Minutes
May 2, 2025
Audit Committee

A. ROLL CALL

The meeting was called to order by Audit Committee Chair Cavanaugh at 9:04 a.m. in the Airport Office Building, 2nd Floor Conference Room, 200 Aviation Drive North, Naples.

Committee Member, Commissioner Dustin, was present. Commissioner Crees was present and opted to participate and vote. Committee Member, Commissioner Burns, had an excused absence.

Staff and Authority Counsel present were Mr. Rozansky, Mr. Owens, Mr. Lobb, Mr. Warriner, Mr. Brown, Ms. Wiggins, Ms. Sarcona, Mr. Chrysler and Ms. Menard.

B. PLEDGE OF ALLEGIANCE

Chair Cavanaugh led the Pledge of Allegiance.

C. AGENDA (Add, delete or re-sequence items)

There were no changes to the agenda.

D. ACTION ITEM

Chair Cavanaugh stated that the purpose of this Audit Committee meeting was to interview and rank the shortlisted CPA firms for the annual financial audit services. Mr. Ken Warriner, Senior Director of Finance and Administration, provided an overview of the Request for Proposal (RFP) process that resulted in nine responding firms who were all qualified. He said staff shortlisted three firms, Cherry Bekaert LLP, CliftonLarsonAllen LLP and Forvis Mazars, LLP. Mr. Warriner said that the firms will be interviewed in alphabetical order.

Chair Cavanaugh said that he spoke with Mr. Warriner about the time allotted for each firm's interview. He said he will be asking each firm to condense their presentation to 10-15 minutes with a question-and-answer period to follow. Commissioner Dustin and Commissioner Crees both agreed it would be prudent and efficient. For the public's benefit, Commissioner Dustin commented that the Committee has read all the firm's materials provided in the RFP. Chair Cavanaugh added that each firm's presentation is a condensed version of that material and that all three Commissioners have extensive business backgrounds and know what questions to ask.

For the public's benefit, Mr. Owens explained that after the presentations, the Audit Committee's role is to interview, evaluate and rank in order of preference the three shortlisted firms based on their qualifications to perform the required annual audit and financial services. This evaluation considers all the criteria, ranking guidelines and information in the RFP package. The Committee's recommendation would then go to the Board for final approval.

1. Interviews and Ranking of the Short-Listed CPA Firms for Annual Financial Audit Services

    a. Cherry Bekaert LLP (Tampa Office)

Chair Cavanaugh requested the presenters to introduce themselves and condense their presentation to 10 or 15 minutes. He assured them that the Committee has thoroughly reviewed their proposals.

Ms. Lauren Strope, Partner, Assurance Services, of Cherry Bekaert LLP provided an overview of her 15 years' experience in public accounting, all with local governments. She heads up the firm's transportation part of their government audit division. Mr. Jeff Zeichner, Director of Assurance Services, of Cherry Bekaert, provided an overview of his extensive background in aviation and transportation. Ms. Strope presented a summary of their firm's strengths, their government expertise, experience at other airports, and past performance on audits with government agencies in Florida.

Mr. Zeichner reviewed their understanding of the project and their audit approach process which would include the transition, orientation, and communication planning. He noted that the NAA was a technology driven organization and aligned well with their values because they have heavily invested in technology. He provided several examples of technology tools they use such as Suralink, MindBridge, IDEA, etc. Mr. Zeichner said they offer many types of resources in thought leadership. He outlined a summary of their proposed fees. Ms. Strope said that there was flexibility in the proposed fees. She felt that their budget was reasonable and in line with NAA's financial statements, preparing financials and the ability to consult with the NAA when needed. Ms. Strope addressed the cybersecurity expertise available at their firm. A question-and-answer period followed regarding technology, penetration testing, transition, client base turnover and the team's airport industry experience.

On behalf of a Commissioner who was unable to attend today, Mr. Rozansky asked if their services include a determination of whether expenditures from all airport revenue are in compliance with FAA Revenue Diversion regulations. Ms. Strope said yes, they absolutely would be.

Mr. Warriner clarified that he met Ms. Strope at an American Association of Airport Executives (AAAE) conference a couple of years ago. He said he shared with her some of the technology used in preparing our daily reports.

Ms. Strope summarized why the NAA should select Cherry Bekeart. She emphasized their auditing expertise, that they would be present throughout the process and would bring fresh ideas to the table. She expressed their desire to work with the NAA.

b. CliftonLarsonAllen LLP (Naples Office)

Chair Cavanaugh welcomed the CliftonLarsonAllen (CLA) team. He asked the team to introduce themselves and requested them to condense their presentation to 10-15 minutes.

Mr. Chris Kessler, Principal, of CLA introduced himself and said that he was the Engagement Leader of their government practice in the Sunbelt and Florida offices. He said their team is located in the Fort Myers and Naples offices. Mr. Rob Willems, Director of CLA introduced himself and stated he has been in the public auditing and accounting realm since 1998 and in government specifically since 2004. Mr. Matt Finelli, Director, of CLA introduced himself and said he has been auditing for 10 years.

Mr. Kessler provided an overview of CLA and noted that they serve over 4,200 governments across the country and 600 professionals serving state and local governments. Mr. Finelli spoke about their single audit experience and that they conduct more single audits than any other firm. He highlighted their expertise in serving aviation industries as well as their experience in Florida and Southwest Florida. Mr. Kessler and Mr. Willems reviewed their approach to the work plan, noting the importance of the transition with clear and open communication. Mr. Kessler emphasized that their being local will ease the transition. He noted a 24-hour turnaround time on phone calls and commitment to a timely turnaround. He recapped the team's expertise; high quality services provided and reiterated a smooth transition.

A question-and-answer period followed regarding airports similar to NAA, the team responsible for the transition, familiarity with FAA regulations, staff turnover in the last two to three years, work from home/office culture, how artificial intelligence is used in software, their system to track phone calls, benefits that may be passed on due to their involvement in GFOA, their education platform, cybersecurity and their information technology auditing practices.

On behalf of a Commissioner who was unable to be present today, Mr. Rozansky asked the same question as above relating to compliance with FAA Revenue Diversion regulations. Mr. Kessler said that anything that relates to operations with the organization from a compliance standpoint comes into place in what they do.

Mr. Rozansky asked if their work with RSW includes work with Page Field. Mr. Kessler confirmed that it does. Mr. Rozansky stated that Page Field is more comparable to the NAA than Sebring Airport.

Mr. Warriner asked about the timing of the audit. Mr. Kessler committed to getting the work done and said that they have adequate staff to do so.

c. Forvis Mazars, LLP (Tampa Office)

Chair Cavanaugh welcomed the Forvis Mazars team. He asked the team to introduce themselves and requested their presentation be concise, keeping it to 10-15 minutes.

Mr. Jeff Wolf, Engagement Partner; Mr. Joel Knopp, Engagement Quality Reviewer; and Mr. Eddy Castaneda, Audit Senior Manager of Forvis Mazar introduced themselves and provided a summary of their experience and the areas they would be responsible for in the audit process.

Mr. Knopp presented the firm's background and expertise. He noted that all three of the presenters today came from MSL, the NAA's previous auditor, and were excited to have joined Forvis Mazars and the resources available to them under this large national firm. Mr. Wolf reviewed their strengths in General Accounting Standards Board principles, institutional knowledge, NAA's business model, the importance of the Audit Committee, and the benefit of not having to train this audit team. He noted their experience at airports and government entities.

Mr. Castaneda reviewed their audit approach and what differentiates them is how they incorporate two additional levels of testing, including compliance of Florida Statutes and their expertise in auditing airports. He highlighted their focus on keeping open lines of communication.

Mr. Wolf presented Forvis' proprietary audit technology, ASSURE, that uses a different methodology than what has been used in the past. He provided an overview of their platform and software tools that will efficiently speed up the audit process and analyze documents. Mr. Wolf explained in more detail how programs such as Engage, Kira and MindBridge would be used.

A question-and-answer period followed regarding cybersecurity and penetration testing and the use of artificial intelligence.

In response to Mr. Rozansky's question regarding FAA Regulations and Forvis Mazar's evaluation of airport revenues for revenue diversion, Mr. Wolf said this is a little bit easier to evaluate at the NAA because the NAA is a standalone authority and not part of a city where potentially there could be allocations going back to the General Fund. He added that it is not as high a risk as it would be for a lot of their other airport clients that are part of counties or cities. He said this is certainly part of their testing to make sure funds being spent at the airport is not money going outside to other agencies that are not airport related.

E. PUBLIC COMMENTS

There were no public comments.

F. CORRESPONDENCE/COMMISSIONER COMMENTS & REQUESTS/ MEETINGS

Initial Rankings

Commissioner Dustin stated that all three firms are qualified and initially, before he heard the presentations, he ranked the firms as follows: 1) Forvis Mazars, 2) CLA, and 3) Cherry Bekeart. He provided feedback as follows:

- Cherry Bekaert – Their fee proposal was a little higher than it should be; and if selected, the fees should be negotiated. Their artificial intelligence was up to speed. The audit partner only performed auditing work at the Miami-Dade Airport. He wasn't confident who was running the audit. Mr. Warriner stated that one of their team members was on vacation and unable to be here today. Commissioner Dustin liked their response to the revenue diversion question.

- CLA – Their offices are located in Naples. They didn't have systems to track the 24-hour email/call response and 24 hours was not a good standard. They didn't seem to conduct work at as many airports. Their AI technology was a little weak and a couple of years away. They provided a weak response to revenue diversion which made him feel they probably aren't as experienced as we would want.

- Forvis Mazars – A big plus is Jeff Wolf who has done a good job with us; they are service oriented. He thought they might be weaker in AI until he understood their technology better, but now believes they might be almost at or above Cherry Bekaert's level. His biggest issue is that there would be no transition pain and stress on our staff. He opined that staff is as stressed as they need to be and if we can take one item of stress out of the equation for a year or two, he would like to do it. From his viewpoint, Forvis Mazars came up with a lot more pluses.

Chair Cavanaugh provided the history of NAA's engagement with auditors and the timeframe that CLA and MSL provided services. With respect to the five-year engagement period, Mr. Owens clarified that we would negotiate the right to terminate in our engagement letter and a five-year term is not binding on us.

Commissioner Crees commented that before this meeting, he ranked the firms the same way as Commissioner Dustin and hasn't changed his view after the presentations. He provided the following feedback:

- Cherry Bekaert – Presentation was quieter and lacked the force that the other two firms presented. They were the most expensive of them all. He would rank this firm as 3.

- CLA – Was intrigued to hear they were our auditor in the past. Great presentation and hard to separate from Forvis Mazars' presentation.

- Forvis Mazars – While it is good to change auditors every five years, there are no issues with transition or potential chaos. It would be business as normal. With a new company, there is probably a lot more oversight, internal digging around with the local team, which is a positive in terms of compliance and best practices. Although a little bit more expensive than CLA, he thought we'd get more for our money. Chair Cavanaugh commented that the rates provided are not locked in and staff could negotiate those.

Chair Cavanaugh said he did not rank the firms beforehand and tried to be objective. He thought all the firms were qualified. He provided the following feedback:

- CLA – He liked them and thought they had good staff and that the three presenters today were going to be the leaders of the engagement. He liked that they had heavy Florida and government experience and were involved in the Florida GFOA. He thought their software answer was a bit soft and it was unclear if they had any significant technology that would benefit us. He was interested in understanding how auditors are using technology and AI to support their clients—not just for their own internal purposes. He emphasized a preference for proactive tools that help prevent issues and improve processes, ultimately creating a smoother and more positive audit experience for everyone involved.

- Forvis Mazars – Liked their consistent approach, aviation experience, and that they are our current auditors. He's concerned their answers about technology were all about the future, with the merger going on. They use MindBridge but questioned if they are using it effectively. He thought the status quo could be a negative sometimes but appreciated Commissioner Crees' comment that the new company could result in raising the bar. He likes a fresh set of eyes and saw that as a benefit with the other two firms - Forvis did not have that.

- Cherry Bekaert – Staff was strong, National Academy of Public Administrators activity and engagement was useful. The technology platform was pretty good and seemed to be the furthest down the road in terms of AI and the client tools. He appreciated the prospect of fresh eyes on the process and effective transition process. He liked their answer to the FAA regulations. He also liked the data bank of information from public industry and activity. Strong cyber approach was better than the other two firms.

Regarding the comment about the stress on the Finance team, Mr. Warriner said his team is prepared to work with whoever is selected. It is information they have on hand already.

There was discussion about the RFP timeline process and MSL/Forvis Mazars engagement since 2017. Mr. Rozansky cautioned that the procurement process is a lot of work. For this RFP, there were nine responses overall. He preferred that a five-year engagement be maintained, but if a change is necessary after two years, it could go through the RFP process again.

Commissioner Crees noted that he would be in favor of Forvis. It seems that they have gone through their acquisition well, they have a stronger oversight, and it could be like going to a new

firm. Mr. Warriner said they finished the audit under MSL and have not worked with Forvis in an audit process.

Final Rankings

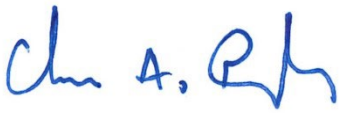
Commissioners Crees and Dustin ranked the firms as follows: 1) Forvis Mazars; 2) CLA; and 3) Cherry Bekaert. Chair Cavanaugh ranked the firms as follows: 1) Cherry Bekaert; 2) Forvis Mazars; and 3) CLA.

Mr. Owens suggested that the final rankings and recommendations be formalized with a motion, second, and a vote.

Commissioner Crees moved approval to rank the responding firms as follows: 1) Forvis Mazars; 2) CLA; and 3) Cherry Bekaert and to recommend the Audit Committee's final rankings to the Board of Commissioners for approval. Commissioner Dustin seconded. The motion passed unanimously 3-0, with Commissioner Burns absent.

G. ADJOURN

With no further business, the meeting was adjourned at approximately 11:04 a.m.



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Christopher A. Rozansky
Secretary

CITY OF NAPLES AIRPORT AUTHORITY (NAA)
Board of Commissioners
Notice of Audit Committee Meeting

FINAL AGENDA

Airport Office Building, 200 Aviation Drive North, 2nd Floor, Naples
Friday, May 2, 2025
9 a.m.

Commissioner Rita Cuddihy – Chair
Commissioner Terrence W. Cavanaugh – Vice Chair, Audit Committee Chair, Consultant Selection Committee Member
Commissioner Kerry C. Dustin – Consultant Selection Committee Chair, Audit Committee Member
Commissioner Robert P. Burns – Consultant Selection Committee Member, Audit Committee Member
Commissioner John Crees, Noise Compatibility Committee Liaison

Executive Director: Christopher A. Rozansky
Authority Attorney: William L. Owens, Esq. of Bond, Schoeneck & King, PLLC

If you wish to address the Board of Commissioners regarding an item listed on the Agenda, please complete a Speaker Registration form (available at the rear of the room) and hand it to the Executive Assistant prior to consideration of that item. We ask that speakers limit comments to 5 minutes and that large groups name a spokesperson whenever possible. All written, audio-visual, and other materials distributed to the Board or staff during this meeting will become the property of NAA and will be a public record. Thank you for your interest and participation.

NOTICE

Formal action may be taken on any item listed on the Agenda below, or added to the Agenda before or during the meeting, or discussed during the meeting without being added to the Agenda. Also, the sequence of items may be changed as the meeting progresses.

Any person who decides to appeal a decision of this Board with respect to any matter considered at this meeting (or hearing) will need a record of the proceeding and may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be heard.

Any person with a disability requiring auxiliary aids or services in order to participate in this proceeding for meetings at the City Council Chamber may call the City Clerk's Office at 213-1015, or for meetings at the Airport Office Building, the NAA Executive Assistant's Office at 643-0733, with requests at least two business days before the meeting.

Information on Action Items and other items which has been provided in advance of this meeting may be inspected at the office of the Executive Assistant, General Aviation Terminal Building, 2nd Floor, 160 Aviation Drive North. Minutes of this meeting will be prepared for Board approval, usually at the next Regular Meeting.

Pledge of Civility

It is the desire of the City of Naples Airport Authority to encourage the open exchange of ideas, fair discussion of the issues, and the participation of all persons in government, therefore, we pledge to be respectful of each other even when we disagree, to direct all comments to the issues, and to avoid personal attacks during all meetings and workshops.

A. ROLL CALL

B. PLEDGE OF ALLEGIANCE

C. AGENDA (Add, delete or re-sequence items)

D. ACTION ITEM

1. Interviews and Ranking of the Short-Listed CPA Firms for Annual Financial Audit Services.

    a. Cherry Bekaert LLP (Tampa office)

    b. CliftonLarsonAllen LLP (Naples office)

    c. Forvis Mazars, LLP (Tampa office)

E. PUBLIC COMMENTS (Public comments accepted for items not otherwise listed on the Agenda; 5 minute limit)

F. CORRESPONDENCE/COMMISSIONER COMMENTS & REQUESTS/MEETINGS

G. ADJOURN

Information on Discussion Items and other items which has been provided in advance of this meeting may be inspected at the office of the Executive Assistant, General Aviation Terminal Building, 2nd Floor, 160 Aviation Drive North. Minutes of this meeting will be prepared for Board approval, usually at the next Regular Meeting.

NOTE: The Audit Committee is comprised of Committee Chair Cavanaugh and Committee Members, Commissioner Burns and Commissioner Dustin. All NAA Commissioners are welcome to attend and can "opt in" to participate and vote.