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

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

Excused: Secretary Daniel DeIulio

Others present: John K. Tompeck, Director of Utilities; Rupert N. Koblegard III, FPUA Attorney; Nina B. Penick, Director of Financial Services; Paul A. Jakubczak, Director of Electric & Gas Systems; and Bo Hutchinson, Director of Water/Wastewater Systems.

The meeting was called to order by Chairman Bey.

Opening Prayer was by Christelle Myrick of Water Distribution.

The Pledge of Allegiance was recited.

The roll was called and a quorum declared.

A motion was made by Mayor Hudson, seconded by Mr. Matthews, and unanimously carried to excuse Dan DeIulio from the meeting, he is sick.

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 Ms. Cavalcanti, and unanimously carried to approve the set agenda.

A motion was made by Mr. Matthews, seconded by Mayor Hudson, and unanimously carried to approve the Minutes of the Regular Meeting of February 19, 2019.

Rick Reed spoke under public comment. He said there was a memo that was put out recently by the Director soliciting potential funds from the UA from the sale of a transmission line generated from the sale by FPL and Vero Beach. He was asking for the UA to give a considerable amount of $224,500 a little under $300,000 for police cars to the City of Fort Perce. There was a letter written back when the City wanted you all to participate in the purchase of the Port where you solicited from your UA Bond Attorney, Bryant, Miller, and Olive. They wrote you all very clearly that those funds could not be given over. It is not the responsibility, he said he is a rate payer, it is not the responsibility of the Fort Pierce Utility Authority to provide police cars to the City of

Fort Pierce. Mr. Reed said that is not why we pay our utility bill. He said the people of Fort Pierce have struggled for years through good times and bad with this Utility Authority. It is also a slippery slope, the founding fathers in 1972 when they spun off the Utility Authority, they did it for a reason. A few years ago you all allowed the kickback and expanded that, you have added $1 to our bill, which is $12/year for every rate payer. He thinks that is 28,000, which is another $300,000 that is being generated for the City of Fort Pierce under the idea of code enforcement and the police that is not the Utility Authority's job. That is not what you all are supposed to do, you are supposed to supply us electricity, water, wastewater, and gas and to do it reasonably. If there is any money left over, you are supposed to fix the roads that you tear up because of the antiquated sewer system in conjunction with the City. As far as the police cars are concerned, if we fixed these roads our police cars might be in a little better shape. We have some of the raggedness roads and some of the raggedness cars. Mr. Reed said he spoke last night at the City Commission meeting and the big thing now is they cannot solve these murders and cannot show up at crime scenes because the cars do not run. He said if they would quit allowing police officers to take our cars on one of their fetishes and go to airports and take pictures of our cars, we would be better off. He showed enlarged pictures and said one is of a police officer in uniform in Orlando and another one either at Patrick's Airforce Base or Homestead with one of our police cars. That is a real waste of taxpayer's money. They cannot get to the crime scenes because they are with an airplane in Fort Lauderdale, Orlando, Tampa and this is allowed to go on, but they want $300,000 to buy police cars. The Chief of Police drives a leased vehicle and her lease is up, that was $30,000, so be prudent. Slippery slope, if you let the City get their hands on our money in the Utility Authority, it is like giving money to a crack addict, you will not get it back. That is not what the people of Fort Pierce pay their utility bill for. Mr. Reed said he understood the Mayor asked for this, let her find it in her own budget. He said they talked about travel last night with the City. This rate payer will do whatever he has to make sure you all do not do that and there is a group of us that are willing to go and join in. If we have to seek an injunction in court or whatever we need to do to protect the rate payer, we will. The City must manage its own funds and FPUA needs to stay out of that.

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

1. RFP No. 19-23: Accept Proposals from and approve Contracts for Weatherization and Educational Outreach Program carpentry services with A. Thomas Const. Inc. of Fort Pierce, Florida, Hennis Construction Co., Inc., of Port St. Lucie, Florida and Gitter Done Home Maintenance TC Inc. of Port St. Lucie, Florida, in an amount not to exceed $60,000 annually ($20,000 each). The initial term of these Contracts will be from March 6, 2019 to March 5, 2020, with four one-year renewal options.

2. POA No. 19-29: Approve Budget Transfers totaling $41,553 and the piggyback purchase of two Intelligent Chlorine and Pressure Monitoring and Flushing Stations in the amount of

$41,552.45 from Ferguson Enterprises, Inc. dba Ferguson Waterworks, of Newport News, Virginia, under Collier County Request for Proposal No. 17-7176.

3. POA No. 19-44: Approve Amendment No. 1 to the Refurbish Repair and Disposal of Transformers Contract with Florida Transformer LLC dba Emerald Transformer, of Defuniak Springs, Florida, to increase the not-to-exceed contract amount from $10,000 to $29,000 annually.

4. Approve the Local Limit Adjustment for the Water Reclamation Facility FDEP Permit.

5. POA No. 17-50: Approve the Sole Source Contract with Advanced Control Systems, Inc., of Norcross, Georgia, in the amount of $178,003 for the Electric SCADA, Prism, and Video Wall Maintenance Support Agreement. The Contract will commence on May 1, 2019 and end on April 30, 2022.

6. Approve Post Budgeted Project/Budget Request in the amount of $40,000 for water main adjustments needed to facilitate the San Lucie Plaza Drainage Phase 2A Project of St. Lucie County.

7. Approve Post Budgeted Project/Budget Request for Water Treatment Plant Communication Network Upgrade and Expansion in the amount of $160,000 with $135,000 for FY 2019 and $25,000 for FY 2020.

8. POA 19-42: Approve 1) the purchase and installation of hardware and software for the HPE Nimble Storage Area Network in an amount not to exceed $102,646.50 from United Data Technologies, Inc. of Miramar, Florida, under the WSCA-NASPO Cooperative Purchasing Organization Data Communications Products and Services 14-19 administered by the State of Utah, Master Agreement No. AR1464 and the State of Florida Alternate Contract Source No. 43220000-WSCA-14-ACS, GSA Schedule 70, Contract GS 35F-538GA; and 2) the associated three year support agreement, in an amount not to exceed $17,896.70.

9. Bid No. 19-24: Approve award of Bid and Contract for the Savannah Repump Roof Replacement with Anglers Contracting Inc., of Fort Pierce, Florida, in an amount not to exceed $26,718. The Contract will commence upon written Notice to Proceed and end 60 days thereafter, contingent on receiving the required Certificate(s) of Insurance.

10. ITB 18-02A: Approve Amendment No. 1 to the Generator Maintenance Contract with Newman's Power Systems, Inc., of Fort Pierce, Florida, to increase the not-to-exceed contract amount from $35,000 to $42,000 annually, effective March 20, 2019.

11. Approve budget transfers totaling $71,876 to cover the City Distribution for FY 2019, based upon FY 2018 Adjusted Gross Revenue.

A card was received from Marquita Phillips of the Parkview Baptist Church thanking FPUA employees for the 302.4 pounds of food donations.

Paul Jakubczak, Director of Electric & Gas Systems, presented the 2019 APPA Legislative Rally update. He said during the rally he was able to meet with Senator Rubio's and Senator Scott's staffs as well as Congressman Mast and his staff to discuss some issues both on the national level as well as the local level. A couple of issues that APPA looks at from a national level and what they do is their membership comes up with resolutions they feel are prudent for the membership, present it to the APPA on membership, they vote on it, and give the Legislative agenda to the agency to further in Washington. The first one is mitigating wildfire risk and as you can imagine, this is out in the west side or west coast. This was to help make sure there is proper funding for the vegetation management out in California and those western states. The second one is ensuring property cost allocation for the Central Valley Project Improvement Act and this was specific as well to the west coast. The third one is affirming local control of pole attachments and the fourth one is municipal bond modernization and those two he will get into a little more detail when we look at the local issues that were brought up to our Legislators. The fifth one is controlling transmission cost as they continue to increase throughout the nation.

Mr. Jakubczak said one of the things from a local perspective that was looked at was FEMA reimbursement. He said they talked about the FEMA reimbursement time tables and as we all know the schedule of how long it took to get the Frances and Jeanne reimbursements. That is something we are working towards fixing. The way it works now is FEMA allocates the funds at the long drawn out process of completing forms with them, they send the money over to the Department of Emergency Management, which is a State run organization, and then they get it to the local utilities. An example of this is the Florida Keys when they were hit by Irma, their costs was about $42 million and they got allocated from FEMA about $15 million of that, but have only seen about $1 million. When we meet in April with the local legislators, we will be bringing up the Department of Emergency Management and see how we can improve those processes. Mr. Jakubczak said one of the good things the latest round of legislation did, is it eliminated or put in a 3-year claw back. He said FEMA can only go back three years and ask for money back, if they feel they have overpaid you. Another thing that was talked about was the proposed bidding requirements and this is a new rule that FEMA looked at and it does not make any logical sense. They are asking utilities during a major disaster or right directly after a major disaster, they want you to bid out for contracted services. It is a rule of supply and demand, the demand is going to be real high and the supply is going to be real low, so the cost is going to go up. We presented some rules to that to allow them to let the local municipalities use the Florida Rules that we already have for bidding and award them contracts to be used during these types of disasters.

Mr. Jakubczak said they talked about the FCC Ruling on Pole Attachments and said public power is not anti-small cell or 5G. He said it is something that has been out there and they are not hindering anybody from getting into the market. We just want to make sure it gets done prudently and in a cost effective manner. One of the things the FCC did is they created some new rules that overrule some of the local exemptions that were in place. As an example, Municipalities, Co-Ops, and IOUs had exemptions for these pole attachments. Like the Mayor mentioned the Home Rule, they eliminated that without thinking about it partially because of the lobbyist they talked to. They also proposed a one size fits all across the entire United States. The cost for us to put up a pole is about $1,500, where it is about $500 to $800 in the Midwest, they want to do the Midwest rate in order to create the pole attachment rates for these type of things. Another thing that is a little bit disturbing they did, is they are looking at delaying underground utilities. As we all know the underground utilities stays on longer especially because of a hurricane. They say if we start undergrounding our utilities, we are blocking their entry into the market because we are eliminating the poles even though we are putting the utilities underground to better improve our reliability for our customers. This is something we are opposed to and we asked our Legislators to support House Resolution 530 which repeals the FCC order. We did get positive responses from all three of our Congressmen and our Senators towards signing on to this Order. Mr. Jakubczak showed pictures of some pole attachments that may be seen and said one of biggest things they want to make sure is the safety and aesthetics are taken care of for our employees and our customers. The pole on the left gives a general idea of what a small cell would look like and the pole on the right is all the additional equipment that could potentially come with it. If you could imagine a lineman coming up to that pole and trying to climb it, there is no way for them to be able to climb.

Mr. Jakubczak said they talked a little bit about taxing and financing and Congress voted to keep tax exempt financing, which is a great thing. However, they voted to eliminate the ability to do some advanced refunding for these type of bonds. We urged Congress Members to eliminate this and to allow us to do some tax refunding. The example displayed is the City of Bushnell where they were able to refinance their debt, take ten years off of it, and reduce their debt by $1.2 million. Without that in place, they would not have been able to do that. Mr. Jakubczak said he looks at it from the standpoint of how you would like your mortgage company to say you cannot refund your mortgage because the rates went down, that is what this is implying here.

Mr. Jakubczak said the final thing we discussed is the environment and Congress' action on the environment are sometimes scattered. He said they just wanted to be sure they were aware we are meeting the stringent standards that we can. We have one of the cleanest fleets in the nation and we have an environmental responsible utility.

Ms. Cavalcanti asked when they talk about the poles with ours being $1,500 and theirs being $800, the reliability of those poles in a hurricane in the Midwest versus the ones here, she is assuming that would be a huge difference.

Mr. Jakubczak said that is one of the biggest costs differences. There are standards we have to install our poles by, but they still want to charge a fee for a pole that is attached in the Midwest to a pole that is attached in Florida. He said at the end of the day, it is not the same cost factors that go into what you can actually put on the pole. Amy Zubaly, the Executive Director for FMEA, had stated that during Hurricane Michael, she had actually seen some concrete poles snapped in half that had some of these attachments on there.

Mr. Matthews said it seems to him that FEMA does not follow the rules that other government agencies follow. He said their reimbursement system seems way out of order, sometimes you forget they owe you money because it has been so long.

Mr. Jakubczak said that is one of the reasons why we made sure everyone knew and he stressed with them that FPUA just received the reimbursement from 2004 an 2005. He said the Keys had to take a line of credit in order to secure that $42 million and it is costing them about $1 million a year. Right now the $1 million they got paid is the first year's interest so it is not really going back to pay for the debt they incurred to rebuild their system.

Mr. Matthews said you want to help get involved for people that get in that situation, but the penalties to you is you spend all your energy and your money, then you do not get reimbursed. He said it is about time FEMA pays with interest if they are going to be late and that is what they should be talking about and dealing with. It is time to start fighting fire with fire. Mr. Matthews said with the Internal Revenue if you do not pay the bill on time, you get charged with a penalty.

Mr. Jakubczak said exactly and in April we are going to be pushing that with our local Legislators as well.

Mayor Hudson said in reference to the FCC Rule, if the Florida Legislature last year passed a 5G bill that said they could put 5G gadgets anywhere, she asked if the FCC Rule supersedes that or basically agrees with that.

Mr. Jakubczak said if he remembers right, the Florida Legislature had it set up that it blocked municipalities or exempted municipalities from allowing some of this as long as they followed some of the proper procedures. He said what the FCC did, which is actually in place as of January, supersedes that and states there are no more exemptions, move forward.

Mayor Hudson said that no matter what the Legislature said, the FCC rules now. She asked if they asked for input on that Rule before they published it.

Mr. Jakubczak said they asked for selective input.

Mayor Hudson said from the communication industry perhaps.

Mr. Jakubczak said he would not say that, he is just saying they asked for selective input.

Ms. Cavalcanti asked if there is any talk of rescinding it.

Mr. Jakubczak said yes and that is what the House Resolution 530 does, it is a bill that is put together by one of the Congressmen to ask to repeal it and do some more research on that subject before they come up with the final ruling.

Mayor Hudson said everybody wants 5G and they want it quickly. She said they want the best avenue for the communications guy and she does not blame them because they are a corporation. What it does to us is safety and aesthetics.

Mr. Jakubczak said he does not get all the technicalities, but there is not really 5G available yet because the devices have not been created. He said they are doing a lot of infill with 4G antennas.

Mr. Jakubczak presented the RFP No. 18-40 short list and ranking of the three vendors selected to provide an Advanced Metering Infrastructure solution for the Electric, Water, and Gas Systems. He said AMI is Advanced Metering Infrastructure which provides 2-way communications between our meters and our Headend Equipment for all of FPUA water, gas, and electric meters. Currently for our meter reading, we visit each meter every 28-33 days. With the implementation of AMI, electric will be done on an hourly basis and water and gas will be used up to 4-5 times a day. We will be able to access that meter and get the reads. This is important because it is a benefit to FPUA and our customers. FPUA will be more proactive than reactive with our customers, and a couple of examples is outage notification. As soon as that meter stops reporting that it has power, we will be able to notify the customer in advance and let them know we are working on a solution to turn it back on. FPUA will also be able to provide water leak detection and the gentleman that came in a couple of months ago about his large water bill, FPUA will be able to know his water is running before the 28 days, which is currently what we are doing. We will know the day of or as soon as it happens. Mr. Jakubczak said we will also have the capability of doing remote disconnects and reconnects. He said we will be able to do same day turn on. The customer will be able to come in, get their credit checked, make a deposit if they have to, and we can start service with a push of a button. It also opens up new billing options for our customers, prepay where they can put $20 on their account like what is done on Sunpass. Once the $20 is up, he would get an alert notification that the Sunpass balance is low and FPUA will be able to do that on electric, water, and gas. It will have the capabilities of allowing the customers to choose their billing cycles. There are some customers who are constrained by when they get their social security checks or disability checks and will be able to potentially adjust their billing cycles to coincide with those revenue streams. FPUA will be able to do a better job and more accurate job with our engineering analysis on all four systems. Mr. Jakubczak said on the customer's side it will create a better customer experience, the customer will be able to track their usage and how it is doing on a daily or weekly basis. He said if they

start tracking their usage and see a lot of usage on a Saturday, they may decide to take the family out to one of the local parks to drop the usage by stop sitting in front of the TV and look at ways to drop their utility bill usage. During the implementation, FPUA will be installing new meters on the electric side as well as modules on the water and gas side. This means we will touch every single meter in our system, which means we will be able to better help customers with potential installation issues. We are working with the Building Inspector now on some potential things we can do to help mitigate some of those costs. The customer will be in charge of their bill.

Mr. Jakubczak said hats off to Tom Parker who spent many years putting together this RFP with a lot of input from Water, Gas, Electric, Engineering, and Customer Service. He said a special thanks also goes out to Nancy Palka for putting out and tracking the RFP process. The RFP process and invitation timeline started back on July 9, 2018. The RFP was uploaded on DemandStar to over 2,500 vendors, advertised on July 13 and July 20 where 63 firms obtained the RFP and 7 firms submitting proposals which were opened on September 5. The initial evaluation team was Tom Parker the Electric Operations Superintendent, Tom Fryar the IT Services Manager, and myself. Each member individually and independently evaluated the seven proposals and the majority of them were very thick so it took a little while to go through all of them. Together on October 3, Mr. Jakubczak said they ranked the proposals to create a list of three vendors they would like to see come in and do their presentation to a larger group. They shortlisted the three vendors to move onto the presentation phase and they were Landis+Gyr Technology, Inc., Elster Solutions, LLC, and Core and Main, LP. The evaluation team was expanded to include subject manner experts and they were Craig Crawford the Gas Operations Superintendent and Andrew Byrd the Water Department Superintendent. Presentations were given on November 5th, 6th, and 8th. As this was done each of the expanded evaluation team reviewed the documentations again as well as notes taken and questions asked during the presentation phase. The final ranking of these was set up that the Elster Solutions was number one, Core & Main was number two, and Landis+Gyr Technology was number three. Staff is requesting authorization to begin negotiations with the top-ranked firm, Elster Solutions, LLC. In the event that an agreement cannot be reached negotiations would then begin with the second ranked firm or the RFP will be redone and sent out for rebid. The negotiation is expected to be extremely complex and staff will be requesting, under separate cover the next item on the agenda, to obtain professional assistance with this process. This will come back to the Board for approval with contracts and pricing.

Mr. Matthews asked what the cost amount is.

Mr. Jakubczak said that is part of the negotiations, but the prices we saw during the RFP process ranged from $6 million to $7 million, all the way up to $12 million. He said this firm was around $7.5 to $8 million, but there are some things we may want to add and take out so that price is not firm.

Mr. Matthews said he is looking at those sheets and asked if it is budgeted.

Mr. Jakubczak said it is in the budget and it will be a 5-year project and will be spread across the first year where the electric will put in some of the infrastructure as well as meters. He said then they will start with water and gas.

Mayor Hudson asked if someone said at some point that this is going to be required in the coming years.

Mr. Jakubczak said as technology advances, what we are seeing from a meter standpoint is their modules or meters are increasing in cost because they are putting everything in the kitchen sink under glass. He said we may be buying features that we may not be utilizing fully, they will have them in there to turn them on in the future, but you still have to pay for them. Mr. Jakubczak said to answer the Mayor's question, the answer is yes.

Mr. Tompeck said what Mr. Jakubczak is trying to say is that we will not have a choice but to buy anything but an AMI electric meter shortly.

Mayor Hudson asked if the old meters are not going to be supported.

Mr. Tompeck said we will be replacing them and the ones that are out there we will eventually be replaced as a part of this project.

Mr. Jakubczak said when he first started in the industry, electric meters were electric mechanical where they had the little dials to read going one way and then going back the other way. He said those became obsolete probably about 15 years ago when they went to the solid state and the solid state back then are now obsolete as we are going into the more advanced stages. Eventually they are not going to sell us what we want to use, they are going to sell us what the technology is directing us to do.

Mayor Hudson said what we buy may become obsolete too.

A motion was made by Ms. Cavalcanti, seconded by Mayor Hudson, and unanimously carried to approve RFP No. 18-40: the short list and ranking of the three vendors selected to provide an Advanced Metering Infrastructure solution for the Electric, Water and Gas systems, and authorize staff to negotiate appropriate contracts/agreements with the top-ranked firm, Elster Solutions, LLC.

Mr. Jakubczak presented the contract with Black & Veatch Management Consulting for consulting services for the AMI/MDM negotiations and pilot support. He said as we have just heard the presentation with AMI he is happy you approved moving forward with this. The AMI System has a lot of moving parts. Due to the complexity of the implementation and breadth of the contracts we are looking for industry experts to assist the expertise we have in-house. Some

of the things Black and Veatch will be doing is reviewing the original RFP and Proposal from Elster and fill in any gaps we may have missed regarding when we get into the contracts and implementation. They will begin contract negotiations based on meetings with FPUA staff to determine particular needs from each department that is involved. We will develop goals and timeframes for the pilot project, have small samplings in our service territory, communication coverage, make sure the meter technology is accurate and works with our existing stuff, and make sure it goes down to our billing system which is one of the most important functions. We will make sure those meters are still reporting the usage, outage management, remote disconnects/reconnects, reporting, customer portal so the customers can get the information, and that is just a small sampling of what is going to be looked at during this pilot phase. Mr. Jakubczak said we will also review all the results of the pilot phase with the consultant and offer suggestions for service level agreements to be added into the final pricing and scope for Elster Solutions. He said they will also offer ways to optimize the business processes that FPUA will have to implement as we move to a more progressive type of technology. They will make sure we get the true value out of an AMI system. This entire process is expected to take 6 – 10 months and they will assist in the final contract with service level agreements and pricing with Elster. Once this is completed, the final version of the contract will come back to the Board for approval. Black and Veatch has industry expertise with AMI and is one of our qualified engineering firms. Mr. Jakubczak said staff is requesting approval of the contract with Black & Veatch Management Consulting in the amount not to exceed $179,950 for assistance with AMI/MDM Contract negotiations and pilot Support.

Mayor Hudson asked if this company has a track record and have they helped other companies with this.

Mr. Jakubczak said they have helped quite a few companies and they also have experience working with Elster so they know some of the things they can get out of the contract that FPUA may not be thinking of at this time.

Mayor Hudson asked if there is anybody on staff who is familiar with AMI or has worked with it.

Mr. Jakubczak said he is sure we have people that have worked with Black and Veatch, they have been around for quite some time. He said as far as on the AMI side, he is not 100% sure that we have anyone that has worked on the AMI portion of Black and Veatch. Mr. Jakubczak and Mr. Parker have had extensive conversations with their management team regarding AMI and the process they are going to be walking through to get to a final version that is beneficial to FPUA.

Mayor Hudson asked if this contract is 6 to 10 months with them and if that is what the process will be.

Mr. Jakubczak said they anticipate the total process will take 6 to 10 months to get the pilot implemented, all of the results, and then the final version of the contract.

Mayor Hudson asked if that clock will start today.

Mr. Jakubczak said the cost will start with Black and Veatch as soon as we sign the contract and start the process moving forward with meetings with them. He believes they are ready to start tomorrow if we sign it tonight.

Mr. Matthews said that is where he put his footnotes for this particular item. He said he talked with the Director with reference to it and he asked who holds the insurance certificates.

Mr. Tompeck said the Certificate of Insurance (COI) has to be submitted to FPUA, we hold them.

Mr. Matthews asked how the company would know that you have them.

Mr. Tompeck said we have a file of all the COIs from every vendor that we use so we have those on file.

Mayor Hudson asked if it is required.

Mr. Tompeck said yes it is required.

Mr. Matthews asked if we are requiring for one year or three years.

Mr. Jakubczak said it depends on the length of the contract. He said this particular contract goes through next year.

Mr. Tompeck said he believes normally the COIs are for one year, but we have a tickler file where we keep up on them to make sure if their insurance expires, they send us a new one so we are still covered.

Mr. Matthews said Mr. Jakubczak said they are ready to start now so he asked if the COI is up to date.

Mr. Jakubczak said he believes Josh received the COI.

Mr. Tompeck said we will not start until we have one and the approval is contingent upon receiving the COI.

Mr. Matthews said that is exactly what he is trying to get to. He doesn't want the cart before the horse and wants to be sure everything is in line.

Mr. Jakubczak said he apologizes for that and as soon as the Board approves this, he will make sure they have all their proper documentation and certificates on file before we get them on site to get started.

Mr. Matthews asked if that is his right hand up in the air.

Mr. Jakubczak said it is his right hand in the air and he will make sure that happens.

A motion was made by Mayor Hudson, seconded by Mr. Matthews, and unanimously carried to approve POA 5747: The Contract with Black & Veatch Management Consulting, LLC, of Overland Park, Kansas, in an amount not to exceed $179,950, for the Consulting Services for AMI/MDM Negotiations and Pilot Support, contingent on receiving the required Certificate(s) of Insurance.

Nina Penick, Director of Financial Services, presented the September 2018 Quarterly Financial Operating Results. She said she did not do the presentation for this particular item. Rather than giving you the same information twice, she only did one presentation. We can slide through some of it and move along, but the September 2018 Quarterly Financial Operating Results we chose to present them to you even though some of the information is duplicated. It is in a format that you may be more familiar with because you see them almost each quarter through the year. In the interest of full disclosure or disclosing what we always disclose we wanted to provide you the information. Our operating income for the 12 months ended September 30 was actually down from last year. Our investment in other income was actually up $434,000 and that was a result of interest rates that are starting to rise. You will be seeing more changes associated with how we invest our money in the upcoming months. When we provided assistance to St. Croix we were lucky enough to actually recover the investment we made when we went down there. They somehow got their money back from FEMA and we are very thankful for that. The capital contributions net of the capacity reductions were up $547,000 from last year and that is simply because we are actually getting more development activity and we are really pleased to see that. The storm expenses are down $278,000, which is good because we did not have a storm this year. In fiscal 2017 we had Mathew and Irma both fell in that year. Our increase in net position, which was about $2.7 million decreased $334,000 from last year but it is still a positive increase in net position. The water and electric unit sales as well as the wastewater units billed were all down this past year, gas was up.

Ms. Penick said the chart displayed is a 10-year history of our electric operating revenues less power cost and consumption. She said what looks like a downward roller coaster represents the revenue decreases we have had as a result of rate decreases. We did a $4 decrease in 2011, $4 decrease in 2013, and $1 decrease in 2014, so although you will see the income decreased over those years, there was a good reason for it. That was a $9/MWh decrease over those four years. In the more recent years, the operating revenues are basically flat compared to last year and the consumption was down 1%. FY 2018 water operating revenues and consumption both were

down 3% from FY 2017. Some of the increase in FY 2017 operating revenues is a result of the capacity reductions that increased our operating revenues and decreased our capital improvement charges, but increased our guaranteed revenue charges. Mrs. Penick said the FY 2018 wastewater operating revenues were up 3% from FY 2017, but the units billed went down 1%. The increase in FY 2018 is a result of recording the previously uncollected Guaranteed Revenue Charges based on three Supply Agreement amendments executed this year. Those really impacted wastewater much more than water. FY 2018 natural gas operating revenues less gas cost was up 1% from FY 2017 and consumption up 3%. There has been a 59% increase in consumption and 38% increase in revenue since FY 2009 primarily as a result of the contract customers first billed in August 2012. In FY 2018, operations and maintenance expenses were 6% below what was projected, 1% below FY 2017 actual results, and that was primarily because the cost of power purchased from FMPA was $6.6 million below what was projected. That was a 14% decrease and it was $2.3 million below FY 2017 actuals, 5% less. The debt service coverage ratio for the 12 months ended was 3.12, which is more than double the 1.25 required by FPUA's bond covenants.

Mr. Matthews asked to go back to page one for the operation income where it is down and he asked since he is a new Board Member, how much down it is.

Mrs. Penick said it is down $1.7 million from last year. She said if you were to look at your Operating Report, it will give the gross numbers.

Mr. Matthews asked if it was $1.7 million of the total.

Mrs. Penick said the operating income in 2017 was $11,676,000 and it was down to $9.9 million so relatively speaking, it is not earth shattering. She apologized for not putting in the percentages.

Mr. Matthews said since you did not put the percentages in, he said he is a business major so he looks at figures different. He said one of the things he is concerned about is even though it is down, he asked if it is in 12 months.

Mrs. Penick said this is results of a full 12 months and it is down because the units billed, we actually sold less water and electricity and billed less wastewater.

Mr. Matthews said as he looks at the water chart on page 17, it shows sell for resale of water. He asked who FPUA sells the most bulk water to.

Mrs. Penick said it is all the County, which is the only place we sell it to. She said we had to think about it for a little bit because we do have agreements with Port St. Lucie and Martin County. We do have interconnects, but we have purchased from them more than they have purchased from us. Mrs. Penick said she cannot recall a circumstance where we have actually sold to either

Martin County or Port St. Lucie. She said every once in a while when we are doing maintenance on our system, it is really a good thing for us to have those interconnects. The Quarterly Operating Results is for information only and requires no action from the Board.

Mrs. Penick presented the status report on Electric Power Cost Adjustment for the month of February 2019. She said this is information about January's power cost and updated projections through February 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 February was billed to FPUA at the rate of $81.40 for 1,000kWh. This is an increase of $1.25 as compared to January. We had an under-recovery from the customer for the month of February in the amount of about $357,455 and the cumulative over-recovery as of February 28, 2019 is $4,495,055. Shown on the chart is a combination of January and February recovery where we returned $713,000 to the customers for those two months. 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. She removed some of the history from this chart as well as some of the others that are in your packet because they got to be a little too much. These projections are prepared by Public Resources Management Group, which in turn are based on projections prepared by Florida Municipal Power Agency. Since the January forecast, FMPA's estimate of the price of purchased power for the upcoming 12 months has increased by 1.2%. Due to the cumulative over-recovery from FPUA's customers, no change to the power cost adjustment is recommended at this time. We expect to be depleting the PCA at a pretty good clip in the upcoming months and we are just going to hold the line and take a look at it again next month to be sure we do not get too far out of whack. It is very good to see we are just about to the top of the range and we expect without any change at all to stay within the $1 million to $4 million range as recommended by the Board. This item is for information only and requires no action on the Board's part.

Mr. Tompeck said it is worth noting that we have been talking about possibly doing something with the PCA toward the beginning of the summertime. He said based on the way the rates are increasing it might be difficult to do that, but we will see in the next couple of months. The good news is we will probably not have it go up.

Mrs. Penick presented the FY 2018 Comprehensive Annual Financial Report (CAFR). She said this report is an absolute wealth of knowledge and it represents the actual amounts that do not show up so much in the budget. The budget is very informational, but it is projections and the CAFR has the actual results and it gives a lot of details about the operations of the organization and something we are very proud to put together. Included in Note E on page 36 of the document contains the Notes to Financial Statements, which is the calculation of the Distribution to the

General Fund of the City of Fort Pierce. The City Distribution has been steadily rising over recent years and it decreased slightly this year, but pending the Board's approval for us to carry this document forward to the City Commission in two weeks, the Distribution amount will be $6,125,454. It is not payable until the City accept the audit. This document also includes the external auditor's opinion and there is also opinions on compliance. In our audience is Jim Hartley of DiBartolomeo, McBee, Hartley & Barnes, our external auditors. They are also the auditors for the City of Fort Pierce and we may be actually holding up the City this year because they needed to have ours approved before they could take theirs to the City Commission as well. The information from our financials are included in the City's report as a discreetly presented component unit. The opinion this year is another unqualified, the reviewers for award tell her it is an unmodified auditor's report and we are very pleased to come out again with a clean opinion. Mrs. Penick said that is all the information she has for this particular document and staff is requesting the Board's approval of this document. There is also a resolution, which is our Final Budget Amendment, which is being presented next. After the Board approves the CAFR, it will be posted on our website so everybody can see it.

Mr. Matthews asked about the list of the large customers where it lists Walmart and the School Board, and asked if FPUA has any business with the State of Florida.

Mrs. Penick said they are not big enough to make it on the top 10. She said Walmart includes the Distribution Center and the actual Walmart itself. The Distribution Center is a very big customer and it is a large customer for all of our services. Florida Atlantic University, which is Harbor Branch is just electric and they are number seven. They are FPUA's biggest customers and they mean a lot to us and we want to make sure we keep them satisfied and serve them efficiently by providing them AMI too.

Mayor Hudson asked about the consent agenda item we approved today with the additional $71,000 and asked if it is included in the figure given on the screen.

Mrs. Penick said yes it is. She said we had to request a budget transfer to pay the distribution because we under estimated it. It was in wastewater primarily, the $71,000 shown on the budget transfer. Everything else was shuffled from the other systems and wastewater came up short because their revenues were higher than we anticipated because of the Guaranteed Revenue Charges.

Mr. Bey said great job on this. He asked if there is a reason under the FPUA leadership the leaders are incorrect, our lustrous Board Member Mr. Matthews' picture is not here.

Mrs. Penick said this is as of September 30, 2018 and this report represents the time frame from September. She said you will notice you are shown as Vice Chairman last year. It reflects the activities of last year.

Mr. Bey apologized.

Mrs. Penick said they are very careful to get the right pictures in the right year.

A motion was made by Ms. Cavalcanti, seconded by Mayor Hudson, and unanimously carried to approve FY 2018 Comprehensive Annual Financial Report as presented.

Mr. Penick presented Resolution UA 2019-01 for amending the FY 2018 budget. She said she personally likes this document the best because it has all the details that you could possibly want to know about who spent how much on what. It has all the details by the department on the expense side, shows a lot of details about the revenues, and a comparison to either how well or poorly we projected those amounts in the amended 2018 budget. We will always come up under budget on the revenues and under budget on the expenses on the electric and gas side because of the projection of the power costs and gas costs. We always have to budget enough to cover as a result we then have to budget a relatively speaking equal amount of revenue otherwise it would look like we are budgeting more expenses than we are revenues. At the end of the year we always do end up with a decrease in the amended and a decrease in the expenses as well. The power cost is such a big number for us, over 1/3 of the O&M budget so we cannot ignore it by any means. The other thing Mrs. Penick said she likes about this particular document is it shows how the administrative costs are allocated and that is on page 4. It shows how we have to account for all of our costs by whether it is for the electric system, water system, gas system, wastewater, and our other systems as well. This is basically a housekeeping item and the final budget represents the actual results as indicated in the column in the left. The budgeted/expected, we did actually budget a decrease in net position of $111,000, but as we mentioned earlier, it was actually an increase of $2.1 million. If there are no other questions, staff would like to request adoption of Resolution UA 2019-01.

Ms. Cavalcanti asked if there was a period where natural gas prices were escalating very quickly maybe in 2005.

Mrs. Penick said it might have been a little later than that, but yes they spiked.

Ms. Cavalcanti said therefore all cost for electric production would have gone way up. She asked what is done to budget for those things if we have it again.

Mrs. Penick said we do tend to over budget each year just in case for that because in that year we did not end up going over, which is kind of amazing. She said we do not ever expect those things to happen, but even this year we had a spike in prices. Fortunately it only lasted a week or so and maybe comes back depending on the weather up north. It makes it very difficult and not sure if that is what you are trying to point out. A small change in a $40 million bill is a lot of money and ads up very quickly. We hope to never run into that situation again because we did

have the actual costs of the gas going up as well and the cost of the purchase power is out of sight.

Ms. Cavalcanti said thank you and just want to find out.

Mrs. Penick said that is why at the end of the year we are always trueing it up and it all comes down to a fairly normal level. She said that is why she tries not to focus too much on the budget side of all this. She would rather compare last year's actuals to this year's actuals because that is more representative of how we are doing rather than comparing to the budget. We try to get close on everything, but those purchase power and gas numbers are usually estimated high and we have to for that reason.

Mrs. Mazzarella read the title into the record as follows: "Resolution No. UA 2019-01, a resolution amending the budget of Fort Pierce Utilities Authority of the City of Fort Pierce, Florida for the fiscal year beginning October 1, 2017 and ending September 30, 2018."

Mr. Matthews asked if this was the first reading or second reading.

Mrs. Mazzarella said there is only one reading.

A motion was made by Mr. Matthews, seconded by Ms. Cavalcanti, and unanimously carried to adopt Resolution No. UA 2019-01, a resolution amending the budget of Fort Pierce Utilities Authority of the City of Fort Pierce, Florida for the Fiscal Year beginning October 1, 2017 and ending September 30, 2018.

Mr. Tompeck said as you know, we have been working on revising the County/FPUA Water Wastewater Interlocal Agreement. He said a draft amendment has been prepared and the comments from both sides are being discussed. Primarily the amendment will cover rates, capacity charges, and some other miscellaneous language. We will be meeting with the County on the 27th to hopefully finalize the amendment language and we will bring it back to the Board for approval after that.

Mr. Tompeck said staff has met with the County, City, and the Allegany Franciscan Ministry folks on the Lincoln Park Broadband initiative. This initiative will eventually provide internet access to the Lincoln Park area from Orange Avenue to Avenue D and 25th Street east to 7th Street. The cost estimate for this three-year project will be approximately $1.2 million, with the cost shared by all the stakeholders. The plan we have was warmly received and will be presented to the Lincoln Park Council on April 19th and we are currently working on a MOU for the project which will come to the Board for approval. Mr. Tompeck said we are very excited about this project and will be a great project.

Mr. Tompeck said a couple of weeks ago I sent an email to you on a request from the City to utilize funds from the sale of tax credits from the King Plant cleanup and some of the funds received from the asset purchase sale of the Vero Beach transmission line to FPL. He said this was a one-time request for assistance. In the interest of helping the City, which is one of our strategic goals, I thought we should consider the request. Rather than simply transfer money to the City's general fund, Staff would be more comfortable with earmarking the funds for a specific purpose. The City has not identified any specific uses for the money, to date. Mr. Tompeck said he made a suggestion, which he thinks he is slowly regretting, to help the police by funding four or five new patrol cars, but we are not adverse to other suggestions. He said our primary stumbling block is the requirement to spend our money for utility purposes only, since this is required by our bond agreements. Although in this case, the amount of money is de minimis and would probably not be a problem. He said he is looking for some input on this issue and thinks there are some alternate ways we can spend the money that are closer to being for utility purposes. The project just mentioned, part of the Lincoln Park Broadband initiative some of that money the City is providing. We can use some of this money to lessen the burden for the City and would certainly fall under the auspices of utility use. Mr. Tompeck said he would like to initiate some conversation here if you are interested in using the money at all and then what purposes you would like to use it for and recognizing we really do need to keep it in the utility use area so as not to get ourselves in any trouble.

Mayor Hudson asked what the practical effect of the Lincoln Park Broadband is, is it for businesses.

Mr. Tompeck said it is in three phases with the first part being the backbone, which is right along Avenue D, 25th and Orange Avenue. He said that would be primarily for any business that would want to hook up. The other two phases would be the next two years we would provide internet access through Wi-Fi for the whole area.

Mayor Hudson asked if that is priced the dollar amount for all three phases.

Mr. Tompeck said that is for all three phases. He said the first phase is about $600,000 for the backbone and that would be the first year.

Mayor Hudson said that would be economic development.

Mr. Tompeck said it is also one of our strategic goals to be a Smart City. He said this is really an important project not only for that purpose, but also for the revitalization for the Lincoln Park area. He would certainly not be adverse to use the money for that purpose, but if there is any other purposes the Board would like to suggest he is certainly open to it. Mr. Tompeck said he understood the problem with the patrol cars and thought about somehow making them natural gas patrol cars. He said that would be a lot closer to being a utility use than just supplying patrol

cars. He can understand some of the feedback on that and he has gotten quite a bit of feedback. He has no problem doing Lincoln Park or any other project the Board would like us to participate in, it is really at the Board's pleasure. There will not be a motion today, it is something we need to think about. If you have some other projects you think would be beneficial to the City, he would be glad to look at those as well.

Mr. Matthews handed out a copy of the memo from Bryant Miller Olive, our Bond attorney dated December 4, 2017. He said the memorandum he received from our Director was dated March 8 and said he doesn't know if our Director is ready to go work for the Police Department for some reason. His concern is with what is happening, if the document he just passed out from Bryant, Miller, and Olive on page two, it speaks directly why we should not be involved some side issues of purchasing cars. As a member of the Board, today you have hands go up to buy police cars, five or six months later, the next hand goes up and wants us to buy some computers for the office, and the next hand goes up to buy furniture; when does it stop. Mr. Matthews said his feeling is the commonsense approach in a spending government is that we must not forget that we work for the citizens of Fort Pierce, our customers and all. He is certain they left us a will and they would not want us to misuse it and sign the will before and the amount of money is his cause for concern. The Chief of Police has a car on lease and if you look at reality and commonsense, probably those that have been involved with car purchases, you can purchase two cars for that amount. Mr. Matthews is surprised the City of Fort Pierce Police Department does not have motorcycles riding around that are much cheaper, at least a couple of them. He is surprised maybe it is time to look at getting some horses. He does not want the Utility Authority to misrepresent what we are supposed to be doing here. We are in the utility business and he does not see no other way out. In our past dealing with the Bond restrictions and the Charter, we cannot jeopardize that trying to go overboard. Mr. Matthews said his point as a Board Member, he wants to discourage anybody else from coming because they see a dollar. He said if he had to deal with any commonsense approach of spending, he would rather give the customers a refund than be buying some cars. He noticed in the memorandum that the City Manager did not respond during that period of time and did not know whether there was a reason for that. If you look at the letter dated back from Bryant, Miller, & Olive that answer is there and they told you before in their letter dated December 4, 2017. They spoke to you directly, to not get involved those kind of things. Mr. Matthews said he knows the Director is being friendly to work for the Police Department, but the point is these are the kind of things that his desk is where the buck should stop and not go any further.

Mr. Bey said he remembers when Mr. Tompeck called him and asked a question about ideas of how to repay the City for the money we owe them and the concern about being willing to help the City grow. He said he remembers Mr. Tompeck saying he was present at the City Commission meeting when the Police Chief talked about the need for police cars. While Mr. Bey thought it was somewhat of a long shot for us to buy police cars for the City, he thought if we could do this in a way to help grow our natural gas system. By that, if we could buy natural gas cars for the Police Department, we could actually grow our natural gas because we are currently looking for

additional clients to sell natural gas. In fact, he was thinking if we could take it even further, we could get the City to purchase natural gas vehicles so everybody could buy natural gas from us. We would help the environment by less pollutants, natural gas is much cheaper than fossil fuel, we would increase our customer base with our gas, and help the City at the same time. Mr. Bey asked Mr. Koblegard if we would violate the Charter in that procedure, if we were to have the Police Department buy natural gas cars, we would have them buy gas from us. Is this something that violates our position with our Charter?

Attorney Koblegard asked if Mr. Bey was talking about switching the police cars over to natural gas.

Mr. Bey said yes.

Attorney Koblegard said in his opinion absolutely not. He said he was going to discuss at length the issues that have come up starting with John trying to help the City with the police cars. He was going to wait until it was his time to speak, but he could do it now.

Mr. Bey said we are on the topic so go ahead.

Attorney Koblegard said when he saw John's memorandum to the Board about the police cars, he got to thinking about it and if we could do that. He said you can look at it one way, if we have more police cars, reduce crime in the City, it might attract more people to move to the City of Fort Pierce, and therefore we would have more customers for the Utility Authority. You could look at it that way. Another way, $179,000 is from the overpayment of the King Plant cleanup, in other words it is money over and above what it took to pay back most of the Treasure Coast Planning Council funds. FPUA could not sell tax credits, we are considered a "wrong doer" and that is why the King Plant was transferred to FPRA back when we started the cleanup. The City was kind enough to handle selling those tax credits for us and he does not think they charged us a dime. They brought in close to $2 million, he thinks. In that respect, it is fair to say there is nothing wrong with paying the City back some of those funds for police cars or something else in exchange for them helping us collect those funds. FPUA could not have done it and the City could not have done it because we are both considered so to speak as wrong doers polluting the plant and that is why it had to be through FPRA. Attorney Koblegard said he talked to Duane Draper who is our Bond Counselor that wrote the letter that was just referred to. When he wrote that letter, the City was asking FPUA to put in, he thinks, $5 million or more towards buying into the Port.

Mr. Bey said he thinks it was $12 million.

Ms. Cavalcanti said it was $12.5 million.

Attorney Koblegard said it was a lot of money and it was not $224,500, which is what we are talking about here. He said obviously that would be a violation of the Bond Covenants because it is not de minimis, it was a tremendous amount of money and that is what he based that letter on. He called Mr. Draper last week and talked to him at length and he ran by him the police car issue and his thought that it would maybe help and reduce crime, bring more people to the City, and more customers. Mr. Draper said he saw what Mr. Koblegard meant, but you might have to defend that in court. Mr. Koblegard said it is not a violation to our Charter and it is not addressed there. It is a violation of the Bond Covenants and that is why we are limited in what we can do. He ran by Mr. Draper some other things that he and John talked about like moving up some of the street paving projects that we may have budgeted later on. Maybe help the City with some of the paving costs when we do that so we can get our streets in better shape. He said that is probably closer. Mr. Koblegard said he and John talked about the Broadband at that time and it is positively ok to do, but when he asked Duane if they could go to the bond holders and asked them if they would give us permission to do that. Duane said we could do that, but the only problem is it would defeat the purpose of it because it would probably cost $50,000 to $100,000 so that obviously was not going to work. Mr. Koblegard said what we have is good, but he would like to point out that he asked Nina how many total customers FPUA has for water, electric, gas, and wastewater. He said a lot of the electric customers are water and wastewater customers and a lot of water and wastewater customers probably are not electric because they are outside and are FPL. If we just take the electric customers, which is roughly 28,500 customers and you divide that into $224,500, it comes to about $7 and change per customer. Would a customer say they would rather have the $7 or four police cars to help fight crime in the City or have my streets repaved. Mr. Koblegard said he would think if not unanimously it would be awfully close to people saying you may have my $7, I do not need it given back to me because it serves a better purpose and that is what this is about. He said there was a lot of rumblings about trying to stop us if we did that and we may end up in court, but he thinks the de minimis issue that he talked to Duane Draper about would make it very difficult and maybe the people that try to take us to court might not be real happy with the result.

Mr. Mimms said he needs to clarify some things. He said the City of Fort Pierce did not ask FPUA to consider funding any police cars. He said also he needs to clarify that Koby stated that the City of Fort Pierce sold tax certificates for FPUA, we did not do that.

Attorney Koblegard said FPRA did.

Mr. Mimms said FPRA did not sell tax certificates for FPUA. He said FPUA is the PRP so as far as the FPUA is concerned with the cleanup, FPUA has to stay away from the actual revenue generation or revenue receipt from any kind of cleanup activities.

Mayor Hudson said we just sold them.

Mr. Mimms said FPRA sold tax certificates in order to repay the loans that were taken out by the Treasure Coast Regional Planning Council. He said also, he just wanted to recommend that maybe these funds can be used for economic development and they can possibly spur the creation of jobs. Jobs can spur the creation of a more stable economy and with a more stable economy, people are working and there is less time for crime. Also, you can state to whatever you like as far as your wish for what the City will spend the money on if it is transferred, but ultimately it is the choice of the City Commission. Once you transfer those funds to the City of Fort Pierce, the City Commission will make the determination on where it is spent. He said he wanted the Board to be aware of that as well.

Ms. Cavalcanti said if the City Commission decided not to spend it on some kind of utility service, then we could be in violation.

Mr. Mimms said the City Commission could decide to spend it to spay and neutering dogs.

Mr. Bey said then let's not do that.

Mr. Mimms said there is no guarantee that what you say is what is going to happen as far as the City Commission.

Mr. Bey said that is why we talked about not giving you the money because you might go and neuter and spay dogs.

Mr. Mimms said if you would like to look at working with the City to developing some type of strategy, he would think economic development or crime prevention or something of that sort, then that is something we can do. He said just you all determining how we are going to go out and buy police cars and this is what we are giving the City the money for, ultimately the City Commission will be tasked with that decision.

Mr. Bey said finally about his proposal, his thoughts were that if we could develop our Natural Gas Department, it could be a win/win for everybody because at the end of the day, the more money FPUA makes, the more the City makes through what we have to give you. He thinks that if we could generate enough participation between the City, the Police Department, and maybe even the County at some point, to get everybody to convert to natural gas vehicles, all the new vehicles they would purchase would be natural gas vehicles, this would be a win/win for everybody.

Ms. Cavalcanti said the school too.

Mr. Bey said yes, we could go on and on. He said if we are really talking about working together and kombi yah and all of that, this could be the start and it is his proposal.

Attorney Koblegard said if FPUA gave that money to the City with no strings attached, which is basically what he thinks Mr. Mimms is saying because the City Commission can decide to do whatever they want with it that would be the hardest thing to defend at all.

Ms. Cavalcanti said right and perhaps if we were going to do the police car thing, we do it where FPUA buys the cars and hand them over to the City.

Mr. Bey said part of it would have to be that if we buy police cars, they would have to be natural gas. He said if we can cut a deal with the Police Department that when they need new cars, they buy natural gas cars, with that stipulation, if that works.

Attorney Koblegard said that would probably work, but the broadband is the safest thing of all and the natural gas for the cars are the safest way to get money to the City.

Mr. Bey said he could support that.

Mr. Tompeck said with the broadband we do not actually have to turn over any money.

Mr. Matthews said the grapevine got together somewhere and asked how the police cars come in. He said you are talking about extra money that means somebody pushed that idea somewhere in discussion. If we got any extra money, then maybe the customer would be happier to get a refund.

Ms. Cavalcanti asked for $7.

Mr. Matthews said he does not care what it is even if it is one penny, you give back to them, give it all to them.

Mr. Bey said it is not necessarily extra money, he thinks it is money we would give to the City as a result of our obligation to give them money from the sale of what we have done.

Mr. Matthews said then why don't we just give them the money and not worry about what they are going to do with it. He said we tied it up in the police cars.

Mr. Tompeck said he would like to back up a little bit, first of all, there is no obligation for FPUA to give the City anything. He said the distribution of the asset sale agreement is only on the gain, it is not 6% on the total price. The difference there is $144,000 for the 6% versus about $16,000 for just the distribution on the gain. The sale of the tax credits, there is about $179,000 that is over the amount that is needed to be paid back for the loan. Mr. Tompeck said that money is due FPUA and it is that simple. He said it is in the FPRA Resolution in Section 2 that any funds above the payback of the loan comes back to FPUA to take care of our cleanup costs that were over $3 million that came out of our ratepayers pockets. The City is not due any of this money,

but in the interest of working with the City, part of our strategic plan, this was Mr. Tompeck's idea and he does realize it is not a great idea at this point. He does not see any reason why we cannot maybe assist on the Lincoln Park thing and that makes sense to him. It is probably Pollyanna, but when he listened to the City Commission meeting and they were talking about crime, one of things that jumped out at him was when they talked about the police cars and the problems they were having starting and maintaining them. After listening to that for 1 to 1 ½ hours, it occurred to him as to what FPUA could do to help that and the answer he came up with was obviously wrong, but it was his idea and not some conspiracy. It was not the greatest idea he has ever come up with, but he still does not see any problem with trying to assist the City in any way we can as long as we keep it for utility use. Where we are heading here is to let him work on it a little bit more and come back with a proposal that will clearly be for utility use that will help the City and is sure the Board will go along with it.

Mayor Hudson said thank you to John for thinking outside the box and thinking of the City, she appreciates it very much. She remembers the day that John called her and said he had watched the meeting and he had this idea and he wants to clarify that the only reason we are talking about this is because these funds were so outside of our norm. They were like once in a century they would happen, both of these situations. These are totally outside the norm, were not budgeted, not thought of, were not dreamed of, and that is the only reason we are even talking about this right now. It is something John did himself and explained it to her that he would like to do this and help the City if there is a way we can do it or something to help the City. Mayor Hudson said she appreciates John for thinking that way and for bringing it up and we are discussing it. She said we are not going to make a decision today, but everybody has gotten some ideas about where this money has come from, what it can be used for, and what is going to be safest. Mayor Hudson said she is very disappointed that we would not be able to help with the public safety and help with the police cars. She said personally she would have liked that and when John talked to her, she really was actually quite moved that he would think of that and that this Board would consider it favorably. For the people that are against it for whatever reasons they have, she feels very sad about that, but at the same time, we have to do what the Board wants to do. Mayor Hudson said she would personally like to thank John for coming up with the idea and for being creative.

Ms. Cavalcanti said she would like to say she did not feel one way or the other about it, but she does think tying in natural gas police cars is a very clever idea because it enhances the operations of FPUA and it encourages other governments to use natural gas vehicles. It would be our investment just as Mr. Tompeck and Mr. Koblegard said and she doubts it would be a Bond Covenant violation. Mr. Hartley is here so he may be able to add some more on that. It is a $200,000 investment of buying natural gas police cars and is hardly a $12.5 million investment that actually a City Commissioner advocated to this Board for us to do that when it was time for the Port to be purchased. That clearly would violate our Bond Covenants and she does not think it is the same thing at all and does not think we would have a problem with our Bond Covenant for this. It would be an excellent idea because she knows natural gas vehicles are less wear and

tear on the motors and are more efficient, less pollution, longer lives to those assets, and certainly a good business model for other governments to follow in terms of cost of running their vehicles. Ms. Cavalcanti said to her it is a pretty good idea. She said Pollyanna that was a good job.

Mr. Tompeck said he wants to give Mr. Bey credit because he was the one that mentioned it to him. He said they had done some initial research and there are Malibus, Explorers, and Tahoes that are available in natural gas models that many police departments across the nation are using. We will do a little more research in that and will suggest he put together something a little more coherent for the Board to look at and we can discuss it at a later date.

There being no further business, the meeting was adjourned.

ATTEST:

SECRETARY

Vice CHAIRMAN