MINUTES OF THE ECUA CITIZENS' ADVISORY COMMITTEE MEETING HELD WEDNESDAY, MARCH 19, 2014 AT 2:00 P.M. IN THE ECUA BOARD ROOM AT 9255 STURDEVANT STREET, ELLYSON INDUSTRIAL PARK, PENSACOLA, FL

Members present:	Elvin McCorvey, Vice Chairman Vicki Campbell Tim Common Charles Green Chuck Kimball (arrived at 2:05 p.m.) Dale Perkins Louise Ritz Hurey Smith Kelley Thompson Larry Walker
Members absent:	Lois Benson, Chairman Deborah Benn
Staff present:	Steve Sorrell, Executive Director Nathalie Bowers, Public Information Officer Debra Buckley, Director of Finance Karen Cooey, Financial Services Manager Tim Haag, Director of Government Affairs Stacey Hayden, Project Engineer Steve Holcomb, Director of Wastewater Infrastructure Linda Iversen, Executive Assistant to the Board Bill Johnson, Director of Engineering Ned McMath, Deputy Executive Director-Utility Operations Don Palmer, Director of Water Reclamation Jim Roberts, Public Information Officer Randy Rudd, Deputy Executive Director-Shared Services Patricia Sheldon, Director of Budgets and Cash Management

ITEM A - CALL TO ORDER

In the absence of Chairman Benson, Vice Chairman McCorvey called the regular meeting of the ECUA Citizens' Advisory Committee to order at approximately 2:03 p.m.

ITEM B - INVOCATION AND PLEDGE OF ALLEGIANCE

Ms. Campbell provided the invocation and led the Pledge of Allegiance.

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ITEM C - ADOPTION OF AGENDA

A motion was made by Mr. Common, seconded by Mr. Perkins, to adopt the agenda as presented. Motion carried 9-0.

ITEM D - OPEN FORUM

Mr. Barry Tweedie, 10395 Old Dairy Lane, Pensacola, FL, addressed the Committee speaking to comments he made at the last Board meeting regarding his educational background.

ITEM E - APPROVAL OF MINUTES

A motion was made by Dr. Walker, seconded by Mr. Kimball, to approve the minutes of the regular meeting of February 19, 2014 as presented. Motion carried 10-0.

ITEM F - PRESENTATION BY SALTMARSH, CLEAVELAND & GUND – COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

Mr. David Lister, shareholder in charge of the audit, provided an overview of the Comprehensive Annual Financial Report to the Committee. Mr. Ron Jackson and Ms. Allison Jones, the Senior Manager on the audit, were also present.

Mr. Lister stated that if ECUA had any significant changes in accounting policies during the year, those would be brought to ECUA's attention and there was nothing. Also, if there were any significant audit adjustments as a result of their audit, those would also be brought to ECUA's attention and there were no significant audit adjustments to bring to attention.

Mr. Lister stated a Certificate of Achievement for Excellence in Financial Reporting was once again awarded to ECUA by the Government Finance Officers Association, which is the preeminent professional association for government finance, and each year the financial statements, the whole reporting package is provided to them to get their approval and the certificate. Mr. Lister stated this year was the 25th consecutive year that ECUA has received it and this is a very significant benchmark, a significant accomplishment that really reflects the commitment ECUA has as a Board and a staff to both accurate financial reporting and to transparency, making sure that the organization is disclosing all the things that the public and the customer base needs to see.

Further, this is a very significant milestone to reach to have this awarded for 25 consecutive years.

Dr. Walker asked Mr. Lister if it was unusual to receive the award for 25 consecutive years or is that common. Mr. Lister responded that he would not say that it is common for an organization of ECUA's size, and to receive the award for 25 years uninterrupted is something to be proud of. Also, there are many municipalities, local governments, who may receive it for a number of years and then have some problems and they don't receive it. But, to receive it uninterrupted is not common. It is something to be proud of and is something that demonstrates a commitment to transparency and accurate financial reporting and making sure the highest standards in financial reporting are met.

Mr. Lister continued his presentation, stating that they are presenting a clean opinion and the ECUA has received a clean opinion every year. Also, stated there is a report that they are required to issue for a governmental entity such as the ECUA, and there is an extra layer of governmental auditing standards that the auditors have to follow which requires them to report on the internal control over financial reporting. If they found any material weaknesses or significant deficiencies in the course of the audit, they would be required to bring that to ECUA's attention at this time and they do not have anything to bring forward. Further, they are not expressing an opinion on compliance with laws and regulations, but they would be required to bring anything to attention that they identified during the audit and they do not have any compliance findings to bring to attention.

Mr. Lister stated that the Auditor General requires them to perform some financial condition assessment procedures to help identify local governments that may be experiencing some financial difficulty and as a way of identifying any red flags that may come up. Those procedures were performed and the results did not indicate any deteriorating financial conditions and there is nothing to discuss as far as concerns and negative financial trends. Further, one requirement they looked at was the unrestricted net position, the net worth of the ECUA, and for the last five years that has held fairly steady which is a sign that ECUA has a good, stable revenue base and that ECUA is managing its resources consistently. Another indicator they looked at was ECUA's cash and investments compared to current liabilities, and the trend is pretty consistent. This shows that over time ECUA's ability to pay its liabilities as they come due. Another indicator was the operating profit from the operations; the operating income is a percentage of the overall revenue after subtracting expenses. The water and wastewater systems are generating around 22% operating profit margin.

Ms. Campbell inquired about the Committee awareness of the County issuing an RFQ for a performance evaluation of the ECUA. Mr. Sorrell commented that he was not sure everyone on the Committee was aware of this and indicated that staff would provide a copy of the RFQ to the Committee members.

In response to a question from Ms. Campbell regarding how ECUA stands relative to the financial management benchmarks that the RFQ indicates, Mr. Lister stated that based on the benchmarks that they looked at in response to the Auditor General requirements, there are benchmarks from other governmental water, wastewater utilities in the state of Florida that they look at and ECUA compares favorably to those benchmarks. Of the eight or ten indicators they looked at, there may have been one benchmark where ECUA was slightly under and that was very small. For the most part, ECUA was well on the positive side of the benchmarks that are out there. Compared to the other similar utilities in the state of Florida based on the benchmark information that the Auditor General provides, they did not see any kind of red flag or anything that suggests that ECUA has problems, any kind of financial issues that they would need to bring to attention.

Ms. Campbell commented that perhaps ECUA needs to send a copy of the financial report to the County and save the taxpayers some money and encouraged the members to ask any questions and/or express any concerns they may have to Mr. Lister, Mr. Jackson and/or Ms. Jones that are here today.

Mr. Perkins stated that he thinks the County's RFQ has more to do with politics and less to do with financial reality. Further, the RFQ has not even had a majority vote of the County Commission. It is just something that a couple of members pressured them to advertise for and he feels that the majority of the County Commission looks forward to working with ECUA.

Dr. Walker asked what the weakest link of ECUA would be. Mr. Lister stated that the sanitation numbers are not as profitable as the water and wastewater. There are a lot of reasons for that, so it is not really fair to say that is a weak link in that there are realities ECUA is having to address on the sanitation side. Further, he does not know of anything in particular that they would be bringing to ECUA of particular concern.

Mr. Jackson stated that the challenges for ECUA are always going to be rate setting and continuing to have affordable rates yet meet its debt service requirements and ECUA is in good shape and has been for quite some time in that area.

Mr. Perkins stated that ECUA has been stable and successful as a result of being practical in decision making, and inquired of Mr. Jackson what they would see as the financial strengths of the organization. Mr. Jackson responded that ECUA is in a fairly strong position regarding debt service coverage. So, one of the strengths has been to continue to operate ECUA at a level of profitability that provides some very good, solid actual debt service coverage that allows it to continue to build reserves and fund debt obligations and things of that nature. Further, ECUA has had a very solid financial management team in place for a long time and good solid management for a long time and, therefore, it has created some consistency in what ECUA is doing.

Mr. Sorrell stated that this is one of the best audits he has seen in his entire career. It is as clean and positive as you could possibly get. Further, it is a true telling of the transparency of the ECUA and our accounting methods are meeting all the government standards and that the financial position is very stable. Further, the Board is to be complimented as is the ECUA finance staff.

Chairman McCorvey expressed appreciation to the employees of the Finance Department and their continued excellent work and achievements.

ITEM G - STAFF PRESENTATION/DISCUSSION – FATS, OILS AND GREASE (FOG) AND DISPOSABLE WIPES PROGRAM

Mr. Jim Roberts, ECUA Public Information Officer, provided a presentation of various programs and activities that ECUA has initiated in an effort to provide the community and customers with educational information. Some of those programs would be Fats, Oils and Grease (FOG), hazardous waste disposal, and various community speaking engagements.

ITEM H - STAFF PRESENTATION – WATER RECLAMATION ACTIVITIES

Mr. Don Palmer, ECUA Director of Water Reclamation, provided a presentation overview of the ECUA wastewater system and the reclaimed water program and future considerations.

ITEM I - AWARD OF BID – HYDROFLUOSILICIC ACID

A motion was made by Mr. Perkins, and seconded, that the Board award the contract for hydrofluosilicic acid to Dumont Company, Inc., the lowest bidder, at $2.98 per gallon, with an anticipated expenditure of $178,800.00 for the contract period, with funding from the appropriate budget line item. This contract is for a period of one-year, with two one-year optional extensions upon mutual agreement of both parties with no increase in price. Motion carried 10-0.

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ITEM J - INFORMATIONAL REPORTS:

The following reports were presented for information only and did not require action.

(1) Water Production report – February 2014
(2) Water Reclamation report – January 2014
(3) Water Reclamation report – February 2014

ITEM K - UNFINISHED BUSINESS

None.

ITEM L - NEW BUSINESS

None.

ITEM M - ADJOURNMENT

There being no further business to come before the regular meeting of the ECUA Citizens' Advisory Committee, Chairman McCorvey declared the meeting adjourned at approximately 3:23 p.m.

Respectfully submitted,

Stephen E. Sorrell
Executive Director and
Secretary

APPROVED BY THE ECUA CITIZENS' ADVISORY
COMMITTEE IN A MEETING ON _____.

( ) Without corrections/amendments.
( ) With corrections/amendments being: