MINUTES OF A REGULAR MEETING OF THE FORT PIERCE UTILITIES AUTHORITY, TUESDAY, MARCH 1, 2016 6:00 P.M., CITY COMMISSION CHAMBERS.

Members Present: Chairman Michael A. Perri, Jr.; Vice Chairman Glynda Cavalcanti; Secretary Daniel M. Delulio; Deputy Secretary Darryl Thomas-Bey; Mayor Linda Hudson; and Nick Mimms, Ex-Officio Member/City Manager.

Others present: Clayton W. Lindstrom, Director of Utilities; Amy Shevlin, Acting FPUA Attorney; Nina Penick, Director of Financial Services; Paul Jakubczak, Director of Electric & Gas Systems; and Evelyn I. Walker, Director of Shared Services.

The meeting was called to order by Chairman Perri.

Opening Prayer by Larry Lammers of FPUA Electric & Gas Engineering.

The Pledge of Allegiance was recited.

The roll was called and a quorum declared.

Mr. Perri asked to set the agenda.

Mr. Bey said he would like to revisit the vote for the increase of the water rate and add it to Old Business.

A motion was made by Mr. Bey and seconded by Mayor Hudson to approve the set agenda by adding a discussion about the vote for the increase of the water to Old Business.

Ms. Cavalcanti said she is not sure if she can vote on this because she was the dissenting vote at the last meeting.

Mr. Lindstrom said the ayes can bring forth the discussion and the dissenting party cannot, but once the motion is made, it is open to the floor again.

Those voting approval for this revision: Mr. Bey, Ms. Cavalcanti, and Mayor Hudson and Mr. Delulio and Mr. Perri voting against the approval. The motion passed.

Mr. Perri asked where that stands.

Mr. Bey said it got three votes.

Mr. Lindstrom said it will get added to the Old Business.

A motion was made by Mr. Bey, seconded by Ms. Cavalcanti, and unanimously carried to approve the Minutes of the Regular Meeting of February 2, 2016.

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

1. POA 16-14: Approve the purchase of thirteen Panasonic Toughpads in the amount of $42,536 from QuestingHound Technology Partners, LLC of Deerfield Beach, Florida under GSA Contract Number GS-35F-0143R.

2. Approve Post Budgeted Project, Delaware Avenue and 8th Street Manhole Replacement, and associated budget transfer in the amount of $90,000.

3. Approve Post Budgeted Project, Avenue E and 31st Street Sewer Replacement, and associated budget transfer in the amount of $120,000.

4. POA 16-24: Approve the sole source purchase of an Electric Meter Test System, in the amount of $35,179.18, from Watthour Engineering Co., Inc., of Pearl, Mississippi.

5. POA 14-56: Approve: a) Specific Authorization Leidos-2016-1, with Leidos Engineering, LLC, of Oklahoma City, Oklahoma, to perform the Electric State of the System Study, in an amount not to exceed $93,500 and b) Budget transfers totaling $69,000 to fund the study.

6. POA 14-53: Approval of Specific Authorization GT-16-03 with Globaltech, Inc., of Boca Raton, Florida, in the amount of $190,764.08 to provide engineering, material acquisition and installation services relating to the replacement of the Water Treatment Plant Lime Softening Transfer Pump #1 and Variable Frequency Drive.

7. Bid No. 16-03A: 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. The initial term of this contract will be from March 7, 2016 to March 6, 2017, with two one-year renewal options.

8. POA 6034: Approve Specific Authorization MHC 16-02 with McNabb Hydrogeologic Consulting, Inc., of Jupiter, Florida, in the amount of $54,325 to provide engineering, well testing, and reporting services in support of the Mechanical Integrity Testing of FPUA Mainland Water Reclamation Facility Deep Injection Well IW-1.

9. POA 15-04: Approve Amendment 1 to the Asphalt Repairs Contract with Mancil's Tractor Service, Inc. of Stuart, Florida, effective March 1, 2016, to increase the unit price from $8.50 per square foot to $10.00 per square foot.

Mr. Lindstrom requested having the students from Fort Pierce Central High School give their presentation before discussing the Old Business.

Paul Jakubczak, Director of Electric & Gas Systems, said the students have done an outstanding job in presenting the presentation and he turned it over to them. He said there are nine students from Fort Pierce Central High School.

Franklin Nunez said they are involved with the Fort Pierce Aerospace and Engineering Program from Embry Riddle Aeronautical University and he thanked the Board for allowing them to do the presentation. He said a couple of engineers from FPUA came to their school to the engineering classes to talk about what they do as engineers, what is required of them, how they work, and have social interaction work so they can come together as a group to work on their projects. Afterwards there was some one-on-one time with those that were interested in being engineers. Hints and tips were given on how the students should proceed with their career and education goals. Another meeting was held where the students got to present their program and what it was about. It was then decided they would have a shadow day with some of the engineering students being able to follow FPUA engineers around to see what they do. Those days were supposed to be on November 24 and December 4, but they were only able to attend on November 24. That day consisted of nine students.

Anthony Oreo, a senior at Fort Pierce Central, said he has plans to study Engineering Physics and earn a Master's Degree. He thanked Larry Lammers who was their electricity guru and went through the power plant aspect of the tour.

Christopher Swinford (CJ), a senior at Fort Pierce Central, said he is studying Engineering Physics and plans to earn a Master's or Doctorate Degree. He said Larry went through a presentation to discuss electricity and also to discuss electric engineering as a whole. His presentation served as a background so the students understood what was going to go on with the tour of the actual electricity aspect of FPUA. The students were then introduced to employees who operated AutoCad software and Jason Mittler was running a new type of Cad software that not only allowed him to design the electrical grid, but also to see a list of material that was required and the material cost. Mr. Swinford said that seemed like a very unique software they were not exposed to.

Mr. Oreo said they went into the electrical operations center, which is a futuristic kind of room with a huge map of the City of Fort Pierce and diagrams of all the switchboards and transformers located throughout the City. He said that is where FPUA runs their whole electric grid and there was an emphasis on efficiency where if one section of the City somehow lost power, they made sure to mitigate the loss of power to other areas. They learned about electrical transformer troubleshooting where they looked at local transformers, which are found on a lot of street corners. They learned what happens when they fail and the efficiency of their system so maintenance is not so much of a problem and that it can be easily fixed on their own. The

students looked at the electrical distribution center where the high voltage inputs from Fort Pierce FPL and they take that and convert it down to something useable for a standard Fort Pierce home and then distribute it appropriately to their Fort Pierce consumers.

Victor Alterizio, a senior at Fort Pierce Central High School, said he plans to study engineering in some capacity and has not yet decided. He said this job shadowing shed some light on what his interest may lead to be. His group got sent to the water treatment side and how they handle everything. Before they just brought them out in the world to show what they did and the physical part of what they do, but this time they took them through a theatrical side of it. The students learned the formulas and the flowrates of the pipes they were dealing with in the City. The engineers made it more personal for them by showing the students the blueprints of their school where the different access points and what their kitchen deals with and how the water is treated at their school. Mr. Alterizio said when they were ready to go out, they had all the background knowledge and a more intuitive feeling on how the day would lead, and how the pipes and different treatments come together to give them the water that is used on a daily basis.

Andrew Caputo, a senior at Fort Pierce Central, said he is studying physics or engineering physics before going off into patent attorney law or some form of public policy involving that. He said they got to see two major plants and the first one was the Water Treatment Plant on 25th Street where they got to see the huge vats of water. They learned how FPUA purifies the water and one of the pools was completely drained and was being worked on because a layer of limestone had built up. The students asked how FPUA cleans the pools and maintain them. Mr. Caputo said after seeing all the pumps, he said he did not view Fort Pierce as such a huge City that required so much water and they got to see where 1,000's of gallons was being pumped. The students then went to the messier side of business and went to the waste treatment station where he was taken aback by the size and the smell of it. He was surprised when they pulled up and there was a little fenced off area and wondered where the waste treatment was. It was pointed out to him and they opened cellar-like doors and there was some lovely brown water. Mr. Caputo said he would never have thought Fort Pierce had so much water and waste. It made him respect the size and intricacies of FPUA's system and how it is designed to effectively get rid of the City's wastes.

Riley Kicker, a senior at Fort Pierce Central, said he is interested in Environmental Engineering so this was a good experience for him because he would have to deal with where all the wastes goes and how it impacts the environment. He thought it was interesting to see how Fort Pierce deals with all the trash because it has to go somewhere.

Mr. Caputo displayed some pictures from the Water Treatment Plant and the students with their hard hats. He said the picture with them near the pumps was one of the impressive moments for him to see how FPUA pumps so much water.

Mr. Kicker said they went to the Wastewater Treatment Plant on Hutchinson Island and after they got to encounter all the smelly liquids from the vats, they went to lunch with everyone. They met up with the other group of students and exchanged information of the sites they visited.

Jordan Miller, a Fort Pierce Central Senior, said he would be studying mechanical engineering and thanked the Board and FPUA for giving them this opportunity. He said ever since he was a little kid he wanted to be an engineer to build stuff. This day influenced him in his career passion and solidified what he wanted to do as an engineer. It made him proud to want to be an engineer after seeing how relatable some of the people he met at FPUA. Some think FPUA engineers are above the students, but he saw them as people and he could relate to them personally. Mr. Miller said the students gave a presentation to the FPUA engineers when they went to their classrooms. He said they had some one-on-ones showing their project for designing rockets.

Mr. Alterizio said the personal side of their experience with the FPUA engineers and knowing their salaries and looking at the areas where some of the students grew up, it seemed unattainable for them. He said after coming to FPUA and seeing how personable and friendly the FPUA employees were, it made him feel it was attainable for them. He does not mean that they were not intelligent because Larry Lammers went to their school the first day while they were trying to design a rocket ship to go into space. He and his partner were struggling and they got to bounce some ideas off Larry Lammers and Bo Hutchinson. Being the engineers they are, they are fully capable and personable to relate their knowledge to the students so they could use it for their project. Being able to see and hear that, pushed Mr. Alterizio to think engineering may be the direction he might go. During the job shadow day, Larry Lammers was there again and was talking to the students about the electrical side of things, which Mr. Alterizio said he knows nothing about. Larry was able to answer his questions in electrical engineering in real and applicable engineering principals and that impressed him that Larry was not only very personable and friendly, he knows a lot of information about what he is working on at FPUA. It was nice to see something they learned in the classroom being applied in real life. Mr. Alterizio thanked everybody involved and thanked the Board for allowing them to make this presentation to let them know what a wonderful experience they had. He thanked everyone at FPUA for allowing them to come out and experiencing all the things they do and giving them a push in the direction that they may want to do in life. He believes it is really something good to have at this transition time in their life making decisions in going to college.

Mr. Perri said he hopes the students will pursue their goals and when they get to be an engineer hopes they will consider FPUA as their employer.

Mr. Bey thanked the students because he believes it is a great program and there are positions at FPUA for not only engineers, but for other skills. He would like to see this program develop to the point where we can make a conduit for kids that are exposed to a program similar to this where they can come back and be employed at FPUA. Part of our mission is to put local people to work at our own local utilities. Mr. Bey asked if something like that could happen.

Mr. Lindstrom said we are always looking for home grown talent and would suggest that FPUA work closer with the schools to put together a more formalized program.

Mayor Hudson said she loves that idea and she believes the School Board is looking at a career orientation in earlier than college level. She said one of the things the students saw as an essential the City provides for its citizen is public health and safety so FPUA is public health and safety just like our police is because it is safe water and safe electricity and safe wastewater treatment. It can be thought of as a municipal service. Mayor Hudson said our City Manager, Mr. Mimms, is a Fort Pierce Central High School graduate that is an engineer. She said you can be an engineer and also be something else at some point. Mayor Hudson thanked the students for coming and said she is very proud of them and FPUA.

Mr. Bey said he brought up to revisit the water rate hike. After voting and going through that procedure at our last meeting based on some of the information we received, and after listening to a couple of people from our community who are paying their bills and are struggling trying to make it work, he thought this may not be a good time for that. Also, based on some of the information we received about other communities where their water rates are considerably lower that FPUA's, it is something we need to seriously consider how we can bring our rates down or make it more affordable for our rate payers. This is what our mission is supposed to be where FPUA can pay our bills and not make money. If FPUA can pay their bills and make it easier on our ratepayers that would be something in keeping with what we are supposed to be doing as a public utility. Mr. Bey proposed that the Board rescind the vote and not raise the water rate $1.

Attorney Shevlin said it is her understanding if anything is going to be changed regarding the water rate vote that was taken at the last meeting, it has to be added to the consent agenda. She said if there is going to be a vote taken or change to the content of what was voted on, it would need to be added to the agenda and then voted on at the next meeting. Attorney Shevlin said she spoke with Attorney Koblegard about this right before she came here today.

Mayor Hudson said the fact that we are going to vote on something and we reschedule it, then it would be publicized and then the public would know about it.

Attorney Shevlin said that is correct.

Mr. Delulio asked if it would be a consent item or a Regular or Old Business item.

Attorney Shevlin said that is a good question and she is not 100% sure on it. She said it would have to be noticed, but not sure where it has to be on the agenda.

Mayor Hudson said she does not believe it has to be consent, but it would be a separate item.

Mr. Perri said we will forget that and move on.

Mr. Bey asked how we are going to resolve this.

Mayor Hudson asked if we can take a vote to have it on the next agenda.

Attorney Shevlin said if Mr. Bey brought this up, he can make a motion. She said whoever prevailed at the last meeting is able to bring it up for a revote. It is fine to bring it up for a vote to put it on the next agenda.

Mayor Hudson asked if we have to take a vote today.

Attorney Shevlin said she believes you do, but not 100% sure on it.

Mr. Delulio asked if we are going to vote on something we are not prepared for.

Mayor Hudson said we are going to vote on having something on the future agenda, then we will have backup, and the public will be notified.

Mr. Bey made a motion that we bring back the Resolution to look at possibly rescinding the vote in the raise of the water rate, and it was seconded by Mayor Hudson. Those voting approval for motion: Mr. Bey, Ms. Cavalcanti, and Mayor Hudson and Mr. Delulio and Mr. Perri voting against the approval. The motion passed.

Mr. Delulio said he thought if you were a no vote on the original item, then you could not vote now to make it an agenda item in the future.

Ms. Cavalcanti said she could not bring it up.

Attorney Shevlin said Ms. Cavalcanti cannot bring it up. She said anyone that did not prevail and since it did pass at the last meeting, whomever voted for it is able to bring it up. It is her understanding that even though someone voted against it, we are just taking a vote to put it on the next agenda and noticing it for the public so it can be voted on then.

Eric Winterstein, Facilities Superintendent, presented the status update on the Weatherization Education and Outreach Program (WEOP). He said the last time he was here to give an update was December 16, 2014. He brought along his Program Coordinator, Sharon Wolkowitz, to assist in the presentation. A quick refresher on how the program works is a customer fills out an application they can get at customer service, online at FPUA.com, or at City Hall. Once the application is filled out, the customer brings it back to FPUA's customer service lobby for review with an FPUA Customer Service Representative. The application goes to Mustard Seed for income verification and then it comes back to FPUA for distribution to Indiantown Non-Profit Housing, Inc. FPUA sends the application to the City of Ft. Pierce's Project Administrator of Federal Programs for maximum exposure. An appointment is scheduled and Mr. Winterstein goes out to the house and meets with the homeowner to go through the survey. Before he leaves

he lets them know what will be done and informs them it will take about a month from the start of the work until the completion. Also, we let them know there will be a lot of interaction between them, Sharon, and me. We inform them the contractors will be calling them to schedule the work. The work that is part of the program is door replacement or weather stripping and the installation includes new locks and deadbolts. If there is more than one door, which is most often the case, the locks are keyed alike. A peephole is also included in the installation for security purposes. Any broken window panes are addressed, have the glass replaced, and caulk the windows. Inspection of the attic insulation is done and, if there is none, we have the contractor blow in R-38 (energy star) 12", which when settled is at 10". If the house has a crawl space that someone can get into, we install 5" batts to achieve an R-19 insulation underneath the house. HVAC inspection is done and if there are issues with the unit, we address them up to a certain point. If the system is in good shape and needs a coil, we will put one in. If things are in bad shape and the unit is 27 years old, we will not do anything.

Mayor Hudson asked if Mr. Winterstein tells them why they are not able to do anything to the system if it is too old.

Mr. Winterstein said he gets a report from the HVAC contractor, which is an $85 inspection. Whatever they say is wrong with it, he will get an estimate before he goes back to see the customer. Before he leaves their house from the survey, he hand writes everything that will be done and signs it for the customer to have. Depending on the customer's lifestyle like if they are home all the time, he will not put a programmable thermostat in. If the home is unoccupied for eight hours a day consistently he will put one in. The electrical work that is addressed is exterior security lights for safety issues and outlets and wall switches. Depending upon the person's life style, we will install an electric water heater timer. Other work done is miscellaneous water conservation, sink aerators, low flow shower heads, repair or replace leaking hose bibs, and replace the guts of toilets that are leaking or running. There have been three houses so far that have had busted water pipes under the house and there is nothing we can do about it. We show them where the leak may be and can shut it off at the meter until they get it fixed. After all the work is completed he and Sharon go back to the house to get the paperwork signed off that we have done no damage to their home, and we leave them a self-addressed stamped envelope with a Customer Survey. The customer fills out an Indiantown application after we leave if the home has no structural damage or leaky roofs. Indiantown makes their way out and will provide energy star refrigerators and window unit a/c's.

Mayor Hudson said she wanted to clarify for those watching from home that all this work is being done in Fort Pierce and Indiantown is the not-for-profit organization.

Mr. Winterstein said we are only doing the work in Fort Pierce and have done work from Juanita Avenue to Edwards Road to 31st Street down to about 6th Street.

Mr. Bey asked Mr. Winterstein to explain the importance of replacing doors and locks so people understand what the significance of that is.

Mr. Winterstein asked if he wants that information now or when they get to that slide where it addresses the doors.

Mr. Bey said whatever works best for him.

Mr. Winterstein said he will wait until he gets to that slide because he has his method going here. He displayed a slide showing the homes completed from 2014 to date. During the last update in December of 2014, eight homes had been completed since the inception of the program October 1 2013, until September 30, 2014. This would be fiscal year 2014. For fiscal 2015 beginning October 1, 2014, we had eight more underway. As of today we have completed a total of 29 homes with two homes under way. Out of these two that are underway, one needs some duct work repairs before we can insulate the attic. The costs of this home has been included in the costs of the homes for 2016. The program was started on October 1, 2013, which would be fiscal 2014. The first year, a total of eight homes were completed at a cost of $25,359.49 and the City of Fort Pierce contributed $13,331.00 and FPUA's contribution was $12,019.49. The average cost per home was $3,483.18. It was budgeted at $55,000 and we spent approximately $25,000 that year because the program was not really known. The following year, fiscal 2015, we did 17 homes and spent $49,551.93 or an average cost of $2,914.82. The funding for these 17 homes was allocated by FPUA and participation had doubled in 2015. At this time, five months into fiscal 2016 we have completed four homes and have two in progress. The weather determines the momentum of the applications as this time of the year there is not a lot of use for electricity. Since the inception of the WEOP, 29 homes have been completed, with two that are in progress and a total cost since of $90,368.83 or an average cost of $3,012.29 per home. For the door repairs, this slide makes the point of why door replacement is important. Not only from a weatherization point, but also a security point. Sometimes interior doors are being used as an exterior door, and interior doors are used between conditioned and unconditioned space. As you can see over the next three slides the cost of the doors, locksets, installations, and permits are a good portion of the expenses per year, which provides our customers with security. Mr. Winterstein said if we do not replace the door, then we are just putting bandages on these things. He said in 2014, the cost of the doors and everything related was $11,962.74, which is 47% of the $25,359.49. These costs include the removal and replacement of security bars and the installation of new door bucks (trimmers). In 2015 the cost of the doors and everything associated or related was $31,921.35 out of a total costs of $49,551.93 or 64%. In 2016, the cost of the doors and everything associated so far is $12,545.10 out of $15,457.41 or 81%. This percentage will drop as we continue on through the year. We do not replace all the doors we encounter, if we can fix them we do. Glass and window costs for 2014, we had two homes that had broken glass; one at $233.61 and one at $375.57, for a total of $609.18. The two homes that needed glass, the average is $304.59, averaged over the eight homes completed in 2014 the average is about $96 per home. Glass costs for 2015, four homes had broken windows, two of the homes had over $500.00 in broken glass, one at $578.01 with six broken panes, the other at $552.34 with five broken panes, the other two at $333.75, and at $174.88, for a total of $1,638.98. Over the four homes that needed glass the average is $409.75 per home, averaged

over the 17 homes that were completed the average is $96.41 per home. In 2016, one home with four broken panes was $332.48 or an average of $332.48 for the one home that had broken glass. Averaged over the four homes that were completed the average would be $83.12 per home. Insulation for 2014, out of the eight homes completed, seven required insulation to bring the home to an energy star rating of R-38. One of the homes that no insulation was installed in had a flat roof. Out of the eight homes, there was one that was previously done during the FPUA-FPRA Weatherization Program from 10/2008 until 3/2010. In 2015, out of 17 homes, only nine received insulation, three of the homes had participated in the FPUA/FPRA weatherization, the other five were either flat roofs or the pitch was to flat for access in the attic. In 2016, one house out of four received insulation, flat roofs or no room in the attics for the insulation install. Mr. Winterstein said the HVAC for 2014 out of eight houses, six received HVAC work, the other two had window units. Indiantown Non-profit Housing installed two window A/C's and a new Energy Star Refrigerator, the second home that had window units that year also shows significate drop in their electric consumption. Total cost of HVAC for 2014 was $1,920.93 or $320.16 averaged over the six homes. Averaged over eight homes that were in the program it is $240.11 per home. In 2015, out of 17 homes that were completed, 14 homes had central HVAC, that was inspected and then had work done on the systems. Averaged over the 14 homes that HVAC work was done is $355.32 per home. Averaged over the 17 homes that were completed in fiscal 2015 the average is $292.61 per home. In 2016, out of the four completed homes, only two had HVAC work for a total of $693.00 or $346.50 per home. Averaged over the four homes that have been completed it is $173.25 per home. One home had an inspection that was $85 and all was well. The other one was a single working mom with the air handler in the middle of the house, the condensation pump that was supposed to pump the water from the pan to the exterior of the house was not working. The pan would fill up then leak into the plenum and walls creating mold in the walls and the plenum. The system once the water leaked out would run again and then repeat the process of overflowing. The pan was replaced, the pump, and the plenum at a cost of $608.00. Electrical work would cover exterior lights and anything Mr. Winterstein saw while inside the house such as exposed wires or electrical boxes that had wires not securely installed in the box. In 2014, three homes needed electrical work done with a total cost $964.48, averaged over three homes was $321.49, and averaged over eight homes $120.48 per home. In 2015 there was two homes that needed electrical work for a total cost of $872.41 or an average cost of $436.21 per home, and averaged over 17 homes was $51.31 per home. The two homes that had electrical work done, one home had security lights installed and the other had a timer put on the water heater. In 2016, two homes with a total cost of $575.25 or an average cost of $287.63, or averaged out using the four completed homes was $143.13 per home. The miscellaneous supplies is where the economies of scale have worked during 2015. In 2014, the cost was $167.24 per home and in 2015 it was $137.45 per home. An elderly lady in a wheel chair had a toilet that was leaking and Mr. Winterstein was able to get here a handicapped toilet and still keep the percentages low. In 2016, we are averaging about $117.26 per home. In reference to consumption, the first one on the list displayed is for 21 months and the difference in the electric is -1,870 kWh and the water difference is -5,000 gallons. In this home there was some water conservation done and the house was insulated. Indiantown installed two new window units and an EnergyStar refrigerator. The next home was tracked over 17 months and this home had a

water leak and her electric difference was -500 kWh, but she saved -61,000 gallons of water. Another home tracked over 16 months had an electric difference of -5,553 kWh of power where we fixed their a/c coil and the water difference was +50,000 gallons usage because he has a swimming pool. Another home with 14 months tracking showed an electric difference of -4,549 kWh and a water difference of -21,000 gallons. There is a home on the list where we only spent $334.74 on the house and they saved 8,000 gallons of water and 532 kWh of power. This person got the education part. A home tracked for five months, the electric difference was -432 kWh and -77,000 gallons of water was saved from us going in there to fix a hose bid that was leaking along with other things under the sink.

Mayor Hudson asked if where there are two red numbers, do you consider these to be unsuccessful.

Mr. Winterstein said it depends on what you consider success. He said if you are a non-profit and do not make any money on an event, you bring people to notice your cause, then it would be a success. When Mr. Winterstein is out and about, he drives by these houses to see what is going on and he feels like he should leave a note that they left their outside light on or the sprinkler needs to be turned off. He said some of these houses he goes into and gets the a/c working that has never been working. We may have tracked the usage for 21 months with 500 kWh difference, but the house has a/c running that they never had before. Some of the water calculations are for swimming pools. Some of the additional benefits the homeowner becomes involved in the project and that is how they learn. It empowers them to make decisions and it seems a lot of freezers in the garage get unplugged. They become aware of leaky hose bibs, running toilets, and know what the leak detectors are all about and how it works. Mr. Winterstein said FPUA has given them the tools. He said the customer surveys are all good because they do not mail us the bad ones. To leave on a positive note, as of October 1, 2016, the City of Ft. Pierce is going to partner with FPUA in the WEOP program by funding $20,000.00 every year for five years.

Mr. Mimms said that is forecast and the City is a willing participant, but the City Commission has the final approval of that.

Mr. Winterstein said some of the partnership is the City will be doing the income verification.

Mr. Mimms said Mr. Winterstein has always been a pleasure to work with and he has been working with the City for several years on many of their conservation efforts. He said the majority of their calls of need from the community have been from those that want to improve their living conditions. If we can improve their living conditions and teach them about the efficiencies of living in a home and reducing their operational costs, then it is a win-win scenario. This is a very good program and Mr. Mimms thanked Mr. Winterstein and the partnership of FPUA.

Mayor Hudson asked if it has been 32 homes so far completed.

Mr. Winterstein said it has been 29 completed, one underway, and one more, which is 31 total.

Mayor Hudson asked how much money is contributed each year.

Mr. Lindstrom said this program is funded annually.

Mr. Winterstein said it is funded $55,000 annually by FPUA.

Mr. Lindstrom said in addition to this, we have the rebate program that is independent, but can work together with this. He said that is $75,000 available for this year for energy conservation and rebate programs for high efficiency units.

Mr. Winterstein said a customer can get on the list by filling out an application at City Hall or FPUA. He said they can also fill out an application on our website, fpua.com. The applications go through the system pretty quick in about three weeks if their application is filled out correctly. Mr. Winterstein said he would not be able to handle this program without the help of Sharon Wolkowicz.

Mayor Hudson thanked Mr. Winterstein for his commitment to the customer because it shows. She asked if sometimes the door is replaced and maybe electrical or caulking, and not just one thing per house.

Mr. Winterstein said they may spend $4,500 on a house to replace two doors, fix their a/c, or install insulation. He said whatever can be done, they do.

Mayor Hudson said it sounds to her like it is a very good program for our customers because then they learn something and they can be their own watchdog on their own costs.

Mr. Winterstein said it is kind of funny because after they learn a little bit, they may call him to say a piece of insulation fell out of their attic. He will go by there and check it out.

Mr. Bey thanked Mr. Winterstein and encouraged the Board to be sure we keep this program funded because it is a great one. He said it shows some positive things FPUA is doing in the community other than raising rates.

John Tompeck, Gas Ops & Energy Services Manager, gave an update on the Purchase Gas Adjustment (PGA) on the gas system. He said this is the February update on the Rate Stabilization Fund (RSF) and staff is requesting the Board to approve a decrease in the PGA by $0.05 per ccf changing the PGA from -$0.10 per ccf to -$0.15 per ccf, effective March 1, 2016, which is today. Staff has rerun the sensitivity analysis, which now includes December actuals and January preliminary data. Since the last update, the price of natural gas has remained remarkably low. If you look all the way to the left on the slide presented, this was when the polar vortex incidents

three years ago when the price of gas shot up to $6. On the far right side of the slide, yesterday the price fell to $1.67 when the market fell. We have not seen prices this low since 1996. The market indicators remain strong with production averaging between 70 and 73 Bcf/day and the storage levels are in excellent shape. If we look back two years, we are significantly above the five-year average and remarkably high for this time of year. With these market indicators with the price and the amount of gas in storage and the demand, gives us the indication that the trend of low prices will continue into the foreseeable future, at least the next several months. As expected the RSF is in very good shape. Back in October, the Board approved a $0.05 decrease in the PGA and even with that decrease, the over-collection continues to exceed the upper boundary of the operating range. All of the curves are above the upper limit. Mr. Tompeck said back in the beginning of the winter, staff was reluctant to lower the PGA because that is usually the most volatile time for pricing. When we listen to the weather people, they have a tendency to terrorize us when the truth is, over the last 21 weeks, 19 of those weeks have been higher than average temperatures. There is not very much gas being used and we are still producing a lot of gas. Even if there was to be some cold weather in the next four to six weeks, it would probably not affect the price of gas because of the production level of inventory. About two or three weeks ago they had a small polar vortex event that swept through the northeast and it did not make a blip on the curve at all. Staff decided to look at two different scenarios. Mr. Tompeck said Option 1, which is reducing the PGA by -$0.05 per ccf down to -$0.15 per ccf and will bring FPUA back to the lower part of the operating range of the RSF by the end of December. Option 2 would be to bring it down to -$0.20 per ccf and that curve drops off very quickly and we do not believe that would be a good option to pick at this point. Even though the price of gas is low and may remain low, there is always the potential some unusual event could pop up and make the gas a little more expensive. Staff is requesting approval to lower the PGA to -$0.15 per ccf, effective today.

A motion was made by Mayor Hudson, seconded by Ms. Cavalcanti, and unanimously carried to approve a decrease to the Purchased Gas Adjustment (PGA) of $0.05 per ccf from -$0.10 per ccf to -$0.15 per ccf, effective March 1, 2016.

Nina Penick, Director of Financial Services, presented the Status Report on the Electric Power Cost Adjustment (PCA) for January 2016 and updated projections through September 2017. She said the PCA is the mechanism by which FPUA recovers power costs from our customers 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 $74.79 for 1,000 kWh. It was an increase of $13.38 as compared to the month of December. The over-recovery from the customer for the month of January totaled $27,357 so the cumulative over-recovery is approximately $6.7 million as of the end of January. The chart displays the projected amount of the PCA over-recovery using three different options for the Board's consideration. These projections of FPUA's power cost are prepared by Public Resources Management Group, which in turn are based on the projections prepared by FMPA. The blue line on top depicts the projected PCA over-recover if the PCA were to remain at the -$7 where it

is today and that is not what Staff is recommending. The red line depicts the projected PCA over-recovery if the PCA were to decrease $1 on March 1 to at the -$8, and that is going to be Staff's recommendation. For comparison purposes, we also included an option, which is the green line on the bottom, which depicts the projected PCA over-recovery if the PCA were to decrease $2 to a -$9 PCA and that is not what Staff is recommending. The purple line in the middle of the chart is to call the Board's attention to the projections as of January 31, 2017, which is 12 months into the future. When we look back over the last twelve months, the projections for the month January 2106 over the prior eleven months at the 50% confidence level, those projections turned to be out an average of 14% more than the actual rate billed. The projections continue to run high and that average was 24.5% last month. It is still above what the actuals turned out to be. The projections to the right of the purple line are being presented because the information is available; however, those projections have historically been even higher than the projections made only twelve months into the future. Mrs. Penick said when costs are high, the over-recovery decreases over time, and she would ask the Board to keep their focus on the left side of the purple line. Since last month's forecast, FMPA's estimate of the price of purchased power for the upcoming twelve months has increased less than1%; however, due to the amount of the current over-recovery and historical trends, staff is recommending and requesting approval of a PCA decrease in the amount of $1 per 1,000 kWh from -$7 to -$8 per 1,000 kWh, effective today.

A motion was made by Mr. Delulio, seconded by Ms. Cavalcanti, and unanimously carried to approve a decrease to the Power Cost Adjustment of $1 per 1,000 kWh from -$7 to -$8 per 1,000 kWh, effective March 1, 2016.

Mrs. Penick said she did not have anything pretty to present on the refinancing of FPUA's bonds, but she would walk the Board through it.

Mr. Lindstrom requested Mrs. McConkey to read the titles of the two resolutions.

Nancy McConkey read the title of Resolution No. UA 2016-03 and 2016-04 into the record as follows:

"Resolution No. U.A. 2016-03: A Resolution of the Fort Pierce Utilities Authority of the City of Fort Pierce, Florida ("FPUA"), Supplementing Resolution No. 85-29, as amended and supplemented; authorizing the refunding of all of FPUA's Utilities Revenue Bonds, Series 2002 as described herein; providing for the issuance of a not exceeding $10,000,000 Utilities Refunding Revenue Bond, Series 2016, to finance the cost of such refunding; providing for the rights, security, and remedies of the Registered Owner of such Bond; Delegating the Authority to determine the Fiscal Details of such Bond and to award such bond subject to satisfaction of certain conditions; approving the forms and authorizing the execution of various documents and the taking of all necessary action in connection with the issuance and delivery of such Bond; and providing an effective date."

"Resolution No. U.A. 2016-04: A Resolution of the Fort Pierce Utilities Authority of the City of Fort Pierce, Florida ("FPUA") Supplementing Resolution No. 85-29, as amended and supplemented; authorizing the refunding of all of FPUA's Utilities Revenue Bonds, Series 2002 as described herein; providing for the issuance of a not exceeding $10,000,000 Utilities Refunding Revenue Bond, Series 2016, to finance the cost of such refunding; providing for the Application of Bond proceeds; providing for the rights, security, and remedies of the registered owners of such Bond; awarding the sale thereof to TD Bank, N.A. based on the conditions described herein; approving the forms and authorizing the execution of various documents and the taking of all necessary action in connection with the issuance and delivery of such bond; appointing an escrow agent; approving the form of and authorizing the execution and delivery of an escrow deposit agreement; making such determinations as are required to afford such bond "bank qualified" status; authorizing other required actions; and providing an effective date."

Mr. DeIulio asked if the Board is voting on these resolutions separately.

Mrs. Penick said yes. She said we are in a very low interest rate environment and we have an opportunity to refund the Series 2002 Utility Revenue Bonds. These bonds were a little bit more difficult to refund because they were backend loaded, $9.5 million FPUA has been paying interest on for many years each year. The principle was not due until 2025, 2026, and 2027, so these were a little be more difficult to refund than the last group we did. The difference in interest rates was so significant, the 2002 bonds are at 5%, but the interest rate we received from the proposal from TD Bank was 2.14%. As a result the net present value of the savings is about $2.5 million and it means we are going to pay this debt off a year sooner as well.

Mr. DeIulio said he is assuming the 2.14% is fixed unless we fall behind in the payments.

Mrs. Penick said there are provisions where it could be a different interest rate, but we will not miss any of those payments. She said there is a real secure reason why, they are going to take the money so when they are due, TD Bank will take the money. Mrs. Penick said in the audience is FPUA's Municipal Advisor, Mitch Owens, and Dwayne Draper of Bryant, Miller, Olive, who is our Bond Counsel for any questions the Board may have. She said we will be sending out a wire in the amount of about $250,000 on Friday, assuming this is approved, which represents the interest we would have been paying anyway. It is almost April 1, which is when the semi-annual payments are due. Mrs. Penick recommended the Board approve the two resolutions. She said the difference between the two resolutions is 2016-03 authorizes the refunding and 2016-04 gets into more of this bond issue. If this is all approved this evening, some of the Board Members will need to stay behind to sign documents. There is a lot of work that goes into this and she held up a large book that displayed our most recent 2012 bond refinancing and what the closing documents and bond book will look like for this refinancing. It is presented so simply, but there is a lot of work that goes into it.

Mr. Delulio said it appears to him that Mrs. Penick wears a lot of different hats and he does not know how she does it. He does not know how she goes from doing the PCA numbers and then gets involved in something as complicated as saving FPUA $2 million.

Mrs. Penick said these gentlemen really helped me on this one because they keep us on the straight and narrow.

Mr. Delulio said he understands that, but Mrs. Penick needs to pat herself on the back every once in a while because he does not know how she does it. He hopes Mrs. Penick will be here during the next 10 or 15 years to see us save this money. Mr. Delulio does not know how Mrs. Penick goes from putting on one hat to another and do it so smoothly and provide this Board with information that is so thorough and accurate and he appreciates it.

Mayor Hudson said the savings are net so that takes into the account the cost of the services provided and are already figured into it.

Mr. Lindstrom said that is correct.

A motion was made by Mayor Hudson, seconded by Mr. Bey to adopt Resolution No. UA 2016-03 - Authorizing the refunding of FPUA's Utilities Refunding Revenue Bonds, Series 2002, and providing for the issuance of a not-to-exceed $10,000,000 Utilities Refunding Revenue Bond, Series 2016, to finance the cost of such refunding.

A motion was made by Mr. Delulio, seconded by Ms. Cavalcanti to adopt Resolution No. UA 2016-04 - Awarding the sale of FPUA's Utilities Refunding Revenue Bond, Series 2016, to TD Bank, N.A., appointing an Escrow Agent, and authorizing the execution of various documents and the taking of all necessary actions in connection with the issue of such Bond.

Mr. Lindstrom said the King Plant cleanup project last stage began last Friday and that should be four to six weeks out. He said we are waiting for the final loan authorization from the City or FPRA. The FMPA Board has undertaken refinancing on their bonds and they are projecting to save $63.7 million. He said their bonds were structured a little different than ours where they are not backend loaded like ours. Those savings should be recognized annually and it is not yet determined on how it will be dispersed. Mr. Lindstrom is in full agreement to pay down debt with that.

Mayor Hudson said she is in agreement.

Mr. Lindstrom said the Debbie Mayfield Bill has died a slow death in the House and thanked the Board for their support. He said we have a wastewater plant movement committee once again established and all the members may not have been appointed, but Tim Perkins, FPUA's Director of Water/Wastewater Systems will be FPUA's representative. Mr. Lindstrom said our budget

meetings have been scheduled and our first meeting for the review committees are going to be a backwards this year with our O&M piece first and then Capital second. He said we will live within our rate structure rather than building our rate structure around our budget. The first meetings are Thursday, March 31 and Friday, April 1 and we will get these time frames out to the Board. The Budget Review Committee for the Capital Budget will be on Wednesday, May 25 and Thursday, May 26. Tentatively we are anticipating to have the Budget Workshop with the entire Board on Wednesday, June 8. Mr. Lindstrom said we have started our Employee Compensation Study in-house this time and he would like to have a workshop with the Board before we move forward on that as soon as they are available.

Mayor Hudson asked if the March 31, April 1, May 25, and May 26 dates are for the Board.

Mr. Lindstrom said those are internal meetings.

Mayor Hudson said that is good because she is busy those dates and cannot be there.

Mr. DeIulio said it is his understanding only one Board Member can be present at the internal meetings. He has attended them in the past so if anyone else would like to attend, let Clay know.

Mr. Lindstrom said because of the Sunshine Rules only one Board Member can attend and Mr. DeIulio has attended in the past, but that is up to the Board on who you want to represent the Board.

Mr. DeIulio said if no one else can make it, he would be glad to sit in on those meetings.

Ms. Cavalcanti said that is a very difficult time in her office on the first two meetings.

Mr. Lindstrom said if he can propose some potential times on the Employee Compensation Workshop, he would like to move forward on that. He is guessing that it would be after April 15.

Ms. Cavalcanti said she would like it to be early May, if possible.

Mr. Lindstrom said as soon after the tax dates, we will put some dates together and send them out to the Board.

There being no further business, the meeting was adjourned.

ATTEST:

SECRETARY

CHAIRMAN