MINUTES OF A REGULAR MEETING OF THE FORT PIERCE UTILITIES AUTHORITY, TUESDAY, FEBRUARY 19, 2019, 4:00 P.M., CITY COMMISSION CHAMBERS.

Members Present: Chairman Darryl Thomas-Bey; Vice Chairman Glynda Cavalcanti; Secretary Daniel DeIulio, Deputy Secretary Charlie Frank Matthews; Mayor Linda Hudson; and Nick Mimms Ex-Officio Member/City Manager.

Others present: John K. Tompeck, Director of Utilities; Amy Shevlin, Acting FPUA Attorney; Nina B. Penick, Director of Financial Services; Paul A. Jakubczak, Director of Electric & Gas Systems; Bo Hutchinson, Director of Water/Wastewater Systems; and Javy Cisneros, Director of Utility Support Services.

The meeting was called to order by Chairman Bey.

Opening Prayer was by Jason Mittler of Electric & Gas Engineering.

The Pledge of Allegiance was recited.

The roll was called and a quorum declared.

John Tompeck said FPUA is represented on the Board of the City of Fort Pierce Retirement and Benefit System by two FPUA employees. He said Nina Penick is the FPUA Board appointee and Keith Stephens is FPUA's employee-elected member. Mr. Stephens was elected Chairperson of the Retirement Board in October 2018. A number of years ago, the Retirement Board agreed that all Retirement Board members should complete the Certified Public Pension Trustee Program, as basic education for all Board Trustees. The Program consists of three two-day training sessions, followed by an exam on day three. The sessions are offered twice a year, so at a minimum, the program takes slightly more than a year to complete. Keith and Nina have passed all three exams and are therefore Certified Public Pension Trustees, representing FPUA on the City's Retirement Board. Congratulations to Nina and Keith.

Chairman Bey asked if there was any items to be removed or added to the agenda.

A motion was made by Mayor Hudson, seconded by Mr. Matthews, and unanimously carried to approve the set agenda.

A motion was made by Ms. Cavalcanti, seconded by Mr. DeIulio, and unanimously carried to approve the Minutes of the Regular Meeting of February 5, 2019.

A motion was made by Mr. Matthews, seconded by Ms. Cavalcanti, and unanimously carried to approve the Consent Agenda items.

1. POA No. 19-26: Approve the purchase of a 2019 Ford F-150 Super Cab 2WD XL in the amount of $24,931 and a 2019 Ford Ranger Super Cab 2WD XL in the amount of $25,519 from Alan Jay Automotive Management, Inc. dba Alan Jay Fleet Sales of Sebring, Florida, totaling $50,450 under the Sourcewell Contract No. 2019-120716-NAF.

2. Bid No. 19-01: Approve award of Bid and Contract for Janitorial Services with Heveron Group, Inc. dba Beachland Cleaning Service of Vero Beach, Florida, in an amount not to exceed $131,224.20 annually, for the period March 7, 2019 through March 6, 2020 with two one-year renewal options.

3. RFP No. 19-09: Approve proposals from and Contracts for Miscellaneous Plumbing Services with CRS Plumbing, LLC of Fort Pierce, Florida, and Meeks Plumbing, Inc. of Vero Beach, Florida, in an amount not to exceed $40,000 annually ($20,000 each). The initial term of these contracts will be from February 20, 2019 to February 19, 2020, with four one-year renewal options, contingent on receiving the required Certificate(s) of Insurance.

4. POA 19-40: Approve the sole source purchase of Influent and Effluent Pump Systems for Lime Stripping Tower No. 1 in an amount not to exceed of $149,752, from PSI Technologies Inc. of Riviera Beach, Florida.

5. POA 18-43: Approve additional one-time single source purchase for stock of single phase TripSaver II reclosers and modules in an amount not to exceed $104,942.50 from Stuart C. Irby Company, of Jackson, Mississippi.

Jann Widmayer, Community Relations Manager, gave an update of FPUA's activities and accomplishments this year. She said as you know, FPUA is committed to continuous communication with our employees, customers, and community. This is accomplished in a variety of ways including branding, media, community support, outreach, volunteerism, environmental stewardship, and employee engagement. FPUA recently unveiled a new logo designed to unite all FPUA services under one brand and including the Community Proud tagline solidifying our commitment to our customers and the community. We have been busy designing and building signs and with many other activities that are necessitated by new branding. However, what sets FPUA apart from others is the personal service offered to our customers which begins with our Customer Service Department. Mrs. Widmayer said many customers utilize the lobby and enjoy the convenience of the payment kiosk. Personal community outreach opportunities include speakers, presentations, facility tours, and demonstrations. We also provide numerous brochures and monthly bill inserts to provide important information to our customers. FPUA is also proud of the designations and awards we have acquired. The American Public Power Association awards

the RP3 Diamond designation to a Reliable Public Power Provider who demonstrates the highest proficiency in reliability, safety, workforce development, and system improvement. FPUA was also named as one of the Best Places to Work in 2018. Mrs. Widmayer said she wants to give a shout out to the Finance Department for their meticulous efforts on the Comprehensive Annual Financial Report because for the 24th year in a row, FPUA has been awarded the GFOA Certificate of Achievement for Excellence in Financial Reporting. She said we also communicate with our customers through the FPUA website which addresses many topics and provides answers to customer questions and concerns, lists payment locations, and offers online payment options. Although it has been updated to include the new logo, plans are in the works to upgrade the website to align with new branding and improve site navigation. FPUA's Facebook page has also been updated with the new logo. We have greatly increased frequency of posts and cover a variety of topics in an effort to raise awareness of utility issues, services, and community events. This has been successful as evidenced by the increased page likes and actions, but most of all by the 153% increase in followers, which we love. In addition to online, FPUA has appeared monthly on the Sunrise Spotlight TV show, have printed advertisements in the Indian River Magazine, Fort Pierce Magazine, Fort Pierce Main Street Focus, and the Lincoln Park Main Street Showcase. As mentioned before, FPUA provides monthly bill inserts, have had radio spots on WQCS and WFLM. We are also implementing a series of video shorts to post on Facebook and the website. If you view the FPUA Facebook page this week, you will be introduced to many of the engineers working at FPUA in honor of National Engineer's Week. Our commitment to the community is evidenced in many ways. We are a United Way Corporate Partner and a Strategic Partner with the Boys & Girls Club. So far this year, FPUA has supported more than 17 local, qualifying organizations with in-kind support, direct sponsorships, and have attended many of their events. In addition to FPUA support, there are employee sponsored activities and supporting initiatives such as the United Way Day of Caring and United Way Workplace Giving. Employees adopt Salvation Army Christmas Angels and give gifts for the Marine Corps Toys for Tots Campaign. Monthly food donations are given to the local food pantries and employees are also members of local groups such as Kiwanis and Rotary. FPUA also has a commitment to environmental stewardship. We participate with the City in the Keep Fort Pierce Beautiful initiatives and the Great American Cleanup. FPUA is a major supporter of the Manatee Observation & Education Center and educating locals and visitors about our environment and ways to preserve it. Mrs. Widmayer said in partnership with the City, FPUA offers a Weatherization Education & Outreach Program, which has helped many qualified homeowners weatherize their homes to help them save on their utility bills. Employees also donate personal time, service, and offer support to more than 70 organizations throughout our community. Because our staff exhibits such a commitment to the community and to the organization, FPUA shows appreciation in many ways, from safety awards to employee longevity awards. Staff is recognized for many of their achievements and shown appreciation through events including the Thanksgiving and Holiday luncheons. FPUA also hosts fun internal events. This year we have had a Halloween costume contest, pumpkin decorating contest, holiday door decorating contest and yes, winners are awarded with trophies, certificates, bragging rights, or even a pizza party. Mrs. Widmayer said FPUA also hosts an annual company picnic. She said the photos you see are from last year's picnic, but this year's event is coming up

soon. We are far from done for the year. There are many activities in the near future that FPUA will be involved in, including the Manatee Center's Annual NatureFest celebration this Saturday, February 23, Great American Clean up on March 2, City of Fort Pierce Citizens Academy beginning on March 7 although FPUA Day is March 28, Manatee Center 5K on March 16, Sandy Shoes Festival on March 23, and Restoring the Village coming later in the season. We hope we will see each of you at some of these events! Mrs. Widmayer said this concludes the presentation and she will be happy to answer any questions you may have.

Mayor Hudson said she does not have a question, but she has a comment. She said the utility boxes were not shown in the presentation and Mrs. Widmayer worked really hard on that.

Mrs. Widmayer said she has been working really hard on that, but they will go on the next one because they will be completed by then so we will have photos.

Mayor Hudson said Jann comes to the Keep Fort Pierce Beautiful meetings and has been helping them with the utility boxes that are now decorated on the beach as well as throughout the City.

Mrs. Widmayer said they are not quite completed yet, the ones in the Peacock Arts District are not done.

Mayor Hudson said they are a work in progress.

Mrs. Widmayer said it is and they are starting on next year's now.

Mayor Hudson said Samuel A. Gaines Academy is now going to be a Science and Engineering (STEM) Academy and they are putting a new emphasis on that. She said they had the Leidos people there so that may be something Mrs. Widmayer may want to explore. She sees that Jann has Westwood and they are going to be STEM.

Mrs. Widmayer said they actually have the robotics program and engineering. She said we have spoken to them about coming out there as well.

Mayor Hudson said she saw the Facebook post for Engineer's Week.

Mrs. Widmayer said more to come and there will be videos through Saturday.

Mayor Hudson asked Mr. Mimms if he wanted to be interviewed.

Mr. Mimms said no.

Larry Lammers, Electric and Gas Engineering Supervising Engineer, presented the post Budgeted Project/Budget Request for Carriage Point. He said he will be sharing the requirements for the electrical utility expansion for the Planned Unit Development (PUD) called Carriage Point. Carriage Point is located just off Selvitz Road south of Edwards with the parcel being bordered by St. Lucie River to the north. On the map displayed, it shows the parcel highlighted in yellow and facilities that still need to be constructed for the project are indicated by the black line on the property. The total value of the electric facilities that need to be installed for this development is $401,256. Of that total value, $84, 286 were installed by the developer who had control of the property back in 2007 and then the housing market kind of burst and put the brakes on the development just like many other developments that we have experience with. Mr. Lammers said what still needs to be constructed and what we are going to ask approval for is the value of electric facilities in the amount of $316,970. He said of that money, $270,000 of the infrastructure that needs to be installed will be rate funded and will be split up over two years. Another $46,970 will be Contribution in Aid (CIC) from the current developer of the project and this particular project they have chosen for FPUA to do the work and pay us for the work that gets done. All the facilities the development requires includes 7,700 feet of underground conduit and primary cable, 19 pad-mounted transformers, and 50 decorative lights. The way we come up with the cost sharing for developments like this, is the developer is responsible for digging the trench and installing all the conduit inside of that trench. They are also responsible for purchasing the conduit. The picture displayed is for the reliability improvement for the hospital that was recently completed. Mr. Lammers said part of the cost FPUA is responsible for is the actual wire that goes inside of those conduits and displayed is an example of the type of wire we would pull through the conduit. He said FPUA is responsible for purchasing and installing that inside of those pipes. There are 19 transformers for this development and FPUA is responsible for purchasing and installing them. Displayed is an example of a decorative light fixture that FPUA is responsible for purchasing and installing those as well. When it comes to a project that is developer-driven, FPUA is usually putting up the lion share of the cost to develop this project as far as electric utilities go. FPUA is funding 68% of the utilities associated with the development and the developer in all is funding 32%. This is in line with what the industry does in general and especially when it comes to public utilities because most public utilities look at these types of developments as an opportunity to invest in the community. Mr. Lammers said the following quote was in the most recent addition of the Public Power Magazine, which is published by APPA: “To help grow and improve their communities, public owner utilities are playing a bigger role in economic development programs, and site selectors are welcoming their input.” He said FPUA takes that responsibility very seriously and tries to do everything we can within reason to encourage people to invest their dollars here.

Mr. Matthews asked how many years FPUA will be involved with the project.

Mr. Lammers said we are proposing that we split the rate funded portion of the project over two years. He said $162,000 is being proposed to fund this year with rate funded money and $108,000 will be funded next fiscal year.

Mr. Matthews asked if there are any legal ramifications that we need to be tipped off about with the project.

Mr. Lammers said all of these facilities FPUA is going to own and operate once they are complete and he thinks that is why the industry, as a standard, choses to install the cable and the transformers. He said there is safety implications related to what type of electric equipment is installed so we want to be sure there is a high quality product. As far as legal ramifications associated with this, it is pretty common for us to do it this way, and he does not recall ever running into any particular legalities associated with it.

Mr. Mimms said upfront the developer wants to know what their costs are, how they can reduce their overhead, and all that good stuff. He said he thinks the best way we can handle this business is be completely upfront and give them all the information as soon as possible. When they are in the midst of identifying the design of the subdivision, the electrical infrastructure, he asked who designs that, the developer or FPUA.

Mr. Lammers said that is a great question and said it depends on the utility. He said if it is gas or electric, FPUA does all of that design completely in-house.

Mr. Mimms said from a developer's perspective, they come in and say they are going to build 87 single-family homes and 100 multi-family units, he asked if FPUA would design the infrastructure.

Mr. Lammers said that is correct.

Mr. Mimms asked if FPUA would provide that design to the developer and then tell them what their cost would be.

Mr. Lammers said that is right.

Mr. Mimms asked what type of timeframe he is talking about.

Mr. Lammers said it would depend on the scale of the project, but he does not remember any instance since he has been in the engineering department the past seven years that we have ever been a reason for holding up the project on the electric side, specifically. He can only talk to that.

Mr. Mimms said it would completely depend on the type of development.

Mr. Lammers said it does as far as timelines go. He said for a development like this, we can get the design put together and cost estimate out to the developer within one month and this is a fairly large project for us.

Mayor Hudson said to follow up on that, she asked if developers are pretty timely coming in to see staff or do they think about you last minute.

Mr. Lammers said he would defer that to John because there are a lot of different ways you could look at that question.

Mr. Tompeck said he thinks they are responsive and we have had some last minute difficulties with some of the developers on the water side in terms of giving FPUA as-built drawings and this kind of thing which is held up turning on the meter. He said that is even after repeated requests to get the information that goes back six to eight weeks or three months. That has been the only hold up that he can think of. What we have done here is for brand new projects, we are developing a business portfolio and getting that to them as quickly as we can so they understand their upfront costs.

Mr. DeIulio said these are underground utilities and asked if that is an option for the developer to go with underground or is that a requirement on a neighborhood like this.

Mr. Lammers said he does not recall, but it seems to be pretty much a foregone conclusion that if a development comes in like this that everything is going to be underground.

Mr. DeIulio said preferred he would think.

Mr. Bey asked if this was a project that would be applicable for fiber optics or Wi-Fi or any internet.

Mr. Lammers said that is a great question and he thinks the answer to that right now is kind of a question mark. He believes they are trying to move in that direction and as a point of fact, they usually take the opportunity in certain situations to install an additional conduit to put fiber optic cable in the future once we are ready to offer that service. The cost is so low since you already have the trench there and it helps FPUA to plan for the future a little bit better. It is kind of a question mark right now and he does not want to speak too far out of turn here, but he does not think FPUAnet is ready to offer services to individual homes.

Mr. Tompeck said right now we are fundamentally sticking to commercial opportunities.

A motion was made by Mayor Hudson, seconded by Mr. DeIulio, and unanimously carried to approve Post Budgeted Project/Budget Request for Carriage Point for $317,000.

Keith Stephens, Water Resources Superintendent, presented the lime softening transfer pump replacement project. He said he knows he cannot be as dynamic or informative as the State of the City was the other evening, but he will try. He said he has some good news for the Board, we

have reached the end of these transfer pumps. They were started back in 2011 when the first one came up and it took a little longer to put in. We have actually replaced the five original pumps and have gone to a fourth pump configuration. This is the last of those pumps and when the lime water has been treated it goes through the filter and it goes into a big 600,000-gallon clearwell. We use these transfer pumps and that is exactly what it does. For those of you that have been to the plant, it is where we have the window you can look down into. We transfer that water to the blended water to meet the RO water to go into the above water storage tanks. This is the last one of the original pumps. Staff's recommendation is to approve the Specific Authorization with Globaltech, Inc., of Boca Raton, Florida, in the amount of $195,533 for the Lime Softening Transfer Pump No. 4 Replacement.

A motion was made by Ms. Cavalcanti, seconded by Mr. Matthews, and unanimously carried to approve POA 14-53: Specific Authorization No. GT 19-02 with Globaltech, Inc., of Boca Raton, Florida, in the amount of $195,533 for the Lime Softening Transfer Pump No. 4 Replacement. This Specific Authorization shall commence upon written Notice to Proceed and end on September 30, 2019.

Barbara Mika, Finance Controller, presented the bill comparison for the month of December 2018. She said this is the December 2018 update on the comparison of electric rates and the comparison of the local utility bills. The graph compares the residential electric rates at 1,000kWh of consumption for the month of December for the 13 municipal utilities in the State of Florida that are members of the "All-Requirements Project". The All-Requirements participants benefit as part of a larger group of cities through lower operating costs and the ability to plan for future operations with lower risk. In this graph it is easy to see where FPUA ranks among the 13 ARP participants. FPUA now has the 4th lowest rate of this group at $111.84 and we are also below all three averages shown for the ARP, Municipal Utilities, and the Investor Owned Utilities. The next graph displays the comparison of Florida residential electric rates for the month of December for all of the municipal utilities in the state for the average residential usage of 1,000 kWh. This is the first time you are seeing this graph without Vero Beach. The data for all these graphs has been compiled by Florida Municipal Electric Association. FPUA's December bill for this level of consumption, remains the same since last month and our standing is just on the better side of the midpoint at 15th from the left side in this graph. Mrs. Mika said she would like to point out a few items on the billing rate changes that have occurred since November. She said of the 13 ARP participating utilities, nine experienced rate changes with seven of those being increases. The average change in rate structure was an increase $3.69 which increased the ARP average by $2.56. Among the non 19 Non-ARP cities, there were just six cities that experienced rate changes with an average decrease of $.69. The overall combined effect of these rate changes has raised the municipal average by $.56, all to the betterment of us because we are below that average as it stands. The next graph displays a similar comparison of municipal utility bills within the state for the consumption of 2,500kWh. In this comparison, FPUA's December bill at $282.30 is unchanged since November and our relative position in this graph

has fallen by one position. FPUA's December bill for the 2,500kWh of consumption remains 13% lower than the average bill for the Investor Owned Utilities. The table displayed before you is the December comparison of local Treasure Coast residential utility bills. Included in this comparison are the average utility bills for electric, water, and wastewater services that a residential customer would have experienced, if they resided in each of these service territories. The bill totals in this table include all of the taxes and fees that are applicable in each of these municipalities. Staff has verified the calculation of these average bills to current and historical bills. Since this comparison was last presented, the only change occurred was electric on December 17th, with the sale of Vero Beach electric services from their municipal utility to FPL. In a comparison of local residential bills, we can see that Vero Beach inside city residential customers not has a bill that compares equally to those in Port St Lucie. On the water and wastewater services billed there were no changes since the November bill. This item is for information only and requires no action on your part. However, if you have any questions Mrs. Mika said she would be happy to address them.

Nina Penick, Director of Financial Services, presented the status report on the Electric Power Cost Adjustment (PCA) for January 2019. She said this is information about December's power cost and updated projections through January 2020. As you are aware, the power cost adjustment, or PCA, is the mechanism by which FPUA recovers power costs that are in excess of the $79.52 base power cost, which is included in the base rate. The cost of power purchased from Florida Municipal Power Agency (FMPA) for the month of January was billed to FPUA at the rate of $80.15 for 1,000kWh. This is a decrease of $5.97 as compared to December. We had an under-recovery from the customer for the month of January in the amount of about $356,000 and the cumulative over-recovery as of January 31, 2019 is $4,852,013. Mrs. Penick said in the next chart, the dark blue line depicts the PCA and the bars depict the balance of the PCA over recovery. She said the blue bars represent actual amounts, while the orange bars depict what the over-recovery would be if the projections are correct. We are expecting that the over-recovery is going to deplete month in and month out for quite a few months moving forward. These projections are prepared by Public Resources Management Group, which in turn are based on projections prepared by Florida Municipal Power Agency. Since the December forecast, FMPA's estimate of the price of purchased power for the upcoming 12 months has increased by 2.5%. Due to the cumulative over-recovery from FPUA's customers, no change to the power cost adjustment is recommended at this time. This item is for information only and requires no action on the Board's part.

Mr. Tompeck said it is important to note that the price of natural gas has been relatively stable recently and is down to about $2.67 per dekatherm today, which in the middle of winter is a great price.

Mr. Tompeck said we had a very successful meeting with the County last week on water/wastewater issues. He said we have agreement on rates, capital improvement charges, and technical issues. We are in the process of drafting changes to the interlocal agreement and getting it into the review and approval process. We also agreed to use PRMG to do a complete review and evaluation of the relocation of the WRF. The County will draft up the scope document with our input and we will come back to the Board for approval in about four to six weeks.

Mr. Tompeck said he attended a Strategic Planning session for FMPA last week. He said among their other initiatives, they are working on a new solar project. For planning purposes, we have told them we would like to participate at the 7-10 MW level, which is a non-binding planning number and he would like the Board to think about it and see if that is the right number. In retrospect, Mr. Tompeck said he wished we had maybe gotten a little bit more on the first project, but he was dipping our toes in carefully. Requests for proposals will be going out in the March-April timeframe and this will go a lot quicker than the last one because they already got the framework set up. They also expect the power will be less expensive than the first project and Board approval will be required with more to come on this in the future.

Mr. Tompeck said that last Monday we met with the City Commission to discuss the request made by an individual to change the prohibition on using the boat ramp at the Manatee Center. He said that although no formal vote was taken, the City Commission was solidly behind not changing the current restrictions. A similar meeting was held with Mr. Tipton that afternoon with the same results. Our formal response to the County was transmitted on February 15th. We received a letter today from the Florida Fish & Wildlife Conservation Commission that stated FWC has decided that no further rule action will be taken at this time.

Mr. Tompeck said one other quick follow-up, you will recall Mr. Klein spoke at the last meeting about a couple of high water bills about 65,000 gallons one month and 68,000 gallons another month he had received. He said we have not been able to definitively identify the cause of these high bills. He said there does not appear to be any leaks, does not appear to be any bad reads so we decided to give him a one-time credit on the latest high bill and we will continue to monitor his usage. He wishes there was a definitive answer, but we have not been able to figure it out yet.

Last but not least, Mr. Tompeck said he wanted to congratulate Mayor Hudson on her first "State of the City" address last Tuesday. He said the presentation was excellent and well received by the enthusiastic audience.

Mayor Hudson said she would like to reiterate that March 2 is the Great American Cleanup starts at 8:00 in the morning over at the YMCA building and will go until noon. She said FPUA is a big participant in it and she appreciates that very much and hopes everyone can come out.

Mr. Matthews asked Mrs. Penick to read the engravement of her plaque. He said he saw the plaque, but did not see the engravement, but knows it was real pretty.

Mrs. Penick said it reads: "It is granted by the FPPTA, the Florida Public Pension Trustee Association in honor of your completion of the Certified Public Pension Trustee's Program". She said Commissioner Perona has one of these too. Everybody at the Retirement Board is either in the process of or is going to be in the process of getting this certification. It is really very important and maybe not so much for her because she has a financial background in the first place. It is very important that everybody have that basic knowledge because of the $193 million that sits in the pension.

Mr. Bey said congratulations again.

Mr. Matthews said his second concern is the gentleman that came with the complaint and FPUA gave him credit, he asked if he responded that he appreciates that. He is concerned because there could be another houses in the area that have that same kind of problem and has not been reported to us yet.

Mr. Tompeck said a variance as large as this gentleman had would have raised other concerns for other customers. He asked Javy if he said anything when he was given the credit. Mr. Tompeck said the credit was worth about $400.

There being no further business, the meeting was adjourned.

ATTEST:

DEPUTY SECRETARY

CHAIRMAN