MINUTES OF A REGULAR MEETING OF THE FORT PIERCE UTILITIES AUTHORITY, TUESDAY, APRIL 2, 2019, 4:00 P.M., CITY COMMISSION CHAMBERS.

Members Present: Vice Chairman Glynda Cavalcanti; Secretary Daniel DeIulio; Deputy Secretary Charlie Frank Matthews; Mayor Linda Hudson; and Jack Andrews, Acting Ex-Officio Member/City Manager.

Excused: Chairman Darryl Thomas-Bey

Others present: John K. Tompeck, Director of Utilities; Amy Shevlin, Acting FPUA Attorney; Nina B. Penick, Director of Financial Services; Craig Crawford, Acting Director of Electric & Gas Systems; and Bo Hutchinson, Director of Water/Wastewater Systems.

The meeting was called to order by Vice Chairman Cavalcanti.

Opening Prayer was by Richard Mutterback of Water/Wastewater Engineering.

The Pledge of Allegiance was recited.

The roll was called and a quorum declared.

Ms. Cavalcanti asked if there was any items to be removed or added to the agenda.

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

A motion was made by Mayor Hudson and seconded by Mr. Matthews to approve the Minutes of the Regular Meeting of March 19, 2019. Those voting for approval were Mr. Matthews, Mayor Hudson, and Ms. Cavalcanti. Mr. DeIulio abstained because he was not at the March 19th meeting.

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

1. Excuse Chairman Darryl Bey from this meeting, he is out of town.

2. Re-approve the Local Limit Adjustment for the Water Reclamation Facility Florida Department of Environmental Protection permit.

3. Bid No. 19-05: Approve award of Bid and Contract for the replacement of two entrance and two exit gates at the Energy Services Center located at 1701 South 37th Street, Fort Pierce, Florida, to and with Bartlett Bros. Security, Inc., of Stuart, Florida, in an amount

not to exceed $39,000. This Contract will commence upon written Notice to Proceed and end 120 calendar days from date of the Notice to Proceed and acceptance by FPUA, contingent on receiving the required Certificate(s) of Insurance.

4. POA 17-38: Approve Contract Extension of the piggyback of the Florida Sheriffs Association Bid No. 15/17-07-0220 with Tiresoles of Broward, Inc. dba Elpex, of Deerfield Beach, Florida, for tires and related services, which revises the end date of the contract from February 28, 2019 to a month-to-month period beginning March 1, 2019. FPUA may terminate the contract upon thirty days written notice.

5. POA No. 15-10: Approve the sole source purchase of Automatic Vehicle Location (AVL) adapters in an amount not to exceed $27,300 from Track Star International, Inc. (Track Star) of Charlotte, North Carolina.

6. ITB No. 18-38: Approve Post Budgeted Project/Budget Request in the amount of $53,600 and Contract for the purchase and installation of a key card access control system (ACS) and provide an annual maintenance and repair service plan for the ACS for the Administration Complex, with Complete Access Control Inc., of Jupiter, Florida, in an amount not to exceed $64,219.38. The term of this Contract will be from April 3, 2019 through July 31, 2024, contingent on receiving the required Certificate(s) of Insurance.

A note was received from James and Margery Foster of Hutchinson Island thanking Electric Department employees: Tony Gonzalez, Robert Vaughn, Mike Morrison, and Michael Chidgey for their professional and skilled work as they assisted them.

Mr. Tompeck said we have three information only presentations this afternoon and the first one is the Natural Gas Rate Stabilization Fund update. He said Craig Crawford will make the presentation.

Craig Crawford, Gas Operations Superintendent, presented the Natural Gas Rate Stabilization Fund (RSF) update for April 2019. He said staff has rerun the sensitivity analysis which now includes January actuals and preliminary data for February. The price of natural gas has spiked as high as $4.85/Dth in the last two months of 2018, but has recovered nicely with an average of about $2.85/Dth over the last month. The strongest net withdrawals from underground storage this winter heating season occurred between mid-January and the end of February 2019. Six of the seven weeks in that period were triple-digit withdrawals, bringing the underground working gas inventories to 1,186 Billion Cubic Feet (BCF) or 32 percent behind the five-year average. Based on the current NYMEX pricing projections, noted in black, the PGA can probably be reduced by mid-summer. Staff will continue to monitor gas prices and will make a recommendation in the next few months. Mr. Crawford said this is an information only item and he would be happy to answer any questions the Board may have at this time.

Mr. Tompeck said you can see from those curves how quickly we recovered after the initial spike. He said to give you an idea, the price of gas today is about $2.70 so we are in very good shape. One other thing we have done is we have entered into a Gas Supply Acquisition Project. We put some of our gas into this project and it gives us about a $0.30 discount on every Dth we buy. You will probably see that prices will go down a little bit lower for us in the near future.

Barbara Mika, Finance Controller, presented the Bill Comparison for the month of January 2019. She said this is the January 2019 update on the comparison of electric rates and the local utility bills. This graph displays the comparison of the residential electric rates for 1,000 kWh of consumption for the month of January for the 13 municipal utilities in the State of Florida that are members of the "All-Requirements Project" (ARP). The All-Requirements participants benefit as part of a larger group of cities through lower operating costs and the ability to plan for future operations with lower risk. In the graph displayed, it is easy to see where FPUA ranks among the 13 ARP participants. FPUA now has the 4th lowest rate of this group and at $111.84, we are below all three averages shown for the ARP, Municipal Utilities, and the Investor Owned Utilities. Mrs. Mika said the next graph displays the comparison of Florida residential electric rates for the month of January for all of the municipal utilities in the State for the average residential usage of 1,000 kWh. She said the data for these graphs has been compiled by Florida Municipal Electric Association (FMEA). FPUA's January bill for this level of consumption remains the same since last month and our standing is on the better side of the midpoint as shown in yellow. We are in the 13th position from the left side of this graph. Rate increases with Chattahoochee and Havana have caused this 2-position shift to the left. There are a few items on the billing rate changes that have occurred since December. Of the 13 ARP participating utilities, there were seven that experienced rate changes with two of those being rate increases. The average rate change was nominal and increased the ARP average slightly for last month. Among the 19 Non-ARP cities, there were just six that experienced rate changes with an average increase of $1.10. The combined effect of all rates changes raised the municipal average by $0.24 over last month's average.

Mrs. Mika said the next graph displays a similar comparison of municipal utility bills within the State for the consumption of 2,500 kWh. She said in this comparison, FPUA's January bill at $282.30, has not changed since December and our relative position in this graph has improved by one position due to the rate increase with the City of Havana. FPUA's January bill for the 2,500 kWh of consumption remains 12% lower than the average bill for the Investor Owned Utilities at $321.98. There average has gone down since last month, it was still 12% below that. The table displays the January comparison of local Treasure Coast residential utility bills. Included in this comparison are the average utility bills for electric, water, and wastewater services for residential customer. This comparison as compared to last month, FPUA has remained the same for the total utility bill. All of the other, which include FPL for electric have gone up since last month. Staff has verified the calculation of these average bills to actual bills. Since this comparison was last presented, there was an increase in rates charged for electric services provided by FPL. FPL

implemented a 2% increase for both fuel and non-fuel with an average bill increase of approximately $2.00. There were no changes since the December bill for the water and wastewater services presented here. This item is for information only and requires no action on your part. However, if you have any questions, Mrs. Mika said she would be happy to address them.

Ms. Cavalcanti asked Mr. Tompeck why is it the All Requirements Project members seem to be on the far right side of this versus the other Municipal Utility Owned Utilities. She asked if it is because of the old coal plants.

Mr. Tompeck said he does not believe the coal plants have anything to do with it. He said the power from the coal plants is not a whole lot more expensive than the natural gas plants. It has more to do with the wholesale power rate they are charging us and the fact they are working very hard to bring the rate down. They have succeeded and he thinks we are going to continue to see that bar move to the left. One of the other things we are looking at is making some adjustments to the rate, decreasing the rate. We are also thinking about restructuring the rate by switching some of the variable costs to fixed costs to make sure we are capturing our T&D costs in the fixed charge. Mr. Tompeck said what that will eventually do over the course of the year is what you pay will be the same or whatever the rate reduction is, but you will see a little bit higher bills in the winter time and smaller bills in the summertime. He said we think will probably be a good thing. We are also getting ready for the point where we will be offering solar subscriptions and we want to make sure the solar customers pay their fair share of the transmission and distribution.

Nina Penick, Director of Financial Services, presented the January 2019 Financial Operating Results. She said it was her pleasure to fast forward into fiscal 2019, the first four months of January 2019 and at the next Board meeting we will do February and be basically caught up. Although the operating income was down about $1.2 million in the first four months of 2019, there were no capacity reductions recorded. As a result, there had been about $1.4 million in 2018 and although the income looked like it was down, it is more that it is not up as it was in the prior year. The year to date in net position after the distribution adjustment was $978,000 for those four months and that is just an overall increase of $16,000. When we drill into looking at each of the individual systems, we actually see some good news overall. The electric operating revenues, less the power cost, for the last three years have been on the rise, up 3% from FY 17 to FY 18 as well as FY 18 to FY 19. That reflects an increase in consumption of 4% from FY 17 to FY 18 and FY 18 to FY 19. It is very rare that we have such a linear situation here that it is actually a one to one relationship where the increases are almost equal, although the consumption was up more than the revenues.

Mrs. Penick said the water operating revenues increased from FY 17 to FY 18 in an amount of about 2% and from FY 18 to FY 19 an increase of about 5%. She said there was a natural drop from FY 17 to FY 18 of about 3%, but the consumption increase from FY 18 to FY 19 was up 7%

and she does not have an explanation for it. We do see it resulting in higher revenues as well. It is a little funny in that we did have that 3% rate increase in October. The revenues should have been up more than the consumption, but it was not and hopefully it will level out moving forward. Next month we have some capacity reductions that will throw it all out of kilter again. On the wastewater chart in FY 18 we had capacity reductions in the first four months of the year and as a result, even though we did not have decreases from FY 18 to FY 19, it is just that we did not have extra revenue in FY 18 for operating revenues. The gallons billed were absolutely flat from FY 17 to FY 18 and there was a 1% increase in gallons billed from FY 18 to FY 19. The FY 2018 operating revenues went up 29%, but fell 18% so this is a onetime situation that we do not expect to reoccur.

Mrs. Penick said on the gas side, the revenues were up 3% from FY 17 to FY 18 and down 1% from FY 18 to FY 19. She said the corresponding consumption was up 5% from FY 17 to FY 18 and down 3% from FY 18 to FY 19. To highlight how the gas contract consumption and revenue fits into all this, the gas contract consumption was down 1.2% from FY 18 to FY 19 and that resulted in a 1.5% decrease in contract revenue.

Mrs. Penick said the debt service coverage ratio has dropped a little bit since September 30. She said the debt service coverage ratio is 2.93 for the 12 months ended January 2019. It is still more than double the 1.25 required by FPUA's bond covenants. The capacity reductions are what caused the revenues in FY 17 and FY 18 to be so much higher than they are in FY 19. We are not seeing the effect of that in the first four months, we will see it when we do the presentation in two weeks for February.

Mr. Tompeck said staff met with the County on the Water/Wastewater Interlocal Amendment last week and he thinks we have hammered out all the details. The revised agreement is in the County's hands for final review and we are hopeful it will be on the agenda for the April 16 meeting for Board approval. It has been a long road, but Mr. Tompeck said he thinks we have all the details worked out so it will be nice to get that completed.

Mr. Tompeck said we are set to talk with the Lincoln Park Council on the Lincoln Park Broadband Initiative on April 18. He said at the next Board meeting we will be giving the Board an information overview of the project.

Last night the City Commission approved the Final Budget Amendment for 2018 and the audit of the CAFR. We will be sending the Distribution to the City by the end of the week, about $6,125,000.

Mr. Tompeck said in regards to our discussion at the last meeting on ways to help the City, we went back and did a review of available CNG vehicles for police cars. He said that did not turn out too well because there are very few models available and that is a dead end. We are going to meet with the Police Chief tomorrow to discuss some other communication options, which

will be beneficial to the police. Once we have that discussion and have some ideas, before we take any action, it will be discussed with the Board for approval.

Mr. Tompeck said our employee appreciation picnic is this Saturday at Museum Point Park from 11:00 a.m. to 4:00 p.m. and if you have the time, please feel free to stop by and help us enjoy the event.

Mayor Hudson said she thinks last year we had a report from the pension program on the actuary report and wondered if Mr. Tompeck planned to schedule one for this Board in terms of the pension. She said they just had the annual report, it is not a CAFR, but that is what she calls it. It is an annual report and she thinks it would be of interest and the Board should know what the pension plan is all about.

Mr. Tompeck said he is trying to remember when we did it last and asked Nina.

Mrs. Penick said it was about a year ago.

Mayor Hudson said it just came out and she is on the Retirement Board now and it was just presented to the Retirement Board. She said it is fresh off the press.

Mr. Tompeck said we can do that.

Mayor Hudson said she wanted the Board to know that today IRSC won the Aspen Award. She said they tied for first place with Miami Dade so that is a big honor for our Community College.

Mr. Matthews asked if applications have started going out for the Weatherization Program for the new applicants.

Mr. Tompeck said it is a constant process and he believes we have three or four in the hopper we are working on now. He is not sure how many other applications he has in house, but he can check on it and let Mr. Matthews know. We are almost to the 100-home milestone, we are at 98 or 99. Mr. Tompeck said he will fill him in on the details of how many applications we currently have and how many we are working on.

There being no further business, the meeting was adjourned.

ATTEST:

SECRETARY

CHAIRMAN