

**Leon County Research and Development Authority**  
**Board of Governors Meeting**  
Thursday, April 6, 2017  
Knight Administrative Centre  
1736 W. Paul Dirac Drive, Tallahassee, FL 32310  
**Agenda**

1. Call to Order
2. Introduction of Guests
3. Modifications to Agenda
4. Public Comment
5. Approval of Draft Meeting Minutes, Board of Governors, February 2, 2017 (*Attachment A*)
6. Consent Agenda
  - a. Treasurer's Report
    - i. Report January/February (*Attachment B*)
    - ii. Monthly Financial Report, January 2017 ([link](#))
    - iii. Monthly Financial Report, February 2017 ([link](#))
  - b. Investments
    - i. Report, January 2017 (*Attachment C1*)
    - ii. Report, February 2017 (*Attachment C2*)
  - c. Executive Committee Report, March 29, 2017 (*Attachment D*)
  - d. Audit Committee
    - i. Report, March 21, 2017 (*Attachment E1*)
    - ii. RFP 17-01 Professional Auditing Services (*Attachment E2*)  
*The Executive Committee requests ratification of its approval of RFP 17-01 Professional Auditing Services as recommended by the Audit Committee.*
  - e. Avalanche Mortgage on Leasehold Interest
    - i. Consent to Mortgage on Leasehold Interest (*Attachment F1*)  
*The Executive Committee requests ratification of its approval of an agreement with Avalanche Partnership and Sunshine Community Lender consenting to a mortgage on the leasehold interest on lot's 2E and 3E consistent with the requirements under Article 7 of the Authority's lease agreement with Avalanche. The lease requires consent from the Authority for mortgages where the proceeds are not applied in improving the property. The mortgage represents the refinancing of a previous mortgage.*
    - ii. Consent to conflict of interest (*Attachment F2*)  
*The Executive Committee requests ratification of its approval to consent to Broad and Cassel's conflict of interest due to its representation of Sunshine in connection with the Avalanche mortgage, and representation of the Authority as General Counsel. The Chair agreed to Broad and Cassel's representation of the Authority with respect to the matter.*

(6. Consent Agenda Continued)

- f. HVAC Preventative Maintenance Contract (*Attachment G*)  
*The Executive Committee requests ratification of its approval of a services agreement with Parker Services to provide HVAC preventative maintenance services at an annual cost of \$11,572. The contract represents a 42% cost reduction, or an annual savings of \$8,232.*
  - g. Purchasing Policy (*Attachment H*; [link to current policy](#))  
*The Executive Committee requests ratification of its approval of changes to policy 11-03 Purchasing Policy. The purpose of the changes to the policy is to clarify the authority delegated by the Board of Governors to conduct certain purchasing activities by the Executive Director of the Authority and other “Agents” as defined in the policy.*
  - h. Credit Card Policy (*Attachment I*)  
*The Executive Committee requests ratification of its approval of changes to policy 11-15 Credit Card Policy. The purpose of the changes to the policy is to delegate certain authority and responsibility to the Executive Director regarding the issuance of credit cards to staff and related credit limits, remove the Chair’s responsibility for review and approval of the Executive Director’s transaction consistent with policy 11-03 Purchasing Policy, and transfer the Treasurer’s responsibility for review of credit card transactions to the Authority’s Accountant.*
  - i. General Counsel Contract  
*The Executive Committee requests ratification of its decision to forego competitive procurement for Legal Services, and extend the contract with Broad and Cassel (as assigned) under the same terms and conditions for an additional year through September 20, 2018.*
- 7. Audited Financial Statements (*Attachments J1, J2*) –*Dustin Daniels, Audit Committee Chair*  
*The Executive Committee requests ratification of its approval of the Audited Financial Statements for the fiscal year ended September 30, 2016.*
  - 8. Project Campus (*Attachment(s) K* under separate cover-these documents are confidential pursuant to Ch. 288.075, Florida Statutes) –*Ron Miller, Executive Director*  
*The Executive Committee requests approval of agreements related to Project Campus.*
  - 9. Jump Start Status Update—*Kristin Dozier, Immediate Past Chair & Jump Start Committee Chair*
  - 10. Working with CRTPA and Road Prioritization Discussion—*Kristin Dozier*
  - 11. Chair’s Report—*Anne Longman, Chair*
  - 12. Staff Reports:
    - a. Director of Programs and Communications Report (*Attachment L*)
    - b. Property Manager’s Report (*Attachment M*)
    - c. Executive Director’s Report (*Attachment N*)
  - 13. New Business
  - 14. Adjourn

**Next Meeting: June 1, 2017**

(Subsequent meetings held the first Thursday of even numbered months.)

**Leon County Research and Development Authority**  
**Board of Governors Meeting**  
Thursday, February 2, 2017  
Knight Administrative Centre  
1736 W. Paul Dirac Drive, Tallahassee, FL 32310

**MINUTES**

**Members in Attendance:** Anne Longman, Keith Bowers, Dustin Daniels, Kristin Dozier, Kim Dixon, Rick Frazier, Shawnta Friday-Stroud, Eric Holmes, Dave Ramsay, Kim Williams

**Members not in Attendance:** Paul Dean, April Salter

**Guests:** Ron Miller, Larry Lynch, Denise Bilbow, Peggy Bielby (LCDA Staff); Melissa VanSickle (Broad and Cassel); Mark Frost (NAI Talcor)

1. Call to Order

Chair Anne Longman called the meeting to order at 11:05am.

2. Introduction of Guests

All present introduced themselves.

3. Modifications to Agenda

Ron Miller modified the agenda so that Larry Lynch, Director of the Entrepreneurial Excellence Program, would provide his presentation first.

(Keith Bowers joined the meeting at 11:10am, Shawnta Friday-Stroud joined the meeting at 11:15am)

4. Entrepreneurial Excellence Program (EEP)

Larry Lynch, EEP Director, provided a presentation of the history, operations, impact, and future plans for the program. Ron Miller reviewed the legislative funding request for the program, and discussed the size and the format of the request and the process for submitting it and optimizing the chance for success. (Kim Williams left the meeting from 11:40am – 12:10pm, but was present for all votes)

*Dave Ramsay offered a motion to approve the submission to the Florida Legislature, for inclusion in the 2017-18 state budget, of a legislative funding budget request for \$250,000. The request, if approved by the State, will fund the EEP \$50,000 per year for 5 years. Dustin Daniels seconded the motion, which passed unanimously.*

5. Public Comment

None.

6. Approval of Draft Meeting Minutes, Board of Governors, December 1, 2016

*Dave Ramsay offered a motion to approve the December 1, 2016 Board of Governors meeting minutes. Eric Holmes seconded the motion which passed unanimously.*

7. Consent Agenda

a. Treasurer's Report

- i. Report November/December
  - ii. Monthly Financial Report, November 2016
  - iii. Monthly Financial Report, December 2016
- b. Investments
  - i. Report, November 2016
  - ii. Report, December 2016
  - iii. Investment Policy Change *Staff requests approval of changes to the Investment Policy to eliminate language duplication with the Investment Committee Charter and incorporate the Charter into the Policy by reference.*
- c. Jump Start Committee
  - i. Report, December 15, 2016
  - ii. Report, January 17, 2017

*Kristin Dozier offered a motion to approve the consent agenda items. Dave Ramsay seconded the motion which passed unanimously.*

#### 8. Jump Start Committee

Kristin Dozier, Immediate Past Chair & Jump Start Committee Chair, provided an update on the status of the incubator planning process: the committee has met twice since the last Board of Governors meeting, and has reviewed core equipment needs and university resources, as well as key community partners and programs. Kristin Dozier and Ron Miller met with U.S. Department of Commerce EDA representative Greg Vaday and discussed grant funding for construction. Ron Miller noted that the College of Engineering expressed interest in partnering in a makerspace available to students. Committee member and FSU architect Mary Jo Spector and Ron Miller have met with architect Cam Whitlock of Lewis + Whitlock, toured the Collins Building, and discussed the architectural, engineering, design, and cost options.

*Kim Williams offered a motion to approve an agreement with Lewis + Whitlock to conduct an architectural and engineering study of the Collins Building for use as an incubator at a lump sum fee of \$20,075( revised from the initial fee of \$23,140). Dave Ramsay seconded the motion, which passed unanimously.*

#### 9. Chair's Report

Anne Longman, Chair reported that she and Ron Miller have held meetings with all County and City Commissioners (all of whom compose the Blueprint 2000 Intergovernmental Agency) to raise awareness of Innovation Park. Newly elected District 2 County Commissioner Jimbo Jackson came to Innovation Park for a Board orientation session.

#### 10. Staff Reports:

Executive Director Ron Miller reported on his Office of Economic Vitality meetings with Al Latimer and Ben Pingree, and pursuing LCRDA getting a seat on the Economic Vitality Leadership Council. The IA meets on February 21, 2017 and the agenda will be sent to the Board when it is released. The Investment Committee recommended that Florida Prime and SPIA rates be compared to current CD rates for purposes of possible reallocation of assets. Bing Energy is still not completely out of Collins, and has until February 15 to remove its storage containers from the Park. The 2015-2016 audit is delayed as a result of the State of Florida delay in providing the required FRS GASB 68 data. Morgan and Johnson Buildings may need an RFP for a listing agreement in April 2017. The Mag Lab is planning to add a housing component to its

main property. Under the new leasing policy Ron Miller approved a one year renewal for FSU ISPA in the Morgan Building.

Director of Programs and Communications Denise Bilbow reported that Tech Grant Program is underway, the awards will be held May 17; Tech Topics on March 8 will discuss Artificial Intelligence, and Discovery on Parade is February 7 and LCRDA is a sponsor. Innovation Park website changes are underway, marketing materials and graphics are updated, and drone footage and video of the Park will be ready by February 7. Mag Lab Open House is February 25 from 10:00am – 3:00pm.

Property Manager Mark Frost reported that no significant storm damage resulted from recent severe weather. Most CAM payments have been received.

#### 11. New Business

The creation of a 501(c)(3) organization for the incubator is still underway.

#### 12. Adjourn

The meeting was adjourned at 1:25pm.

**Next Meeting: April 6, 2017**

(Subsequent meetings held the first Thursday of even numbered months.)

**Leon County Research and Development Authority****Treasurer's Report**

April 6, 2017

The following is a summary of the more significant items relating to financial position, financial operations, and the budget for the months ending January 31, 2017 and February 28, 2017 and the fiscal year-to-date for 5 months through February 28, 2017.

## 1) Balance Sheet

<u>Changes for the month:</u>	<u>Increase/ (Decrease)</u>	
	<u>1/31/17</u>	<u>2/28/17</u>
Operating cash	(\$ 22,858)	\$ 33,069
Receivables	\$ 18,930	(\$ 26,349)
Accumulated depreciation and amortization	(\$ 24,897)	(\$ 24,897)
Investments <sup>3</sup>	\$ 2,939	\$ 3,284
Total assets	(\$ 22,965)	(\$ 16,463)
Total liabilities	(\$ 209)	\$ 10,885
Total capital	(\$ 22,756)	(\$ 27,348)

## 2) Income Statement

	<u>Month</u>		<u>Year-to-Date</u>
	<u>1/31/17</u>	<u>2/28/17</u>	
Interest income	\$ 3,668	\$ 3,535	\$17,901
Net operating income (loss) (before depreciation and amortization expense)	\$ 2,140	(\$ 2,451)	(\$ 11,280)
Less: Depreciation and amort. expense	(\$ 24,897)	(\$ 24,897)	(\$ 124,484)
Net income (loss)	(\$ 22,756)	(\$ 27,348)	(\$ 135,764)

## 3) Cash Flow Statement

<u>Operating Cash</u>	
Beginning balance	\$ 223,280
Net change	<u>10,211</u>
Ending balance	<u>\$ 233,491</u>

Operating cash is adequate to meet current cash disbursement needs.

## 4) Budget Comparison Statement

## a) Revenues:

Revenue Variances Year-to-Date	
Actual	\$ 288,571
Budgeted	<u>276,052</u>
Variance Favorable (Unfavorable)	<u>\$ 12,519</u>
Variance breakdown:	
Rent <sup>1</sup>	\$ 8,677
Interest income	1,401
EEP program revenue	1,600
Other program revenue	750
All other	<u>91</u>
Variance Favorable (Unfavorable)	<u>\$ 12,519</u>

<sup>1</sup>. Added NWRDC space and new Knight lease

## b) Operating Expenses (before Depreciation and Amortization):

Operating Expenses Year-to-Date	
Budgeted	\$ 333,035
Actual	<u>299,851</u>
Variance Favorable (Unfavorable)	<u>\$ 33,184</u>

Operating Expense Variances (Year-to-Date)	Favorable/ (Unfavorable)
Payroll	(\$ 616)
Utilities	5,786
Repairs/Maintenance	7,814
Cleaning & Improvements	3,114
Services <sup>1</sup>	9,168
Property Administration <sup>2</sup>	<u>7,918</u>
Total Favorable Variance	<u>\$ 33,184</u>

<sup>1</sup>. HVAC PM contract not yet completed; \$9,902 budgeted for the year-to-date; new contract began 3/1 and service has been completed

<sup>2</sup>. EEP program director contract was not completed until December which deferred two months budgeted expense (\$6,666 total) to later months compared to when it was budgeted.

Respectfully submitted,  
Dave Ramsay, Treasurer

**LEON COUNTY RESEARCH AND DEVELOPMENT AUTHORITY**

Attachment C1

1 of 4

**INVESTMENT PORTFOLIO**

**For period ending January 31, 2017**

*For the Month:*

<u>SECURITY OWNED</u>	<u>BALANCE BOM</u>	<u>EARNINGS</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE EOM</u>	<u>YIELD</u>
FL PRIME	\$ 1,414,710.50	\$ 1,193.55	\$ -	\$ -	\$ 1,415,904.05	0.993%
SPIA	2,465,073.92	2,455.17	-	-	2,467,529.09	1.170%
FLGIT	-	-	-	-	-	0.000%
	\$ 3,879,784.42	\$ 3,648.72	\$ -	\$ -	\$ 3,883,433.14	1.129%

*For the Fiscal Year Beginning October 1:*

<u>SECURITY OWNED</u>	<u>BALANCE BOP</u>	<u>EARNINGS</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE EOP</u>	<u>YIELD</u>
FL PRIME	\$ 1,411,609.01	\$ 4,295.04	\$ -	\$ -	\$ 1,415,904.05	0.901%
SPIA	2,457,505.63	10,023.46	-	-	2,467,529.09	1.209%
FLGIT	9,604.84	(25.88)	-	9,578.96	-	-1.616%
	\$ 3,878,719.48	\$ 14,292.62	\$ -	\$ 9,578.96	\$ 3,883,433.14	1.105%

**Investments Limited as to Use (Capital Improvement Fund)**

\$ 1,400,000.00

**Unrestricted Investments**

\$ 2,483,433.14

**NOTABLE ADDITIONS OR DELETIONS TO ACCOUNTS:**

11/16 Liquidated remaining investment in FLGIT; funds held in operating cash account pending January 2017 decision regarding CD investments, and operating cash account requirements.

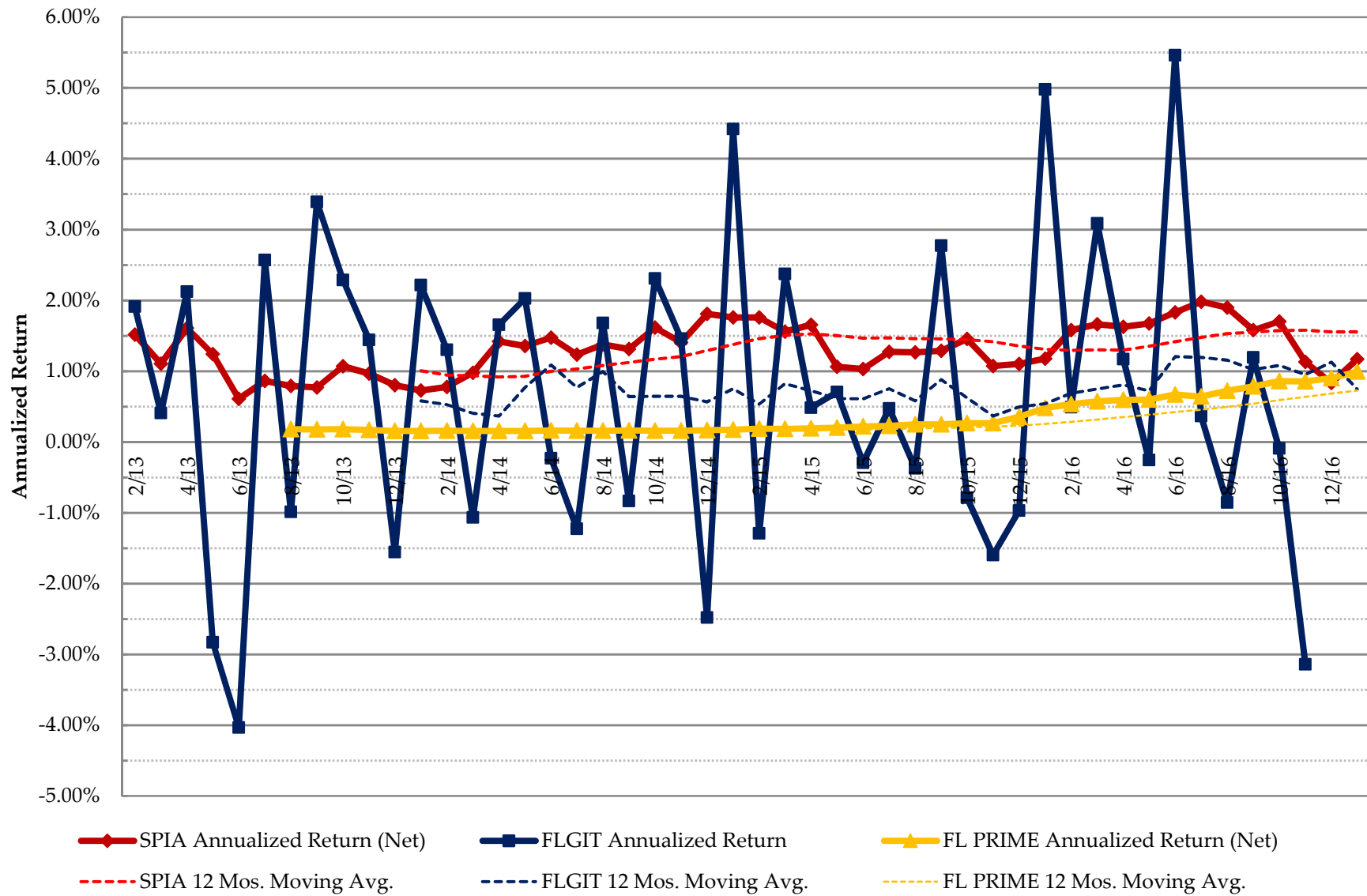
Note: Security descriptions shown on reverse



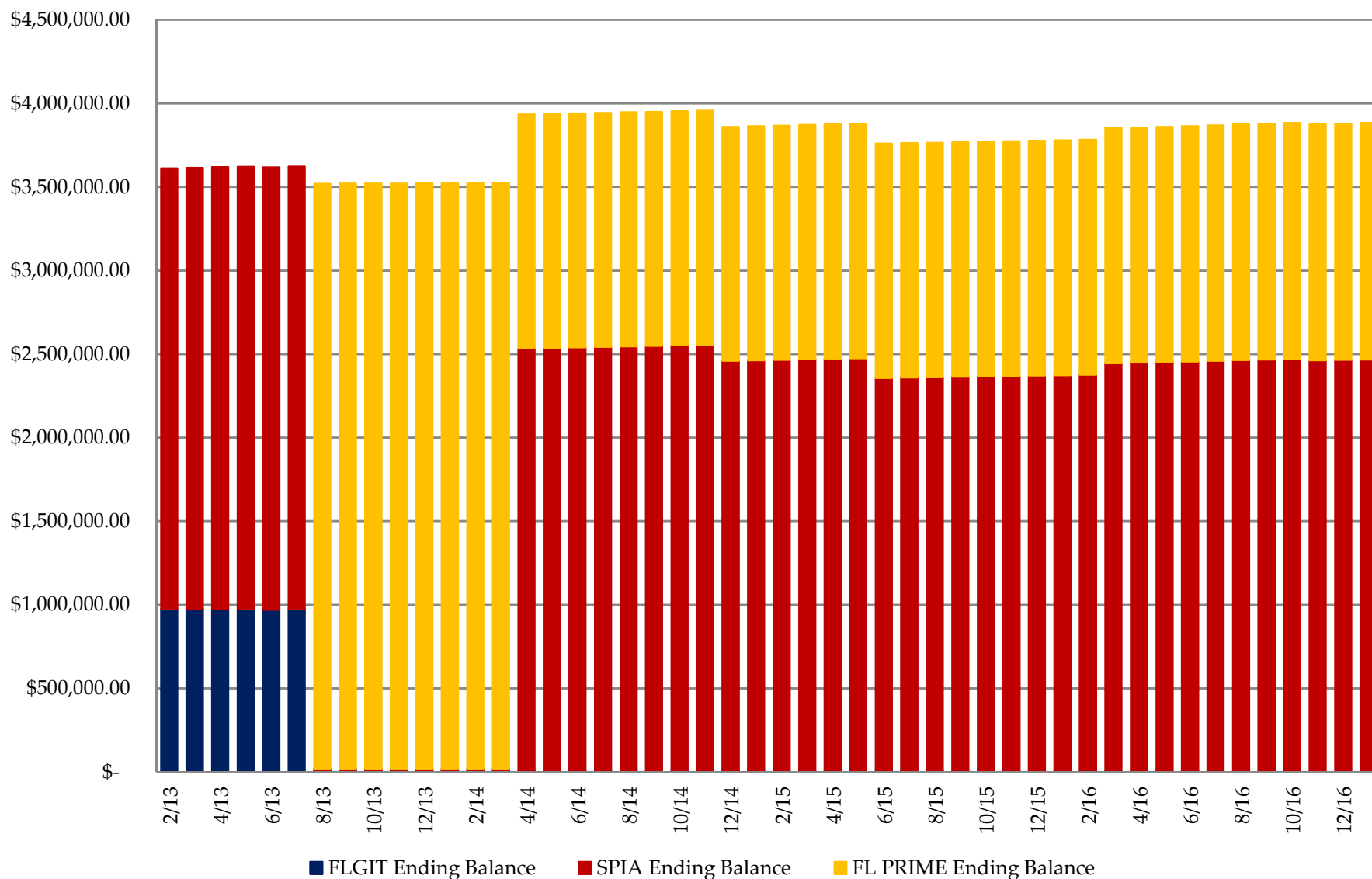
## **SECURITY DESCRIPTIONS:**

- **FL PRIME - SBA Florida Prime** - The Local Government Surplus Funds Trust Fund (Florida PRIME) was created by an Act of the Florida Legislature in 1977 and currently serves over 800 participants across the state. Invests exclusively in short-term, high-quality fixed-income securities rated in the highest short-term rating category by one or more nationally recognized statistical rating organizations, or securities of comparable quality. Seeks to maintain a \$1.00 value and maintain a weighted average maturity of 60 days or less, with the maximum maturity of any investment limited to 397 days. Rated AAAM by Standard & Poor's, the highest rating available for a local government investment pool. Complies with legislation that requires numerous operational and reporting enhancements, including restating investment objectives to emphasize safety, liquidity and competitive returns with minimization of risks; and providing for enhanced internal controls, transparency and communication. Federated Investors has managed the assets of Florida PRIME to the exact specifications of its investment policies since February 13, 2008.
- **SPIA – Florida Treasury Special Purpose Investment Trust** – The Florida State Treasury operates a special investment program for public entities other than the State. This program is authorized in Section 17.61(1), Florida Statutes and is called the Treasury Special Purpose Investment Account (SPIA). Component units of the State, Universities, or Colleges that are created by the Florida Constitution or Florida Statutes are eligible to invest in SPIA. Current non-component unit participants, like the Authority, are allowed to stay in the program with capped investment limits and a minimum balance equal to 60% of the previous 3 months average balance. Liquidations in excess of the minimum balance require 6 months' notice. SPIA funds are invested in the same portfolio as Treasury funds, so the pool of funds has a stable base of funds (over 85% of the funds are captive trust funds) not needed for immediate disbursement. These funds are invested in a combination of short-term liquid instruments and intermediate-term fixed income securities. This “barbell” investment strategy, along with incremental income produced by securities lending, has the ability to return higher yields than a typical money market fund. Participants have the ability to invest and obtain fund withdrawals same day with an 11:00 a.m. deadline for notifying the Treasury. The SPIA maintains a credit rating of A+f by Standard & Poor's.
- **FLGIT – Florida Local Government Investment Trust Government Fund** – The FLGIT is a local government investment pool created by the Florida Association of Court Clerks and Comptrollers, and the Florida Association of Counties for the purpose of providing public entities with an investment program that focuses on longer-term securities with the highest credit ratings. The effective maturity of the underlying investments is five years or less. The FLGIT invests in money markets, Treasury Notes, asset-backed securities, and federal agency obligations. This investment type is subject to some market risk due to fluctuating prices and liquidity risk due to advance redemption notification requirements. However, it has a professional investment advisor and an investment advisory board, and provides diversity in the Fund's portfolio. The FLGIT maintains a credit rating of AAA by Standard & Poor's.

## Leon County Research & Development Authority Investment Yield



## Leon County Research & Development Authority Investments Balances



# LEON COUNTY RESEARCH AND DEVELOPMENT AUTHORITY

Attachment C2

1 of 4

## INVESTMENT PORTFOLIO

For period ending February 28, 2017

*For the Month:*

<u>SECURITY OWNED</u>	<u>BALANCE BOM</u>	<u>EARNINGS</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE EOM</u>	<u>YIELD</u>
FL PRIME	\$ 1,415,904.05	\$ 828.42	\$ -	\$ 530,000.00	\$ 886,732.47	0.970%
SPIA	2,467,529.09	2,687.69	530,000.00	-	3,000,216.78	1.284%
FLGIT	-	-	-	-	-	0.000%
	\$ 3,883,433.14	\$ 3,516.11	\$ 530,000.00	\$ 530,000.00	\$ 3,886,949.25	1.086%

*For the Fiscal Year Beginning October 1:*

<u>SECURITY OWNED</u>	<u>BALANCE BOP</u>	<u>EARNINGS</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE EOP</u>	<u>YIELD</u>
FL PRIME	\$ 1,411,609.01	\$ 5,123.46	\$ -	\$ 530,000.00	\$ 886,732.47	0.915%
SPIA	2,457,505.63	12,711.15	530,000.00	-	3,000,216.78	1.224%
FLGIT	9,604.84	(25.88)	-	9,578.96	-	-1.616%
	\$ 3,878,719.48	\$ 17,808.73	\$ 530,000.00	\$ 539,578.96	\$ 3,886,949.25	1.102%

Investments Limited as to Use (Capital Improvement Fund)

\$ 1,400,000.00

Unrestricted Investments

\$ 2,486,949.25

### NOTABLE ADDITIONS OR DELETIONS TO ACCOUNTS:

11/16 Liquidated remaining investment in FLGIT

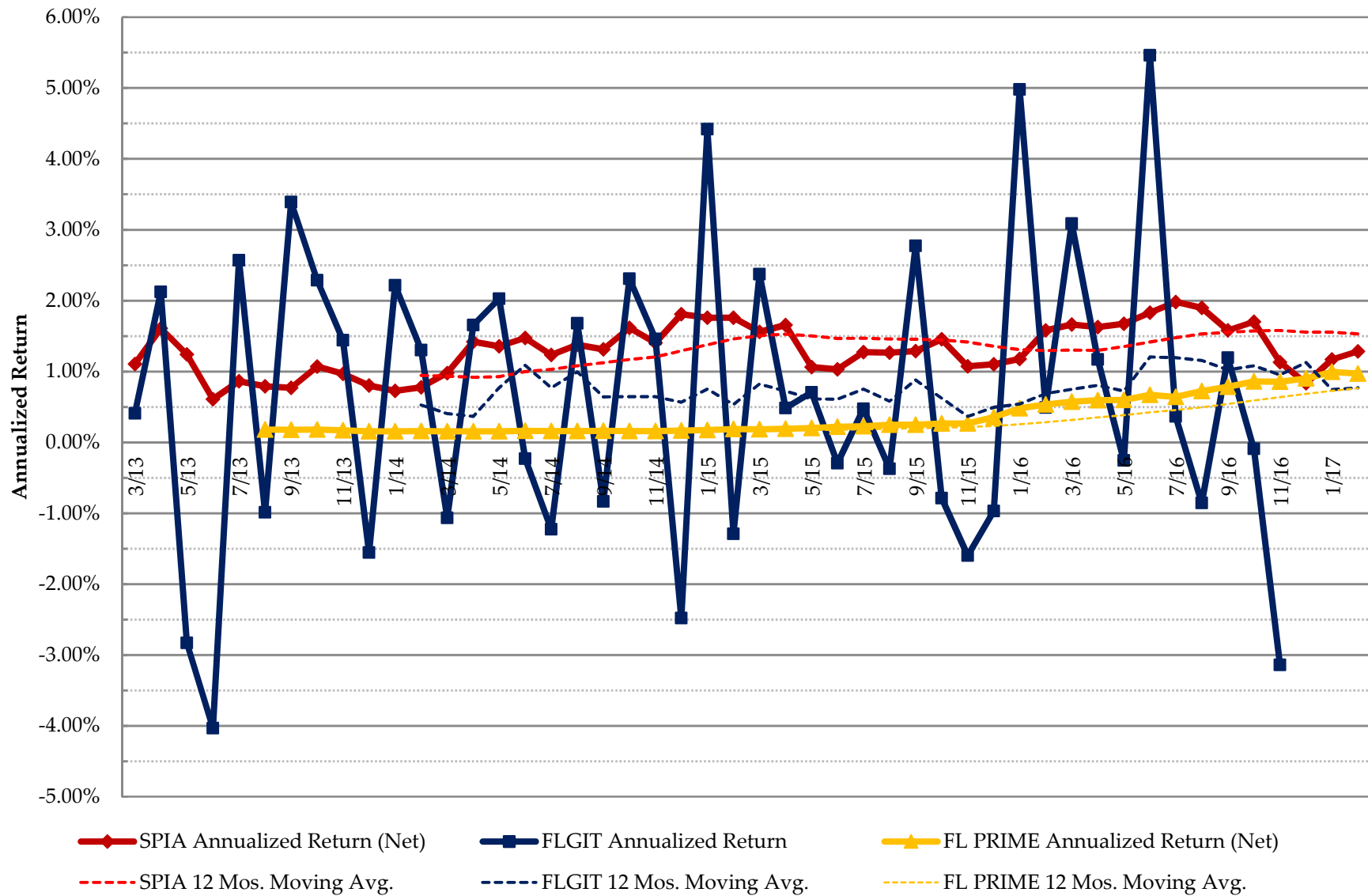
02/17 Transferred \$530,000 from FL PRIME to SPIA as directed by Investment Advisory Committee

Note: Security descriptions shown on reverse

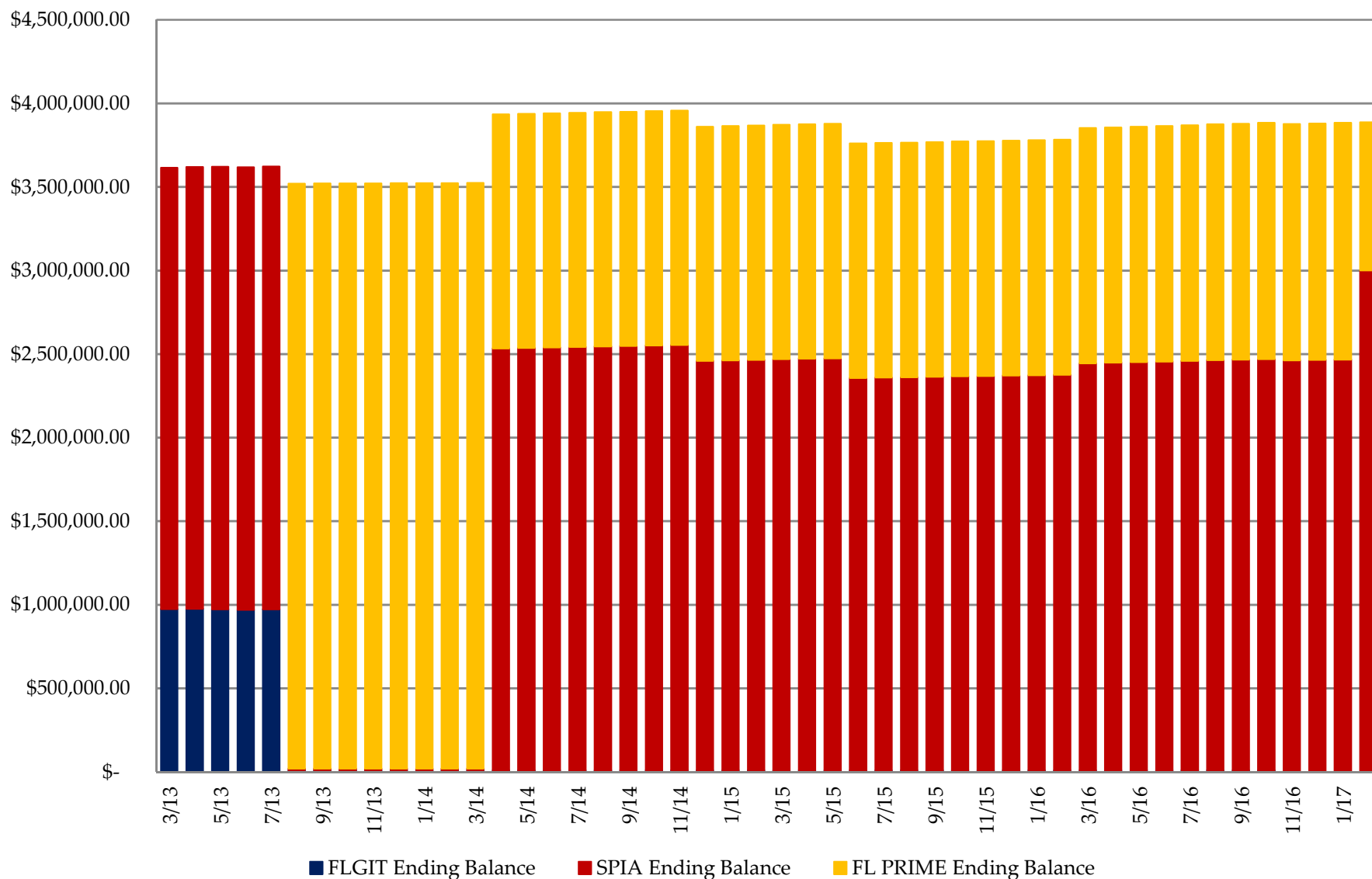
## **SECURITY DESCRIPTIONS:**

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- **SPIA – Florida Treasury Special Purpose Investment Trust** – The Florida State Treasury operates a special investment program for public entities other than the State. This program is authorized in Section 17.61(1), Florida Statutes and is called the Treasury Special Purpose Investment Account (SPIA). Component units of the State, Universities, or Colleges that are created by the Florida Constitution or Florida Statutes are eligible to invest in SPIA. Current non-component unit participants, like the Authority, are allowed to stay in the program with capped investment limits and a minimum balance equal to 60% of the previous 3 months average balance. Liquidations in excess of the minimum balance require 6 months' notice. SPIA funds are invested in the same portfolio as Treasury funds, so the pool of funds has a stable base of funds (over 85% of the funds are captive trust funds) not needed for immediate disbursement. These funds are invested in a combination of short-term liquid instruments and intermediate-term fixed income securities. This “barbell” investment strategy, along with incremental income produced by securities lending, has the ability to return higher yields than a typical money market fund. Participants have the ability to invest and obtain fund withdrawals same day with an 11:00 a.m. deadline for notifying the Treasury. The SPIA maintains a credit rating of A+f by Standard & Poor's.
- **FLGIT – Florida Local Government Investment Trust Government Fund** – The FLGIT is a local government investment pool created by the Florida Association of Court Clerks and Comptrollers, and the Florida Association of Counties for the purpose of providing public entities with an investment program that focuses on longer-term securities with the highest credit ratings. The effective maturity of the underlying investments is five years or less. The FLGIT invests in money markets, Treasury Notes, asset-backed securities, and federal agency obligations. This investment type is subject to some market risk due to fluctuating prices and liquidity risk due to advance redemption notification requirements. However, it has a professional investment advisor and an investment advisory board, and provides diversity in the Fund's portfolio. The FLGIT maintains a credit rating of AAA by Standard & Poor's.

## Leon County Research & Development Authority Investment Yield



## Leon County Research & Development Authority Investments Balances



**Leon County Research and Development Authority**  
**Executive Committee Meeting**  
Knight Administrative Centre  
Wednesday, March 29, 2017, 3:00 p.m.

**Report**

The Leon County Research and Development Authority (LCRDA) Executive Committee met on Thursday, March 29, 2017 at the Knight Administrative Centre, 1736 West Paul Dirac Drive, Tallahassee, FL. Chair Anne Longman presided.

**Members in Attendance:** Chair Anne Longman, Vice Chair Eric Holmes, Immediate Past Chair Kristin Dozier, Treasurer Dave Ramsay.

**Members Absent:** None.

**Others in Attendance:** Ron Miller, Executive Director; Denise Bilbow, Director of Programs and Communications; Peggy Bielby, Administrative Coordinator, LCRDA; Melissa VanSickle, Broad and Cassel

**1. Call to Order**

The meeting was called to order by Chair Anne Longman at 3:05pm.

**2. Introduction of Guests**

None.

**3. Modifications to the Agenda**

None.

**4. Public Comment**

None.

**5. Approval of Draft Meeting Minutes, November 3, 2016**

*Kristin Dozier offered a motion to approve the draft minutes. Eric Holmes seconded the motion which passed unanimously.*

**6. Project Campus**

**Documents related to this agenda item are confidential pursuant to Ch. 288.075, Florida Statutes. Dave Ramsay disclosed that he recused himself from voting on this item and executed and filed Form 8B Memorandum of Voting Conflict.**

*Committee discussed Project Campus and directed Ron Miller to negotiate certain changes and additions to the agreements.*



**7. Avalanche Consent to Mortgage on Leasehold Interest**

*Kristin Dozier offered a motion to ratify the Chair's approval of an agreement with Avalanche Partnership and Sunshine Community Lender consenting to a mortgage on the leasehold interest on lots 2E and 3E consistent with the requirements under Article 7 of the Authority's lease agreement with Avalanche; and to ratify the Chair's consent to Broad and Cassel's conflict of interest due to its representation of Sunshine in connection with the mortgage, and representation of the Authority as General Counsel. Dave Ramsay seconded the motion which passed unanimously.*

Melissa VanSickle left the meeting at 4:22pm.

**8. Audited Financial Statements**

*Kristin Dozier offered a motion to approve the Audited Financial Statements for the fiscal year ended September 30, 2016. Dave Ramsay seconded the motion which passed unanimously.*

**9. RFP 17-01 Professional Auditing Services**

*Kristin Dozier offered a motion to approve RFP 17-01 Professional Auditing Services. Eric Holmes seconded the motion which passed unanimously.*

**10. HVAC Preventative Maintenance Contract**

*Kristin Dozier offered a motion to ratify the Chair's approval of a services agreement with Parker Services to provide HVAC preventative maintenance services at an annual cost of \$11,572. Eric Homes seconded the motion which passed unanimously.*

**11. Purchasing Policy**

*Dave Ramsay offered a motion to approve the Staff requested changes to policy 11-03 Purchasing Policy. Eric Holmes seconded the motion which passed unanimously.*

**12. Credit Card Policy**

*Dave Ramsay offered a motion to approve the Staff requested changes policy 11-15 Credit Card Policy. Kristin Dozier seconded the motion which passed unanimously.*

**13. Jumpstart Update**

Kristin Dozier provided an update on the JumpStart Incubator project.

**14. Working with CRTPA and Road Prioritization Discussion**

Kristin Dozier provided an update on the CRTPA and Providence Neighborhood discussions.

Kristin Dozier left the meeting at 5:23pm.

**15. Chair's Report**

None.

## **16. Director of Programs and Communications Report**

Denise Bilbow provided an update on EEP, Entrepreneurs Club, Tech Grant Elevator Pitch night (May 17, 2017), Tech Topics, Science Festival (Oct. 28, 2017), Discovery on Parade, social media/SEO, and strategic partnerships.

## **17. Executive Director's Report**

Ron Miller provided an update on Bing Energy, EEP funding, property manager changes, Tech Grant funds returned, and leasing prospects.

## **18. New Business**

Ron Miller reminded the Committee that he had been directed to issue an RFP for legal services near the conclusion of the current agreement. He indicated that he had begun planning the schedule for the RFP and would begin drafting in April.

*Dave Ramsay offered a motion to direct the Executive Director to extend the General Counsel contract for one year, and defer an RFP. Eric Holmes seconded the motion, which passed unanimously.*

## **19. Adjourn**

The meeting adjourned at 5:55pm.

**Leon County Research and Development Authority**  
**Audit Committee Meeting**  
Knight Administrative Centre  
1736 West Paul Dirac Drive  
Tallahassee, Florida 32310

March 21, 2017  
3:00 p.m.

**REPORT**

**Members in Attendance:** Dustin Daniels (Chair), Paul Dean, Kimberly Moore, April Salter, Kim Williams.

**Guests:** Dave Ramsay, Treasurer; Ron Miller and Peggy Bielby, LCRDA Staff; Stephanie Shoulet and Kristy Bennett, NAI Talcor; Allison Harrell, Thomas Howell Ferguson, CPA's.

**1. Call to Order**

Chair Dustin Daniels called the meeting to order at 3:03pm.

**2. Agenda Modifications**

None.

**3. Public Comment**

None.

**4. Approval of the November 3, 2016, Audit Committee meeting minutes**

*Paul Dean offered a motion to approve the November 3, 2016 meeting minutes. April Salter seconded the motion which passed unanimously.*

**5. Audit presentation and discussion**

Allison Harrell, Audit Shareholder with Thomas Howell Ferguson, CPA, presented the financial statements for the years ended September 30, 2015 and 2016.

- a. Presentation of reports by auditors - The auditors reported no significant issues arising from the audit to be discussed with or the subject of correspondence with management. There were no significant deficiencies and material weaknesses in internal controls over financial reporting identified during the audit.
- b. Difficulties or restrictions encountered in conducting the audit – The auditors reported no difficulties or restrictions in conducting the audit.
- c. Disagreements between management and the independent auditors in the preparation of the financial statements – The auditors reported no disagreements in the preparation of the financial statements.

- d. Significant changes in financial reporting practices or the Authority's internal control systems – No significant changes in financial reporting practices or the Authority's internal control systems were noted.
- e. Recommendations for improvements in the financial policies, procedures, and practices of the Authority – No recommendations were made.

Dave Ramsay noted that one paragraph in second page of the Management Letter titled "Other Matters" found on Page 37 of the report (Page 45 of 80 in the Agenda Packet) consisted of inaccurate verbiage that was apparently carried over from the prior audit:

*Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our testing of cash disbursements, we noted one instance where the documentation supporting the invoice paid had not been maintained but the original contract was available. In a separate instance, we noted where the rate per the invoice did not match the contract due to the vendor's error. We suggest that all contracts be kept on file and that documentation be requested for any rate changes. We also recommend that invoices are reviewed for compliance with contracts to ensure that internal worksheets used for tracking are updated with current rates.*

Allison Harrell acknowledged that paragraph was not accurate, that there was not a recurring or repeat deficiency, and also noted that in the paragraph on the preceding page of the Management Letter titled "Prior Audit Findings" the last sentence should correctly read "Corrective actions were taken to address the other matters noted in the prior year." She assured the committee that the final version of the financial statements would contain the correct language. Both the Executive Committee and the Board of Governors will review the final version.

Allison Harrell noted that the Report of the Independent Auditors represents an "Unmodified Opinion" which is the highest level of assurance that can be given on a set of audited financial statements. The Management Discussion and Analysis noted two "Financial Highlights": 1. the October 2015 sale of the Danfoss Turbocor building to Danfoss and 2. the March 2016 award to the Authority from the Knight Foundation for the Entrepreneurial Excellence Program plus funding from the Economic Development Council.

Ron Miller explained that the Statement of Net Position and Statement of Revenue, Expenses, and Changes in Net Position reflect the impact that depreciation of capital assets has on net position but noted this does not impact cash flow and that the bad debt expense resulting from BUC Technologies and Bing Energy lease terminations is included in operating expenses.

- 6. Audited Financial Statements for fiscal year 2015-2016** *Kim Williams offered a motion to recommend for approval the draft Audited Financial Statements for Fiscal Year 2016-16 to the Board. Kimberly Moore offered a friendly amendment to add "with the*

*recommended changes cited” to the motion. Paul Dean seconded the motion, as amended, which passed unanimously.*

**7. RFP 17-01 Professional Auditing Services**

As directed by the Audit Committee, staff has prepared a draft Request for Proposals for auditing services. The Authority typically issues RFPs every three years but the current auditor, Thomas Howell Ferguson, has been in place for eight years due to extenuating circumstance. The Committee noted that there have been no adverse issues with the current auditor whatsoever during this period. Each contract is typically for a 3-year period, with two possible 2-year renewals. The Committee directed that the RFP include a scoring preference for minority and women-owned businesses, in addition to the local business preference.

*Kim Williams offered a motion to recommend to the Board approval of the draft Request for Proposal 17-01 for Professional Auditing Services as amended. Kimberly Moore seconded the motion which passed unanimously.*

**8. New Business**

None.

**9. Adjourn**

The meeting adjourned at 4:15pm.

**Next Audit Committee Meeting:**

TBD

***DRAFT***



Leon County Research & Development Authority

REQUEST FOR PROPOSALS

for

Professional Auditing Services

RFP 17-01

Release Date: May 1, 2017

Leon County Research & Development Authority  
Request for Proposals for Professional Audit Services  
RFP 17-01

DRAFT

Due: 2:00 P.M., Monday, June 12, 2017

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## TABLE OF CONTENTS

<b>I.</b>	<b>INTRODUCTION.....</b>	<b>1</b>
A.	GENERAL INFORMATION AND OVERVIEW .....	1
B.	TERM OF ENGAGEMENT.....	4
C.	JOINT VENTURES/SUBCONTRACTING .....	4
<b>II.</b>	<b>NATURE OF SERVICES REQUIRED .....</b>	<b>4</b>
A.	SCOPE OF WORK TO BE PERFORMED .....	4
B.	AUDITING STANDARDS AND REQUIREMENTS TO BE FOLLOWED .....	4
C.	REPORTS TO BE ISSUED .....	4
D.	SPECIAL CONSIDERATIONS.....	5
E.	WORKING PAPER RETENTION AND ACCESS TO WORKING PAPERS.....	6
<b>III.</b>	<b>DESCRIPTION OF THE LEON COUNTY R&amp;D AUTHORITY.....</b>	<b>7</b>
A.	NAME AND TELEPHONE NUMBER OF CONTACT PERSON KEY PERSONNEL .....	7
B.	BACKGROUND INFORMATION .....	7
C.	BASIS OF ACCOUNTING.....	8
D.	RELATIONSHIP TO LEON COUNTY GOVERNMENT.....	8
E.	BUDGETS .....	8
F.	PENSION PLAN.....	8
G.	FINANCE OPERATIONS.....	8
H.	COMPUTER SYSTEMS .....	9
I.	AVAILABILITY OF PRIOR AUDIT REPORTS .....	9
<b>IV.</b>	<b>SCHEDULE .....</b>	<b>9</b>
A.	PROPOSAL CALENDAR .....	9
B.	NOTIFICATION AND CONTRACT DATES .....	9
C.	DATE AUDIT MAY COMMENCE .....	9
D.	SCHEDULE FOR THE FISCAL YEAR 2016-17 AUDIT .....	10
E.	AUDIT COMMITTEE MEETINGS.....	10
F.	FINAL REPORT AND APPROVAL.....	10
<b>V.</b>	<b>ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT PREPARATION .....</b>	<b>10</b>
A.	ACCOUNTING STAFF AND CLERICAL ASSISTANCE .....	10
B.	COMPUTER AND DATA ASSISTANCE .....	11
C.	WORK AREA, TELEPHONES, PHOTOCOPYING AND FACSIMILE MACHINES.....	11
D.	REPORT PREPARATION .....	11
<b>VI.</b>	<b>PROPOSAL REQUIREMENTS.....</b>	<b>11</b>
A.	GENERAL REQUIREMENTS .....	11
1.	<i>Submission of Notification of Interest .....</i>	<i>11</i>
2.	<i>Pre-proposal Conference .....</i>	<i>11</i>
3.	<i>Inquiries .....</i>	<i>11</i>
4.	<i>Submission of Proposals .....</i>	<i>11</i>
B.	TECHNICAL PROPOSAL.....	13
1.	<i>General Requirements .....</i>	<i>13</i>
2.	<i>Independence .....</i>	<i>14</i>
3.	<i>License to Practice in the State of Florida.....</i>	<i>14</i>
4.	<i>Firm Qualifications and Experience .....</i>	<i>14</i>

Leon County Research & Development Authority  
Request for Proposals for Professional Audit Services  
RFP 17-01

DRAFT

Due: 2:00 P.M., Monday, June 12, 2017

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5.	<i>Partner, Supervisory, and Staff Qualifications and Experience</i> .....	14
6.	<i>Prior Engagements with LCRDA</i> .....	15
7.	<i>Similar Engagements with Other Governmental Entities</i> .....	15
8.	<i>Specific Audit Approach</i> .....	16
9.	<i>Identification of Anticipated Potential Audit Problems</i> .....	16
10.	<i>Insurance</i> .....	16
<b>VII.</b>	<b>EVALUATION PROCEDURES</b> .....	<b>18</b>
A.	AUDIT COMMITTEE .....	18
B.	REVIEW OF PROPOSALS .....	18
C.	EVALUATION CRITERIA.....	19
D.	OTHER FACTORS .....	20
E.	PRELIMINARY SCORING.....	20
F.	FINAL SELECTION.....	20
G.	RIGHT TO REJECT PROPOSALS .....	21
<b>VIII.</b>	<b>ADDITIONAL CONSIDERATIONS</b> .....	<b>21</b>
A.	COST OF SERVICE REQUIREMENTS FOR SELECTED AUDITOR.....	21
1.	<i>Total All-inclusive Maximum Price</i> .....	21
2.	<i>Rates by Partner, Specialist, Supervisory and Staff Level Times; Hours Anticipated for Each.</i> .....	21
3.	<i>Out-of-pocket Expenses Included in the Total All-inclusive; Maximum Price and Reimbursement Rates</i> .....	21
4.	<i>Rates for Additional Professional Services</i> .....	22
5.	<i>Manner of Payment</i> .....	22
B.	REQUEST FOR PROPOSALS/CONTRACT.....	22
C.	TERMINATION PROVISIONS .....	22
D.	ETHICAL BUSINESS PRACTICES.....	22
E.	LOCAL PREFERENCE IN PURCHASING AND CONTRACTING.....	23
F.	MINORITY, WOMEN AND SMALL BUSINESS ENTERPRISE (MWSBE) PREFERENCE .....	24
<b>IX.</b>	<b>APPENDICES</b> .....	<b>25</b>
A.	FINDINGS FROM RECENT EXTERNAL AUDITS .....	25
B.	LIST OF KEY PERSONNEL .....	26
C.	PROPOSER GUARANTEES .....	27
D.	EQUAL OPPORTUNITY/AFFIRMATIVE ACTION STATEMENT .....	28
E.	CERTIFICATION REGARDING DEBARMENT, .....	29
F.	PUBLIC ENTITY CRIMES STATEMENT .....	30
G.	LOCAL VENDOR CERTIFICATION .....	32
H.	SAMPLE LETTER OF INTEREST .....	33



I. INTRODUCTION

A. General Information and Overview

1. Leon County Research & Development Authority ("LCRDA"), a Florida Special District located in Tallahassee, Florida, is requesting proposals from qualified firms of certified public accountants to audit three years of financial statements commencing with the fiscal year ending September 30, 2017, with the option of auditing the financial statements for each of the four subsequent fiscal years (seven years maximum). These audits are to be performed in accordance with generally accepted auditing standards, the standards for financial audits set forth in the United States General Accounting Office's Government Auditing Standards, Chapter 10.550, Rules of the Auditor General, Local Governmental Entity Audits; and any other required standards that are or become applicable.
2. A pre-proposal conference is scheduled for 3:00 P.M., Wednesday, May 24, 2017, in the LCRDA Conference Room, 1736 W. Paul Dirac Drive, Tallahassee, Florida 32310 to respond to any questions you may have about the RFP.
3. All questions before and after the pre-proposal conference concerning this RFP shall be directed **in writing** via email to:

Ron Miller, Executive Director  
Email: [Rmiller@inn-park.com](mailto:Rmiller@inn-park.com)  
Subject: RFP 17-01

Each Vendor shall examine the Request for Proposal documents carefully; and, no later than 2:00pm, Friday, June 2, 2017, may make a written request to LCRDA for interpretations or corrections of any ambiguity, inconsistency or error which may be discovered. All interpretations or corrections will be issued as addenda, emailed to all proposers, and posted to the <http://LCRDA.org> website not later than 5:00pm, Monday, June 5, 2017.

No negotiations, decisions, or actions shall be initiated or executed by the proposer as a result of any discussions with any LCRDA employee prior to the opening of proposals. Only those communications which are in writing from LCRDA may be considered as a duly authorized expression on behalf of LCRDA. Only communications from firms which are in writing and signed will be recognized by LCRDA as duly authorized expressions on behalf of proposers.

Prohibited Communications:

All communications regarding this RFP, or a proposal, must be in accordance with this section; provided any such contact shall be limited to questions regarding clarification of information provided in this RFP, and shall not relate to the merits of a proposal.

Other than written communication permitted by this section, or discussions held

during the pre-proposal conference and public meetings of the LCRDA Board of Governors ("Board"), or of the LCRDA Audit Committee ("Audit Committee"), no contact or communication in person, by telephone, e-mail, through an intermediary, or otherwise with any member of the Board or any other representative of the LCRDA regarding this RFP shall occur.

The prohibited communication shall be in effect as of the issuance of the RFP. The provisions of this section shall terminate at the time the Board, or an LCRDA employee authorized to act on behalf of the Board, awards or approves a contract, rejects all bids or responses, or otherwise takes action which ends the solicitation process.

Any contact or communication in violation of the provisions above shall be cause for rejection of the proposal.

4. Costs for developing and presenting submittals in response to this Request for Proposals are entirely the obligation of the proposer and shall not be chargeable in any manner to LCRDA. There is no expressed or implied obligation for LCRDA to reimburse responding firms for any expenses incurred in preparing proposals in response to this request.
5. To be considered, one UNBOUND original and six (6) UNBOUND copies of the proposal, and an electronic version of proposal (pdf format) on a USB drive, shall be delivered to the LCRDA Executive Director ("Executive Director"):

Leon County R&D Authority  
Attn: Ron Miller  
1736 W. Paul Dirac Drive  
Tallahassee, Florida 32310

for receipt, no later than 2:00 P.M., Monday, June 12, 2017. Proposals must be submitted in a sealed envelope clearly marked with the name of the audit firm and the Proposal Number RFP 17-01. Please DO NOT bind the proposals in any way other than a single staple, binder clip, or paper clip. The sealed proposals will be publicly opened shortly thereafter.

Proposals may not be withdrawn after this time or within the ensuing sixty (60) day period. Proposals may be withdrawn prior to 2:00 P.M., Monday, June 12, 2017, if so requested in writing. Proposals received after this time will not be considered.

6. LCRDA reserves the right to reject any proposal which may be considered irregular, incomplete, or which shows serious omission, unauthorized alteration of form, unauthorized alternate proposals, or is submitted after 2:00 P.M., Monday, June 12, 2017. LCRDA reserves the right to accept or reject any and all proposals and to waive all nonmaterial irregularities in any or all proposals submitted.
7. LCRDA reserves the right to retain all proposals submitted and to use any idea in a

proposal regardless of whether that proposal is selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in this Request for Proposals, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between LCRDA and the firm selected.

8. Proposals submitted will be evaluated by the Audit Committee, created by the Board and pursuant to the provisions of Section 218.391, Florida Statutes, with membership appointed by the Chair of the Board. During the evaluation process, the Audit Committee and LCRDA reserve the right, where it may serve the best interests of LCRDA, to request additional information or clarifications from proposers, or to allow corrections of errors or omissions.
9. If more than three firms submit responsive proposals, a preliminary Audit Committee meeting may be held on June 22, 2017 to narrow the number of firms for oral presentation and final ranking. Firms are not required to attend, and will not make oral presentations at this meeting.

It is anticipated that the final ranking of firms will occur at the Audit Committee Meeting scheduled to be held on Thursday, June 29, 2017. Firms being included in the final ranking must attend this final ranking meeting and may be requested to make oral presentations. The negotiation process and approval and execution of the contract will occur subsequent to this meeting.

All Audit Committee meetings are currently scheduled to be held in the LCRDA Conference Room located at 1736 W. Paul Dirac Drive, Tallahassee, Florida 32310.

Further description of the evaluation procedures is provided in section VII of the RFP.

10. Since the receipt of more than one proposal is anticipated, LCRDA will follow the provisions of Section 218.391, Florida Statutes, which states in part:

“If compensation is not one of the factors established pursuant to paragraph (3)(a) and not used to evaluate firms pursuant to paragraph (3)(e), the governing body shall negotiate a contract with the firm ranked first. If the governing body is unable to negotiate a satisfactory contract with that firm, negotiations with that firm shall be formally terminated, and the governing body shall then undertake negotiations with the second-ranked firm. Failing accord with the second-ranked firm, negotiations shall then be terminated with that firm and undertaken with the third-ranked firm. Negotiations with the other ranked firms shall be undertaken in the same manner. The governing body, in negotiating with firms, may reopen formal negotiations with any one of the three top-ranked firms, but it may not negotiate with more than one firm at a time.”
11. The use of the term “contractor” herein refers to the individual or firm which executes the contract awarded under this RFP.

B. Term of Engagement

A three-year contract is contemplated, subject to the annual review and recommendation of the Audit Committee, the satisfactory negotiation of terms (including a price acceptable to both LCRDA and the selected firm), and the concurrence of the Board. The contract will contain a provision allowing LCRDA to renew twice for two subsequent years, subject to the above conditions.

C. Joint Ventures/Subcontracting

Any proposed subcontracting must be clearly identified in the initial proposal, including the name of the firm and all other information as required of the principal firm in this Request for Proposals. LCRDA reserves the right to reject any proposed subcontractors. Following the award of the audit contract, no additional subcontracting will be allowed without the express prior written consent of LCRDA.

II. NATURE OF SERVICES REQUIRED

A. Scope of Work to be Performed

LCRDA desires the auditor to express an opinion on the fair presentation of its financial statements in conformity with generally accepted accounting principles.

B. Auditing Standards and Requirements to be Followed

To meet the requirements of this Request for Proposals, the audit shall be performed in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants, the standards for financial audits set forth in the United States General Accounting Office's Government Auditing Standards, and Chapter 10.550, Rules of the Auditor General Local Governmental Entity Audits; and any other required standards that are or may become applicable.

C. Reports to be Issued

1. Following the completion of the audit of each fiscal year's financial statements during the term of the contract, the auditor shall issue:
  - a. A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles.
  - b. A report on internal control over financial reporting including any material weaknesses or significant deficiencies found during the audit.
  - c. A report on compliance with laws, regulations, contracts, grant agreements, and other matters, including all instances of noncompliance with applicable laws and regulations.
  - d. A management letter.
  - e. The Auditor's Communication with Those Charged with Governance.
  - f. Any other attestations and certifications as may be required by Government

Auditing Standards, Florida Statutes or Florida Administrative Code.

2. Irregularities and illegal acts: The auditor shall be required to make an immediate, written report of all irregularities and illegal acts or indications of illegal acts, of which they become aware, to the Board Chair, the Audit Committee Chair, and the Executive Director.
3. Reporting to the Audit Committee: The auditors shall assure themselves that the Audit Committee is informed of each of the following:
  - a. The responsibilities of the auditor under generally accepted auditing standards.
  - b. Significant audit adjustments.
  - c. Difficulties or restrictions encountered in performing the audit.
  - d. Disagreements between management and the independent auditors in the preparation of the financial statements.
  - e. Recommendations for improvements in the financial policies, procedures, and practices of the Authority.

D. Special Considerations

1. LCRDA does not currently receive financial assistance subjecting it to the audit requirements of the federal or Florida Single Audit Act, and the price of any such audit requirements are outside the scope of this RFP. However, receipt of future assistance is possible, and may subject LCRDA to such audit requirements. In such a case, the auditors and LCRDA will work in good faith to negotiate fair compensation for the expanded scope based on the hourly rates included in the contract. The ability to perform these services will be considered in the technical proposal portion of this RFP.
2. LCRDA may prepare one or more official statements in connection with the sale of debt securities which will contain the financial statements and the auditor's report thereon. The auditor shall be required under the contract, if requested by the financial advisor and/or the underwriter, to issue a "consent and citation of expertise" as the auditor, and any necessary "comfort letters."
3. LCRDA acknowledges that in order to provide a non-audit service to LCRDA, the auditor must determine whether providing such a service would create a significant threat to its independence for GAS audit purposes, either by itself or in aggregate with other non-audit services provided. A critical component of that determination is consideration of management's ability to effectively oversee the non-audit service to be performed. The LCRDA agrees that the Executive Director possesses suitable skill, knowledge, or experience and that the individual understands the non-audit services described below to be performed sufficiently to oversee them.

Accordingly, the management of the LCRDA agrees to the following:

- a. LCRDA has designated the Executive Director a senior member of management, who possesses suitable skill, knowledge, and experience to oversee the services.
- b. The Executive Director will assume all management responsibilities for subject

matter and scope of the drafting of the financial statements and trial balance adjustments.

- c. LCRDA will evaluate the adequacy and results of the services performed.
- d. LCRDA accepts responsibility for the results and ultimate use of the services.

Non-audit services required to be provided by the auditor:

- a. The auditor will be required to prepare the required financial statements, accompanying notes, and other required supplementary information for the LCRDA. LCRDA will prepare the Management Discussion and Analysis.
  - b. The auditor will be required to review GASB 68 information provided by the Florida Retirement System, and prepare all required general ledger entries, footnote disclosures, and supplementary information related to this retirement plan.
  - c. The auditor will be required to maintain fixed asset depreciation and amortization schedules and compute annual depreciation and amortization amounts.
  - d. Additional LCRDA requested non-audit services will be considered by the auditor on a case-by-case basis. The auditors and LCRDA will work in good faith to negotiate fair compensation for the expanded scope based on the hourly rates included in the contract.
- 4. The auditor should be able to provide guidance and assist in the implementation of current changes in governmental accounting standards
  - 5. As required by the provisions of Chapter 10.550, Rules of the Auditor General, the auditor shall review the Annual Financial Report of Units of Local Government (which is required to be completed pursuant to the provisions of Section 218.32, Florida Statutes), in order to ensure it is in agreement with the audited financial statements.
  - 6. A list of findings, other weaknesses, and recommendations with responses from the most recent financial statement audit of LCRDA are attached to this document (Appendix A). Of those findings, other weaknesses, and recommendations, management believes that all the issues have been resolved.
  - 7. The auditor shall be required to provide 6 originals of all reports, and an electronic version of all reports.

E. Working Paper Retention and Access to Working Papers

All working papers and reports must be retained, at the auditor's expense, for a minimum of five years after release of the audit, unless the firm is notified in writing by LCRDA of the need to extend the retention period.

The auditor will be required to make working papers available, upon request, without charge, to the following parties or their designee:

- 1. LCRDA.
- 2. Parties designated by the federal or state governments or by LCRDA as part of an audit

quality review process.

3. Auditors of entities of which LCRDA is a sub-recipient of grant funds

In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

III. DESCRIPTION OF THE LEON COUNTY R&D AUTHORITY

A. Name and Telephone Number of Contact Person Key Personnel

The auditor's principal contact with LCRDA will be Ron Miller, Executive Director, (850) 575-0343 or a designated representative, who will coordinate the assistance provided by LCRDA to the auditor.

A list of key personnel is attached as Appendix B. These individuals are not to be contacted during the proposal process except as noted in section I.A.3. of the RFP.

B. Background Information

LCRDA was created by the Leon County Board of County Commissioners pursuant to County Ordinance No. 80-68 in accordance with Section 159.703, Florida Statutes. LCRDA was created for the purpose of promoting scientific research and development in affiliation with and related to the research and development activities of one or more state-based, accredited, public or private institutions of higher education; for the purpose of financing and refinancing capital projects related to the establishment of a research and development park in affiliation with one or more institutions of higher education, including facilities that complement or encourage the complete operation thereof, as defined by and in the manner provided by the Florida Industrial Development Financing Act; and for the purpose of fostering the economic development and broadening the economic base of a county in affiliation with one or more institutions of higher education.

The LCRDA has acquired land within Leon County to perform any and all functions related or incidental to the operation of Innovation Park, Tallahassee (the Park). The Park is to provide a compatible location where selected applied research operations can be established to build upon and mutually benefit the economy of North Florida, the research capabilities of Florida A&M and Florida State Universities, and the services of Florida's capital city.

LCRDA is governed by an 11-member Board of Governors with one member each appointed by the Presidents of Florida State University, Florida A&M University, and Tallahassee Community College, and the Mayor of Tallahassee. The Leon County Board of County Commissioners appoints one Commissioner and six private sector members to the Board.

Additional background information is available on the LCRDA websites:

1. <http://lcrda.org> : LCRDA governance related including financial reports, budgets,

Board and committee meeting minutes and records, Board member and staff list, strategic plan, charter, bylaws, policies.

2. <http://innovation-park.com>: Innovation Park programs, news, property information, park tenant information, and property development information.

C. Basis of Accounting

The Authority follows Governmental Accounting Standards Board (GASB) financial reporting requirements for enterprise funds, which use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recognized when they are incurred.

D. Relationship to Leon County Government

The LCRDA was notified on October 22, 1991, by the Office of the Comptroller, Department of Banking and Finance, State of Florida, that it had been reclassified from an independent to a dependent special district. The LCRDA is NOT considered by Leon County, its governing authority, to be a component unit of Leon County.

E. Budgets

Pro forma budgets are prepared on a cash basis. Budgets are reviewed and recommended for approval to the Board by the Budget Committee appointed by the Board Chair, and chaired by the Board Treasurer. Performance against budget is reported in the monthly financial statements and reviewed by the Treasurer in his report at each Board meeting.

F. Pension Plan

In accordance with Florida Law, the LCRDA employees must participate in the Florida Retirement System, a multiple employer cost sharing defined benefit plan and defined contribution plan, administered by the Florida Department of Management Services, Division of Retirement. All permanent LCRDA employees are covered by the pension plan.

G. Finance Operations

Responsibility for financial operations (as well as property management) is contracted to NAI Talcor ("Talcor"). Talcor provides all general ledger, accounts payable, accounts receivable, and lease tracking functions for the LCRDA. Financial records and other documents are maintained by Talcor at their Tallahassee office. Responsible Talcor staff includes a Certified Public Accountant.

Executive Director, Ron Miller, provides management, oversight, and review of the financial operations performed by Talcor. He possesses a BS degree in Accounting, and a Master of Business Administration degree. He was formerly a licensed CPA in the State of Indiana from 1988 until 2012; currently in an inactive status. He has served extensively in a Chief



Financial Officer capacity in the private sector, as well as for state and local government agencies.

H. Computer Systems

Talcor utilizes YARDI Voyager v5.05 software as a service and web-based application accessible to both Talcor and LCRDA staff. LCRDA staff can only view information, and does not have security access to enter transactions.

I. Availability of Prior Audit Reports

Audit reports for fiscal years ending September 30, 2011 through 2016 are available on-line at <http://lcrda.org/financials>.

IV. SCHEDULE

A. Proposal Calendar

The following is a list of key dates up to and including the date proposals are due to be submitted:

Request for Proposals issued	Monday, May 1, 2017
Due date for notification of interest	Monday, May 22, 2017, 2:00pm
Pre-proposal conference	Wednesday, May 24, 2017, 3:00pm
Deadline for questions	Friday, June 2, 2017, 2:00pm
Responses to questions posted by	Monday, June 5, 2017, 5:00pm
<b>Due date for proposals</b>	<b>Monday, June 12, 2017, 2:00pm</b>

B. Notification and Contract Dates

***(These dates subject to change, and times TBD—proposers will be notified via email, and changes noted on the <http://lcrda.org> website.)***

Audit Committee, preliminary meeting (if needed)	Thursday, June 22, 2017
Audit Committee approval of ranking, authority to negotiate contract	Thursday, June 29, 2017
Executive Committee approval of negotiated contract	Tuesday, July 18, 2017
Board of Governors ratification	Thursday, August 3, 2017

C. Date Audit May Commence

Audit work may be commenced at any date after the execution of the contract between the parties. In future years, interim work, if any, shall commence no earlier than July 1 of each year.

D. Schedule for the Fiscal Year 2016-17 Audit

***(These dates are subject to change based on regulatory or statutory requirements, or as may be required by the Audit Committee Chair or Executive Director in consultation with the auditor. A similar schedule will be developed for audits of future fiscal years.)***

Each of the following shall be completed by the auditor no later than the dates indicated.

1. Fieldwork: The auditor shall complete all fieldwork by November 30, 2017.
2. Draft Reports: The auditor shall have drafts of all audit reports and recommendations to the Executive Director by December 18, 2017, for review and preparation of the draft Management Discussion and Analysis (MD&A). Executive Director's comments and MD&A will be returned to auditor within seven days.

E. Audit Committee Meetings

***(A similar time schedule will be developed for audits of future fiscal years).***

At a minimum, the following Audit Committee meetings will be held:

1. Planning meeting—To be scheduled prior to fieldwork  
The purpose of this meeting will be to discuss prior audit problems, the audit schedule, any changes in operations and procedures, special audit risks, potential issues identified by accounting staff and management, and or any other pre-audit concerns by the Audit Committee or the auditor.
2. Draft report presentation—To be scheduled upon draft report completion  
The purpose of this meeting is for the auditor to provide to and discuss with the Audit Committee the audit report, and all recommendations, revisions and suggestions for improvement. The Audit Committee will then make its recommendation to the Board for approval of the audit report.

F. Final Report and Approval

The final report approved by the Audit Committee will be to be submitted to the LCRDA Executive Committee for approval in January, 2018, subject to ratification by the Board at its February 1, 2018 meeting.

V. ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT PREPARATION

A. Accounting Staff and Clerical Assistance

Talcor Accounting Department staff and responsible management personnel will be available during the audit to assist the firm by providing information, documentation and explanations. All required journal entries, and trial balances will be prepared by Talcor Accounting Department staff. Any additional information provided by LCRDA will be in the format maintained by Talcor. Any additional or reformatted schedules will be the responsibility of the auditor. Confirmations will be typed by LCRDA staff, if requested.

B. Computer and Data Assistance

In addition to other documents and schedules to be prepared by LCRDA and Talcor, Talcor Accounting Department staff will provide a download of the detailed general ledger in Excel format.

C. Work Area, Telephones, Photocopying and Facsimile Machines

LCRDA and Talcor will provide the auditor with reasonable work space, desks and chairs. The auditor will also be provided with access to a telephone, photocopying facilities and facsimile machines.

D. Report Preparation

Report preparation, editing and printing of the all reports shall be the responsibility of the auditor.

VI. PROPOSAL REQUIREMENTS

A. General Requirements

1. Submission of Notification of Interest

Firms interested in submitting a proposal are encouraged to submit no later than 2:00 P.M., Monday, May 22, 2017 their "Notification of Interest" in the format attached as Appendix H. This notification will enable us to provide interested parties with all proposal related information.

2. Pre-proposal Conference

A conference for firms interested in submitting proposals will be held at 3:00 P.M., Wednesday, May 24, 2017, at the LCRDA offices, 1736 W. Paul Dirac Drive, Tallahassee, Florida 32310. Both verbal and written questions will be accepted during the conference.

3. Inquiries

Inquiries concerning the Request for Proposals and the subject of the Request for Proposals must be made in accordance with section I.A.3. of the RFP.

4. Submission of Proposals

The following material must be received no later than 2:00 P.M., Monday, June 12, 2017, for a proposing firm to be considered:

- a. Title Page: Title page showing the Request for Proposals' subject; RFP number 17-01; the firm's name; and the name, address, and telephone number of a contact person; and the date of the proposal.
- b. Table of Contents.
- c. Transmittal Letter: A signed letter of transmittal shall be submitted, briefly stating the proposer's understanding of the work to be done, the commitment to perform the work within the time period, a statement why the firm believes itself to be best qualified to perform the engagement, and a statement that the proposal is a firm and irrevocable offer for sixty (60) days after the submission deadline.
- d. Summary of the firm's current workload and ability to satisfy the requirements of LCRDA. A brief statement should be included on the firm's background, organization, and size.
- e. Technical Proposal: The technical proposal should follow the order set forth in section VI.B. of the RFP.
- f. Executed copy of the Proposer Guarantee attached to this Request for Proposals (Appendix C).
- g. Equal Opportunity/Affirmative Action Requirements: The contractors and all subcontractors shall agree to a commitment to the principles and practices of equal opportunity in employment and to comply with the letter and spirit of federal, state, and local laws and regulations prohibiting discrimination based on race, color, religion, national region, sex, age, handicap, marital status, and political affiliation or belief. For federally funded projects, in addition to the above, the contractor shall agree to comply with Executive Order 11246, as amended, and to comply with specific affirmative action obligations contained therein. In addition to completing the Equal Opportunity/Affirmative Action Statement, (Appendix D), the Proposer shall include a copy of any affirmative action or equal opportunity policies in effect at the time of submission.
- h. Certification Regarding Debarment, Suspension, and Other Responsibility Matters: The prospective primary participant must certify to the best of its knowledge and belief, that it and its principals are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency and meet all other such responsibility matters as contained on the attached certification form (Appendix E).
- i. Public Entity Crimes Statement: The prospective primary participant must certify on the attached form (Appendix F), to the best of its knowledge and belief, that it and its principals comply with the Florida Statutes Section

287.133(3)(a) on Public Entity Crimes. A person or affiliate who has been placed on the convicted vendor list following a conviction for a public entity crime may not submit a bid on a contract to provide any goods or services to a public entity, may not submit a bid on a contract with a public entity for the construction or repair of a public building or public work, may not submit bids on leases of real property to a public entity, may not be awarded or perform work as a contractor, subcontractor, or consultant under a contract with any public entity, and may not transact business with any public entity in excess of the threshold amount provided in Section 287.017, for CATEGORY TWO for a period of 36 months from the date of being placed on the convicted vendor list.

To be considered, one UNBOUND original and six (6) UNBOUND copies of the proposal, and an electronic version of proposal (pdf format) on a USB drive, shall be delivered to the Executive Director:

Leon County R&D Authority  
Attn: Ron Miller  
1736 W. Paul Dirac Drive  
Tallahassee, Florida 32310

for receipt, no later than 2:00 P.M., Monday, June 12, 2017. Proposals must be submitted in a sealed envelope clearly marked with the name of the audit firm and the Proposal Number RFP 17-01. Please DO NOT bind the proposals in any way other than a single staple, binder clip, or paper clip. The sealed proposals will be publicly opened shortly thereafter.

B. Technical Proposal

1. General Requirements

The purpose of the technical proposal is to demonstrate the qualifications, competence and capacity of the firms seeking to undertake an independent audit of LCRDA in conformity with the requirements of this Request for Proposals. As such, the substance of proposals will carry more weight than their form or manner of presentation. The technical proposal should demonstrate the qualifications of the firm and of the particular staff to be assigned to this engagement. It should also specify an audit approach that will meet the Request for Proposals requirements.

THERE SHOULD BE NO DOLLAR UNITS OR TOTAL COSTS INCLUDED IN THE PROPOSAL DOCUMENT.

The technical proposal should address all the points outlined in the Request for Proposals (excluding any cost information). The proposal should be prepared simply and economically, providing a straightforward, concise description of the proposer's capabilities to satisfy the requirements of the Request for Proposals. While additional

data may be presented, the following subjects, item Numbers 2 through 11 must be included. They represent criteria against which the proposal will be evaluated.

2. Independence

The firm should provide an affirmative statement that it is independent of LCRDA, including its Board, as defined by generally accepted auditing standards and the United States General Accounting Office's Government Auditing Standards.

The firm should also list and describe, if any, the firm's (or proposed subcontractors') professional relationships involving LCRDA for the past five (5) years, together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed audit.

3. License to Practice in the State of Florida

An affirmative statement should be included indicating that the firm and all assigned key professional staff are properly licensed to practice in the State of Florida.

4. Firm Qualifications and Experience

The proposal should state the size of the firm, the size of the firm's governmental audit staff, the location of the office from which the work on this engagement is to be performed, the number and nature of the professional staff to be employed in this engagement on a full-time basis, and the number and nature of the staff to be so employed on a part-time basis. This information should include specific details for the office from which the audit will be conducted.

If the proposer is a joint venture, or if the proposer is subcontracting a portion of the work, the qualifications of each firm comprising the joint venture or each subcontractor should be separately identified and the firm that is to serve as the principal auditor should be clearly stated, if applicable.

The firm is also required to submit a copy of the report on its most recent external quality control review, with a statement whether that quality control review included a review of specific government engagements.

The firm shall also provide information on the results of any federal or state desk reviews or field reviews of its audits during the past three (3) years. In addition, the firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three (3) years with state regulatory bodies or professional organizations.

5. Partner, Supervisory, and Staff Qualifications and Experience

The firm should identify the principal supervisory and management staff, including the

engagement partner, manager, other supervisors and specialists, and the auditor in-charge of fieldwork, who would be assigned to the engagement and indicate whether each such person is licensed to practice as a certified public accountant in the State of Florida. The firm should also provide information on the government auditing experience of each person, including information on relevant continuing professional education for the past three (3) years and membership in professional organizations relevant to the performance of this audit.

The firm should provide as much information as possible regarding the number, qualifications, experience and training, including relevant continuing professional education, of the specific staff to be assigned to this engagement. Also, the firm should indicate how the quality of staff over the term of the agreement will be assured.

Engagement partners, managers, other supervisory staff and specialists may be changed if those personnel leave the firm, are promoted or are assigned to another office, providing that any replacements have equal or better qualifications than those personnel replaced. These personnel may also be changed for other reasons with the express prior written permission of LCRDA. However, in either case, LCRDA retains the right to approve or reject replacements. The qualifications of any replacements will be furnished to the Executive Director prior to beginning any work on the audit.

Consultants and firm specialists mentioned in response to this Request for Proposals can only be changed with the express prior written permission of LCRDA, which retains the right to approve or reject replacements.

Other audit personnel may be changed at the discretion of the proposer provided that replacements have substantially the same or better qualifications and experience.

In the event of a joint venture or use of a subcontractor, requirements of this section apply to all staff connected with the audit.

6. Prior Engagements with LCRDA

The firm should list separately by type of engagement (i.e., audit, management advisory services, other), all engagements for LCRDA since October 1, 2006. For each engagement, the firm should indicate the scope of work, date, engagement partners, and the location of the firm's office from which the engagement was performed.

7. Similar Engagements with Other Governmental Entities

For the firm's office that will be assigned responsibility for the audit, list the most significant engagements (maximum of five) performed in the last five years that are similar to the engagement described in this Request for Proposals. Indicate the scope of work, date, engagement partners, and the name and telephone number of the principal client contact.

8. Specific Audit Approach

The proposal should set forth a work plan, including an explanation of the audit methodology to be followed, to perform the services required in section II of the RFP. In developing the work plan, reference should be made to such sources of information as LCRDA's budget and related materials, organizational charts, manuals and programs, and financial and other management information systems.

Proposers will be required to provide the following information on their audit approach:

- a. Proposed segmentation of the engagement, including time frames for each segment.
- b. Level of staff to be assigned to each proposed segment of the engagement.
- c. Sample size methodology and the extent to which statistical sampling is to be used in the engagement.
- d. Extent of use of EDP software in the engagement .
- e. Type and extent of analytical procedures to be used in the engagement.
- f. Approach to be taken to gain and document an understanding of the internal control structure of LCRDA.
- g. Approach to be taken in determining laws and regulations that will be subject to audit test work.
- h. Approach to be taken in drawing audit samples for purposes of tests of compliance.
- i. Approach to be taken in reviewing and auditing EDP systems.

9. Identification of Anticipated Potential Audit Problems

The proposal should identify and describe any anticipated potential audit problems, the firm's approach to resolving these problems and any special assistance that will be requested from LCRDA.

10. Insurance

Proposers should confer with their respective insurance carriers or brokers to determine in advance of bid submission the availability of insurance certificates and endorsements as prescribed and provided herein. If a Proposer fails to comply strictly with the insurance requirements, that Proposer may be disqualified from award of the contract.

Contractor shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the Contractor, his agents, representatives, employees or subcontractors. The cost of such insurance shall be included in the Contractor's bid.



1. Minimum Limits of Insurance. Contractor shall maintain limits no less than:
  - a. General Liability: \$1,000,000 combined single limit per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.
  - b. Automobile Liability: \$1,000,000 combined single limit per accident for bodily injury and property damage. (Non-owned, Hired Car).
  - c. Workers' Compensation and Employer's Liability: Insurance covering all employees meeting Statutory requirements in compliance with the applicable state and federal laws and Employer's Liability with a limit of \$500,000 per accident, \$500,000 disease policy limit, \$500,000 disease each employee. Waiver of Subrogation In lieu of Additional Insured is required.
  - d. Contractor shall carry professional liability insurance of the types necessary to protect the Firm from any professional liability arising under this agreement with a minimum \$1,000,000 liability limit. The deductible shall not exceed \$25,000 and, if greater than \$1,000, must be guaranteed by Contractor for the difference between the deductible and \$1,000. The professional liability insurance coverage for the services provided under this agreement shall be maintained in force from the date of the contract until a date at least one (1) year following the actual completion of the provision of any services under the terms of this agreement.
2. Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions must be declared to and approved by LCRDA. At the option of LCRDA, either: the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects LCRDA, its officers, officials, employees and volunteers; or the Contractor shall procure a bond guaranteeing payment of losses and related investigations, claim administration and defense expenses.
3. Other Insurance Provisions. Each insurance policy required by this clause shall be endorsed to state that coverage shall not be suspended, voided, canceled by either party, reduced in coverage or in limits except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to LCRDA.
4. Acceptability of Insurers. Insurance is to be placed with insurers with a Best's rating of no less than A:VII.
5. Verification of Coverage. Contractor shall furnish LCRDA with certificates of insurance and with original endorsements effecting coverage required by this clause. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. All certificates and endorsements are to be received and approved by LCRDA

before work commences. LCRDA reserves the right to require complete, certified copies of all required insurance policies at any time. Certificates of Insurance acceptable to LCRDA shall be filed with LCRDA prior to the commencement of the work. These policies described above, and any certificates shall specifically name LCRDA as an additional Insured and shall contain a provision that coverage afforded under the policies will not be canceled until at least thirty (30) days prior to written notice has been given to LCRDA.

Cancellation clauses for each policy should read as follows: *Should any of the above described policies be canceled before the expiration date thereof, the issuing company will mail thirty (30) days written notice to the Certificate Holder named herein.*

6. Subcontractors. Contractors shall include all subcontractors as insureds under its policies or shall furnish separate certificates and endorsements for each subcontractor. All coverages for subcontractors shall be subject to all of the requirements stated herein.

## VII. EVALUATION PROCEDURES

### A. Audit Committee

Proposals submitted will be evaluated the Audit Committee, created by the LCRDA pursuant to the provisions of Section 218.391, Florida Statutes. Meetings of the Audit Committee are subject to the Florida Sunshine Law Florida Statute Section 286.011 and Article I, Section 24 of the Florida Constitution. The Executive Director and the Treasurer for the Board may provide advice and assistance to the committee.

### B. Review of Proposals

The Audit Committee will use a point formula during the review process to score proposals. Each member of the Audit Committee will first determine responsiveness to the Request for Proposals by making sure all terms of the Request for Proposals were followed. Any proposal determined not to be responsive by a majority of the committee will be eliminated from further consideration. For those proposals determined to be responsive, each member of the Audit Committee will score each technical proposal using the criteria described in the RFP section VII.C. below. Each member's top three firms will be assigned three, two, and one points, respectively. These points will be totaled for all members to determine the recommended ranking of the top three firms. In the event of a tie for first, second, or third position, the affected ranking will be determined by a vote of the committee. The Audit Committee will meet and may require oral presentations as necessary during this process.

LCRDA reserves the right to retain all proposals submitted and to use any idea in a proposal, regardless of whether that proposal is selected.

C. Evaluation Criteria

Proposals will be evaluated using the criteria identified below. Firms meeting the mandatory criteria will have their proposals evaluated and scored for technical qualifications. The technical qualifications evaluation will assess the ability of each responding firm based on experience and qualifications of key staff members, the capability of the firm in meeting time and budget requirements, and the record of the firm with regard to this type of work, particularly in Leon County or in the State of Florida. Consideration will be given to the firm's current work load, financial stability and the location where the majority of the technical work will be produced. The Audit Committee will not be impressed with excessive amounts of boilerplate, excessive numbers of photographs, work that distant offices have performed, or work not involving personnel to be assigned to the proposed project. The following represent the principal selection criteria which will be considered during the evaluation process:

1. Mandatory Elements
  - a. The audit firm is independent and licensed to practice in the State of Florida.
  - b. The professional personnel of the audit firm have received adequate continuing professional education within the preceding two years.
  - c. The firm has no conflict of interest with regard to any other work performed by the firm for LCRDA.
  - d. The firm submits a copy of its most recent external quality control review report and the firm has a record of quality audit work.
  - e. The firm adheres to the instructions in this Request for Proposals on preparing and submitting the proposal.
2. Technical Qualifications: (Maximum Points - 95)
  - a. Expertise and Experience (Maximum Points - 50)
    - (1) The past experience and performance of the firm (and specifically the local office which will be performing the engagement) on comparable government engagements (Maximum Points - 20).
    - (2) The quality of the professional personnel of the firm to be assigned to the engagement and the quality of the management support personnel of the firm to be available for technical consultation (Maximum Points - 20).
    - (3) The experience of the firm in performing single audits of federal or state financial assistance programs (Maximum Points - 10).
  - b. Audit Approach (Maximum Points - 45)

Example of items considered in points awarded:

    - (1) Adequacy of the proposed staffing plan for various segments of the engagement.
    - (2) General approach to the audit.
    - (3) Adequacy of sampling techniques.
    - (4) Adequacy of analytical procedures.
    - (5) Approach to EDP systems.

3. Office Location from Which Work Will Be Conducted (Maximum Points - 5).

D. Other Factors

The evaluation may include other factors that may be pertinent such as the implementation of a Drug Free Work Place Policy, past performance, and previous work done for LCRDA.

E. Preliminary Scoring

If more than three firms submit responsive proposals, the Audit Committee may, in its sole discretion hold a meeting to score the proposals before holding a final selection meeting for the purposes of hearing oral presentations and making final rankings. The Audit Committee may choose to limit the number of oral presentations to be heard in the final selection process based on the preliminary scoring. By vote of the Audit Committee, more than three firms may be chosen for oral presentations in the final selection meeting, in which case, ranking points under RFP section VII.B. will be adjusted accordingly. Preliminary scoring of finalist firms may be adjusted during the final selection meeting based on information obtained in the final selection meeting.

F. Final Selection

Selected proposers will be advised in advance of the final selection meeting of the need to make oral presentations to the Audit Committee. Such presentations will provide firms with an opportunity to answer any questions the Audit Committee may have on a firm's proposal. Not all firms may be asked to make such oral presentations. All presentations shall be solely at the expense of the firm.

Based on oral presentations and RFP responses, members will score and rank their top three firms in accordance with RFP section VII.B. The Audit Committee will make the final decision as to the ranking of the top three firms. The Audit Committee will then authorize fee and contract negotiations, which shall be accomplished pursuant to the provisions of Section 218.391(4)(a), Florida Statutes, which states in part:

"The firm ranked first may then negotiate a contract with the board giving, among other things, a basis of its fee for that engagement. Should the board be unable to negotiate a satisfactory contract with that firm, negotiations with that firm shall be formally terminated, and the board shall then undertake negotiations with the second-ranked firm. Failing accord with the second-ranked firm, negotiations shall then be terminated with that firm and undertaken with the third-ranked firm. Negotiations with the other ranked firms shall be undertaken in the same manner. The board, in negotiating with firms, may reopen formal negotiations with any one of the three top-ranked firms, but it may not negotiate with more than one firm at a time. The board shall also negotiate on the scope and quality of services."

It is anticipated that the ranking of firms and authorization to negotiate will be approved by the Audit Committee on June 29, 2017. Negotiation of a contract will be performed on

behalf of the Board by the Executive Director, and presented to the Executive Committee for approval followed by ratification by the Board.

G. Right to Reject Proposals

Submission of a proposal indicates acceptance by the firm of the conditions contained in this Request for Proposals unless clearly and specifically noted in the proposal submitted and confirmed in the contract between LCRDA and the firm selected.

LCRDA reserves the right without prejudice to reject any or all proposals.

VIII. ADDITIONAL CONSIDERATIONS

A. Cost of Service Requirements for Selected Auditor

LCRDA is requesting that fees not be discussed in submitted proposals but included under separate cover. Also, during the final selection and negotiation process, the auditors should be prepared to comply with the following requirements:

1. Total All-inclusive Maximum Price

The negotiated cost of services should contain all pricing information relative to performing the audit engagement as described in this Request for Proposals. The total all-inclusive maximum price shall contain all direct and indirect costs including all out-of-pocket expenses. These prices should be determined on an annual basis for the term of the contract.

LCRDA will not be responsible for expenses incurred in preparing and submitting the technical proposal. Such costs should not be included.

2. Rates by Partner, Specialist, Supervisory and Staff Level Times; Hours Anticipated for Each.

The selected firm will be required to provide to LCRDA a schedule detailing the names and levels of personnel assigned to this engagement, anticipated hours, standard and quoted rates, and total cost by person as well as total personnel cost that supports the total all-inclusive maximum price.

3. Out-of-pocket Expenses Included in the Total All-inclusive; Maximum Price and Reimbursement Rates

All estimated out-of-pocket expenses for firm personnel (e.g., travel, lodging, and subsistence) to be reimbursed should be detailed. All expense reimbursements will be charged against the total all-inclusive maximum price submitted by the firm.

4. Rates for Additional Professional Services

If it should become necessary for LCRDA to request the auditor to render any additional services to either supplement the services requested in this Request for Proposals or to perform additional work as a result of the specific recommendations included in any report issued on this engagement, then such additional work shall be performed only if set forth in an addendum to the contract between LCRDA and the firm. Any such additional work agreed to between LCRDA and the firm shall be performed at the same rates set forth in the schedule of fees and expenses included in the negotiated contract.

5. Manner of Payment

Progress payments will be made on the basis of hours of work completed during the course of the engagement and out-of-pocket expenses incurred. Billings must be presented in detailed format including hours anticipated, hours worked, rates, etc. Interim billings shall cover a period of not less than a calendar month. No more than eighty percent (80%) of the Maximum Price shall be billed prior to delivery of the final reports.

B. Request for Proposals/Contract

All requirements and conditions set forth in this Request for Proposals shall be incorporated into the contract entered into between LCRDA and the auditor selected unless otherwise specified in the contract. LCRDA contracts are subject to legal requirements set forth in State and Federal Law.

C. Termination Provisions

1. Termination for Convenience of LCRDA

LCRDA, by written notice, may terminate this contract, in whole or in part, when it is in the best interest of LCRDA. If this contract is terminated, LCRDA shall not be liable for damages. LCRDA shall be liable only for payment under the payment provisions of the contract (as set forth in RFP section VIII.A.5 above) for services rendered before the effective date of termination.

2. Default

LCRDA, by written notice, may terminate the contract upon default of any provisions thereof by the auditor.

D. Ethical Business Practices

1. Gratuities. It shall be unethical for any person to offer, give, or agree to give any LCRDA employee, or for any LCRDA employee to solicit, demand, accept, or agree to

accept from another person, a gratuity or an offer of employment in connection with any decision, approval, disapproval, recommendation, or preparation of any part of a program requirement or a purchase request, influencing the content of any specification or procurement standard, rendering of advice, investigation, auditing, or performing in any other advisory capacity in any proceeding or application, request for ruling, determination, claim or controversy, or other particular matter, subcontract, or to any solicitation or proposal therefore.

2. Kickbacks. It shall be unethical for any payment, gratuity, or offer of employment to be made by or on behalf of a subcontractor under a contract to the prime contractor or higher tier subcontractor or any person associated therewith, as an inducement for the award of a subcontract or order.
3. The Board reserves the right to deny award or immediately suspend any contract resulting from this proposal pending final determination of charges of unethical business practices. At its sole discretion, the Board may deny award or cancel the contract if it determines that unethical business practices were involved.

E. Local Preference in Purchasing and Contracting

1. Preference in Requests for Proposals. In letting of contracts for procurement of contractual services for which a request for proposals is developed with evaluation criteria, additional points shall be added to the total score for a local preference, as follows:
  - a. Individuals or firms which have a home office located within Leon, Gadsden, Wakulla, or Jefferson County, and which meet all of the criteria for a local business as set forth in this article, shall be given a preference in the amount of five (5) points.
  - b. Individuals or firms which do not have a home office located within Leon, Gadsden, Wakulla, or Jefferson County, and which meet all of the criteria for a local business as set forth in this article, shall be given a preference in the amount of three (3) points.
2. Local business definition. For purposes of this section, "local business" shall mean a business which:
  - a. Has had a fixed office located in and having a street address within Leon, Gadsden, Wakulla, or Jefferson County for at least six (6) months immediately prior to the issuance of the request for competitive bids or request for proposals by LCRDA; and
  - b. Holds any business license required by Leon County and, if applicable, the City of Tallahassee; and
  - c. Is the principal offeror who is a single offeror; a business which is the prime contractor and not a subcontractor; or a partner or joint venturer submitting an offer in conjunction with other businesses.

3. Certification. Any vendor claiming to be a local business as defined shall so certify in writing to LCRDA. The certification shall provide all necessary information to meet the requirements of above. The Local Vendor Certification Form is enclosed (Appendix G). LCRDA shall not be required to verify the accuracy of any such certifications, and shall have the sole discretion to determine if a vendor meets the definition of a "local business."
- F. Minority, Women and Small Business Enterprise (MWSBE) Preference
1. Preference in Requests for Proposals. In letting of contracts for procurement of contractual services for which a request for proposals is developed with evaluation criteria, a preference of five (5) points shall be added to the total score for a certified MWSBE.
  2. Certification. Any vendor claiming to be an MWSBE shall provide evidence of certification from the Tallahassee-Leon County Office of Economic Vitality, or the State of Florida.



Leon County Research & Development Authority  
Request for Proposals for Professional Audit Services  
RFP 17-01  
Due: 2:00 P.M., Monday, June 12, 2017

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IX. APPENDICES

APPENDIX

A. Findings from Recent External Audits

MANAGEMENT LETTER COMMENTS

**Fiscal Year: 2015-16**

None

**Fiscal Year: 2014-15**

Recommendation to improve financial management:

**15-001 Current Contract Rates for Cash Disbursements**

In connection with our testing of cash disbursements, we noted one instance where the documentation supporting the invoice paid had not been maintained but the original contract was available. In a separate instance, we noted where the rate per the invoice did not match the contract due to the vendor's error. We suggest that all contracts be kept on file and that documentation be requested for any rate changes. We also recommend that invoices are reviewed for compliance with contracts to ensure that internal worksheets used for tracking are updated with current rates.

**Fiscal Year: 2013-14**

None

Leon County Research & Development Authority  
Request for Proposals for Professional Audit Services  
RFP 17-01  
Due: 2:00 P.M., Monday, June 12, 2017

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## APPENDIX

### B. List of Key Personnel

#### **LCRDA Board of Governors:**

Anne Longman, Chair; Lewis, Longman, and Walker, P.A.  
Eric Holmes, Vice Chair; Florida State University  
David Ramsay, Treasurer; SunTrust Bank (retired)  
Kristin Dozier, Immediate Past Chair; Leon County Commissioner  
Dustin Daniels\*, Audit Committee Chair; City of Tallahassee  
Shawnta Friday-Stroud; Florida A&M University  
Kimberly Moore\*\*; Tallahassee Community College  
T. Paul Dean\*\*; Danfoss Turbocor  
Kim Dixon; Merrill Lynch  
April Salter\*\*; SalterMitchell, Inc.  
Kim Williams\*\*; Marpan

\* Audit committee chair

\*\* Current Audit Committee Members—subject to change

#### Alternates:

Keith Bowers; Florida A&M University  
Ross Ellington; Florida State University  
Rick Frazier; Tallahassee Community College

#### **LCRDA Employees:**

Ron Miller, Executive Director  
Denise Bilbow, Director of Programs and Communications  
Peggy Bielby, Administrative Coordinator

#### **General Counsel-Broad & Cassel**

Melissa Van Sickle

#### **NAI Talcor Employees:**

Ed Murray, President  
Rick Smith, Chief Operations Officer  
Lori Billberry, Director of Property Management  
Kristy Bennett, CPA, Director of Property Management Accounting  
Kelly Beacher, Payroll and Commissions  
Arthur Lewis, Property Management Accountant  
Stephanie Shoulet, Property Manager  
DeMaurio Moten, Maintenance Manager

**APPENDIX**

**C. Proposer Guarantees**

The proposer certifies it can and will provide and make available, at a minimum, all services set forth in Section II, Nature of Services Required.

Signature of Official:
Name (typed):
Title:
Firm:
Date:

Leon County Research & Development Authority  
Request for Proposals for Professional Audit Services  
RFP 17-01  
Due: 2:00 P.M., Monday, June 12, 2017

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## APPENDIX

### D. Equal Opportunity/Affirmative Action Statement

1. The contractors and all subcontractors hereby agree to a commitment to the principles and practices of equal opportunity in employment and to comply with the letter and spirit of federal, state, and local laws and regulations prohibiting discrimination based on race, color, religion, national region, sex, age, handicap, marital status, and political affiliation or belief.
2. The contractor agrees to comply with Executive Order 11246, as amended, and to comply with specific affirmative action obligations contained therein.

Signed: \_\_\_\_\_

Title: \_\_\_\_\_

Firm: \_\_\_\_\_

Address: \_\_\_\_\_

**APPENDIX**

**E. Certification Regarding Debarment,  
Suspension, And Other Responsibility Matters  
Primary Covered Transactions**

- (1) The prospective primary participant certifies to the best of its knowledge and belief, that it and its principals:
  - (a) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;
  - (b) Have not within a three-year period preceding this been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
  - 8 Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of these offenses enumerated in paragraph (1)(b) of this certification; and
  - (d) Have not within a three-year period preceding this application/proposal had one or more public transactions (Federal, State or local) terminated for cause or default.
- (2) Where the prospective primary participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.
- (3) No subcontract will be issued for this project to any party which is debarred or suspended from eligibility to receive federally funded contracts.

Signature

Title

Contractor/Firm

Address

Leon County Research & Development Authority  
Request for Proposals for Professional Audit Services  
RFP 17-01  
Due: 2:00 P.M., Monday, June 12, 2017

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**Appendix**  
**F. Public Entity Crimes Statement**

**SWORN STATEMENT PURSUANT TO SECTION 287.133(3)(a),  
FLORIDA STATUTES, ON PUBLIC ENTITY CRIMES**

**THIS FORM MUST BE SIGNED AND SWORN TO IN THE PRESENCES OF A NOTARY PUBLIC OR OTHER OFFICIAL  
AUTHORIZED TO ADMINISTER OATHS.**

1. This sworn statement is submitted to \_\_\_\_\_  
(print name of the public entity)

by \_\_\_\_\_  
(print individual's name and title)

for \_\_\_\_\_  
(print name of entity submitting sworn statement)

whose business is \_\_\_\_\_  
\_\_\_\_\_

and (if applicable) its Federal Employer Identification Number (FEIN) is \_\_\_\_\_.

(If the entity has no FEIN, include the Social Security Number of the individual signing this sworn statement: \_\_\_\_\_.)

2. I understand that a "public entity crime" as defined in Paragraph 287.133(1)(g), **Florida Statutes**, means a violation of any state or federal law by a person with respect to and directly related to the transaction of business with any public entity or with an agency or political subdivision of any other state or of the United States, including, but not limited to, any bid or contract for goods or services to be provided to any public entity or an agency or political subdivision of any other state or of the United States and involving antitrust, fraud, theft, bribery, collusion, racketeering, conspiracy, or material misrepresentation.

3. I understand that "convicted" or "conviction" as defined in Paragraph 287.133(1)(b), **Florida Statutes**, means a finding of guilt or a conviction of a public entity crime, with or without an adjudication of guilt, in any federal or state trial court of record relating to charges brought by indictment or information after July 1, 1989, as a result of a jury verdict, nonjury trial, or entry of a plea of guilty or nolo contendere.

4. I understand that an "affiliate" as defined in Paragraph 287.133(1)(a), **Florida Statutes**, means:

1. A predecessor or successor of a person convicted of a public entity crime; or
2. An entity under the control of any natural person who is active in the management of the entity and who has been convicted of a public entity crime. The term "affiliate" includes those officers, directors, executives, partners, shareholders, employees, members, and agents who are active in the management of an affiliate. The ownership by one person of shares constituting a controlling interest in another person, or a pooling of equipment or income among persons when not for fair market value under an arm's length agreement, shall be a prima facie case that one person controls another person. A person who knowingly enters into a joint venture with a person who has been convicted of a public entity crime in Florida during the preceding 36 months shall be considered an affiliate.

Leon County Research & Development Authority  
Request for Proposals for Professional Audit Services  
RFP 17-01  
Due: 2:00 P.M., Monday, June 12, 2017

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5. I understand that a "person" as defined in Paragraph 287.133(1)(e), **Florida Statutes**, means any natural person or entity organized under the laws of any state or of the United States with the legal power to enter into a binding contract and which bids or applies to bid on contracts for the provision of goods or services let by a public entity, or which otherwise transacts or applies to transact business with a public entity. The term "person" includes those officers, directors, executives, partners, shareholders, employees, members, and agents who are active in management of an entity.

6. Based on information and belief, the statement which I have marked below is true in relation to the entity submitting the sworn statement. **[Indicate which statement applies.]**

\_\_\_\_\_ Neither the entity submitting this sworn statement, nor any of its officers, directors, executives, partners, shareholders, employees, members, or agents who are active in the management of the entity, nor any affiliate of the entity has been charged with and convicted of a public entity crime subsequent to July 1, 1989.

\_\_\_\_\_ The entity submitting this sworn statement, or one or more of its officers, directors, executives, partners, shareholders, employees, members, or agents who are active in the management of the entity, or an affiliate of the entity has been charged with and convicted of a public entity crime subsequent to July 1, 1989. \_\_\_\_\_ The entity submitting this sworn statement, or one or more of its officers, directors, executives, partners, shareholders, employees, members, or agents who are active in the management of the entity, or an affiliate of the entity has been charged with and convicted of a public entity crime subsequent to July 1, 1989. However, there has been a subsequent proceeding before a Hearing Officer of the State of Florida, Division of Administrative Hearings and the Final Order entered by the Hearing Officer determined that it was not in the public interest to place the entity submitting this sworn statement on the convicted vendor list. **[attach a copy of the final order]**

**I UNDERSTAND THAT THE SUBMISSION OF THIS FORM TO THE CONTRACTING OFFICER FOR THE PUBLIC ENTITY IDENTIFIED IN PARAGRAPH 1 (ONE) ABOVE IS FOR THAT PUBLIC ENTITY ONLY AND, THAT THIS FORM IS VALID THROUGH DECEMBER 31 OF THE CALENDAR YEAR IN WHICH IT IS FILED. I ALSO UNDERSTAND THAT I AM REQUIRED TO INFORM THE PUBLIC ENTITY PRIOR TO ENTERING INTO A CONTRACT IN EXCESS OF THE THRESHOLD AMOUNT PROVIDED IN SECTION 287.017, FLORIDA STATUTES FOR CATEGORY TWO OF ANY CHANGE IN THE INFORMATION CONTAINED IN THIS FORM.**

\_\_\_\_\_  
(Signature)

Sworn to and subscribed before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

Personally known \_\_\_\_\_

Notary Public - State of \_\_\_\_\_

OR Produced identification \_\_\_\_\_

My commission expires \_\_\_\_\_

\_\_\_\_\_  
(Type of identification)

\_\_\_\_\_  
(Printed typed or stamped commissioned name of notary public)

Leon County Research & Development Authority  
Request for Proposals for Professional Audit Services  
RFP 17-01  
Due: 2:00 P.M., Monday, June 12, 2017

DRAFT

**APPENDIX  
G. Local Vendor Certification**

The undersigned, as a duly authorized representative of the vendor listed herein, certifies to the best of his/her knowledge and belief, that the vendor meets the definition of a Local Business. For purposes of this section, "local business" shall mean a business which:

- a) Has had a fixed office located in and having a street address within Leon, Gadsden, Wakulla, or Jefferson County for at least six (6) months immediately prior to the issuance of the request for competitive bids or request for proposals by the Leon County R&D Authority; and
- b) Holds any business license required by Leon County (or one of the other local counties), and, if applicable, the City of Tallahassee; and
- c) Is the principal offeror who is a single offeror; a business which is the prime contractor and not a subcontractor; or a partner or joint venturer submitting an offer in conjunction with other businesses.

Please complete the following in support of the self-certification and submit copies of your County and City business licenses. Failure to provide the information requested will result in denial of certification as a local business.

Business Name:	
Current Local Address:	Phone: Fax:
If the above address has been for less than six months, please provide the prior address.	
Length of time at this address:	
Home Office Address:	Phone: Fax:

\_\_\_\_\_  
Signature of Authorized Representative

\_\_\_\_\_  
Date

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

By \_\_\_\_\_, of \_\_\_\_\_,  
(Name of officer or agent, title of officer or agent) (Name of corporation acknowledging)

a \_\_\_\_\_ corporation, on behalf of the corporation. He/she is personally known to me  
(State or place of incorporation)

or has produced \_\_\_\_\_ as identification.  
(type of identification)

\_\_\_\_\_  
Signature of Notary

\_\_\_\_\_  
Print, Type or Stamp Name of Notary

\_\_\_\_\_  
Title or Rank

**Return Completed form with  
supporting documents to:**

**Leon County R&D Authority, Ron Miller  
1736 W. Paul Dirac Drive  
Tallahassee, Florida 32310**



Leon County Research & Development Authority  
Request for Proposals for Professional Audit Services  
RFP 17-01  
Due: 2:00 P.M., Monday, June 12, 2017

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**APPENDIX**  
**H. Sample Letter of Interest**

VIA Email to: Rmiller@inn-park.com

[DATE]

Mr. Ron Miller  
Executive Director  
1736 W. Paul Dirac Drive  
Tallahassee, Florida 32310

RE: Notification of Interest

Dear Mr. Miller:

Our firm is interested in submitting a proposal to audit three years of Leon County R&D Authority financial statements, commencing with the fiscal year ending September 30, 2017, with the Leon County R&D Authority's option to renew twice for two subsequent years, as set forth in the request for proposals.

Yours very truly,

Contact Information:

Name:
Company:
Telephone:
Email:

This Instrument Prepared by and Return to:  
Frank P. Rainer, Esq.  
Broad and Cassel, LLP

Address:  
215 S. Monroe Street, Suite 400  
Tallahassee, FL 32301

Property Appraiser's Parcel I.D.  
(Folio)Numbers(s):

410327 E0020

20170013369  
THIS DOCUMENT HAS BEEN  
RECORDED IN THE PUBLIC RECORDS  
OF  
LEON COUNTY FL  
BK: 5033 PG:1145, Page1 of 6  
03/02/2017 at 02:53 PM,

GWEN MARSHALL, CLERK OF COURTS

SPACE ABOVE THIS LINE FOR PROCESSING DATA

SPACE ABOVE THIS LINE FOR RECORDING DATA

**CONSENT TO MORTGAGE ON LEASEHOLD INTEREST**

*(Avalanche Partnership, LLP)*

THIS CONSENT AND AGREEMENT (this "Agreement") is effective the 28th day of February, 2017, is made by and between the **LEON COUNTY RESEARCH AND DEVELOPMENT AUTHORITY**, a research and development authority created pursuant to Chapter 159, Part V, Florida Statutes (hereinafter referred to as "Landlord"), and **AVALANCHE PARTNERSHIP**, a Florida general partnership (hereinafter referred to as "Tenant"), and **SUNSHINE COMMUNITY LENDER**, a State of Florida chartered commercial Lender, its successors and assigns (hereinafter referred to as "Lender").

**WITNESSETH**

WHEREAS, the Landlord and Tenant hereto have previously entered into a Ground Lease dated January 7, 2002, as recorded January 11, 2002, in Official Records Book 2608, Page 2040, of the Public Records of Leon County, Florida, ("Ground Lease") on certain real property located in Leon County, Florida described in Exhibits "A", "C", "D" and "E" of the Ground Lease (the "Property"); and

WHEREAS, the Lender has agreed, subject to the satisfaction of certain conditions precedent set forth in a Loan Agreement dated as of February 28, 2017, between the Lender and the Tenant, as borrower (the "Loan Agreement"), to loan to the Tenant the amount of \$2,200,000.00 (the "Loan"), said Loan to be secured in part by a mortgage of Tenant's leasehold estate in the Property (the "Leasehold Mortgage") and by a security interest in the personal property of the Tenant located on the Property; and

WHEREAS, the Lender is unwilling to make the Loan to the Tenant, unless and until the Landlord consents to the Leasehold Mortgage and agrees that the Lender, its agents, or any purchaser or assignee of the Lender's interest, shall be entitled to remain in possession of the Property in the event of a default under the Ground Lease or the Loan; and

WHEREAS, for the benefit of SUNSHINE COMMUNITY LENDER, (hereinafter referred to as "Lender"), the parties have entered into this agreement as an inducement to the Lender to loan funds to and for the benefit of Tenant to be used to refinance the current loan on the Property; and

WHEREAS, the term "Landlord" as used herein means the present landlord under the Ground Lease or, if the Landlord's interest is transferred in any manner, the successor(s) or assign(s) occupying the position of Landlord under the Ground Lease at the time in question; and

NOW THEREFORE, in consideration of the foregoing premises and promises hereinafter stated it is agreed as follows:

1. The parties acknowledge that Lender has made the Loan to Tenant and in exchange Tenant has granted a mortgage lien to Lender on the leasehold interest in the Property. The lease term expires on January 28, 2074. The parties acknowledge that the Ground Lease recorded at O.R. Book 2608, Page 2040, of the Public Records of Leon County, Florida, is a true and correct copy of the Ground Lease, (without any amendments) and that the Lender has relied upon such Ground Lease as recorded in granting the Loan to Tenant. The Landlord hereby agrees to, acknowledges and consents to the mortgage lien being placed on the leasehold interest of the Tenant, notwithstanding the conditions contained in section 7.01 of the Ground Lease. Landlord acknowledges that the funds from the Loan are being used to refinance a prior leasehold mortgage on the Ground Lease and will not be used to construct any improvements on the Property.

2. The Landlord hereby acknowledges that this consent to the Leasehold Mortgage and Loan extends to any and all renewals, extensions of maturity, modifications, restructuring or any other changes to the Loan and Leasehold Mortgage. In the event of a foreclosure or other action by which Lender obtains title to the Ground Lease, this consent extends to any financing by any subsequent purchaser or transferee of Lender's (or its nominee entity's) interest.

3. Landlord acknowledges and agrees that Lender shall have all rights and obligations of a Lender or assignee as described in the Ground Lease, including but not limited to the provisions of sections 7.02 through 7.04 of the Ground Lease. The Landlord agrees that no notice to the Tenant under the Ground Lease shall be effective as to Lender, unless it is also given to the Lender at the following address: 1400 East Park Avenue, Tallahassee, Florida 32301.

4. Landlord Certifications. The Landlord certifies to the Lender:

- a) All the rent and other charges required to be paid to Landlord under the Ground Lease to the date hereof have been paid.
- b) All of the terms, conditions, and provisions, of the Ground Lease on the part of the Tenant to be performed have been performed and complied with prior to the expiration of any applicable grace period provided in the Ground Lease.
- c) There exists at this time no charges, liens, claims, or offsets against the Tenant or the leasehold estate in favor of the Landlord.

- d) The Tenant is not in default under the Ground Lease, nor to the knowledge of the Landlord has any event occurred which, with the passage of time or the giving of notice or both, would constitute a default under the Ground Lease.
- e) There are currently no pending or threatened proceedings involving the Landlord under any state or federal bankruptcy or receivership laws.

5. Landlord Lien Waiver. The Landlord acknowledges that the Tenant has granted to the Lender a security interest in certain personal property of the Tenant located in or upon the Property and does hereby subordinate to the interest of the Lender any and all rights or remedies of Landlord against the Tenant or its property, pursuant to any lien, statutory or otherwise, that it may have against the property, goods or chattels of the Tenant located at any time in or upon the Property. Landlord hereby waives and relinquishes unto Lender and Lender's assigns, all right of levy or distraint for rent, whether pursuant to section 83.08 et. seq., Fla. Stat. (2016) or otherwise. Landlord and Tenant hereby grant the Lender the right, in the event of Tenant's default under the Loan Agreement, to enter the premises where the equipment, furniture and furnishings are located for the purpose of removing, selling or otherwise dealing with it.

6. Landlord's Acknowledgments. The Landlord acknowledges that the Lender will rely upon the statements, certifications, covenants and agreements contained herein in making the Loan to the Tenant secured, in part, by the Leasehold Mortgage.

7. Further Assurances. The Landlord hereby agrees, from time to time, upon the request of the Lender, to execute and deliver to the Lender such other documents and instruments which the Lender deems reasonably necessary to recognize the Leasehold Mortgage and the Lender's rights thereunder.

8. Use of Terms. As used herein, the terms "Landlord", "Tenant", and "Lender" shall include the Landlord, the Tenant, and the Lender, respectively, and their respective successors or assigns; the words "foreclosure" and "foreclosure sale" as used herein shall be deemed to include the acquisition of the Lender's estate in the Property by voluntary deed (as assignment) in lieu of foreclosure.

9. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be a duplicate original, and all counterparts taken together shall constitute duplicate originals of one and the same Agreement.

10. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective legal representatives, successors and assigns.

11. Entire Agreement and Conflicts. This Agreement does not amend the Ground Lease, and the Ground Lease remains in full force and effect. In the event of a conflict between the Ground Lease and this Agreement, the terms of the Ground Lease shall control.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK;  
SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and sealed as of the date first above written.

**ADDRESS OF LENDER:**

1400 East Park Avenue  
Tallahassee, FL 32301

**LENDER:**

SUNSHINE COMMUNITY BANK

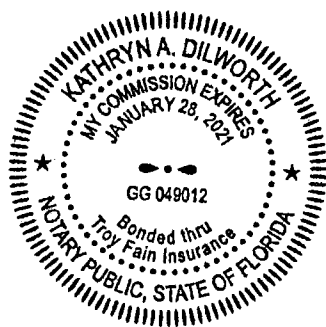
By:   
THOMAS WAKEFIELD WILDE  
SENIOR VICE PRESIDENT

STATE OF FLORIDA )

COUNTY OF LEON )

The undersigned, a Notary Public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that THOMAS WAKEFIELD WILDE, the SENIOR VICE PRESIDENT of SUNSHINE COMMUNITY BANK, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument appeared before me this day in person and acknowledged that he/she signed and delivered the said instrument as his/her own free and voluntary act and as the free and voluntary act of said entity, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 28<sup>th</sup> day of FEB., 2017.



  
Notary Public

My Commission Expires:

1/28/2021

ADDRESS OF TENANT:

3303 Thomasville Road  
Suite 201  
Tallahassee, FL 32308

TENANT:

AVALANCHE PARTNERSHIP, LLP

By: 

LAWRENCE R. HARTUNG, General Partner

By: 

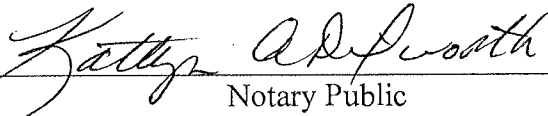
WALTER T. DARTLAND, General Partner

STATE OF FLORIDA     )  
                                      )  
COUNTY OF LEON     )

The undersigned, a Notary Public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that LAWRENCE R. HARTUNG, General Partner, WALTER T. DARTLAND, General Partner, the Partners of AVALANCHE PARTNERSHIP, LLC, who are personally known to me to be the same person whose name is subscribed to the foregoing instrument appeared before me this day in person and acknowledged that he/she signed and delivered the said instrument as his/her own free and voluntary act and as the free and voluntary act of said company, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 28<sup>th</sup> day of FEB., 2017.



  
Notary Public

My Commission Expires:

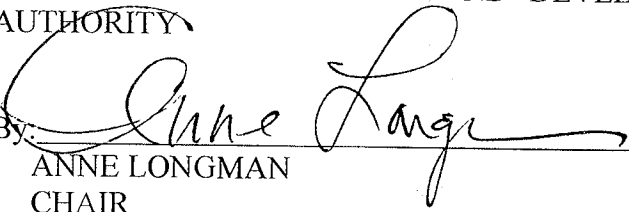
1/28/2021

**ADDRESS OF LANDLORD:**

1736 W Paul Dirac Dr. #A  
Tallahassee, FL 32310

**LANDLORD:**

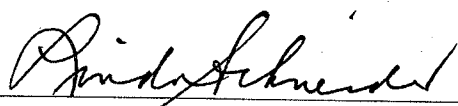
LEON COUNTY RESEARCH AND DEVELOPMENT  
AUTHORITY

By:   
ANNE LONGMAN  
CHAIR

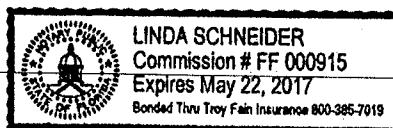
STATE OF FLORIDA     )  
                                      )  
COUNTY OF LEON     )

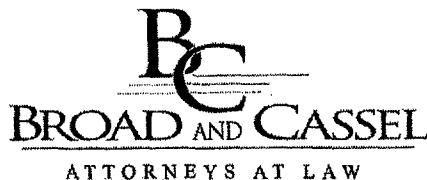
The undersigned, a Notary Public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that ANNE LONGMAN, the Chair of the Board of Governors of the Leon County Research and Development Authority, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument appeared before me this day in person and acknowledged that he/she signed and delivered the said instrument as his/her own free and voluntary act and as the free and voluntary act of said company, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 2<sup>nd</sup> day of March, 2017.

  
Notary Public

My Commission Expires:





SUN TRUST BANK BLDG.  
215 SOUTH MONROE STREET  
SUITE 400  
TALLAHASSEE, FL 32301  
TELEPHONE: 850.681.6810  
FAX 850.681.9792  
WWW.BROADANDCASSEL.COM

MELISSA N. VANSICKLE  
mvansickle@broadandcassel.com

February 23, 2017

VIA EMAIL TO: RMILLER@INN-PARK.COM

Leon County Research and  
Development Authority  
Attn: Anne Longman  
1736 W. Paul Dirac Drive  
Tallahassee, Florida 32310

Dear Anne:

Broad and Cassel LLP (the "Firm") has been asked to represent Sunshine Community Bank (the "Bank") in connection with a loan (the "Loan") to Avalanche Partnership, LLP (the "Borrower"). As part of the Loan, the Bank has requested that Leon County Research and Development Authority ("LCRDA"), as landlord in a ground lease with the Borrower, provide its consent to the Loan. The Firm represents LCRDA as its General Counsel with respect to various unrelated legal matters and has also been asked to represent LCRDA with respect to the consent agreement between LCRDA and the Bank (collectively, the "LCRDA Matters").

Our Firm's proposed representation of the Bank in connection with the Loan raises a conflict of interest due to our representation of LCRDA in the LCRDA Matters. The Florida Bar Rule 4-1.7 would preclude us from undertaking the proposed representation unless both clients consent to the representation. Such representation of both parties is possible only if (i) the conflict is fully disclosed to both parties, (ii) our exercise of independent professional judgment in the proposed representation of one client will not be materially limited by our responsibilities to the other client, (iii) we reasonably believe that our representation will not be adversely affected by the conflict, and (iv) our representation does not violate any other ethical requirements, such as the attorney's duty of confidentiality to each client.

We have examined the proposed representation and, after careful consideration, we have concluded that our representation of the Bank in the Loan will not be adversely affected or materially limited by our representation of LCRDA in the LCRDA Matters. Nor do we believe that our representation of LCRDA in the LCRDA Matters will be



adversely affected or materially limited by our representation of the Bank in the Loan. This conclusion is based in part on (i) the fact that the interests of LCRDA and the Bank are only indirectly adverse; and (ii) the fact that LCRDA has already expressed its general willingness to provide its consent to the Loan. If LCRDA learns of any facts or circumstances at a later date that may create a conflict, LCRDA agrees to notify the Firm.

Please be aware that the Firm must maintain a duty of loyalty and confidentiality to each client. In accordance with the applicable ethical rules and the Firm's policies, all proprietary or other confidential information and material disclosed to us by one client will not be disclosed to the other client unless required by law. If the Firm learns of confidential information about one client that is relevant to the interests of the other client, both clients will be notified of the conflict (without disclosing the nature of the information), and the Firm may be required to withdraw from its representation of one or both clients.

In light of the factors reflected above, we believe that the conflict of interest described is waivable under the Florida Bar Rules. In making the decision to consent to the conflicted representation, LCRDA should consider whether the Firm's representation of the Bank in the Loan would adversely affect or materially limit our representation of LCRDA in the LCRDA Matters. For example, LCRDA should consider whether there is a material risk that the Firm attorneys who will represent LCRDA in the LCRDA Matters would be less zealous in representing its interests due to the fact that the Firm also represents the Bank in the Loan. We encourage LCRDA to seek independent legal counsel regarding their consideration of the conflict of interest described herein.

If LCRDA agrees to consent to the conflict of interest as described above, please sign and return to us a copy of this letter. If either LCRDA or the Bank chooses not to consent to our representation of the Bank in the Loan, we will assist the Bank in finding another, non-conflicted attorney to represent them in the Loan. A counterpart of this letter is being sent to the Bank for signature.

We thank you for your attention to this matter, and we look forward to your response.

Sincerely,



Melissa VanSickle  
BROAD AND CASSEL LLP

**CONSENT**

The undersigned has read the foregoing disclosure, acknowledges that it has been fully informed about the conflict of interest described above, has had the opportunity to consult with independent counsel of its choosing, consents and agrees that Broad and Cassel LLP may represent the Leon County Research and Development Authority with respect to the matters described herein.

**Leon County Research and Development Authority**

By: 

Anne Longman  
Its Chair

## PROFESSIONAL SERVICES AGREEMENT

This Professional Services Agreement (this "Agreement") is entered into this 6<sup>th</sup> day of March, 2017 (the "Effective Date") by and between the Leon County Research and Development Authority a public Authority created pursuant to Chapter 159, Part V, Florida Statutes, having its principal place of business in Tallahassee, Florida (the "Authority"), and Parker Services, Inc., a State of Florida corporation having its principal place of business in Tallahassee, Florida ("Contractor").

WHEREAS, the Authority requested quotations for HVAC Preventative Maintenance Services, and;

WHEREAS, the Authority wishes to allow for the Contractor to provide HVAC preventative maintenance services independent of the Authority, and the Contractor desires to provide such services;

NOW, THEREFORE, in consideration of the mutual promises hereinafter set forth, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Authority and the Contractor hereby agree as follows:

1. SERVICES. The Authority hereby allows the Contractor to provide the services described in Exhibit "A" and Exhibit "D" attached hereto and made a part hereof (the "Services"), upon the terms and subject to the conditions of this Agreement.
2. TERM. The Agreement shall become effective for one (1) year commencing March 1, 2017 and terminate on February 28, 2018, unless terminated in accordance with the provisions of paragraph 8 or 9.
3. OPTION TO EXTEND. The Authority shall have the option to extend the term hereof for two (2) additional (1) one-year periods, upon (60) days written notice prior to the end of the then expiring term and any extension thereof. This agreement may be extended in additional one (1) year terms by mutual agreement of the parties.
4. COMPENSATION. The amount of compensation payable by the Authority to Contractor shall be based on the rates and schedules described in Exhibit "B" attached hereto and made a part hereof. Unless otherwise specifically provided in Exhibit "B", payment shall be made within thirty (30) days after receipt of Contractor's invoice, which shall be accompanied by sufficient supporting documentation and contain sufficient detail to allow a proper audit of expenditures should the Authority require one to be performed.
5. COMPLIANCE WITH FEDERAL, STATE AND LOCAL LAWS. Contractor shall, in its performance of this Agreement, comply fully with all federal, state, county and other municipal laws and regulations, as they may be amended from time to time.
6. INDEMNIFICATION. Contractor shall indemnify, defend and hold harmless the Authority, its partners, officers, directors, shareholders, employees and agents (collectively referred to as "Indemnities") and each of them from and against all loss, costs, penalties, fines,

damages, claims, expenses (including reasonable attorney's fees) or liabilities (collectively referred to as "Liabilities") by reason of any injury to or death of any person or damage to or destruction or loss of any property arising out of, resulting from or in connection with (i) the performance or non-performance of the Services contemplated by this Agreement which is or is alleged to be directly caused, in whole or in part, by any act, omission, default or negligence (whether active or passive) of Contractor or its employees, agents or subcontractors (collectively referred to as "Contractor") or (ii) the failure of the Contractor to comply with any of the paragraphs herein or the failure of the Contractor to conform to statutes, ordinances or other regulations or requirements of any governmental authority, federal, state or local, in connection with the performance of this Agreement. Contractor expressly agrees to indemnify and hold harmless the Indemnities, or any of them, from and against all liabilities which may be asserted by an employee or former employee of Contractor, or any of its subcontractors, as provided above, for which the Contractor's liability to such employee or former employee would otherwise be limited to payments under state Workers' Compensation or similar laws. The indemnity set forth herein shall be in addition to those indemnities otherwise provided by law.

7. INSURANCE. Contractor shall, at all times during the term hereof, maintain the insurance coverage as set forth in Exhibit "C" attached hereto and made a part hereof.

8. CANCELLATION OR DEFAULT. In the event the Contractor's performance is deficient, the Authority shall notify the Contractor in writing of the deficiencies and the Contractor shall have ten (10) days to correct such deficiencies. Should the Contractor fail to take appropriate action (acceptable to the Authority in its sole discretion) to correct such deficiencies, the Authority, in addition to all remedies available to it by law, may immediately upon written notice to Contractor by Certified Mail terminate this Agreement whereupon all payments, advances or other compensation paid by Authority to the Contractor while Contractor was in default shall be immediately returned to the Authority. Contractor understands and agrees that termination of this Agreement under this section shall not release Contractor from any obligation accruing prior to the effective date of termination.

9. AUTHORITY'S RIGHT TO TERMINATE. The Authority shall have the right to terminate this Agreement, in its sole discretion, at any time, by giving written notice to Contractor at least thirty (30) days prior to the effective date of such termination. In such event, the Authority shall pay to Contractor compensation for Services rendered and expenses incurred prior to the effective date of termination. In no event, shall the Authority be liable to Contractor for any additional compensation, other than that provided herein, or for any consequential or incidental damages.

10. TERMINATION OF PARTICULAR LOCATIONS. The Authority reserves the right to terminate at will, any particular location(s). Should it become necessary to add new locations to the Agreement, a new Agreement amount shall be negotiated to include such new location(s) and shall coincide with the existing Agreement terms. Should the Authority and Contractor fail to agree upon an amount to be charged for new location, the Authority reserves the right to award such location(s) as it deems necessary.

11. STRIKES OR LOCKOUTS. In the event the Contractor should become involved in a labor dispute, strike or lockout, it shall be required to make whatever arrangements that may be necessary to ensure that the conditions of the Contract are met in their entirety. Should the

Contractor be unable to fulfill the Contract requirements, the Authority reserves the right to make alternative arrangements to insure the satisfactory completion of work Contractor is unable to perform the required duties. Any costs, provided those costs would have been covered under the contract, incurred by the Authority as a result of such job action shall be the responsibility of the Contractor.

Under no circumstances, shall either party be liable for any loss, damage or delay due to any cause beyond either party's reasonable control, including but not limited to acts of government, fires, explosion, theft, weather damage, flood, earthquake, riot, civil commotion, war, malicious mischief or act of God. However, in connection with any causes, if the Contractor has a duty to take certain actions, it shall be responsible for the losses caused by the Contractor's negligent acts or omissions.

Under no circumstances, shall either party be liable for special, indirect or consequential damages of any kind including, but not limited to, loss of profits, loss of good will, loss of business opportunity, additional financing costs or loss of use of any equipment or property, whether in contract, tort, warranty or otherwise, notwithstanding any indemnity provision to the contrary.

12. NOTICES. All notices or other communications required under this Agreement shall be in writing and shall be given by hand delivery, by registered or certified US Mail, return receipt requested, or by recognized overnight courier providing proof of delivery, address to the other party at the address indicated herein or to such other address as a party may designate by notice given as herein provided. Notice shall be deemed given on the day on which personally delivered, or if by mail, on the fifth day after being posted or the date of actual delivery, whichever is earlier, or if by courier, on the date of receipt.

To Authority:

Leon County Research and Development Authority  
Attention: Executive Director  
1736 West Paul Dirac Drive  
Tallahassee, FL 32310

To Contractor:

Parker Services Air Conditioning and Heating  
1600 Mill St.  
Tallahassee, FL 32310

13. MISCELLANEOUS

- a. This Agreement shall be construed and enforced according to the laws of the State of Florida. Venue for all purposes shall be Leon County, Florida.
- b. The captions in this Agreement are inserted for convenience of reference and in no way define, describe or limit the scope or intent of the provisions of this Agreement.
- c. No waiver or breach of any provision of this Agreement shall constitute a waiver of any subsequent breach of the same or any other provision hereof, and no waiver shall be effective unless made in writing.

- d. Should any provision, paragraph, sentence, word or phrase contained in this Agreement be determined by a court of competent jurisdiction to be invalid, illegal or otherwise unenforceable under the laws of the State of Florida, such provision, paragraph, sentence, word or phrase shall be deemed modified to the extent necessary in order to conform with such laws or if not modifiable, then same shall be deemed severable, and in either event, the remaining terms and provisions of this Agreement shall remain unmodified and in full force and effect or limitation of its use.
- e. The filing of any petitions in bankruptcy whether voluntary or involuntary on the part of Contractor, shall give Authority the right to terminate this Agreement.
- f. No amendment, change or modification of this Agreement shall be valid or binding upon the parties unless same shall be in writing and signed by the parties.
- g. This agreement, including all attachments and exhibits thereto, constitutes the full agreement of the parties and there are no further or other agreements, statements or warranties, whether written or oral, relied upon or in between them relating to the subject matter hereof, except as expressly herein stated. This Agreement shall inure to the benefit of and be binding upon the parties, their successors and assigns.
- h. This Agreement shall not be assigned by Contractor, in whole or in part, without the prior written consent of the Authority, which may be withheld or conditioned, in the Authority's sole discretion, and any such purported assignment in breach of this Agreement shall be null and void. The Authority reserves the right to assign this Agreement without first obtaining the consent of Contractor.
- i. The prevailing party in any action or proceeding to enforce this Agreement or for damages or declaratory relief in connection herewith shall be entitled to recover its reasonable costs and expenses, including attorney's fees, and costs through litigation, all appeals and any bankruptcy proceedings. Authority's liability to pay such costs and expenses shall be limited to the extent provided in Section 768.28 Florida Statutes, as may be amended from time to time. Nothing herein shall be construed to be a waiver of Authority's sovereign immunity.
- j. Contractor shall be an independent contractor and not an employee, partner or joint venture of Authority under this Agreement. Contractor shall be responsible for all income taxes, social security taxes, self-employment taxes and any other taxes to which Contractor or Authority may be subject to as a result of this Agreement or Contractor's performance hereunder.
- k. Contractor shall comply with all Authority rules and regulations, as they may be amended from time to time, governing access to and conduct on the property.

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first written above.

**THE CONTRACTOR**

Parker Services, Inc.,  
a State of Florida Corporation

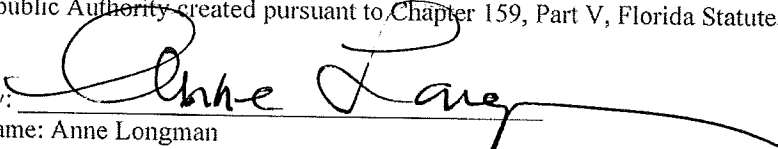
By: 

Name: Brian Moore

Title: Service Manager

**THE AUTHORITY**

Leon County Research and Development Authority,  
a public Authority created pursuant to Chapter 159, Part V, Florida Statutes

By: 

Name: Anne Longman

Title: Chair

**EXHIBIT A**  
**SCOPE OF SERVICES**  
**HVAC PREVENTATIVE MAINTENANCE & REPAIR SERVICES**  
**AT INNOVATION PARK**

**1. INTENT**

The purpose of this contract is to provide the Authority with preventative maintenance and repair service for Heating, Ventilating, and Air Conditioning Systems in Innovation Park.

**2. LABOR AND MATERIALS**

The Contractor, at its sole cost, shall furnish all labor, materials for preventative maintenance, tools, transportation, payroll, taxes, insurance, sales taxes, equipment, permits and fees necessary to properly perform all services according to the specifications set forth in this agreement. The Authority assumes no responsibility for equipment, tools, materials or any other items used in the performance of Contractor's work. This shall include any stored materials and supplies, if any. The Contractor is solely responsible for the handling of any items necessary for it to perform its work.

**3. INDEPENDENT CONTRACTORS**

Contractor will not be allowed to treat employees as independent contractors. No individuals or subcontractors classified as independent contractors, pursuant to the United States Internal Revenue Service definition, shall be permitted to work on any part of this contract, or in or on the premises of any Authority building, as an express term and condition of this bid. Contractor shall accept full responsibility for ensuring that adequate Worker's Compensation Insurance is available for each of his employees.

**4. SAFETY**

The Contractor shall, prior to commencing work, thoroughly examine and become familiar with the system(s) and associated facilities to ensure the service can be completed in an orderly, safe manner. In addition, the Contractor shall maintain a safe work environment at all times. The technician shall report immediately to the Authority's Property Manager or designee the existence of unsafe condition(s) which will compromise the performance of service. Safety will be the sole responsibility of the Contractor. The Contractor shall take all necessary precautions for the safety of Contractor's employees and the general public and shall erect and properly maintain at all times all necessary facility safeguards for the protection of the Contractor's employees and the general public. If necessary, the Contractor shall post signs warning against hazards in and around the work site.

The Contractor shall provide all of the necessary equipment and tools required to perform the services of this contract. The equipment and tools shall be well maintained, calibrated, and in proper working order before use in the performance of the service.

The Contractor shall maintain documentation that all employees have been trained in appropriate safety measures to ensure Contractor's employees are performing their work in a safe manner.

**5. PERSONNEL**

**a. Contract Manager**

Contractor shall arrange for a contract manager (which may be the Contractor himself) and an alternate to be the primary contacts for services. The contract manager or alternate must respond within 30 minutes.



The contract manager will receive notices, reports, or requests for service from the Property Manager of the Authority or her representative, (herein after referred to as the "Property Manager") and shall be available at all times when the contract work is in progress. It is the policy of the Authority that Authority direction or supervision of Contractor's employees, directly or indirectly, shall not be exercised.

b. Employees

All employees assigned by the Contractor to perform the work as outlined under this contract shall be physically able to do their assigned work. It shall be the Contractor's responsibility to ensure that all employees meet the physical standards to perform the work assigned.

**6. ACCESS TO LOCATIONS**

Contractor's staff must wear photo identification displaying the company name and employee name on their person when performing work at any buildings. All personnel or agents or the contractor must observe all rules and regulations in effect at the buildings.

Employees or agents of the contractor, while on Authority property, shall be subject to the control of the Authority, but under no circumstances shall persons be deemed to be employees or agents of the Authority.

**7. INVOICING**

An invoice will be generated after each Preventative Maintenance service has been performed. Invoices for Preventative Maintenance and associated materials shall be billed at the applicable contract rates of which shall not be exceeded.

Each service call or additional work request shall generate a separate invoice detailing the labor charge and the parts and materials.

All invoices must be separated by building and include description of service performed.

Each invoice shall have attached a final service report referencing all service activity performed including the date, hours worked and type of work performed.

**8. CONTRACTOR CLIENT MANAGER**

The contractor shall assign one responsible managing employee to act as the Authority's client manager. This client manager shall be assigned to the Authority as requested and provide reporting as described herein.

Upon request, client manager shall meet with the Authority's Property Manager or designee to review all open work, service reports and any proactive recommendations by the contractor. Contractor shall not invoice for time spent at these meetings.

**9. MATERIAL SAFETY DATA SHEET**

Contractor shall supply MSDS for all products to be used on site prior to start of work and in sufficient time to allow notice to be posted at buildings.

**10. INVENTORY**

Contractor shall maintain an adequate inventory of commonly used replacement parts/ equipment, service tools within the contractor's warehouse, or service vans, in order that emergency repairs can be made to Authority equipment at once with a minimum of shut down time.

**11. PREVENTATIVE MAINTENANCE SERVICES**

The Contractor shall furnish all air filters, belts, lubricants, condensate pan tablets quarterly at no additional cost. All other replacement parts shall be procured according to the “REPAIRS” provisions in these specifications. All repairs during inspections in excess of \$250.00 will require the prior approval of the Authority’s Property Manager or designee. This contract will cover all HVAC equipment maintained by the Authority in the below listed buildings.

	PROPERTY NAME	PROPERTY ADDRESS
1	Collins Building	2051 E Paul Dirac Dr
2	Knight Administration Centre	1736 W Paul Dirac Dr
3	Johnson	2035 E Paul Dirac Dr
4	Morgan	2035 E Paul Dirac Dr
5	Phipps	2007 E Paul Dirac Dr

**a. Quarterly Preventative Maintenance Services**

- i. Replace air filters. Filters shall have a MERV rating of 9 or higher.
- ii. Check overall operation of system
- iii. Check and adjust belts and replace belts, as needed
- iv. Flush drain lines
- v. Check all ductwork for loose or broken connections, repair any abnormalities found, and record work performed
- vi. Check all damper motors for proper stroke, adjust as required to insure proper operation with no binding
- vii. Check all linkages, adjust as needed and replace badly worn units
- viii. Clean all debris from equipment housing
- ix. Check all motors and compressors for proper voltage and amperage draw
- x. Lubricate all motors and bearings as required, check bearings for noise, fan blades for clearance, etc.
- xi. Check condensate drain, pans and piping
- xii. Check and adjust, as necessary, all equipment controls and safeties for proper operation including but not limited to thermostats, relays, line starters, control coils, freeze stats, fire stats, fan cycling switches, and high and low pressure cutouts
- xiii. Check and tighten all electrical connections blow out control cabinets with compressed air
- xiv. Vacuum filter section, as needed
- xv. Check heating equipment and adjust as necessary
- xvi. Check amperage on heater elements and fan motor against rated amperages
- xvii. Check for plugged strainers or nozzles and clean as necessary
- xviii. Check refrigerant charge and record temperature, if low, find and repair leak, and recharge system
- xix. Clean condensate pans thoroughly and install new algae treatment tablet

- xx. Compile the temperature difference of AC outlet air vs. room temperature on a sampling of the units in each building and provide a report of these measurements.
- xxi. Prepare a preventative maintenance service report with the following information: air range, suction and discharge pressures, amperage readings and rated amperages, ambient air temperatures
- xxii. Check for any mold and/or mildew contamination. Report findings to Authority's Property Manager or designee.
- xxiii. Calibrate all controllers as needed
- xxiv. Check that all electrical and equipment covers are in place and in good condition. Replace as required and report deficiencies
- xxv. Check exhaust fans for proper operation, lubricate all motors and bearings as required, check bearings for noise

**b. Other Preventative Maintenance Services**

- i. Contractor shall clean evaporator coils and condenser coils as needed, but no less than annually.
- ii. Pre-winter startup of HVAC system (heat pumps and heaters) shall be done to coincide with quarterly tune up, belts/filter servicing in September/October. Pre-winter startup shall check to ensure heating system is working properly and shall include cleaning electric heating coils as recommended by the manufacturer.

**12. REPAIRS**

During the course of the work, if repairs are identified, Authority approval is required to obtain a purchase order number for the work before contractor may proceed with the repair. Verbal authorization and purchase order number will be provided to contractor via telephone. Purchase order number must be included on the invoice. For repairs in excess of \$250.00 identified during after hours or emergency call-ins, the Authority's Property Manager or designee shall be contacted by telephone for advisement and approval.

**13. RESPONSE TIME**

The Contractor shall be available for emergency calls on a twenty-four (24) hour basis, seven days a week. The Contractor shall have the ability to respond to Emergency service calls with a one (1) hour on-site response time. Three (3) documented failures to comply may be considered cause for termination of contract.

Response time for emergency repairs shall not exceed three (3) hours total on Saturday, Sunday and holidays. Emergency service calls shall be defined as unit failures that cannot await regular scheduling.

Contractor shall respond and commence work within three (3) hours or less for regular repairs which may include but not be limited to equipment malfunctions.

Emergency service during overtime hours that require major repairs or parts not normally carried by the responding mechanic will be scheduled for completion the next regular business day.

Responding to afterhours emergency service calls, the contractor will affect any temporary repairs required, leaving the equipment in safe operating condition. Should emergency repairs not be able to be completed by the close of business the contractor is to notify the Authority's Property Manager or designee and advise of the outstanding condition and required action and/or parts and effect permanent repair the following day or as otherwise agreed to.

#### 14. DEFINITION OF REGULAR AND OVERTIME HOURS

Regular business hours are defined as any hours worked between 7:00 AM and 5:00 PM, Monday through Friday. Overtime hours are defined as any work performed outside of "Regular Business" work hours; which include New Year's Day, Memorial Day, July 4<sup>th</sup>, Labor Day, Thanksgiving Day and Christmas Day.

#### 15. TIME AND MATERIAL WORK

All quotes for work shall include a cost breakdown submitted by the contractor as follows: labor rate, quantity of hours, materials list, wholesale cost (with evidence of same) and mark up, at applicable contract rates.

The Authority reserves the right to delete or add additional units as needed, at contract bid prices.

Each call shall generate a separate invoice detailing the labor charge and the parts/materials as outlined above.

All invoices are required to include a separate purchase order number, which can be obtained by calling the Authority's Property Manager.

#### 16. HOURLY LABOR RATE

The Authority does not guarantee any minimum number of hours and will pay only for the actual number of hours authorized and worked at the site. The labor charge shall include all travel. No additional travel time will be honored.

#### 17. MATERIALS

**Parts / Materials Prices: All materials, not otherwise provided under the preventative maintenance portion of the agreement, shall be invoiced at actual wholesale cost plus a percentage (%) markup as specified in Exhibit B. Copies of the contractor's own purchase invoices reflecting actual costs shall accompany each invoice to the Authority.**

All materials and parts utilized shall be new. For units under warranty, only Original Equipment Manufacturers (OEM) parts shall be used, unless otherwise approved in advance of order and installation.

#### 18. REPORT PROCEDURE

Following each visit, the Contractor shall furnish the Authority's Property Manager or designee a written acknowledgement detailing all preventative maintenance examinations, repairs, tests and any other vital information for each unit, on a separate submittal for each building.

#### 19. SERVICE TAG

All technicians shall complete a service tag/sticker and attach it to the serviced equipment after completion of work. The service tag/sticker shall be used to document the following information: the date serviced, the name of the technician(s), and a description of the service(s) performed. The service tag/sticker must contain adequate space to document future repairs and must be placed in a location to prevent weather related damages. **The technician shall not place the new service tag over pre-existing service tags, including tags that have previous history and repairs.**

#### 20. FAULTY MATERIALS

The contractor shall take full responsibility for faulty materials and shall remedy all defects due thereto, at no additional cost to Authority, and pay any damage to other resulting there from, which

shall appear within one (1) year. The Authority shall give notice of observed defects with reasonable promptness.

**21. PERMITS**

The contractor shall be responsible to secure the construction permit, if required, for every project before commencement of work.

**22. SUBCONTRACTING**

Contractor shall not subcontract any work without first obtaining the prior approval of the Authority's Property Manager, which approval may be withheld in his/her sole discretion, but in no case shall such consent relieve the Contractor from its obligations, or change the terms of the contract.

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## EXHIBIT B COMPENSATION

The Contract shall be paid based upon the scope of work and total number of service visits outlined in Exhibit A. The below costs are based on servicing those units attached hereto as Exhibit D. Additional Services to be billed separately based on the rates set forth below for HVAC Repair Services.

	PROPERTY NAME	PROPERTY ADDRESS	TOTAL ANNUAL COST	¼'LY COST FOR MAINTENANCE (TOTAL ANNUAL COST ÷ 4)
1	Collins Building	2051 E Paul Dirac Dr	3,392.00	848.00
2	Knight Administration Centre	1736 W Paul Dirac Dr	636.00	159.00
3	Johnson	2035 E Paul Dirac Dr	4,516.00	1,129.00
4	Morgan	2035 E Paul Dirac Dr	1,816.00	454.00
5	Phipps	2007 E Paul Dirac Dr	1,212.00	303.00
	TOTAL		11,572.00	2,893.00

In the event, it becomes necessary to add or delete a unit from those listed in Exhibit D, the below cost will be used to adjust the contract cost to accommodate such addition or deletion of unit(s).

### HVAC REPAIR SERVICES

**a. Hourly Rates**

**Foreman/Journeyman**

Normal Working Hours, Monday through Friday,  
7:00 a.m. to 5:00 p.m.

\$85.00 Per Hour

Overtime Hours, Monday through Friday, after 5:00 p.m.  
And Saturday/Sunday/Holidays

\$125.00 Per Hour

**b. Materials/Equipment Cost Plus 40% ( Forty percent)**

The above unit prices listed in the Price Schedule shall include all labor, materials, removal, overhead, profit, insurance, and any other cost necessary to cover the finished work of the several kinds called for.

### RENEWAL PERIOD COMPENSATION

Compensation for the additional renewal term shall be the same as the original term.

## **EXHIBIT C INSURANCE**

- a. **CONTRACTOR'S INSURANCE.** Contractor shall, at its sole cost, maintain limits no less than the following throughout the Term:
- i. **General Liability.** \$1,000,000 combined single limit per occurrence for bodily injury, personal injury and property damage with a \$2,000,000 annual aggregate. Contractor's insurance shall include Authority as an additional insured as provided hereinbelow.
  - ii. **Automobile Liability:** \$1,000,000 combined single limit per accident for bodily injury and property damage for non-owned, hired automobile. Contractor's insurance shall include Authority as an additional insured as provided hereinbelow. The requirements of this provision may be waived upon submission by Contractor of a written statement that no automobiles are used to conduct business.
  - iii. **Worker's Compensation and Employers Liability:** Insurance covering all employees meeting statutory requirements in compliance with the applicable state and federal laws. In lieu of naming Authority as an additional insured, Contractor shall provide to Authority a waiver of all rights of subrogation against Authority with respect to losses payable under such workers' compensation policy.
- b. **AMENDED INSURANCE REQUIREMENTS.** Authority reserves the right to reasonably amend the insurance requirements to standards reasonable and customary for the size and type of business being conducted by Contractor by the issuance of a notice in writing to Contractor. The Contractor shall provide any other insurance or security reasonably required by Authority.
- c. **DEDUCTIBLES AND SELF-INSURED RETENTIONS.** Any deductibles or self-insured retentions applicable to any of Contractor's policies required above shall be declared to and approved by Authority. Thereafter, at the request of Authority, Contractor shall cause its insurer to reduce or eliminate such deductibles or self-insured retentions as they may apply to Authority, its agents, officers, officials, employees and volunteers or, in lieu of such reductions or eliminations, Contractor shall procure a bond guaranteeing payment of losses and related investigations, claims administration, and defense expenses.
- d. **AUTHORITY AS ADDITIONAL INSURED.** Authority, its agents, officers, officials, employees, and volunteers are to be named and covered as additional insureds, with no limitations on the scope of protection afforded, in all of Contractor's insurance policies, other than workers' compensation policies, that include coverage for the following:
- i. liability arising from, or in connection with, activities performed by, or on behalf of, Contractor;
  - ii. products and completed operations of Contractor;
  - iii. premises owned, occupied, or used by Contractor; or

- iv. automobiles owned, leased, hired, or borrowed by Contractor.
- e. **CONTRACTOR'S INSURANCE AS PRIMARY.** With regard to claims for injuries to persons or damages to property which may arise from, or in connection with, the performance by Contractor, its agents, representatives, employees, and/or subcontractors of the rights, duties and responsibilities pursuant to this Agreement, Contractor's insurance coverage shall be primary insurance with respect to Authority, its agents, officers, officials, employees, and volunteers. As such, any insurance or self-insurance maintained by Authority, its agents, officers, officials, employees, or volunteers shall be excess of Contractor's insurance and shall not contribute with it. In such instances when Contractor's insurance coverage is primary, Contractor hereby waives all rights of subrogation against Authority with respect to losses payable under such insurance coverage.
- f. **CERTIFICATES OF INSURANCE.** Contractor shall furnish Authority with certificates of insurance and with any original endorsements evidencing the coverages described above. Such certificates shall be signed by a person authorized by that insurer to bind coverage on its behalf. All certificates and endorsements are to be received and approved by Authority prior to the commencement of Contractor's services under this Agreement. Authority reserves the right to require complete, certified copies of all Contractor's required insurance policies at any time. Each of Contractor's required insurance policies shall be endorsed to state that coverage shall not be suspended, voided, cancelled by either party, or reduced in coverage or in limits except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to Authority. All of Contractor's required insurance policies shall be placed with insurers with a Best's rating of no less than A:VII and which are licensed in the state of Florida.
- g. **OTHER ENDORSEMENTS REQUIREMENTS FOR CONTRACTOR'S INSURANCE.** Each of Contractor's required insurance policies shall contain endorsements for, or otherwise provide, the following:
  - i. that any failure to comply with the reporting provisions of the policies shall not affect coverage provided to Authority, its agents, officers, officials, employees, or volunteers;
  - ii. that, to the extent of insurer's limits of liability, Contractor's insurance coverage shall apply separately to each insured against whom claims are made or suit is brought; and
  - iii. that the companies issuing the insurance policy(ies) shall have no recourse against Authority for payment of premiums or assessments for any deductibles which are the sole responsibility and risk of Contractor.

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# Leon County Research and Development Authority

## Policy No. 11-3

Title: Purchasing Policy  
Date Adopted: May 10, 2011  
Date Revised: April 6, 2017  
Effective Date: April 6, 2017

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### 1. PURPOSE

The purpose of Policy No. 11-3, “Purchasing Policy” is to provide guidelines for the purchases of goods and/or services made by or on behalf of the Leon County Research and Development Authority (hereinafter referred to as the “Authority”). Purchases not explicitly covered in these guidelines are to be approved in advance by the Board of Governors (hereinafter referred to as the “Board”).

### 2. SCOPE

This policy applies to:

- a. The Executive Director and other authorized employees of the Authority, as well as individuals or organizations contracted to do business and make purchases on behalf of the Authority; all of whom are defined as “agents”.
- b. The Board.

### 3. PURCHASING CATEGORIES

#### a. Construction of Facilities for Lease to the State

The construction of facilities in connection with the lease of space to executive agencies, departments or other political subdivisions of the State shall be competitively bid in accordance with the requirements of state law, including Section 255.2501, Florida Statutes.

**b. Procurement of Professional Audit Services**

The procurement of professional auditing service as required in Section 218.39, Florida Statutes, shall be procured in compliance with the requirements of Section 218.291, Florida Statutes.

**c. Emergency Purchases**

In the event of an accident or emergency that threatens the safety, financial viability or a substantial loss to the Authority, as determined to exist by the agent and the Chair of the Board, in their reasonable discretion, purchases in any amount may be made by the agent without compliance with the guidelines described above. In making purchases in such an emergency situation, the agent shall, in his or her reasonable discretion, obtain the highest quality goods and services at the lowest cost. Any purchase made pursuant to this paragraph shall be immediately reported in writing to the Board.

**d. Sole Sources**

In the event the Board makes a written determination that a particular good or service, or aggregate thereof, is only available from a single source, such item(s) may be purchased from such source without further compliance with section 3 herein.

**e. Board Contract Approval Only**

The following contracts, or acquisitions of goods or services, require contracts and acquisitions authorized and approved by the Board without further compliance with section 3 herein:

- i. Goods and services acquired through participation in a cooperative purchasing agreement with one or more public entities or pursuant to Chapters 255 and 287 Florida Statutes; or
- ii. Purchases pursuant to grant requirements;
- iii. A project where the contractor or builder has been selected by the Authority's tenant and use of such contractor or builder is a condition of the tenancy if:
  - 1) The estimated costs of construction are reviewed by an architect, if appropriate, selected by the tenant or its agent and such architect certified in writing that such costs are competitive in the market place; and
  - 2) The tenant or contractor or builder is legally obligated for the complete and total repayment of any debt incurred by the Authority in connection with such a project.

- iv. Budgeted grants awarded by the Authority where grantee is determined by an independent panel of judges following a formal selection process;
- v. Insurance procured in accordance with a Broker Agreement with the Authority;
- vi. Changes, amendments or change orders to existing contracts that cumulatively do not exceed 25% of the original contracted value.

**f. All Other Purchases: Dollar Value Categories**

All other purchases shall be based on the dollar value of the purchase. The dollar value of a purchase will be based on the actual or estimated fixed cost of the goods or services for the full term of the agreement. The cost of renewal and option periods is not included in the total dollar value of the purchase if renewal and option periods are at the option of the Authority, or by mutual agreement of the parties. Purchases shall not be split into multiple smaller purchases for the purposes of meeting lower dollar value category purchase requirements. All purchase amounts must be provided for within the annual budget approved by the Board for the current or next fiscal year (where the purchase falls within the next fiscal year); if not, then approval of the Board must be granted prior to procurement.

**i. Not a fixed dollar amount**

Purchases of goods or services not based on a fixed dollar amount, such as commission based or fee for service based on a rate schedule shall be procured as follows:

- 1) General Counsel and Real Estate Broker Services, not based on a fixed dollar amount, shall be competitively procured in accordance with section 3.f.ii.(4) below regardless of the expected dollar value of the services.
- 2) All other goods and services procured, not based on a fixed dollar amount and where the amount cannot be reasonably estimated, shall be procured in accordance with the direction provided by the Board.

**ii. Fixed dollar amount**

**1) Purchases: \$2,500 or Less—Agent Discretion**

For the purchase of goods or services that cost \$2,500 or less, the agent shall, in his or her reasonable discretion, obtain the best quality goods or services at the lowest total cost.

The Executive Director is authorized to execute all contracts required for purchases pursuant to this paragraph.

**2) Purchases: \$2,501 to \$10,000—Written Quotes, Executive Director Approval**

For the purchase of goods or services that cost more than \$2,500, up to and including \$10,000, the agent shall obtain written quotes, from at least three different vendors, for the cost of providing the relevant goods and services. The Executive Director shall, in his or her reasonable discretion, obtain the best quality goods or services at the lowest total cost. The Executive Director has the right, to reject all quotes submitted for a specific purchase pursuant to this paragraph. The Executive Director has the right to accept fewer than three quotes where, in his or her reasonable discretion, legitimate attempts have been made to receive additional quotes, additional vendors are not willing or able to provide a quote(s), and the quote(s) received are reasonable. The Executive Director is authorized to execute all contracts required for purchases pursuant to this paragraph.

**3) Purchases: \$10,001 to \$50,000—Informal Bids, Board Approval**

For the purchase of goods or services that cost more than \$10,000 and up to and including \$50,000, the agent shall endeavor to obtain informal bids, from at least three different vendors, for the cost of providing the relevant goods and services. Informal bids do not require a public notice of intent or formal request for proposal, although specifications for the goods or services to be provided shall be clearly defined, and provided to all solicited bidders. The agent shall solicit informal bids from the vendors that, in the agent's reasonable discretion, will provide the highest quality goods and services at the lowest cost. The Board shall authorize the purchase from the vendor that the Board, in its sound discretion, believes will provide the highest quality goods and services at the lowest cost. The Board has the right, in its sole discretion, to reject all informal bids submitted for a specific purchase pursuant to this paragraph. The Board has the right to accept fewer than three informal bids where, in its judgment, it is in the Authority's best interest to do so. Only the Chair of the Board is authorized to execute contracts required for purchases pursuant to this paragraph.

**4) Purchases: More than \$50,000—Formal RFP Process, Board Approval**

The purchase of goods or services that cost more than \$50,000 shall require prior approval of the Board. Except as otherwise specified in section 3 herein, the Board shall obtain such purchases through competitive procurement. The agent shall draft the appropriate notice of intent to procure the goods or services, and draft the formal request for proposals which shall contain specifications of the specific goods or service to be

purchased, as well as the selection process and criteria to be used for the procurement. The notice of intent and request for proposals shall be approved by the Board. The notice of intent shall then be published in a local newspaper of general circulation approved for legal publication at least once, and posted on the Authority's website at least 20 days before proposals are due. The agent shall endeavor to obtain proposals from at least three different vendors. The Board shall award the contract to the vendor, which the Board, in its reasonable discretion, best meets the criteria contained in the procurement. The Board has the right, in its sole discretion, to reject all proposals submitted for a specific purchase pursuant to this paragraph. The Board has the right to accept fewer than three proposals where, in its judgement, it is in the Authority's best interest to do so. Only the Chair of the Board is authorized to execute contracts required for purchases pursuant this paragraph.

#### **4. Preferences: Local Business, and Disadvantaged Businesses Enterprises**

The Authority shall develop policies and procedures for supporting local and disadvantage business enterprises in its procurement practices.

#### **5. Contracts**

##### **a. Contract Execution**

The Contracts for purchases of goods and services shall only be executed by the Chair of the Board, unless otherwise authorized herein. In accordance with the Authority Bylaws, the Vice Chair may execute contracts if the Chair so designates in specific cases. The Executive Director may authorize and execute the extension and/or renewal of any contact, provided the cost does not change, or the cost was changed in accordance with the existing contract provisions.

##### **b. Term, Extensions/Renewals**

Without prior approval of the Board, the contact term shall be for no more than one year. Contracts may provide for up to two additional one-year extensions. The contracts and performance of vendors retained by the Authority shall be re-procured at least every three years, unless otherwise directed by the Board.

##### **c. Equal Opportunity Provisions**

Each contract or agreement for the purchase of goods or services shall include the following Equal Opportunity provision: "During the performance of this Agreement, the (vendor) (contractor) (service provider) (other) agrees not to discriminate against any

employee or applicant for employment because of race, color, religion, sex, sexual orientation, or national origin.”

**d. Purchases without a contract**

This policy does not preclude the purchase of goods or services without a contract. Contracts are required for purchases where the goods or services will be provided over a future period of time greater than 60 days. One-time purchases of goods or services to be provided within a 60-day future period of time, or on a month-to-month basis, may not require a contract. The Executive Director shall exercise his or her reasonable discretion in the need for a contract for the purchase of goods or services.

**6. Standards of Conduct**

Agents, in the conduct of purchasing of goods and services on behalf of the Authority, shall comply with all applicable Section 112.313, Florida Statutes. No agent shall participate in the conduct of purchasing goods or services where the agent has a conflict of interest, or receives any personal benefit from the purchase of goods or services. The agent shall not accept any gifts or any other form of inducement that would influence the decision of the agent in the conduct of the purchasing goods or services on behalf of the Authority.

# Leon County Research and Development Authority

## Policy No. 11-15

Title: Credit Card Policy

Date Adopted: December 6, 2011

Effective Date: December 6, 2011

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### 1. PURPOSE

The purpose of Policy No. 11-15, "Credit Card Policy" is to facilitate purchases necessary for the efficient operations of the Leon County Research and Development Authority ("the Authority").

### 2. POLICY

- a. The Authority's ~~Board of Governors~~ Executive Director shall approve the issuance of ~~the~~ credit cards in coordination with the Authority's Accountant, except for the Executive Director's credit card which shall be approved by the Board of Governors. The Accountant will receive the monthly credit card statements and review against the receipts submitted by the cardholders.
- b. The credit card shall not impact the cardholder's personal credit references. The Authority issued credit card is an Authority liability card, not a personal liability card.
- c. Cardholders to whom credit cards are issued for Authority purchases shall be responsible for the protection and custody of the credit card. The cardholder to whom credit cards are issued shall immediately notify the financial institution ~~who~~ which issued the card, their supervisor, and the Accountant if it is lost or stolen. Cardholders shall not knowingly post or otherwise make publicly available credit card data that could potentially result in fraud or unauthorized charges.
- d. All purchases will be made in compliance with the Authority's Policy 11-03, Purchasing Policy.
- e. The credit cards shall only be used for the purchases of goods, services, and travel that pertain to the official business of the Authority.
  - i. The credit cards shall not be used for personal use, cash advances, or other merchant category exclusions (i.e., alcoholic beverages, tobacco products, etc.).

- ii. Credit cards shall not be used for the purchase of meals when the traveler expects to claim established meal allowances.
- f. The Executive Director, in consultation with the Authority's Accountant, shall be responsible for monitoring, retrieving, and overseeing compliance with this Credit Card Policy.
- g. Each cardholder shall have an authorized maximum limit, as set by the Executive Director, of not more than \$5,000.
  - i. If a cardholder experiences a denial when using the credit card, the cardholder shall notify the bank who issued the card as well as the Authority's Accountant immediately with details of the denial. Such details shall include, but not be limited to, vendor or merchant name, date, time and details of transaction, and dollar amount. The Accountant shall investigate the denial.
  - ii. The Accountant shall maintain a list of available credit cards for all cardholders, which shall include the credit limit of each card, as well as outstanding balances, due dates, purchases, returns, or other credits. This list shall be maintained in a timely fashion and shall be open to the Authority's Board of Governors' inspection upon request.
  - iii. The Authority's ~~Accountant Treasurer~~ shall review the Executive Director's credit card usage monthly, and notify the Authority's Treasurer of any activity which does not comply with this policy. ~~quarterly.~~
- h. Credit card transactions are authorized for the following methods of acquisition:
  - i. In person: the cardholder shall present the credit card for purchases of goods and services. The cardholder shall obtain a receipt for all purchases and credits, and submit the receipt to the Accountant for reconciliation with the credit card invoice.
  - ii. Via telephone or mail order: the cardholder shall provide the vendor or merchant with the credit card number, expiration date, and other pertinent data necessary to complete the transaction. The cardholder shall take necessary precautions to ensure that the transaction is valid prior to providing pertinent credit card data. The cardholder shall properly document the transaction submit packing slips or other documentation to the Accountant for reconciliation with the credit card invoice.
  - iii. Via the Internet: the cardholder shall provide the vendor or merchant with the credit card number, expiration date, and other pertinent data necessary to complete the transaction. The cardholder shall take necessary precautions to ensure that the transaction is valid prior to providing pertinent credit card data. The cardholder shall properly document the transaction with a packing slip, hard



copy screen printouts, and/or other document, and this documentation shall be submitted to the Accountant for reconciliation with the credit card invoice.

- i. Documentation detailing the goods, services, and travel purchased with the credit cards shall be required for all transactions. Adequate documentation shall consist of, but not be limited to, original sales receipts, and credit slips. The cardholder and Executive Director shall both approve the credit card statements for processing by the Accountant. The Authority shall not approve payment of credit card invoices without adequate documentation.
- j. Unauthorized personal charges shall be immediately repaid to the Authority by the cardholder. Any subsequent unauthorized personal charges ~~shall~~ may result in loss of credit card privileges and may result in disciplinary action.
- k. The Executive Director shall review and ~~recommend approval~~ approve or ~~denial of~~ credit card invoices prior to submission to the Accountant for payment. ~~The Chair, or if the Chair is not available the Vice-Chair or Treasurer, of the Board will review and recommend approval or denial of credit card purchases made by or on behalf of the Executive Director.~~
- l. Cardholders to whom credit cards are issued for Authority purchases shall immediately surrender all Authority credit cards upon termination of employment or layoff from active work status or at the request of the Board.
- m. Any cardholder of the Authority who violates the provisions of this Credit Card Policy 11-15 shall be subject to disciplinary action, up to and including discharge and/or civil or criminal action.

## Financial Statements

### **Leon County Research and Development Authority**

*Years ended September 30, 2016 and 2015  
with Report of Independent Auditors*



# Leon County Research and Development Authority

## Financial Statements

Years ended September 30, 2016 and 2015

### Contents

<b>Report of Independent Auditors.....</b>	<b>1</b>
<b>Management’s Discussion and Analysis .....</b>	<b>4</b>
<b>Audited Financial Statements</b>	
Statements of Net Position.....	8
Statements of Revenues, Expenses, and Changes in Net Position .....	9
Statements of Cash Flows.....	10
Notes to Financial Statements.....	11
<b>Other Required Supplementary Information</b>	
Schedule of Proportionate Share of Net Pension Liability – Florida Retirement System .....	30
Schedule of Contributions – Florida Retirement System .....	31
Schedule of Proportionate Share of Net Pension Liability – Health Insurance Subsidy Program .....	32
Schedule of Contributions – Health Insurance Subsidy Program.....	33
<b>Other Reports</b>	
Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	34
Management Letter .....	36

## Report of Independent Auditors

The Board of Governors  
Leon County Research and Development Authority

### Report on the Financial Statements

We have audited the accompanying financial statements of the Leon County Research and Development Authority (the Authority), which comprise the statements of net position as of September 30, 2016 and 2015, and the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Page Two

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Leon County Research and Development Authority, as of September 30, 2016 and 2015, and the changes in its net position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Schedule of Proportionate Share of Net Pension Liability – Florida Retirement System, Schedule of Contributions – Florida Retirement System, Schedule of Proportionate Share of Net Pension Liability – Health Insurance Subsidy Program, and Schedule of Contributions – Health Insurance Subsidy Program, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Page Three

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2017, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Thomas Howell Ferguson P.A.

Tallahassee, Florida  
March 22, 2017

## Leon County Research & Development Authority Management's Discussion and Analysis

As management of the Leon County Research and Development Authority (the Authority), we offer users of the Authority's financial statements this management discussion and analysis of the Authority's financial activities for the fiscal year ended September 30, 2016. Management's Discussion and Analysis is a narrative overview designed to: (a) assist a financial statement user in focusing on significant financial issues, (b) provide an overview of the Authority's financial activities, (c) identify changes in the Authority's financial position and operations, and (d) bring attention to individual concerns and issues. This discussion and analysis should be read in conjunction with the Authority's financial statements and notes to the financial statements which follow this section.

### Financial Highlights

- On October 26, 2015, the Authority and the City of Tallahassee sold to Danfoss the building Danfoss was leasing. The distributions of funds from the sale of the building, held by the City and the Authority under an agreement among tenants in common, were \$3,431,684 to the City and \$79,241 to the Authority. As a portion of an incentive package with contributions from the City and the State of Florida, Danfoss and the Authority entered into a ground lease for the land on which the building is located through January 28, 2074 for \$1.00 per year. Among other commitments, Danfoss agreed to build on the lots a 44,000-square feet Application Development Center. The building is currently nearing completion.
- In March, 2016, the Authority was awarded a \$20,000 grant from the Knight Foundation to assume the responsibilities of operating the Entrepreneurial Excellence Program (EEP) from the dissolving Economic Development Council (EDC). The proceeds of the grant were used to contract with the EEP program director. The Authority also received \$4,000 from the EDC to fund additional operating expenses of the program.
- No significant deficiencies in internal control over financial reporting were identified by the independent auditors for the years 2016 and 2015. There were two management comments provided by the independent auditors in their management letter for fiscal year 2015, and these have been addressed by management.

### Overview of the Financial Statements

While identified as a dependent special district, the Authority is not considered by Leon County, its governing authority, to be a component unit of Leon County. The Authority's financial statements consist of the financial statements and the notes to the financial statements. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

## Fund Financial Statements

The Authority follows financial reporting requirements for enterprise funds, which use the accrual basis of accounting. This reporting follows accounting methods similar to those used by private-sector companies. As a business type activity, Authority operating revenues come from leases, maintenance, and management and common area management fees. Nonoperating revenues come from interest earned on deposits with financial institutions and other authorized depositories.

## Enterprise Fund Analysis

The Statement of Net Position provides useful information about the Authority's financial position. The following table shows a condensed Statement of Net Position for the current and prior two years:

**Table 1**  
**Statement of Net Position**  
As of September 30  
(in thousands)

	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>Change 2016</b>	<b>Change 2015</b>
<b>Assets</b>					
Current assets	\$ 4,236	\$ 4,167	\$ 4,342	\$ 69	\$ (175)
Noncurrent assets	4,268	4,569	4,807	(301)	(238)
Deferred outflows of resources	73	65	18	8	47
Total assets and deferred outflows of resources	<u>\$ 8,577</u>	<u>\$ 8,801</u>	<u>\$ 9,167</u>	<u>\$ (224)</u>	<u>\$ (366)</u>
<b>Liabilities and deferred inflows of resources</b>					
Current liabilities	\$ 32	\$ 40	\$ 34	\$ (8)	\$ 6
Noncurrent liabilities	105	86	65	19	21
Deferred inflows of resources	18	19	-	(1)	19
Total liabilities and deferred inflows of resources	<u>155</u>	<u>145</u>	<u>99</u>	<u>10</u>	<u>46</u>
<b>Net Position</b>					
Invested in capital assets net of related debt	4,225	4,521	4,807	(296)	(286)
Unrestricted	4,197	4,135	4,261	62	(126)
Total net position	<u>8,422</u>	<u>8,656</u>	<u>9,068</u>	<u>(234)</u>	<u>(412)</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 8,577</u>	<u>\$ 8,801</u>	<u>\$ 9,167</u>	<u>\$ (224)</u>	<u>\$ (366)</u>

The Authority's total assets and deferred outflow of resources exceeded total liabilities and deferred inflow of resources as of September 30, 2016, by \$8.422 million (net position). Of this amount, \$4.197 million represents unrestricted net position that is available to meet ongoing obligations to tenants and creditors.

Fund net position decreased by \$234,730. \$297,114 of the decrease is attributable to depreciation and amortization expense offset by the increase attributable to the \$71,175 gain from sale of the Danfoss building.



Current assets consisting of cash and cash equivalents, accounts receivable, and prepaid expenses increased by \$68,512 for the fiscal year 2016 from the fiscal year 2015. Current liabilities consisting of accounts payable and unearned revenue decreased by \$8,127.

### Capital Asset and Debt Administration

The majority of Authority assets are capital assets having a depreciated value of \$4.224 million and representing 49.7 percent of total assets. These capital assets primarily consist of Authority buildings leased to scientific research and development entities affiliated with institutions of higher education and other entities that foster economic development in affiliation with one or more institutions of higher education.

**Table 2**  
**Statement of Revenue, Expenses, and Changes in Net Position**  
*(in thousands)*

The following table summarizes the changes in net position for the current and prior two years.

	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>Change 2016</b>	<b>Change 2015</b>
Operating revenues	\$ 697	\$ 729	\$ 868	\$ (32)	\$ (139)
Operating expenses	(1,048)	(1,184)	(1,210)	136	26
Operating income (loss)	(351)	(455)	(342)	104	(113)
Nonoperating revenues (expenses)	117	43	(37)	74	80
Change in net position before special items	(234)	(412)	(379)	178	(33)
Loss on transfer of operations	-	-	(3,058)	-	3,058
Change in net position	(234)	(412)	(3,437)	178	3,025
Net position at the beginning of the year, as restated	8,656	9,068	12,505	(412)	(3,437)
Net position at end of year	<u>\$ 8,422</u>	<u>\$ 8,656</u>	<u>\$ 9,068</u>	<u>\$ (234)</u>	<u>\$ (412)</u>

For the year ended September 30, 2016, Authority operating expenses exceeded operating revenues by \$351,373.

Total operating revenues decreased by \$32,212. This is attributed to a \$9,145 decrease in common area maintenance fees, a \$40,500 increase in other income from program grants and fees, and licenses; and a decrease in lease revenue of \$63,567. The net decrease in lease revenue is attributed to an decrease of \$68,483 in the Morgan Building from the loss of three FSU affiliated tenants, a decrease of \$883 in the Knight Building, an increase of \$41,127 in the Johnson Building due to the National Park Service lease, and a decrease of \$35,326 in the Collins Building due to the termination of the Bing lease, and a reduction in space by the Florida Department of Agriculture.

Total operating expenses decreased by \$135,621. \$100,000 of the decrease was a result of funds paid to terminate a sublease in 2015. Depreciation and amortization decreased by \$11,719. Salaries and benefits increased by \$16,175. Other expenses decreased by \$40,077 predominantly due to reduced utility, and repairs and maintenance expenses.

Also, included in operating expenses for 2016 is a bad debt expense of \$31,033 as a result of a tenant lease termination and bankruptcy, and \$22,511 for 2015 due to \$16,336 in uncollectable claims for the reimbursement of legal fees in an eviction proceeding, and \$6,173 in uncollectable rents and expense reimbursements.

### **Contacting the Authority's Financial Management**

This financial report is designed to provide a general overview of the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the Leon County Research and Development Authority's office at 1736 West Paul Dirac Drive, Tallahassee, Florida.

Respectfully submitted,

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Ronald J. Miller, Jr.  
Executive Director

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David Ramsay  
Treasurer

Leon County Research and Development Authority

Statements of Net Position

	September 30,	
	2016	2015
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 2,719,021	\$ 2,636,793
Designated cash and cash equivalents	1,400,000	1,400,000
Accounts receivable - leases and other, net	105,435	115,577
Accrued interest receivable	3,176	2,487
Prepaid expenses and other current assets	8,206	12,469
Total current assets	4,235,838	4,167,326
Noncurrent assets:		
Other assets	42,932	48,662
Capital assets, net of accumulated depreciation	4,224,671	4,520,720
Total assets	8,503,441	8,736,708
<b>Deferred outflows of resources</b>		
Pension	72,759	64,996
Total deferred outflows of resources	72,759	64,996
Total assets and deferred outflows of resources	\$ 8,576,200	\$ 8,801,704
<b>Liabilities, deferred inflows of resources and net position</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 31,716	\$ 39,843
Total current liabilities	31,716	39,843
Noncurrent liabilities:		
Unearned revenue	221	221
Net pension liability	104,668	86,076
Total noncurrent liabilities	104,889	86,297
Total liabilities	136,605	126,140
<b>Deferred inflows of resources</b>		
Pension	18,117	19,356
Total deferred inflows of resources	18,117	19,356
Net position:		
Net investment in capital assets	4,224,671	4,520,720
Unrestricted	4,196,807	4,135,488
Total net position	8,421,478	8,656,208
Total liabilities, deferred inflows of resources and net position	\$ 8,576,200	\$ 8,801,704

See accompanying notes.

Leon County Research and Development Authority

Statements of Revenues, Expenses, and Changes in Net Position

	Years ended September 30,	
	2016	2015
<b>Operating revenues</b>		
Leases	\$ 588,486	\$ 652,053
Common area management fees	67,190	76,335
Other income	41,145	645
Total operating revenues	<u>696,821</u>	<u>729,033</u>
<b>Operating expenses</b>		
Salaries and employee benefits	248,963	232,788
Depreciation and amortization expense	297,114	308,833
Lease termination fee	-	100,000
Other expenses	502,117	542,194
Total operating expenses	<u>1,048,194</u>	<u>1,183,815</u>
Operating loss	<u>(351,373)</u>	<u>(454,782)</u>
<b>Nonoperating revenues</b>		
Gain on sale of assets	71,175	-
Interest income	45,468	43,447
Total nonoperating revenues	<u>116,643</u>	<u>43,447</u>
Change in net position	(234,730)	(411,335)
Net position at beginning of year, as restated	8,656,208	9,067,543
Net position at end of year	<u>\$ 8,421,478</u>	<u>\$ 8,656,208</u>

See accompanying notes.

## Leon County Research and Development Authority

## Statements of Cash Flows

	<b>Years ended September 30,</b>	
	<b>2016</b>	<b>2015</b>
<b>Operating activities</b>		
Cash received from tenants	\$ 655,874	\$ 725,967
Other cash receipts	51,089	17,312
Cash payments to tenant for lease termination fee	-	(100,000)
Cash payments to suppliers for goods and services	(513,609)	(551,060)
Cash payments to employees	(233,683)	(233,078)
Net cash used in by operating activities	(40,329)	(140,859)
<b>Capital and related financing activities</b>		
Purchase of capital assets	(2,151)	(21,281)
Payments of capitalized fees	-	(50,100)
Net cash used in capital and related financing activities	(2,151)	(71,381)
<b>Investing activities</b>		
Interest and dividends on investments	45,468	43,447
Proceeds from sale of capital asset	79,240	-
Net cash provided by investing activities	124,708	43,447
Net increase (decrease) in cash and cash equivalents	82,228	(168,793)
Cash and cash equivalents at beginning of year	4,036,793	4,205,586
Cash and cash equivalents at end of year	\$ 4,119,021	\$ 4,036,793
<b>Reconciliation of operating loss to net cash used in operating activities</b>		
Operating loss	\$ (351,373)	\$ (454,782)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	297,114	308,833
Changes in operating assets and liabilities:		
Unearned revenue and net pension liability	15,280	20,619
Accounts receivable	10,142	16,513
Prepaid expenses and other assets	3,574	(57,375)
Accounts payable and accrued expenses	(15,066)	25,333
Net cash used in operating activities	\$ (40,329)	\$ (140,859)
<b>Cash and cash equivalents consist of:</b>		
Cash and cash equivalents	\$ 2,719,021	\$ 2,636,793
Designated cash and cash equivalents	1,400,000	1,400,000
Total	\$ 4,119,021	\$ 4,036,793

See accompanying notes.

# Leon County Research and Development Authority

## Notes to Financial Statements

Years ended September 30, 2016 and 2015

### 1. Summary of Significant Accounting Policies

#### Description of Organization

The Leon County Research and Development Authority (the Authority) was created by the Leon County Board of County Commissioners pursuant to County Ordinance No. 80-68 in accordance with Section 159.703, Florida Statutes. The Authority was created for the purpose of promoting scientific research and development in affiliation with and related to the research and development activities of one or more state-based, accredited, public or private institutions of higher education; for the purpose of financing and refinancing capital projects related to the establishment of a research and development park in affiliation with one or more institutions of higher education, including facilities that complement or encourage the complete operation thereof, as defined by and in the manner provided by the Florida Industrial Development Financing Act; and for the purpose of fostering the economic development and broadening the economic base of a county in affiliation with one or more institutions of higher education.

The Authority has acquired land within Leon County to perform any and all functions related or incidental to the operation of Innovation Park, Tallahassee (the Park). The Park is to provide a compatible location where selected applied research operations can be established to build upon and mutually benefit the economy of North Florida, the research capabilities of Florida A&M and Florida State Universities, and the services of Florida's capital city.

The Authority was notified on October 22, 1991, by the Office of the Comptroller, Department of Banking and Finance, State of Florida, that it had been reclassified from an independent to a dependent special district. The Authority is not considered by Leon County, its governing authority, to be a component unit of Leon County.

#### Basis of Accounting

The Authority follows Governmental Accounting Standards Board (GASB) financial reporting requirements for enterprise funds, which use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recognized when they are incurred.

#### Revenue Recognition

*Operating revenues* – Operating revenues generally result from providing services in connection with ongoing operations. Operating revenues consist of lease, maintenance, management, and common area management fee revenues collected from tenants. Operating revenues are recognized as revenue in the period earned.

*Nonoperating revenues* – Nonoperating revenues consist of interest earned on deposits held with financial institutions and are recognized as revenue in the period earned.

# Leon County Research and Development Authority

## Notes to Financial Statements

### 1. Summary of Significant Accounting Policies (continued)

#### Cash and Cash Equivalents

Cash consists of demand deposits held at qualified public depositories. Qualified public depositories of public funds are required to provide collateral each month pursuant to Section 280.04, Florida Statutes. The collateral is held by the Florida Division of Treasury or other custodian with full legal rights maintained by the Florida Division of Treasury to transfer ownership. Any loss not covered by the pledged securities and deposit insurance would be assessed by the Florida Division of Treasury and paid by the other public depositories. Therefore, any amount of the Authority's demand deposits in excess of FDIC protection would be fully insured or collateralized.

Designated cash and cash equivalents consist of amounts for the completion of capital projects.

#### Accounts Receivable

Accounts receivable consists of amounts due from tenants for leases, common area fees, maintenance fees, and management fees.

The Authority provides an allowance for doubtful accounts based upon the anticipated collectability of each specific account. At September 30, 2016 and 2015, the Authority has recorded an allowance of \$53,544 and \$22,511, respectively.

#### Capital Assets

Capital assets are recorded at cost less accumulated depreciation. Depreciation is computed on the straight-line method over the estimated useful lives of the related assets. The estimated useful lives are as follows:

	<u>Useful Lives</u>
Buildings	10 – 40 years
Improvements	5 – 20 years
Equipment and furnishings	5 – 8 years
Development costs	10 years

Beginning October 1, 1986, capital outlays for the construction of streets, parks, water and sewer lines, and other types of infrastructure expenditures are capitalized and included in improvements. To date, all such completed projects have been transferred to and accepted by the City of Tallahassee.

# Leon County Research and Development Authority

## Notes to Financial Statements

### 1. Summary of Significant Accounting Policies (continued)

#### Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) and the Retiree Health Insurance Subsidy (HIS) and addition to/deduction from the FRS's and HIS's fiduciary net position have been determined on the same basis as they are reported by the FRS and HIS plans. For the purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

#### Amortization

The costs of obtaining bonded debt were deferred and amortized over the life of the bonds using the straight line method.

#### Subsequent Events

The Authority has evaluated subsequent events through March 22, 2017, the date the financial statements were available to be issued. During the period from September 30, 2016 to March 22, 2017, the Authority did not have any material recognizable subsequent events.

#### Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

### 2. Ground Lease

The Authority entered into an agreement on January 28, 1980, with the State of Florida Board of Trustees of the Internal Improvement Trust Fund (the Board) to lease Park lands from the Board comprised of 207.92 acres for a period of 94 years. The agreement does not call for any lease payments from the Authority but specifies that the Park lands shall be used for research, design, development, light manufacturing and assembly, and educational and related purposes in furtherance of essential public purposes. In prior years, the Authority transferred its leasehold interest in approximately 33 acres to Florida State University. On March 18, 2014, the Authority transferred its leasehold interest in approximately 96 gross acres of developed and undeveloped Park land to Florida State University and Florida A&M University.



## Leon County Research and Development Authority

### Notes to Financial Statements

#### 3. Retirement Plan

##### **General Information about the Florida Retirement System (FRS)**

The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program (DROP) under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan to assist retired members of any State-administered retirement system in paying the costs of health insurance.

Essentially all regular employees of the Authority are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and Florida Retirement System Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of two cost-sharing multiple-employer defined benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' Web site ([www.dms.myflorida.com](http://www.dms.myflorida.com)).

The Authority's pension expense totaled \$13,107 for the fiscal year ended September 30, 2016.

##### **FRS Pension Plan**

The FRS Pension Plan (Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees. The general classes of membership are as follows:

*Regular Class* – Members of the FRS who do not qualify for membership in the other classes.

*Senior Management Service Class (SMSC)* – Members in senior management level positions.

*Special Risk Class* – Members who are employed as law enforcement officers and meet the criteria to qualify for this class.

## Leon County Research and Development Authority

### Notes to Financial Statements

#### 3. Retirement Plan (continued)

##### **FRS Pension Plan (continued)**

Employees enrolled in the Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Employees enrolled in the Plan may include up to 4 years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS-participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

##### **Benefits Provided**

Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the 5 highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the 8 highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on retirement plan and/or the class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits.

## Leon County Research and Development Authority

## Notes to Financial Statements

**3. Retirement Plan (continued)****Benefits Provided (continued)**

The following chart shows the percentage value for each year of service credit earned:

<b>Class, Initial Enrollment, and Retirement Age/Years of Service</b>	<b>% Value</b>
<b>Regular Class members initially enrolled before July 1, 2011</b>	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 or more years of service	1.68
<b>Regular Class members initially enrolled on or after July 1, 2011</b>	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 or more years of service	1.68
<b>Special Risk Regular</b>	
Service from December 1, 1970 through September 30, 1974	2.00
Service on or after October 1, 1974	3.00
<b>Senior Management Service Class</b>	2.00
<b>Elected Officers' Class</b>	3.00

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3 percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3 percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3 percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

## Leon County Research and Development Authority

## Notes to Financial Statements

**3. Retirement Plan (continued)****Contributions**

Prior to July 1, 2011, the FRS was noncontributory for employees. Beginning July 1, 2011, employees who are not participating in DROP are required to contribute 3% of their salary to the FRS. The Authority is required to contribute at an actuarially-determined rate. Contribution rates for the 2015-2016 fiscal year are as follows:

<b><u>Class</u></b>	<b><u>Percent of Gross Salary</u></b>	
	<b><u>Employee</u></b>	<b><u>Employer (1)</u></b>
FRS, Regular	3.00	7.37
FRS, Senior Management Services	3.00	21.14
Elected Officers	3.00	43.24
FRS, Special Risk	3.00	19.82
Deferred Retirement Option Program – Applicable to Members from All of the Above Classes	N/A	12.28
FRS Reemployed Retiree	(2)	(2)

*Notes: (1) These Employer rates include 1.26 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.04 percent for administrative costs of the Investment Plan.*

*(2) Contribution rates are dependent upon retirement class in which reemployed.*

The Authority's contributions, including employee contributions, to the defined benefit pension plan totaled \$15,497 for the fiscal year ended September 30, 2016, excluding HIS plan contributions.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At September 30, 2016, the Authority reported a liability of \$40,209 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The Authority's proportionate share of the net pension liability was based on the Authority's 2015-16 fiscal year contributions relative to the total 2015-16 fiscal year contributions of all participating members. At September 30, 2016, the Authority's proportionate share was 0.000159 percent, which was a decrease of 32% percent from its proportionate share measured as of September 30, 2015.

## Leon County Research and Development Authority

## Notes to Financial Statements

## 3. Retirement Plan (continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**

For the fiscal year ended September 30, 2016, the Authority recognized pension expense of \$9,835. In addition, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b><u>Description</u></b>	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	\$ 3,079	\$ (374)
Change of assumptions	2,433	—
Net difference between projected and actual earnings on FRS pension plan investments	18,498	(8,104)
Changes in proportion and differences between Authority FRS contributions and proportionate share of contributions	18,966	(8,781)
Authority FRS contributions subsequent to the measurement date	2,928	—
Total	<u>\$ 45,904</u>	<u>\$ (17,259)</u>

The deferred outflows of resources related to pensions totaling \$2,928 resulting from the Authority contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b><u>Year Ended September 30,</u></b>	
2017	\$ 3,704
2018	3,704
2019	3,704
2020	937
2021	(1,214)
Thereafter	(650)
Total	<u>\$ 10,185</u>

## Leon County Research and Development Authority

## Notes to Financial Statements

**3. Retirement Plan (continued)****Actuarial Assumptions**

The total pension liability in the July 1, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 percent
Salary increases	3.25 percent, including inflation
Investment rate of return	7.60 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the Generational RP-2000 with Projection Scale BB table.

The actuarial assumptions used in the July 1, 2016, valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013. As of June 30, 2016, the investment rate of return decreased from 7.65% to 7.60%.

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation <sup>1</sup></b>	<b>Annual Arithmetic Return</b>	<b>Compound Annual (Geometric) Return</b>	<b>Standard Deviation</b>
Cash	1.00%	3.11%	3.10%	1.65%
Intermediate-Term Bonds	18.00%	4.18%	4.05%	5.15%
High Yield Bonds	3.00%	6.79%	6.25%	10.95%
Broad US Equities	26.50%	8.51%	6.95%	18.90%
Developed Foreign Equities	21.20%	8.66%	6.85%	20.40%
Emerging Market Equities	5.30%	11.58%	7.60%	31.15%
Private Equity	6.00%	11.80%	8.11%	30.00%
Edge Funds / Absolute Return	7.00%	5.81%	5.35%	10.00%
Real Estate (Property)	12.00%	7.11%	6.35%	13.00%
Total	100.00%			
Assumed Inflation – Mean		2.60%		2.00%

<sup>1</sup> As outlined in the Plan's investment policy.

## Leon County Research and Development Authority

## Notes to Financial Statements

**3. Retirement Plan (continued)****Discount Rate**

The discount rate used to measure the total pension liability was 7.60 percent. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

**Sensitivity of the Authority's Proportionate Share of the Net Position Liability to Changes in the Discount Rate**

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.60 percent, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.60 percent) or 1 percentage point higher (8.60 percent) than the current rate:

	1% Decrease (6.60%)	Current Discount Rate (7.60%)	1% Increase (8.60%)
Authority's proportionate share of the net pension liability - FRS	\$74,027	\$40,209	12,059

**Pension Plan Fiduciary Net Position**

Detailed information about pension plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

**HIS Pension Plan**

The HIS Pension Plan (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

## Leon County Research and Development Authority

### Notes to Financial Statements

#### 3. Retirement Plan (continued)

##### **Benefits Provided**

For the fiscal year ended September 30, 2016, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of creditable service completed at the time of retirement multiplied by \$5. The payments are at least \$30 but not more than \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

##### **Contributions**

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2016, the contribution rate was 1.26 percent through June 30, 2016 and 1.66 percent of payroll pursuant to section 112.363, Florida Statutes. The Authority contributed 100 percent of its statutorily required contributions for the current and preceding 3 years. HIS Plan contributions are deposited in a separate trust fund from which HIS payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The Authority's contributions to the HIS Plan totaled \$2,975 for the fiscal year ended September 30, 2016.

##### **Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At September 30, 2016, the Authority reported a net pension liability of \$64,459 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The Authority's proportionate share of the net pension liability was based on the Authority's 2015-16 fiscal year contributions relative to the total 2015-16 fiscal year contributions of all participating members. At September 30, 2016, the Authority's proportionate share was 0.000553 percent, which was an increase of 0.73 percent from its proportionate share measured as of September 30, 2015.



## Leon County Research and Development Authority

## Notes to Financial Statements

## 3. Retirement Plan (continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**

For the fiscal year ended September 30, 2016, the Authority recognized pension expense of \$8,573. In addition, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b><u>Description</u></b>	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	\$ —	\$ (147)
Change of assumptions	10,115	—
Net difference between projected and actual earnings on HIS pension plan investments	33	—
Changes in proportion and differences between Authority HIS contributions and proportionate share of HIS contributions	14,200	(710)
Authority contributions subsequent to the measurement date	840	—
Total	<u>\$ 25,188</u>	<u>\$ (857)</u>

The deferred outflows of resources totaling \$840 was related to pensions resulting from Authority contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b><u>Year Ended September 30,</u></b>	
2017	\$ 3,218
2018	3,218
2019	3,218
2020	3,218
2021	579
Thereafter	39
Total	<u>\$ 13,490</u>

## Leon County Research and Development Authority

### Notes to Financial Statements

#### 3. Retirement Plan (continued)

##### **Actuarial Assumptions**

The total pension liability in the July 1, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 percent
Salary increases	3.25 percent, including inflation
Municipal bond rate	2.85 percent

Mortality rates were based on the Generational RP-2000 with Projected Scale BB table.

The actuarial assumptions used in the July 1, 2016, valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013. As of June 30, 2016, the municipal rate used to determine total pension liability decreased from 3.8% to 2.85%.

##### **Discount Rate**

The discount rate used to measure the total pension liability was 2.85 percent. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

##### **Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 2.85 percent, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.85 percent) or 1 percentage point higher (3.85 percent) than the current rate:

## Leon County Research and Development Authority

## Notes to Financial Statements

**3. Retirement Plan (continued)****Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate (continued)**

	1% Decrease (1.85%)	Current Discount Rate (2.85%)	1% Increase (3.85%)
Authority's proportionate share of the net pension liability – HIS	\$73,949	\$64,459	\$56,583

**Pension Plan Fiduciary Net Position**

Detailed information about pension plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

**FRS Investment Plan**

The State Board of Administration (SBA) administers the defined contribution plan officially titled the FRS Investment Plan (Investment Plan). The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Authority employees already participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Service retirement benefits are based upon the value of the member's account upon retirement. Benefit terms, including contribution requirements, are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contributions rates, that are based on salary and membership class (Regular Class, Senior Management Service Class, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04 percent of payroll and by forfeited benefits of plan members.

## Leon County Research and Development Authority

### Notes to Financial Statements

#### **3. Retirement Plan (continued)**

##### **FRS Investment Plan (continued)**

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings regardless of membership class. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5 year period, the employee will regain control over their account. If the employee does not return within the 5 year period, the employee will forfeit the accumulated account balance. For the fiscal year ended September 30, 2016, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Authority.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided in which the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The Authority's Investment Plan pension expense totaled \$3,883 for the fiscal year ended September 30, 2016.

##### **Deferred Compensation Program**

On November 18, 1997, the Authority adopted the National Association of Counties Deferred Compensation Program pursuant to Section 457 of the Internal Revenue Code (IRC). The deferred compensation plan allows for the voluntary participation of all eligible employees of the Authority. All assets of this plan, including all deferred amounts, property, and rights purchased with deferred amounts, and all income attributable to such deferred amounts, property, or rights, other than assets held in annuity contracts, will be held in a custodial account described in IRC Section 457(g).

The custodian shall hold the assets for the exclusive benefit of the participants and beneficiaries and the assets may not be diverted to any other use. Contributions to the plan for the years ended September 30, 2016 and 2015 were \$14,654 and \$14,200, respectively.

## Leon County Research and Development Authority

### Notes to Financial Statements

#### 4. Commitments and Contingencies

*Master Plan Update and Future Park Development* – The Authority’s Planned Unit Development (PUD) master development plan for the Park was amended and approved May 15, 2013. As of September 30, 2016 and 2015, \$754,961 has been incurred and capitalized as park development costs. The costs are being amortized over a period of 10 years. Accumulated amortization of these costs is \$613,939 and \$568,825 as of September 30, 2016 and 2015, respectively. Such costs are for various projects including Park amenities, a business incubator program, PUD/DRI, landscaping and park beautification, and other miscellaneous expenses.

*Economic Development – Corporate Location Agreement* – The Authority entered into an agreement on January 6, 2006, with the City of Tallahassee and Danfoss Turbocor Compressors Inc. (Danfoss) for the construction of a facility to house the Tallahassee operation of Danfoss. The agreement calls for the City of Tallahassee and the Authority to jointly construct the facility at a cost to the City of Tallahassee and the Authority of \$4.5 million. In addition, the City of Tallahassee and the Authority have agreed to reimburse Danfoss’ special building requirements, up to a maximum amount equal to the lesser of \$200,000 or the amount by which the total of all design and construction costs is less than \$4.8 million. Upon completion, the Authority would own 20% of the building. On October 23, 2015, the Authority sold the Danfoss building for \$79,240 and recognized a gain of \$71,175.

*Agreement Among Tenants in Common* – On January 6, 2006, the Authority and the City of Tallahassee entered into an “Agreement Among Tenants in Common.” The purpose of this co-tenancy is for the construction, ownership, management, and leasing of a building to be occupied by Danfoss. The term of the co-tenancy is fifty (50) years, commencing on January 6, 2006, and ending on January 6, 2056, unless sooner terminated by the tenants in common. The ownership and the operating interests in the co-tenancy is 20% for the Authority and 80% for the City of Tallahassee. Contributions by the Authority include Lots 1D, 2D, and 3D to the co-tenancy by leasing these properties for one dollar (\$1.00) per year for 20 years, and for fair market value for the remaining 30 years. The City is to provide up to \$4,750,000 for construction of the building. The Authority was to provide up to \$450,000 for construction of the building.

Effective October 26, 2015, an amendment to this agreement was made which removed the Authority’s \$450,000 construction obligation and adjusted the ownership interests in the co-tenancy for the Authority and the City of Tallahassee to 16.2% and 83.8%, respectively.

According to the co-tenancy agreement, any sublease of the property and building will require the tenant to pay all maintenance and operational expenses, rent, utilities, insurance, common area fees, and taxes.

## Leon County Research and Development Authority

### Notes to Financial Statements

#### 4. Commitments and Contingencies (continued)

*City of Tallahassee Ground Lease* – On January 6, 2006, the Authority and the City of Tallahassee entered into a ground lease. The terms of the lease include rental of Lots 1D, 2D, and 3D as set forth in the Innovation Park/Tallahassee Amended Final Development Plan dated November 20, 1992. The term of the ground lease is for fifty (50) years, commencing on January 6, 2006, and ending on January 6, 2056. The City of Tallahassee, as tenant, will pay the Authority the sum of one dollar (\$1.00) per year for 20 years, and fair market value for the remaining 30 years.

On May 26, 2015, Danfoss exercised its option to purchase the property constructed and leased under the Agreement Among Tenants In Common. As a result, effective October 26, 2015, the Authority and the City sold the building to Danfoss, terminated the ground lease with Danfoss, terminated the Corporate Location Agreement, terminated the Agreement Among Tenants in Common, and terminated the Ground lease between the Authority and City. The distributions of funds from the sale of the building were \$3,431,684 to the City and \$79,241 to the Authority. Concurrently, Danfoss and the Authority entered into a ground lease for Lots 1D, 2D and 3D through January 28, 2074 for \$1.00 per year.

*Sunnyland Solar Ground Lease* – On August 3, 2011, the Authority and Sunnyland Solar Re, LLC entered into a ground lease. The terms of the lease include rental of approximately 9.8 acres. The term of the ground lease is for seven (7) years, with an option to renew for two additional seven (7) year terms, for a total of twenty-one (21) years. Sunnyland Solar Re, LLC, as tenant, will pay the Authority the sum of \$7,000 per year for the term of the lease. As an inducement to enter into this lease, an entity related to the tenant, Inkbridge, LLC, transferred \$100,000 into an escrow account for unrestricted use by the Authority for purposes that will be determined by the Board in conjunction with Inkbridge, LLC. The Authority expended escrowed funds during the fiscal years ended September 30, 2016 and 2015 of \$0 and \$35,000, respectively.

#### 5. Operating Leases

##### *Phipps Building*

The agreement with the Florida Department of Transportation (FDOT) for the Phipps Building is for 11,661 square feet and requires monthly payments of \$10,719 beginning June 1, 2007, through May 31, 2022, with an option to renew for an additional five-year term.

## Leon County Research and Development Authority

## Notes to Financial Statements

**5. Operating Leases (continued)***Collins Building*

On June 12, 2007, the Authority entered into an agreement with the Florida Department of Agriculture and Consumer Services (FDACS) for 25% of the Collins Building. The agreement is for 6,126 square feet and requires monthly payments of \$4,671 beginning July 1, 2007, through June 30, 2022, with an option to renew for an additional five-year term.

*Johnson Building*

On February 18, 2015, the Authority entered into a lease agreement with the Government of the United States of America with monthly lease payments of \$22,065 through February 17, 2025, which replaced two expiring agreements.

*Morgan Building*

During the years ended September 30, 2016 and 2015, the Authority recognized other short-term lease revenues from space in the Morgan Building in the amount of \$109,649 and \$182,085, respectively.

*Administrative Office*

During the years ended September 30, 2016 and 2015, the Authority also recognized other short-term lease revenues from space in the Administrative Office in the amount of \$6,356 and \$8,555, respectively.

*Common Area Management Fees*

The Authority maintains all of the common area in the Park. Owners of long-term leases purchased from the Authority and certain other tenants are charged an annual common area fee based on the Park's adjusted annual administrative overhead costs divided by the developable acres. For the years ended September 30, 2016 and 2015, the Authority recognized common area revenue in the amount of \$75,190 and \$76,335, respectively.

Following is a table of the minimum future rentals expected to be collected over the next five years:

	September 30,					
	2017	2018	2019	2020	2021	Total
Johnson	\$ 264,781	\$ 264,781	\$ 264,781	\$ 281,338	\$ 293,164	\$ 1,368,845
DOT	128,635	128,635	128,635	128,635	128,635	643,175
DACS	31,972	31,972	31,972	31,972	31,972	159,860
Morgan	44,909	—	—	—	—	44,909
Admin Center	5,476	—	—	—	—	5,476
Ground leases	7,000	5,833	—	—	—	12,833
	<u>\$ 482,773</u>	<u>\$ 431,221</u>	<u>\$ 425,388</u>	<u>\$ 441,945</u>	<u>\$ 453,771</u>	<u>\$ 2,235,098</u>

## Leon County Research and Development Authority

## Notes to Financial Statements

**6. Capital Assets**

Following is a summary of the changes in capital assets for the year ending September 30, 2016:

<b>Descriptions</b>	<b>Balance at September 30, 2015</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance at September 30, 2016</b>
Buildings	\$ 8,821,417	\$ –	\$ –	\$ 8,821,417
Equipment and furnishings	68,309	2,151	–	70,460
Improvements	128,452	–	(66,116)	62,336
Land	635,921	–	–	635,921
Park and development costs	754,961	–	–	754,961
	10,388,986	2,151	(66,116)	10,345,095
Accumulated depreciation	(5,888,340)	(291,384)	59,300	(6,120,424)
Total	<u>\$ 4,520,720</u>	<u>\$ (289,233)</u>	<u>\$ (6,816)</u>	<u>\$ 4,224,671</u>

**7. Designated Net Position and Cash and Cash Equivalents**

The Board of Governors has designated unrestricted net position for each of the years ended September 30, 2016 and 2015 for future capital projects in the amount of \$1,400,000. In addition, the Board of Governors has designated cash and cash equivalents in the amount equal to the above designation.

**8. Risk Management**

The Authority is exposed to various risks of loss associated with normal operations and has purchased commercial insurance to mitigate such risks.



## Other Required Supplementary Information

Leon County Research and Development Authority

Required Supplementary Information

Year ended September 30, 2016

Schedule of Proportionate Share of Net Pension Liability -  
Florida Retirement System  
Last 10 Fiscal Years

	Year Ending September 30,		
	2016	2015	2014
Proportion of the net pension liability	0.000159%	0.000233%	0.000178%
Proportionate share of the net pension liability	\$ 40,209	\$ 30,111	\$ 10,860
Covered-employee payroll	\$ 179,219	\$ 168,450	\$ 113,542
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	22.44%	17.88%	9.56%
Plan fiduciary net position as a percentage of the total pension liability	84.88%	92.00%	96.09%

Note: This schedule is intended to show information for 10 years. Additional years will be displayed as the information becomes available.

*See report of independent auditors.*

Leon County Research and Development Authority

Required Supplementary Information

Year ended September 30, 2016

Schedule of Contributions -  
Florida Retirement System  
Last 10 Fiscal Years

	<b>Year Ending September 30,</b>		
	<b>2016</b>	<b>2015</b>	<b>2014</b>
Contractually required contribution	\$ 3,883	\$ 5,684	\$ 3,888
Contributions in relation to the contractually required contribution	(3,883)	(5,684)	(3,888)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 179,219	\$ 168,450	\$ 113,542
Contributions as a percentage of covered-employee payroll	2.17%	3.37%	3.42%

Note: This schedule is intended to show information for 10 years. Additional years will be displayed as the information becomes available.

*See report of independent auditors.*

Leon County Research and Development Authority

Required Supplementary Information

Year ended September 30, 2016

Schedule of Proportionate Share of Net Pension Liability -  
Health Insurance Subsidy Program  
Last 10 Fiscal Years

	Year Ending September 30,		
	2016	2015	2014
Proportion of the net pension liability	0.00055%	0.00055%	0.00056%
Proportionate share of the net pension liability	\$ 64,459	\$ 55,965	\$ 52,330
Covered-employee payroll	\$ 179,219	\$ 168,450	\$ 113,542
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	35.97%	33.22%	46.09%
Plan fiduciary net position as a percentage of the total pension liability	0.97%	0.50%	0.99%

Note: This schedule is intended to show information for 10 years. Additional years will be displayed as the information becomes available.

*See report of independent auditors.*

Leon County Research and Development Authority

Required Supplementary Information

Year ended September 30, 2016

Schedule of Contributions -  
Health Insurance Subsidy Program  
Last 10 Fiscal Years

	<b>Year Ending September 30,</b>		
	<b>2016</b>	<b>2015</b>	<b>2014</b>
Contractually required contribution	\$ 2,835	\$ 2,098	\$ 1,917
Contributions in relation to the contractually required contribution	(2,835)	(2,098)	(1,917)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 179,219	\$ 168,450	\$ 113,542
Contributions as a percentage of covered-employee payroll	1.58%	1.25%	1.69%

Note: This schedule is intended to show information for 10 years. Additional years will be displayed as the information becomes available.

*See report of independent auditors.*

## Other Reports

## Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

### Audit Committee

Leon County Research and Development Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Leon County Research and Development Authority (the Authority), which comprise the statement of net position as of September 30, 2016, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 22, 2017.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



Page Two

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Thomas Howell Ferguson P.A.

Tallahassee, Florida  
March 22, 2017



## Management Letter



The Board of Governors  
Leon County Research and Development Authority

## **Report on the Financial Statements**

We have audited the financial statements of the Leon County Research and Development Authority (the Authority) as of and for the fiscal year ended September 30, 2016, and have issued our report thereon dated March 22, 2017.

## **Auditor's Responsibility**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.550, Rules of the Auditor General.

## **Other Reports and Schedule**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in this report, which are dated March 22, 2017, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General.

## **Prior Audit Findings**

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address the recommendations made in the preceding annual financial audit report.

Page Two

## **Financial Condition**

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether or not the Authority has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Authority did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the Authority's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

## **Annual Financial Report**

Sections 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the Authority for the fiscal year ended September 30, 2016, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2015. In connection with our audit, we determined that these two reports were in agreement.

## **Special District Component Units**

Section 10.554(1)(i)5.d., Rules of the Auditor General, requires that we determine whether or not a special district that is a component unit of a county, municipality, or special district, provided the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we determined that all special district component units provided the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

## **Other Matters**

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.



Page Three

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

\*\*\*\*\*

Our management letter is intended solely for the information and use of management, the Board of Governors, the Leon County Board of County Commissioners, and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

Thomas Howell Ferguson P.A.

Tallahassee, Florida  
March 22, 2017

To the Audit Committee  
Leon County Research and Development Authority

We are pleased to present this report related to our audit of the financial statements of Leon County Research and Development Authority (the Authority) as of and for the year ended September 30, 2016. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Authority's financial reporting process.

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication with Those Charged with Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Area	Comments
<b>Our Responsibilities With Regard to the Financial Statement Audit</b>	Our responsibilities under auditing standards generally accepted in the United States of America and <i>Government Auditing Standards</i> , issued by the Comptroller General of the United States, have been described to you in our arrangement letter dated July 18, 2016. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.
<b>Overview of the Planned Scope and Timing of the Financial Statement Audit</b>	We discussed with members of the Audit Committee and the Authority's management various matters about which generally accepted auditing standards require communication. These include matters concerning two-way communication, our independence, the audit planning process, the concept of materiality in planning and executing the audit, our approach to internal control relevant to the audit, and the timing of the audit.

Area	Comments
<b>Accounting Policies and Practices</b>	<p data-bbox="760 394 1425 432"><b>Adoption of, or Change in, Accounting Policies</b></p> <p data-bbox="760 449 1433 667">Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Authority. The Authority did not adopt any significant new accounting policies, nor have there been any changes in existing significant accounting policies during the current period.</p> <p data-bbox="760 699 1252 737"><b>Significant or Unusual Transactions</b></p> <p data-bbox="760 751 1433 892">We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.</p>
<b>Management's Judgments and Accounting Estimates</b>	<p data-bbox="760 930 1433 1360">Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. Management has informed us that they used all the relevant facts available to them at the time to make the best judgments about accounting estimates, and we considered this information in the scope of our audit. Estimates significant to the financial statements include the following:</p> <ul data-bbox="808 1381 1433 1854" style="list-style-type: none"> <li data-bbox="808 1381 1339 1419">• Allowance for uncollectible accounts.</li> <li data-bbox="808 1440 1089 1478">• Pension liabilities.</li> <li data-bbox="808 1499 1433 1854">• The allocation of certain maintenance expenses and common area maintenance fees. The Authority has established through lease agreements with specific tenants that certain maintenance costs incurred by the Authority may be allocated and billed to the tenants. In addition, the Authority calculates an annual charge to the tenants for common area maintenance fees based on actual costs incurred during the year.</li> </ul>

Page Three

Area	Comments
<b>Management's Judgments and Accounting Estimates (continued)</b>	<ul style="list-style-type: none"> <li>• Amortization of capitalized fees.</li> <li>• Useful lives used to calculate depreciation of capital assets.</li> </ul> <p>The Audit Committee may wish to monitor throughout the year the process used to determine and record these accounting estimates.</p>
<b>Audit Adjustments</b>	<p>Audit adjustments proposed by us and recorded by the Authority are shown on the attached <b>Exhibit A</b>. The adjustments decreased net position by \$9,590. Journal entries were related to the pension liability.</p>
<b>Uncorrected Misstatements</b>	<p>During the course of our audit, we accumulated uncorrected misstatements that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements and to the related financial statement disclosures. The adjustments were to adjust utilities expense for proper cut-off. The adjustment decreased net position by \$1,924. See <b>Exhibit B</b> for a copy of the representation letter provided to us by the Authority's management that includes a description of uncorrected misstatements.</p>
<b>Disagreements With Management</b>	<p>We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.</p>
<b>Consultations With Other Accountants</b>	<p>We are not aware of any consultations management had with other accountants about accounting or auditing matters.</p>
<b>Significant Issues Discussed With Management</b>	<p>No significant issues arising from the audit were discussed with or the subject of correspondence with management.</p>



Page Four

Area	Comments
<b>Significant Difficulties Encountered in Performing the Audit</b>	We did not encounter any significant difficulties in dealing with management during the audit. We received full cooperation and appreciate the assistance provided by the Authority's financial and accounting personnel.
<b>Letter(s) Communicating Significant Deficiencies and Material Weaknesses in Internal Control Over Financial Reporting</b>	We have separately communicated any significant deficiencies and material weaknesses in internal control over financial reporting identified during our audit of the financial statements as required by <i>Government Auditing Standards</i> . There were none identified. This communication is included in the Other Reports section of the financial statements.
<b>Significant Written Communications Between Management and Our Firm</b>	See <b>Exhibit B</b> for a copy of the representation letter provided to us by the Authority's management.

This report is intended solely for the information and use of the Audit Committee and management of the Authority and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this letter. We appreciate the opportunity to continue to be of service to Leon County Research and Development Authority.

Thomas Howell Ferguson P.A.

Tallahassee, Florida  
March 22, 2017



**Leon County Research and Development Authority**

Year End: September 30, 2016

Trial balance

Date: 10/1/2015 To 9/30/2016

Number	Date	Name	Account No	Reference	Debit	Credit	Net Income (Loss)	Amount Chg	Recurrence
Net Income (Loss) Before Adjustments							(225,140.00 )		
1	9/30/2016	Pension	THF 190	0215	2,433.00				
1	9/30/2016	Pension	THF 190	0215		1,999.00			
1	9/30/2016	Pension	THF 190	0215	10,393.00				
1	9/30/2016	Pension	THF 190	0215	3,079.00				
1	9/30/2016	Pension	THF 190	0215		3,179.00			
1	9/30/2016	Pension	THF 190	0215	27,070.00				
1	9/30/2016	Pension	THF 190	0215		34,901.00			
1	9/30/2016	Pension	THF 190	0215		961.00			
1	9/30/2016	Pension	THF 280	0215	7,190.00				
1	9/30/2016	Pension	THF 280	0215		374.00			
1	9/30/2016	Pension	THF 280	0215	714.00				
1	9/30/2016	Pension	THF 280	0215		16,886.00			
1	9/30/2016	Pension	THF 280	0215	10,606.00				
1	9/30/2016	Net Pension Liability	THF 285	0215		10,098.00			
1	9/30/2016	Employee Benefits-Authority	4406-0000	0215	6,131.00				
1	9/30/2016	Employee Benefits-Authority	4406-0000	0215	3,704.00				
1	9/30/2016	Employee Benefits-Authority	4406-0000	0215		2,922.00			
FRS Entry #1 (Year 2 and Following)- To record Employer's share of collective pension amounts for the measurement period.					71,320.00	71,320.00	(232,053.00 )	(6,913.00 )	
2	9/30/2016	Pension	THF 190	0215	10,115.00				
2	9/30/2016	Pension	THF 190	0215	33.00				
2	9/30/2016	Pension	THF 190	0215		30.00			
2	9/30/2016	Pension	THF 190	0215		4,403.00			
2	9/30/2016	Pension	THF 190	0215	14,200.00				
2	9/30/2016	Pension	THF 190	0215		17,149.00			
2	9/30/2016	Pension	THF 190	0215		706.00			
2	9/30/2016	Pension	THF 280	0215		147.00			
2	9/30/2016	Pension	THF 280	0215		710.00			
2	9/30/2016	Pension	THF 280	0215	846.00				
2	9/30/2016	Net Pension Liability	THF 285	0215		8,494.00			
2	9/30/2016	Employee Benefits-Authority	4406-0000	0215	5,356.00				
2	9/30/2016	Employee Benefits-Authority	4406-0000	0215	3,218.00				
2	9/30/2016	Employee Benefits-Authority	4406-0000	0215		2,129.00			
HIS Entry #2- To record Employer's share of collective pension amounts for the measurement period.					33,768.00	33,768.00	(238,498.00 )	(6,445.00 )	
3	9/30/2016	Pension	THF 190	0215	2,928.00				
3	9/30/2016	Pension	THF 190	0215	840.00				
3	9/30/2016	Employee Benefits-Authority	4406-0000	0215		2,928.00			
3	9/30/2016	Employee Benefits-Authority	4406-0000	0215		840.00			
FRS & HIS Entry #3- To reclassify contributions paid subsequent to the Measurement Date.					3,768.00	3,768.00	(234,730.00 )	3,768.00	
					0.00	0.00	(234,730.00 )	0.00	
AJE#2	9/30/2016	Invested in Capital Assets-Net of Debt	2730-0000			1.00			
AJE#2	9/30/2016	Unrestricted	2750-0000		1.00				
To adjust net investment in capital assets by \$1 to match the related asset.					1.00	1.00	(234,730.00 )	0.00	
					108,857.00	108,857.00	(234,730.00 )	(9,590.00 )	

## Exhibit B

March 22, 2017

Thomas Howell Ferguson P.A.  
2615 Centennial Boulevard, Suite 200  
Tallahassee, Florida 32308

This representation letter is provided in connection with your audit of the basic financial statements of the Leon County Research and Development Authority as of and for the years ended September 30, 2016 and 2015 for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

We confirm, to the best of our knowledge and belief, as of the date of this letter:

*Financial Statements*

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated June 18, 2016, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. Related-party, transactions have been including those with Leon County Florida, the primary government having accountability for the Authority, other organizations for which the nature and significance of their relationship with the Authority are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete, and jointly governed organizations in which the Authority participates, and sale and purchase transactions, long-term loans, leasing arrangements, and guarantees, have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
6. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
7. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.

Thomas Howell Ferguson P.A.  
March 22, 2017  
Page 2

8. The following have been properly recorded and/or disclosed in the financial statements:
  - a. Guarantees, whether written or oral, under which the Authority is contingently liable.
  - b. All other liens or encumbrances on assets or revenues or any assets or revenues which were pledged as collateral for any liability or which were subordinated in any way.
  - c. All liabilities that are subordinated to any other actual or possible liabilities of the Authority.
  - d. All leases and material amounts of rental obligations under long-term leases.
  - e. The fair value of investments.
  - f. Derivative financial instruments.
  - g. Deposits and investment securities categories of risk.
  - h. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, line of credit, or similar arrangements have been properly disclosed.
  - i. Impairment of capital assets.
9. All significant estimates and material concentrations known to management that are required to be disclosed. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets for which events could occur that would significantly disrupt normal finances within the next year.
10. There are no unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with Statement of Financial Accounting Standards No.5 and/or GASB Statement No.10.
11. We have no direct or indirect, legal or moral obligation for any debt of any organization, public or private that is not disclosed in the financial statement.
12. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance. In connection therewith, we specifically represent that we are responsible for determining that we are not subject to the requirements of the Single Audit Act and OMB Circular No. A-133, because we have not received, expended, or otherwise been the beneficiary of the required amount of federal awards during the period of this audit.

Thomas Howell Ferguson P.A.  
March 22, 2017  
Page 3

13. We have informed you of all uncorrected misstatements.

As of and for the Year Ended September 30, 2016 we believe that the effects of the uncorrected misstatements aggregated by you and summarized below are immaterial, both individually and in the aggregate to the financial statements. For purposes of this representation, we consider items to be material, regardless of their size, if they involve the misstatement or omission of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

			ASSETS		LIABILITIES		INCOME STATEMENT							
Description	W/P Ref	Type (3)	Current	Long-Term	Current	Long-Term	Revenue	Cost of Sales	G&A	Salaries	Other	Income (5)	Other Comp Income (6)	
List the pretax effects of each misstatement in the opening balance sheet that completely reversed in the current period (4):														
To adjust utilities exp for proper cut-off	2002.2	KM							836			836		
To adjust CAM revenue for overstatement due to error in calculation.	1506.2	KM					1,332					1,332		
												0		
												0		
List the pretax effects of each misstatement that was present in both the opening and closing balance sheets (4):												0		
												0		
												0		
												0		
List the pretax effects of each misstatement that was present in the ending balance sheet, but was not present in the opening balance sheet:												0		
To adjust utilities exp for proper cut-off	2002.2	KM			(1,924)			1,924				1,924		
												0		
												0		
												0		
Total pre-tax misstatements (7)					(1,924)	0	1,332	0	2,760	0	0	4,092	0	
Estimated income tax effect of aggregate pre-tax misstatements												N/A	N/A	
Misstatement of current or deferred income tax assets and liabilities (8)														
Total after-tax misstatements												4,092	0	

*Information Provided*

14. We have provided you with:

- Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters;
- Additional information that you have requested from us for the purpose of the audit;
- Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- Minutes of the meetings of the governing board and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.

15. All transactions have been recorded in the accounting records and are reflected in the financial statements.

16. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.

Thomas Howell Ferguson P.A.  
March 22, 2017  
Page 4

17. We have no knowledge of allegations of fraud or suspected fraud, affecting the entity's financial statements involving:
  - a. Management
  - b. Employees who have significant roles in the internal control.
  - c. Others where the fraud could have a material effect on the financial statements.
18. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements received in communications from employees, former employees, analysts, regulators, short sellers, or others.
19. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations whose effects were considered when preparing financial statements.
20. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements.
21. We have disclosed to you the identity of the entity's related parties and all the related-party relationships and transactions of which we are aware.
22. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the Entity's ability to record, process, summarize, and report financial data.
23. We are aware of no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
24. We have no plans or intentions that may materially affect the carrying value or classification of assets. In that regard:
  - a. The Entity has no significant amounts of idle property and equipment or property or equipment.
  - b. The Entity has no plans or intentions to discontinue the operations of any activities or programs or to discontinue any significant operations.
25. We are responsible for making the accounting estimates included in the financial statements. Those estimates reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take. In that regard, adequate provisions have been made:
  - a. To reduce receivables to their estimated net collectable amounts.
  - c. To reduce investments, intangibles, and other assets which have permanently declined in value to their realizable values.
  - d. For risk retention, including uninsured losses or loss retentions (deductibles) attributable to events occurring through September 30, 2016 and/or for expected retroactive insurance premium adjustments applicable to periods through September 30, 2016.

Thomas Howell Ferguson P.A.  
March 22, 2017  
Page 5

- e. For pension obligations, post-retirement benefits other than pensions, and deferred compensation agreements attributable to employee services rendered through September 30, 2016.

26. There are no:

- a. Material transactions that have not been properly recorded in the accounting records underlying the financial statements.
- b. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency. In that regard, we specifically represent that we have not been designated as, or alleged to be, a "potentially responsible party" by the Environmental Protection Agency in connection with any environmental contamination.
- c. Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed.

27. The Entity has satisfactory title to all owned assets.

28. Net positions invested in capital assets, net of related debt; restricted; and unrestricted and fund balances are properly classified and, when applicable, approved.

29. Expenses or expenditures have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.

30. Revenues are appropriately classified in the statements of activities within program revenues and general revenues and contributions to term or permanent endowments, or contributions to permanent fund principal.

31. Capital assets, including infrastructure assets, are properly capitalized, reported, and depreciated.

32. We agree with the findings of specialists in evaluating the pension liability for the Florida Retirement System and Health Insurance Subsidy Program and have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.

*Required Supplementary Information*

33. With respect to the Management's Discussion and Analysis and the pension liability and contribution schedules presented as required by the Governmental Accounting Standards Board to supplement the basic financial statements:
- We acknowledge our responsibility for the presentation of such information.
  - We believe such information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America.
  - The methods of measurement or presentation have not changed from those used in the prior period other than the adoption of *Government Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*.
34. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

*Compliance Considerations*

In connection with your audit conducted in accordance with *Government Auditing Standards*, we confirm that management:

- Is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework.
- Is responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to the auditee.
- Has identified and disclosed to the auditor all instances that have occurred, or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
- Has identified and disclosed to the auditor all instances that have occurred, or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that have a material effect on the determination of financial statement amounts.
- Has identified and disclosed to the auditor all instances that have occurred, or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements.
- Is responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Thomas Howell Ferguson P.A.  
March 22, 2017  
Page 7

41. Acknowledges its responsibility for the design, implementation and maintenance of internal controls to prevent and detect fraud.
42. Has taken timely and appropriate steps to remedy fraud; noncompliance with provisions of laws, regulations, contracts and grant agreements; or abuse that the auditor reports.
43. Has a process to track the status of audit findings and recommendations.
44. Has identified for the auditor previous audits, attestation engagements and other studies related to the audit objectives and whether related recommendations have been implemented.
45. Has provided views on the auditor's reported findings, conclusions and recommendations, as well as management's planned corrective actions, for the report.
46. Acknowledges its responsibilities as it relates to non-audit services performed by the auditor, including a statement that it assumes all management responsibilities; that it oversees the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge or experience; that it evaluates the adequacy and results of the services performed; and that it accepts responsibility for the results of the services.

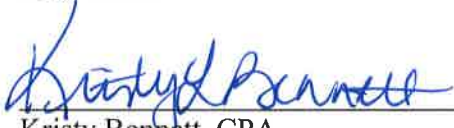
Leon County Research and Development



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Ronald J. Miller, Jr.  
Executive Director

NAI Talcor



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Kristy Bennett, CPA  
Director of Property Management Accounting



## **Director of Programs and Communications Report- March 2017**

### **TechGrant**

- Venue booked- Goodwood Museum Carriage House
- We will be having a professional A/V company help this year, which has been booked. (PSG)
- Food ordered from Soiree Catering for the event
- 5 judges are Kim Williams, Mindy Perkins, Blake Dowling, Sajed Khan and Jason Robotham
- 5 PR firms have agreed to be coaches: Bowstern, Moore, North Florida PR, Salter Mitchell and Sachs Media
- Received 10 applicants- will be announcing finalists on April 12, 2017.
- So far we have \$3,300 in sponsorships. In the process of acquiring more.

### **TechTopics**

- Last event took place on March 7 with 27 attendees
- Topic was Artificial Intelligence and received positive remarks on the theme
- In the process of scheduling events in late August and early November

### **EEP Alum/ TechGrant Winners Circle**

- Combined the two groups to form the Entrepreneurs Club at Innovation Park
- First event was held Feb 28.- had about 35 people (other events that night caused conflicts)
- Planning to do another event in the Fall and inviting volunteer instructors to join if they'd like
- Added E-Club to Innovation Park website under Programs

### **Discovery on Parade turned out to be a successful event**

- Created a new display
- A drone video was created, which is also now on the website
- Created rack cards, which we've been handing out everywhere

### **Entrepreneurial Excellence Program**

- Class 13 ended up with 12 companies
  - Oversold to 14 companies, but two ended up dropping out
- We have a waiting list for Class 14 with 3 companies on it so far
  - Additional interest, but waiting for them to fill out applications



### **Tallahassee Science Festival**

- Scheduled for October 28
- TCC is handling the graphics for the event and once those are finalized- I will send out Save the Dates
- I am covering the PR/Communications/Marketing with the MagLab

### **Strategic Partnerships**

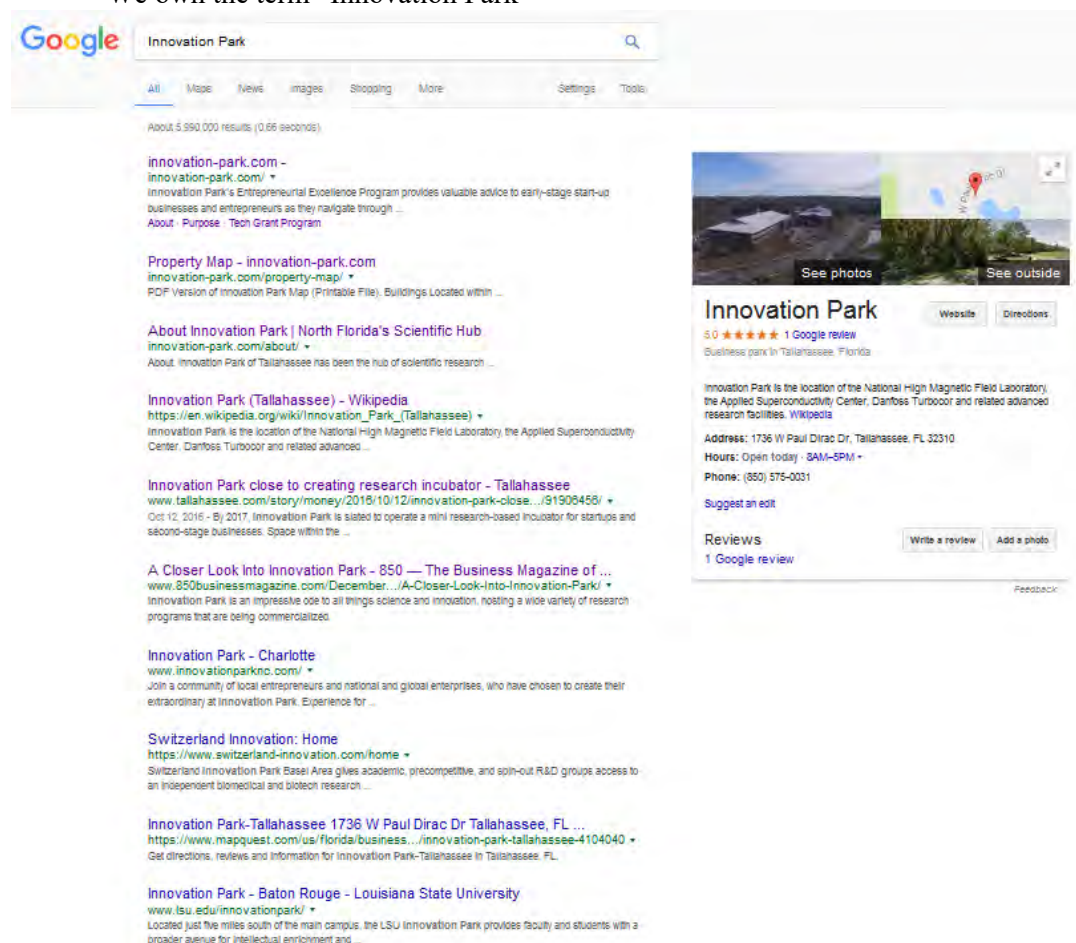
- In the process of strengthening our relationships with others in the Park
- Met with Kristin Roberts and Faye Gibson to discuss
  - Faye Gibson is a consultant for the College of Engineering for their rebranding

### **Social Media/ SEO**

- Continuing to build a following by posting content daily on Facebook and Twitter, and posting weekly on Instagram and LinkedIn
- Current followership includes: 327 followers in Twitter, 176 on Facebook, 97 followers in Instagram and 10 followers on LinkedIn

## -Search Engine Optimization

- We own the term “Innovation Park”



- North Florida research park- we come up 3 and 4 on the list
- Florida Research Park- we come up on page 1 at 6

\*This is a great feat in trying to identify us as a top research park. Will keep working on additional keywords

## Marketing Materials

- Rack cards were created for Discovery on Parade and have been handed out at various events (see attached)
- Drone video was shot of the Park. Link to our video, which was downloaded to Youtube can be viewed from one of the homepage banners or Youtube channel-  
<https://www.youtube.com/watch?v=WEOuVadHr78&t=27s>

**NAI Talcro Property Manager's Report to the  
Leon County R&D Authority Board of Governors  
3/30/2017**

**Occupancy:**

Building	Leasable Square Feet	Vacant Square Feet	% Vacant
<b>Phipps</b>	14,661	0	0%
<b>Morgan</b>	23,240	12,418	53%
<b>Johnson</b>	39,337	22,031	56%
<b>Collins</b>	24,900	22,974	92%
<b>Knight</b>	2,800	260	9%
<b>Total</b>	<b>104,938</b>	<b>57,683</b>	<b>55%</b>

**Non-Routine Repairs & Maintenance:**

Building	Completed Since Last Report	In Process	Deferred
<b>Phipps</b>	<ul style="list-style-type: none"> <li>Removed dead pine tree and ground stump.</li> <li>Replaced exhaust fan in the shop area that was not functioning.</li> </ul>	<ul style="list-style-type: none"> <li>None</li> </ul>	<ul style="list-style-type: none"> <li>None</li> </ul>
<b>Morgan</b>	<ul style="list-style-type: none"> <li>Weston Trawick, electrician repaired the wiring to the lights that illuminate the Morgan Building sign located to the front of the building and replaced the ballasts in the fixtures.</li> </ul>	<ul style="list-style-type: none"> <li>None</li> </ul>	<ul style="list-style-type: none"> <li>None</li> </ul>
<b>Johnson</b>	<ul style="list-style-type: none"> <li>Exterior lights near the front doors – Replaced the ballasts.</li> <li>Down spout on roof was clogged and required a plumber to clear it out.</li> </ul>	<ul style="list-style-type: none"> <li>Three Up lights at the front entrance in the flower bed are not functioning. Electrician replaced the ballasts and this still didn't solve the issue. He will return on 3/28/17 to trouble shoot the issue.</li> </ul>	<ul style="list-style-type: none"> <li>None</li> </ul>
<b>Collins</b>	<ul style="list-style-type: none"> <li>Soffit vent repaired</li> </ul>	<ul style="list-style-type: none"> <li>None</li> </ul>	<ul style="list-style-type: none"> <li>Pending renovation: ceiling tiles need replaced</li> </ul>
<b>Knight</b>	<ul style="list-style-type: none"> <li>None</li> </ul>	<ul style="list-style-type: none"> <li>None</li> </ul>	<ul style="list-style-type: none"> <li>None</li> </ul>
<b>Fuqua</b>	<ul style="list-style-type: none"> <li>None</li> </ul>	<ul style="list-style-type: none"> <li>None</li> </ul>	<ul style="list-style-type: none"> <li>None</li> </ul>

**NAI Talcro Property Manager's Report to the  
Leon County R&D Authority Board of Governors  
3/30/2017**

Building	Completed Since Last Report	In Process	Deferred
<b>Common</b>	<ul style="list-style-type: none"> <li>• None</li> </ul>	<ul style="list-style-type: none"> <li>• Replace the street sign panels at Levy and Pottsdamer. I have also obtained a bid to get cut sheets created for the panels and have on file at Apogee Signs. This would make replacing signs in the future easier.</li> <li>• FAMU/FSU College of Engineering sign faded decal needs replaced at Levy Ave. &amp; Engineering Dr.</li> </ul>	<ul style="list-style-type: none"> <li>• None</li> </ul>

**Accounts Receivable Past Due as of Report Date (30+days):**

Tenant	Invoice Date	Invoice Amount	Last Contact Date	Tenant Response/Date to be Paid/Comments
<b>FSU-TIC</b>	11/30/16	698.20	03/29/17	CAM for Lot 1-B-1 Parking. They have requested an invoice. Another invoice was sent 3/30/17. They are processing it immediately.
<b>Sunnyland</b>	02/01/17	583.33	03/29/17	Emailed. No response as of yet. February payment applied to March.
<b>Nanostrata</b>	12/01/15	21.15	03/29/17	Missed payment for wifi access. This payment was mailed Monday, March 27, 2017.
<b>Nanostrata</b>	02/01/17	371.46	03/29/17	This payment was mailed Monday, March 27, 2017.
<b>Sensatek</b>	02/01/17	213.03	03/29/17	Emailed. No response as of yet.
<b>FSU-NWRDC</b>	07/01/17	2,796.08	03/29/17	This payment has been processed and will be received in the first week of April. (The March payment of \$4,836.96 has been paid.)

**Tenant Issues Encountered, Status of Other Outstanding Issues, Contract Procurements, Projects, Accounting issues, etc.:**

1. There are no tenant issues to report.
2. Bids were obtained for HVAC preventative maintenance services for all buildings. The contract was awarded to Parker Services. The contract began on March 1, 2017 and will end on February 28, 2018. The contract may be extended in additional one (1) year terms.
3. The Landscaping contract for Heinz Nurseries was extended one additional year.
4. Obtaining quotes to limb up the trees lining the parking lots and up against the buildings. This service is outside the scope of work for the current landscaping contract with Heinz Nurseries.

**NAI Talcor Property Manager's Report to the  
Leon County R&D Authority Board of Governors  
3/30/2017**

**Other Property Manager Comments:**

Upon inspection of the grounds and buildings by the property manager, it was found that the landscaping company, Heinz Nurseries was not adhering to their scope of work. The property manager has walked the grounds with Heinz Nurseries. The following improvements have been made immediately:

Trimming of all low hanging branches in walkways, clearing all debris from around the bases of the HVAC condensing units, clearing of debris over drains near the buildings, clearing corners of the parking lot and car stops of accumulated dirt and debris. Removing excess dirt and leaves from all flower beds lining the walk ways and properly tucking pine straw. Weeding of the flower beds and pine straw will be completed in the next few weeks according to the budget.

The property manager has worked with The GIS Division, City of Tallahassee Consolidated Dispatch to give them information on all building locations, names of buildings and tenant names for emergency use. This will help them locate the buildings easier and improve response time. Management is in the process of working with the Fire Department to update the Knox boxes that house the keys and cards for building access as well.

The property manager has also updated the emergency contact information with all service providers monitoring the fire alarm panels and alarm services for all buildings.

A fire inspection of the Morgan and Johnson buildings was done on March 9, 2017. Management is still waiting on the inspection report.

**Leon County Research and Development Authority  
Executive Director's Report to the Board of Governors  
April 6, 2017**

**Strategic Issues:**

- Jump Start:
  - Hosted EDA representative from Atlanta a second time to tour MagLab and AME Building and held a follow up call regarding status of planning and potential grant application
  - Toured UCF business incubator at Central Florida Research Park
  - Worked with Counsel on further 501(C)3 research
  - Received 501(c)3 examples from Northeast Indiana Innovation Center and Mark Long
  - Started work on formal business plan/financial model
  - Met with engineers to begin engineering study
  - Met with Committee Chair and Architects for initial space planning/design meeting
- Entrepreneurial Excellence Program:
  - Continued to work with County staff, board members, and House and Senate legislative aides on legislative funding request
  - Attended Tallahassee Entrepreneurs Club Event (EEP Alum/Tech Grant winners)
  - Attended opening night for Class 13 and addressed the class
- Tech Grant:
  - Conducted orientation meeting for prospective applicants
  - Provided support to DPC in implementation of this year's program
  - Worked with past winner returning unused funds
- Other:
  - Project Campus meetings and draft documents
  - Met with Leon County Commissioner Mary Anne Lindley to provide detailed Innovation Park orientation
  - Attended "Governor's Roundtable" at Danfoss regarding EFI and Visit Florida

**Tenant/Prospective Tenant Relations:**

- Worked with General Counsel on consent to mortgage and conflict waiver agreements; responded to associated Phase I environmental study inquiries
- Worked with FSU to extend one year the CBTR lease in Morgan Building under same terms and conditions
- Toured Danfoss facility
- Gave tour to prospective Morgan Building tenant
- Updated FDACS leasing and tenant contacts regarding status of Collins building and future plans
- Met with prospective tenant exploring multiple opportunities (3/31)
- Researched outparcel history and subdivision issues for future development concerns
- Continue to follow up with Morgan prospect—Kristin Dozier met with Dr. Robinson
- Updated NWRDC on status of Morgan prospect, and discussed NWRDC needs for a longer-term lease
- Continue to follow up with National Park Service regarding expansion—progress made, but still waiting on final approvals
- Supported Talcor in cross training and develop written procedure for Access Control program for National Park Service

**Financial Oversight:**

- Conducted review of auditor prepared GASB 68 adjusting entries
- Drafted Management Discussion and Analysis for Audit Report
- Finalized Audit Report Draft with Auditors
- Finalized Audit RFP with approval of Audit Committee
- Drafted and executed contract for HVAC preventative maintenance
- Extended landscape agreement
- Drafted Purchasing Policy and Credit Card Policy changes

Leon County Research and Development Authority  
Executive Director's Report to the Board of Governors  
April 6, 2017

- Worked with officers on wire transfer process
- Researched email and data storage options for impending change in Comcast offerings/cost
- Reviewed workers comp audit results and charges
- Began work on General Counsel RFP Timeline

**Community Involvement & Economic Development Events:**

- Attended FRPN annual meeting in Orlando
- Attended Intergovernmental Agency Meeting: no committee appointments were made
- Attended Discovery on Parade Event
- Made arrangements to participate in Chamber trip to Nashville

**General:**

- Worked with General Counsel on understanding prospect confidentiality statute and agreements
- Worked with NAI Talcot on transition to new property manager
- Worked with new property manager and security vendor to review security services in Morgan/Johnson, and Knight buildings
- Worked with new property manager on fire alarm response in Johnson building
- Drafted new reporting format for property manager
- Continued to follow up with Counsel and others regarding Bing Energy bankruptcy and move-out
- Worked with staff on records retention and disposals

**Committee/Other Meetings:**

- Audit Committee
- Executive Committee
- Office of Economic Vitality (multiple)
- Property Manager (2)
- Tech Topics Event
- AERO
- Florida Research Park Network call
- Junior Achievement Board of Directors

**Current Projects/Activities**

*(Not all inclusive)*

- Project Campus execution
- TechGrant program support/elevator pitch night
- Auditor RFP execution/pre-bid meeting
- Draft General Counsel RFP
- Entrepreneurial Excellence Program legislative funding follow up
- JumpStart Architectural & Engineering Study--continued
- JumpStart financial model and draft business plan
- Chamber trip to Nashville
- Annual financial report filings with DFS, Auditor General, and Leon County
- Executive, and Audit (RFP) committee meetings
- Trail planning and implementation
- Morgan Prospect follow up
- Work with GSA on National Park Service Johnson building expansion plans
- Attend JA Shark Bowl event, and golf fundraiser

Respectfully submitted,

Ronald J. Miller, Jr., Executive Director

Leon County R&D Authority  
Board of Governors Meeting, April 6, 2017  
Page 151 of 151