeting deadlines?

Mr. Flint: Statutorily, we must have the audit completed by June 30<sup>th</sup>. That gives us six months. You think that would be plenty of time, but we tend to bump up against that deadline, because of the number of these audit firms do. So, if we don't meet that, it's not like someone is going to come and handcuff someone and take them away. I don't think there's the fining ability. It is a reportable event that would have to be disclosed through the clearinghouse to bondholders.

Mr. d'Adesky: There is a municipal security disclosure, which is a failure to disclose at a certain point

Mr. Flint: It will end up getting reported in the subsequent audit because we didn't meet that deadline. The Joint Legislative Auditing Committee will look at it.

Mr. Kraljev: Have either of these firms ever missed a deadline?

Mr. Flint: I'm sure they both have, but it's not necessarily going to be their fault. We provide the information, put it on a server and they access the information remotely, so it's in their hands. There may be other management companies out there that either start the audit late or don't provide the information or they don't manage the audit. I wouldn't say that neither of them have ever missed it, whether it was their fault or not. Most of the time it's not their fault, but if they get overwhelmed, it could happen.

Mr. Bonin: Like Lane brought up, we are not committed to it, so we can back out of it after one year if they are pushing up against the deadline.

Mr. Flint: If push comes to shove, we completed them on June 29<sup>th</sup>. We push very hard to meet the June 30<sup>th</sup> deadline. They understand the downside of not meeting that.

Mr. Register: Is your office following up with them and staying on top of that?

Mr. Flint: Yes. We have to manage the audit, but we can't do it. The question is whether a \$1,000 difference is enough to potentially risk that.

Mr. Register: The price is not concerning enough either way. If you work with both of these firms and for the most part, feel they understand the scope and have a good experience, the pricing is very close. The one reservation is that Berger, Toombs secured a lot of work and may be spreading themselves a little too thin, so if I would rank 19 and 20 points and have Grau & Associates receive one point more. I'm fine with selecting them.

Mr. Flint: However you guys want to do it. We will work with either firm. In the worst case, we can gauge whether there's an issue with Berger, Toombs and you can make a change next year or we can go with Grau & Associates. Whatever way you want to do it.

Mr. Register: I rank Grau & Associates 99 points and Berger, Toombs, Elam, Gaines & Frank 98 points.

Mr. Flint: Are the other two committee members okay with that ranking?

Mr. Bonin: Yes.

Mr. Kraljev: That's fine.

Mr. Flint: Then we need a motion to rank Grau & Associates number one with 99 points and Berger, Toombs, Elam, Gaines & Frank number two with 98 points.

On MOTION by Mr. Register seconded by Mr. Kraljev with all in favor accepting the ranking of Grau & Associates the number one ranked firm to provide auditing services and Berger, Toombs, Elam, Gaines & Frank number two was approved.

- **Approval of Minutes of the August 30, 2018 Meeting** (*Third Order of Business*)

Mr. Flint: I skipped approval of the minutes from the last Audit Committee meeting. Did the Audit Committee have any comments on those? Hearing none,

On MOTION by Mr. Register seconded by Mr. Kraljev with all in favor the Minutes of the August 30, 2018 Meeting were approved as presented.

Mr. Flint: Karen, are you voting on this?

Ms. Morgan: Yes.

Mr. Flint: Was it in the affirmative on both of those motions?

Ms. Morgan: Yes.

Mr. Flint: I did not ask for public comments, but no members of the public are present.

**FIFTH ORDER OF BUSINESS**

**Adjournment**

Mr. Flint: We need a motion to adjourn the Audit Committee meeting.

On MOTION by Mr. Register seconded by Mr. Kraljev with all in favor the Audit Committee meeting was adjourned.