

BAYSHORE FIRE PROTECTION & RESCUE SERVICE DISTRICT
MINUTES OF THE BOARD OF COMMISSIONERS MEETING
May 8, 2018

Meeting called to order at 7:00 p.m. by Chairman Hansen

Invocation – Commissioner Hansen

Commissioner Hansen – Present
Commissioner Griffin – Excused
Commissioner Mere - Present
Commissioner Ducrou – Excused
Commissioner Cook – Present
Chief Larry Nisbet - Present
Office Manager - Theresa Sharp - Present
Attorney Ian Mann – Absent

Others Present: Some Public

Guest Speaker – Matt Tight of FL CLASS – Mr. Tight is here to familiarize the District with the options available to invest liquid funds into FL CLASS a local government investment pool. Mr. Tight states “the pool was created to meet the short-term investment needs of local governments. It is for local governments only. It is a AAA rated fund by Standard & Poor’s, offers daily liquidity, very similar to a bank account, but with a much more competitive yield that what you’re seeing banks offer in this current environment. It was created back in 2015, really in response, the Chairman of the fund is Clerk of Court & Comptroller of Pinellas County, Ken Burke; Ken really felt it necessary to create an additional investment option for Florida local governments; more as a diversification option of just considering the history of what took place here back during the credit crisis with the SBA program. So, with that, I included some information as far as the daily rate is concerned. It does fluctuate on a daily basis, but, as of today, it closed at 1.97% cash, again, it provides daily liquidity; it’s a dollar in dollar out fund, so the District puts in one dollar its maintained to hold that value and when needed we can get that dollar back to you, same day. As I mentioned it is a AAA rated fund by S&P so really the unique thing about FL CLASS is it’s a little bit different amongst our competition, is the governance factor; it is a truly independent investment fund that the Board of Trustees ultimately manages and decides the direction of the fund. I technically work for Public Trust Advisors. We’re the investment manager and administrator of the fund. We ultimately report to the Board of Trustees. The other unique thing is that the participants have a say in how the fund is operated so if there’s a particular participant that isn’t happy with the direction or they want to see some type of change or they want to out a board member, they could voice that to the board and the board will take that to a vote so really that governance aspect is unique in a sense that those invested in the fund have a say in the management of the fund and the direction. With that, I did include a current participant base and obviously the current Board of Trustees. I’ll take any questions if you have any, I believe it’s of the District’s interest as far as another option, another liquidity vehicle than what’s currently being offered at the current local bank.” Commissioner Hansen states “so you’ve been around 3 or 4 years”. Mr. Tight states “the fund was launched in June 2015.”

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Commissioner Hansen asks “how much money do you currently manage?” Mr. Tight responds “Right now we’re currently just shy of 2 Billion which makes us the second largest fund in the state. Public Trust Advisors manages 8 local government investment pools throughout the country for eight other states, very similar to FL CLASS. Those pools range from 9 billion in assets down to roughly a billion. So there are other local government investment pools in the state of Florida that have been around for 20+ years, and none of them have surpassed the \$700 million in assets under management mark, we hit one billion in the first year that we launched, so I really honestly think it’s the governance aspect that really hits home with a lot of Florida local governments, the fact that they have a say in the operation; the yield has helped, but just with the economy at scale, as we add participants and diversify the participant base, the growth has been remarkable in the first few years.” Commissioner Hansen asks “is there a minimum?” Mr. Tight states “no minimum to join, the only minimum we talk about is a dollar in the fund in order to have a vote. But there’s no minimums to join, there’s no minimums to open up an account, you can have multiple sub accounts, you can have as many transactions as you like, so you’re really not capped in any regard.”

Commissioner Mere asks “do you have any type of guaranteed minimum interest?” Mr. Tight responds, “there’s no type of guarantee as far as the yield, there’s no guarantee, it’ll fluctuate daily, but the Board of Trustees developed an investment policy that we adhere to; we also have to adhere to Florida State Statute, as far as eligible investments, and the third layer of compliance, I guess, or governance, is Standard & Poor’s, S&P monitors the portfolio on a weekly basis, to maintain that AAA rating, which is the highest rating for a local government investment pool, so the investments within are very high quality treasuries, agencies, commercial paper, where you’re getting yield in the fund, comes from the commercial paper world, but it’s very high quality type of liquidity pool instruments that we can invest in.” An inaudible question is raised by a board member. Mr. Tight replies “again, I wish I could guarantee that, but, God forbid something were to happen, with any investment, there’s some risk, but we’re definitely living in a much different world than when we experienced the credit crisis, there’s new rules and regulations in place to limit runs on funds like these, the credit ratings agencies have a completely different ratings methodology that we have to adhere to from what we saw back then, and in particular, I guess the more stringent factor now as opposed to then, is the average duration of the portfolio, really why the SBA ran into their issues, they were buying investments that the duration would reset, really, every 30 days, so optically, it looked like it was a very short-term investment, but the final maturity to that investment was out 20 to 30 years. So when the Lehman event happened, the Bear Stearns event happened, they were trying to liquidate those long term securities, they couldn’t, so they had to freeze the fund. So now we can’t go out any longer than 365 days on any investment. The custodian on the fund is Wells Fargo Bank, so they hold all the money in the fund in the participant’s name, we just manage and operate the investments. We don’t hold any of the money or touch any of the money that’s all held at custodian bank.” Commissioner Mere states “I don’t know that I’d want to partner with Wells Fargo.” Chief Nisbet states that “Wells Fargo Investment and Wells Fargo Banking side are two very different entities.” Mr. Tight states “they are, and we get that question quite a bit, our credit team constantly monitors that bank

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among others. Outside of that headlining that's going on that side of the bank, the bank, in and of itself is one of the strongest balance sheets in the banking industry. Still remains one of the largest banks. From a credit perspective, still very, very strong." Commissioner Cook states "just not their pr." Mr. Tight continues "but as you can see, with some of the other funds that we manage in particular, the Colorado Fund which is one of our largest, which is the lion's share of the participants in Colorado, Texas and some of the other funds that we manage, are special districts, including fire districts. Our goal as we grow is to tap into the special district world because there are so many of them. They may not necessarily have the largest dollar amounts, but over time, we want to have a well-diversified fund with diversified products because at the end of the day, not everyone's capitals are the same from a liquidity perspective; granted, everyone gets their tax dollars in at the same time, but everyone's capitals are a little bit different, so if we could have a well-diversified mix of entity types, particularly special districts, that's the goal that we're trying to adhere to." With no further questions or comments from the board, he is excused and offered to stay if he likes. He departs but offers the board his availability to respond to any requests for further information.

Minutes – Review and Acceptance of the minutes of the April 10, 2018 Motion made by Commissioner Cook to accept the minutes. Commissioner Mere seconded the motion. Chairman Hansen calls for questions or comments. With no questions or discussion and none opposed, motion carries.

Financial Report - Review & Acceptance of the April 2018 financials. Commissioner Mere moves to accept the April 2018 financials. Commissioner Cook seconded the motion. Chairman Hansen calls for questions or comments. With no questions or discussion, and none opposed, motion carries.

Chairman Hansen calls for Fire Marshal and Administrative Reports.

Fire Marshal and Administrative Reports (attached) – Chief Nisbet states he will do the Administrative report first and then he'll provide some Fire Marshal updates though there is no report. He reads the Administrative report into the record. Commissioner Cook congratulates Chief on reaching his 10 years of service as our Chief. Commissioner Mere asks if anything has changed with the state designation for the state of emergency for that location (pertaining to the MW Horticulture site). Chief Nisbet responds, "the state doesn't have a declaration, we have gotten conflicting information about the Local and State state of emergency. What we did find out is that they have not received any hurricane debris from any government agencies since the end of February. That was where, we kind of always had a little bit of an issue with that; so one of my questions to them was, you know, Irma was last year. We did our claims, we processed our claims, even though we're under a state of emergency, my claims for Irma are done. So as far as that's concerned, my state of emergency is done. So if they haven't received any hurricane debris, up until that point, and they

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need to have time to process it, I understand that, but when does theirs stop? And that was a good question that nobody really had an answer for. When we were in the meeting with the county, it was very apparent they were very frustrated, but I think they have a little bit of ownership in that. I don't want to speak for them but, they've allowed some things to take place and now we've got; it's gotten away from the owners there. I guess that would be about the best way to put it. And bringing them into compliance and fire code violations, some of the stuff we talked about, they were not aware; if that's the case, when you run a business, you're supposed to know every code that applies to you. So, in 30 days, if they are making significant improvement, and they still have a couple things outlying, we'll give them more time; to get within code. I just want them to get within code. But if they're at 30 days and they haven't made a dent, then we're going to have an issue." Commissioner Hansen asks if the code was so many feet." Chief Nisbet responds "25 feet is the pile height, supposed to be; we have piles over there right now, from a surveyor, I guess they brought in a surveyor to measure the heights of the piles and right now we're at 42 feet on a couple piles." Commissioner Cook states, he had not seen it, he hadn't even looked at it until a couple days ago. Commissioner Hansen states "It seemed to me that one would be a lot higher than 42 feet." Chief Nisbet agrees it does look like it would be bigger, but it's not." Commissioner Cook states "it's still high." Commissioner Hansen says "I'm going to take my drone over there and measure it." Commissioner Cook repeats "it's still high". Chief Nisbet states "you figure 42 feet, that's the floor of a five-story building. So height would be the floor of the top floor at Baypointe, of their five story building." Commissioner Cook agrees "yeah, that's high." Chief Nisbet continues, "I don't see the facility going away, but I think we are going to get them back into code compliance to what they're supposed to be doing there. There's other County issues with the land that they allowed them to go and do temporary overflow storage, on the south side of that lake, but here's the biggest problem, is MW Horticulture isn't the person who's ultimately responsible, the property is owned by a gentleman in Orlando, from what I was told. And ultimately, the buck will stop with him." Commissioner Cook states "see, that's what I had mentioned at our last meeting and I have a feeling that's going to be stuck there for the owner. It's going to cost them a fortune to get rid of all that stuff. More than they've got left after they've paid their bills. That's a lot of stuff there." Chief Nisbet agrees, "there's a lot of material there. I do know that they've ordered them to cease all grinding operations over there." Commissioner Mere asks "don't they have to grind it up to get it small enough to where they can haul it away?" Chief agrees, "that's my feeling. But it's not my call. My thing is I just want to get it to where it's manageable and we can get it out of there and they can have the ability to control their piles and their heat production in the piles, and once that's done, and we're not running there quite a bit, then I'll be a happy person. We've not run there in probably close to two weeks now. "Commissioner Cook asks "negative response or haven't been there, because Connor was there the other day." Chief agrees, "he was there with us the other night..." Engineer Lemieux states, "we had a call after that, but, we literally drove

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by it as they were putting water on it from the brush truck that they have there, so we “no response” there, we saw it,…” Chief Nisbet states “but actually having to go on-site and actually doing something, we haven’t been there in probably 2 weeks.” Commissioner Hansen asks where the tanker was going today. Chief Nisbet responds “We were going to Lehigh.” There’s some discussion about the route taken, and the subject was dropped. Chairman Hansen calls for anything else for the Chief. Hearing no further questions or discussion, Chairman Hansen calls for Petitions/Public Input.

Petitions before the Board/Public Input – Hearing none he calls for Union Petitions.

Union Petitions – None, hearing none, Chairman Hansen calls for Old Business.

Old Business – Chairman Hansen calls for anything in old business.

- **Note to Seats 1, 3, & 5** – Chief Nisbet reminds Seats 1, 3 & 5 begin pre-qualifying June 4, 2018 they should receive elections packets any time. Chairman Hansen calls for new business.

New Business –

- **Banking** – Chief Nisbet states “Commissioners, actually, I like this FL CLASS. I do realize the fluctuating rate is a little bit different, that they do it daily instead of weekly or monthly, but it was 1.83 when he presented it to us a month ago, it’s at 1.9 now; my only concern is; as the Chief, I’m going with the Board; we need to change our banking institution. We’re not getting the service from Capital Bank anymore, that we’re used to. We still haven’t gotten the loan documents we asked for back in December for the line of credit, I’m done. We looked at some and got some pretty decent competitive rates. He continues, “the one that Commissioner Cook recommended we talk to, they were very Johnny on the spot, provided a great package…” Commissioner Hansen asks what bank that was. Chief Nisbet responds “Sanibel-Captiva bank. What really makes me nervous is they are not a Qualified Public Depository. They are local and I love that, and they were very competitive. And they have the funds to insure our funds, but looking at the state statutes, it is very grey as to whether we have to be with a QPD, or not. With that being said, the one thing we can, if we stay with a QPD, we’re protected. They can’t say our money is in the wrong place, or if something goes wrong, we don’t have to worry about anything on that; even with this investment pool, whatever we put in, they have to be able to give right back out. So, I would probably say, out of all the ones we’ve seen so far, with that being said, Florida Community Bank is the proposal that seems to have the most desired, being a Qualified Public Depository, that we like.” Commissioner Mere asks where they are located. Office Manager replies, downtown. Commissioner Cook asks if they are local. There’s also some discussion of First Florida Bank,

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that OM believes is also downtown and Commissioner Mere states is also located on Palm Beach by Publix at 31. OM states she believes she did check with them, and explains she had difficulty getting 3 quotes from local banks, stating they were either not interested or not competitive even though they were QPDs. She adds, Regions also quoted and while they are a QPD that currently carries our credit card, they were not at all competitive as they had so many fees. Commissioner Hansen recalls we were with them a number of years ago and we got "Fee'd to death." Chief Nisbet states "that is correct, we were with them when I came and I pulled us out of there. That was 10 years ago, I did that my first year." OM notes that they are also offering credit card at competitive rate. Commissioner Cook notes "they are a Florida Bank, not really a local bank." Chief again notes "Sanibel-Captiva Bank said all the right things, but they were very honest with us and said they are not a Qualified Public Depository." Commissioner Cook asks who else is there, is there not a local bank anymore?" OM states there are a couple, but they are either not QPD or there was one that in the fall is being taken over by a credit union and would no longer be a QPD so they didn't want to take us through all that and then make their change. Another said they wouldn't even bother as they know they are not competitive. She offers to go back to the state and inquire if we are ok as long as the bank can insure us 100% but not be a QPD. Chief Nisbet states, "the insured up to \$75,000,000 might meet the need for the QPD, but where I get nervous and for the protection of the Board is the fact that they do not have the QPD stamp. If we go with somebody that has the QPD Stamp, there's no question. There's no liability, there's no concerns. And between the Florida Community Bank and the Sanibel Captiva Bank, the rates were not significantly different. They were very close. Now I will tell you that Florida Community Bank was going to pop us for about \$3,500 to initiate our line of credit and I pushed back; I said yeah, we're not doing that, if you can't work that out..." OM notes the \$3,500 was to be attorney fees to make sure the paperwork was set up right per state statutes and all. Chief continues "I told her that this is more or less a bridge fund that we utilize, we only use it when we need it, and she came back and we're right about where we are with the fee we pay now. Actually less." Commissioner Hansen asks where their local office is. OM replies Downtown. Chief Nisbet states "we have the same service with the electronic check reader and all that stuff; and then, if that's what you chose to do, is go with Florida Community Bank, if that's your wish, I'd still like to keep the option on the table to look at this FL CLASS, if we can do that with our reserve funds, but I also don't want to...Florida Community Bank might be anticipating getting all those funds and that might be one of the reasons why we're getting some good competitive rates we're getting right now, so..." OM notes "everyone has had a hard time with fixed rates on the lines of credit, everyone has balked, but both of these banks have stepped up to the pump on that. Florida Community Bank has actually guaranteed me 5% for 2 years and rates are on the rise. All of the information is in your packet, I wanted to get those to you so you could have a month to look at them and compare them, but I can save you from looking at Regions, they just are not competitive at all."

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Commissioner Mere asks “this FL Class, could we get them to do a five month, each month average for that month? That will kind of give us an idea of how their portfolio’s been performing over the past 5 months. And then, we may have to go to one of these banks and say listen, we can do this part with you, but our reserves are going to go there because this is what they’ve been performing as, unless you can do something close enough, that justifies for us to keep it here.” OM will request. Commissioner Hansen states “they won’t do anything close to 1.9, so...” OM states they are right around 1.115 or 1.5. Chief Nisbet states that’s the thing about FL CLASS, their interest rate, but still, we’re talking about less than 1%, for us, that’s exciting, that’s good, where prior to 2008, we were talking a difference of 3% or 5%. That was good.” OM states “FL CLASS told me we should have been getting 1% for the past year, that was solid.” Chief Nisbet states “our biggest issue with Capital Bank, don’t get me wrong, Libby, up until recently, has been great, but they don’t reach out to us, we have to reach out to them, Hey, what’s our rate now, can we get a bump, what’s this doing, what’s that doing, unless we contact them, we don’t hear from them.” OM adds that is high maintenance, a lot of follow up trying to get stuff out of them. Commissioner Hansen agrees, when it takes 5 months to get a loan packet...” OM adds that she has been trying for 3 months to find out why the Impact Fund isn’t getting any interest when back in the fall it was collecting interest. Now it’s getting nothing and I still don’t have an answer as to why.” OM notes, first checks are free, and we are trying to make this as painless as possible and to make the transition before we get the SAFER grant, if we get that, so that the accounts are all set up when that happens. Commissioner Hansen asks “so when are you looking to make that change?” OM responds over the next 2 months; a decision next month would start that ball rolling.” Commissioner Hansen states, “so you don’t need a decision tonight?” Chief Nisbet states “We wanted you to have a chance to see what we’re seeing, take a look at it, and ultimately, it’s the Board’s decision. But right now, we’re leaning to the Florida Community Bank.” Commissioner Hansen states “So if we do it the first of June, we’re good?” Chief and OM agree. Commissioner Hansen asks when SAFER is due. Chief Nisbet responds, “SAFER is in, we won’t hear anything until July or August probably. Chief Nisbet states the only thing that might affect us coming up is the AFG Grant, if we get the radios that I applied for, but if we do, we just make the purchase, if we deposit it in the old account, it’s not a big deal, we’re going to have to expend the funds up front and then they reimburse us. That’s how it works. Minus 5%.” Commissioner Mere asks if there’s any new updates on our construction going on. Chief Nisbet states “Pritchett is going nuts. Nothing is out of the ground yet, but they’ve got all the streets plowed in, if you look at it, you can see the curbs are in now, the bridges are done; we’ve actually requested a letter from the construction company on the DOT weight limits; I mean I honestly, I feel it will support the engine, but I want to make sure that it does, so we’re waiting on the DOT engineer, but it is an engineered bridge. I’d say, if they stay dry for a little bit longer, probably fall there’ll be buildings coming out of the ground.” Commissioner Mere asks “did you ever find where they’re going to put

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the big pond?" Chief responds "yes, if you look at where the bridge is, it's going to be about a 45° angle towards the north side of the power lines there on the right-hand side. It's gone from 8 acres down to 5 now." Commissioner Mere states "they just did a 7.5 acre up there in..." Chief Nisbet states "Temple Terrace". Commissioner Cook states "it's going to be right behind my house. They took a bunch out, you can see right through there now. I can see all the way to Pritchett. It's pretty dang surprising. They did build a pretty big berm there now so it's hard to see over it. They started clearing it and it was like, wow, it's right there." Chief Nisbet states "and they should be clearing out all that creek way and everything in there and opening that up some more too for some flood control." Chairman Hansen calls for the next item on the agenda.

- **July Board Meeting** – Chief Nisbet states "Commissioners, I'll be gone for the July Board meeting, usually you guys take July off, I just want to see if that was still your intent, but regardless, I'd like to be excused from the July Board meeting because I'm going to be in Canada. Commissioner Hansen states "I know I won't be here." Commissioner Cook states "I could be here, but I won't be here for the June meeting, so, I was just thinking about that." Commissioner Mere states "I was really looking forward to the July meeting." He takes a little flack for missing meetings this winter. Commissioner Cook states I'm fine with no July meeting, Commissioner Mere agrees. Chief Nisbet states so that means in June we'll have to set our maximum millage rate. Chairman Hansen calls for Chief's Items.

Chief Items – Chief Nisbet states "Commissioners, I don't have anything, but if there's anything the Board would like me to look at or include in the budget, please email it to me or come in and see me, we're starting our budget prep, we should get our first set of numbers June 1st. Other than that, thank you, it has been a quick 10 years. I ask that you do the evaluation for me and you can go over them in the next meeting, or you can go over them with me one on one, however you want to do it; there's 2 sections, the one's a general and the other is a supervisory section. Chairman Hansen calls for Commissioner Items and notes there are two #14s on the agenda and wishes it corrected and reprinted.

Commissioner Items –Hearing none, Chairman Hansen calls for Public Input #2

Public Input - As there's no public present Commissioner Cook moves to adjourn.

Adjournment - Commissioner Cook moves to adjourn. Commissioner Mere seconded the motion, and with none opposed, meeting adjourned at 7:43 p.m.