

Minutes of TIFA LLC Meeting
February 23, 2023
11:01 a.m.
City Hall Council Chamber, Second Floor
555 S. Washington Avenue
Titusville, Florida

Persons in Attendance

Robbie E. Lee, Jr., Miami Corp. Management, LLC, TIFA Management Committee Member
Jim Ball, City of Titusville, TIFA Management Committee Member
Richard Broome, City of Titusville, City Attorney
Andrew Jantzer, City of Titusville, Utilities Director
Pat Gagliardi, Farmton Water Resources (by telephone)
Farlen Halikman, Moore Stephens Lovelace, P.A.
Jeremy LeBrun, GMS LLC

Jeremy LeBrun conducted the meeting.

Roll Call

Action Items

I. Approval of the Minutes of the TIFA LLC Meeting of January 19, 2023 (Presenter: Jeremy LeBrun)

Member Ball moved to approve the January 19, 2023 meeting minutes as presented. Member Lee concurred and the motion passed.

Financial Items and Reports

V Presentation of Communications Letter (Presenter: Farlen Halikman)

Mr. Halikman: The letter reminds you of what the audit is: it is tests evidence that support the amounts and the disclosures and the financial statements, but it just tests, we don't look at every single transaction. We do a rigorous and thorough audit and I'm very comfortable with the numbers and we are ready to sign off upon receipt of the management representation letter. There is only one estimate of significance and that is amortization and depreciation. For GAAP it is based on estimates of the useful lives of the assets, the CUP might have a different life for financial reporting purposes opposed to tax reporting purposes, which is exactly 15 years. That is the only

difference in numbers between the tax return and financial statement, the amortization of the intangible assets. The strongest control you have is reading the meters and Terrance Wilson, MSL rode along at the end of the year and he takes pictures with his phone of each meter as they are read and logs those in and makes sure that the difference between what the meter says today and what it said a year ago is the amount of water that has passed through and when you multiply that by your established price that comes to our revenue number. As far as the expense, you have very good controls for review.

There was one item that doesn't rise to the level of a deficiency or a material weakness but in reading the minutes, the approved distributions were off a bit from the actual distributions. I suggest you go back and review your minutes and either amend them or make sure that you authorized the amount that you actually ended up distributing. One was a few thousand and one was maybe \$20,000.

Ms. Gagliardi: Is that the distribution to the members?

Mr. Halikman: Yes.

Ms. Gagliardi: I wonder if it could be a typo in the minutes. We will go back and look at that.

II. Presentation of TIFA LLC Draft Audit Report (Presenter: Farlen Halikman)

Mr. Halikman: The audit opinion has expanded, and this is the new format. In our opinion the financial statements present in all material respects the financial position of TIFA, LLC and the results of its operation and cash flows in accordance with generally accepted accounting principles. On page 4 is the capital distribution of \$680,000 that got split between the two partners. Footnote 4 on page 8 is the intangible assets and the amortization expense for financial reporting is \$128,000 but for the tax return was only \$190,000, a \$62,000 difference.

III. Presentation of TIFA LLC Tax Return (Presenter Farlen Halikman)

Mr. Halikman: The tax return is a partnership return, which is a 1065. Pat and Helen have reviewed that and I will distribute the 8879, which is the form that allows us to electronically file the return on your behalf.

Ms. Gagliardi: Please do.

IV. Presentation of Management Representation Letter (Presenter: Farlen Halikman)

Mr. Halikman: The last thing is another signature I need, which is on the management representation letter. If I can leave here with the signed management rep letter and the 8879 we will wrap things up.

Member Lee moved to approve items II, III, IV and V as presented. Member Ball concurred and the motion passed.

VI Consideration of Capital Distribution Notice (Presenter: Pat Gagliardi)

Ms. Gagliardi: We have a cash balance of over \$750,000 and maintain \$450,000. We have distributable cash of slightly over \$300,000 so we will have \$150,000 going to the City of Titusville and \$150,000 going to Farmton Water Resources.

Member Ball moved to approve the capital distribution in the total amount of \$300,000 with \$150,000 for each partner. Member Lee concurred and the motion passed.

VII. Ratification of Expenses Paid from Operating Account and Request for Reimbursement (Presenter: Jeremy LeBrun)

Member Ball moved to ratify the expenses paid from the operating account and request for reimbursement in the amount of \$7,520.11. Member Lee concurred and the motion passed.

Staff Reports/Informational Items

Mr. Jantzer: Sean Stauffer has left the department and is working as a project manager for a consulting firm. I served as his deputy director for water resources department and I was named as interim director. Shortly after that there was a reorganization of our resources department and public works and that is in place and in transition. There are a couple support division changeovers to increase efficiency, but the basic mission of the water resources department is still going to be under my directorship. My title will be called Utilities Director and the department name will be the Utilities Department. It is a branch under the Department of Public Works and fits that typical large city model of having all the public works under public works and utilities is under utilities branch and all the operational activities such as streets, storm and construction activities under a separate operations branch. We pooled all the engineering under city engineer branch. There are going to be three branches under public works that keeps all the works of the city running. You will see a title and department name change, but basically the organization is the same. Gene DeMayo is still the water production division superintendent and he will still stay involved with TIFA as he has as a primary point of contact for the technical end because he runs the entire water system. Gene and I intend to stay involved as the most visible representatives of the staff to TIFA.

On the technical side the only things that I have to report and you may already know this, we are nearing completion of the scope for the resilient study for power outage, infrastructure and continuance of service in an efficient and dependable manner.

Member Ball: I saw Jim Boyd's comments and Gene's comments and I thought both were outstanding comments. I think it accomplishes the objectives that I wanted. I know we set aside money to cover the increase in our consulting. One of the things I saw in Gene's comments that was brought up when we were out there, is at least to investigate the cost/benefits for putting automatic switch gear on some if not all the wells. We are three months out from hurricane season and it would be nice to get this moving.

One option is to go to FP&L and have them bear the upfront cost and the ownership of the generators and servicing and risk of the generators being damaged or disappearing. You have to pay for that service that would be a part of your monthly. We don't know any of the financials yet but are you open to evaluating that?

Member Lee: From a manager's aspect, does it sound okay to look at FP&L structure?

Ms. Gagliardi: Yes.

Mr. Jantzer: Jim Boyd replied to me to have a base bid and alternate bid with the switch gear option. I think the idea is to get several bids in on that and we will have hard numbers to allow the board to decide between the value of the additional switch gear option. One of the difficulties of a non-automated setup is that it has to be started up well in advance of the storm and they will run for a while before the storm comes in that means their gas tanks are lower and lower. If we lose power we have to get out there post storm to refuel to continue our supply for that wellfield, then deal with flooding and if that is a wet storm we are dealing with the potential inability to access the site for a few days. That whole story winds back to the advantage of having a remote control switch gear that will allow the generators to turn on and off.

Due to long lead times of equipment delivery, I would not expect to have a new system up in time for this upcoming hurricane season.

Other Business

Mr. LeBrun: I will check the capital distribution discrepancy in the minutes and see what the best course of action is to revise those minutes.

Public Comment

Next Scheduled Meeting

The next meeting will be held March 16, 2023 at 11:00 a.m.

Open Items

Adjournment

Member Ball moved to adjourn the meeting at 11:41 a.m. Member Lee concurred and the meeting adjourned.