MINUTES OF A REGULAR MEETING OF THE FORT PIERCE UTILITIES AUTHORITY, TUESDAY, APRIL 19, 2016 4:00 P.M., CITY COMMISSION CHAMBERS.

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

Deputy Secretary Darryl Thomas-Bey was absent.

Others present: Clayton W. Lindstrom, Director of Utilities; Rupert N. Koblegard, III, FPUA Attorney; Nina Penick, Director of Financial Services; Paul Jakubczak, Director of Electric & Gas Systems; Evelyn I. Walker, Director of Shared Services; and Jason Hoffman, Communications/ Customer Service Manager.

The meeting was called to order by Chairman Perri.

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

The Pledge of Allegiance was recited.

The roll was called and a quorum declared.

Mr. Lindstrom requested a motion to excuse Darryl Bey from this meeting because he had a matter he had to attend to.

A motion was made by Mayor Hudson, seconded by Ms. Cavalcanti, and unanimously carried to excuse Darryl Bey from the meeting.

Mr. Perri asked to set the agenda.

Mr. Lindstrom requested that Items G-3 and G-4 be switched in their order because it would make more sense to the presentation.

A motion was made by Ms. Cavalcanti, seconded by Mayor Hudson, and unanimously carried to approve the set agenda with the switch Mr. Lindstrom requested.

Mr. Lindstrom said on page 3 of the minutes there is a scripter error in the motion made by Mayor Hudson. He said between the words next and the, we left out the word meeting and he is requesting that correction.

A motion was made by Mayor Hudson, seconded by Ms. Cavalcanti, and unanimously carried to approve the Minutes of the Regular Meeting of April 5, 2016 with the change Mr. Lindstrom requested.

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

1. Approve no change to the Purchased Gas Adjustment.

2. Bid No. 16-17: Approve award of bid and contracts for electrical services at various FPUA facilities to and with James E. Matula Electrical Contractors, Inc., of Fort Pierce, Florida, and Pruitt Industrial Electrical Contractor, LLC, of Fort Pierce, Florida, in an amount not to exceed $40,000 annually, for a total of $80,000 per year. The initial term of these contracts will be from April 20, 2016 to April 19, 2017, with two one-year renewal options, contingent on receiving the required Certificate(s) of Insurance.

3. Approve First Amendment to Fort Pierce Vero Beach Tie-Line Agreement with the City of Vero Beach, effective April 19, 2016.

An email was received from Marcia Baker thanking Eileen Snoberger of Customer Service for her prompt response and effective resolution of a problem she had with an unshielded security light.

An email was received from Nancy Broskus thanking Maurice Bacon and Mike Chatman of Electric T&D for their very professional, courteous, and efficient service at her home.

Nina Penick, Director of Financial Services, presented the January 2016 Financial Operating Results. She said the first four months of FY 16 yielded a decrease in operating income. Although it was down slightly, our operating revenues were up. The depreciation expense rebounded about 12% as a result of capitalizing a number of projects that were completed in recent years. FPUA's electric consumption is up, but gas consumption is down. The cost of purchased power was up $935,000 as compared to the prior year, but purchased gas cost was down about $217,000. Our Capital Contributions have slowed as compared to last year and although she is giving a sum of the bad news, overall FPUA is still doing very well. Our increase in net position even after the distribution adjustment is down $1.1 million, overall it is still up $526,000 for the first four months of the year. Mrs. Penick said the bars in the next four slides represent the operating revenues or the dollars, and the line graph represents the consumption or the usage for each system. She said the electric system had a decrease in revenue from 2014 to 2015, which is primarily a result of a decrease in the actual rate that was implemented in 2014. It brought the revenues down 3% from 2014 to 2015, but they bounced back 6% from 2015 to 2016, which is primarily because of the increase in consumption. The consumption was down 2% from 2014 to 2015 and it has been surprisingly high consumption in these first four months of the year. It is up 9% from 2015 to 2016 and Mrs. Penick is optimistic some of the areas of town are now

occupied and we have not had any extreme weather. Water consumption is flat and there are small increases in operating revenues of 3% from 2014 to 2015 and 5% from 2015 to 2016. That was a result of the small increases that have been put in place in the last couple of years. The consumption was down 1% from 2014 to 2015, but up 2% from 2015 to 2016. The wastewater is billed on water consumption and the operating revenues from 2014 to 2015 was flat and up 2% from 2015 to 2016. The gallons billed were flat from 2014 to 2015 and up 1% from 2015 to 2016. The gas system reflects the revenues increasing up 9% from 2014 to 2015, primarily a result of the contract customers, but in 2016 those revenues have fallen off about 8% from 2015 to 2016. The consumption was up 14% from 2014 to 2015, but down 17% from 2015 to 2016. The gas contract consumption was down 29% and it resulted in a 19% decrease in the contract revenue, but it was not a result of the low pressure incident. Mrs. Penick said the operating and debt service is very consistent with the debt service coverage ratio being 2.59, which is more than double the 1.25 required by FPUA's bond covenants. It is a mathematical calculation of the operating revenue divided by the actual amount of the debt service so we can very easily cover our debt service. This is an information only item and no action is required from the Board.

Mayor Hudson said the decrease in the consumption of the gas had nothing to do with the lower pressure incident and asked how she knew that.

Mrs. Penick said because they were not off during that time and were in a different area of the city.

Mayor Hudson asked if they means the bid contract customers.

Mrs. Penick said yes it is the contract customers and they are in the southwest area of town.

Mayor Hudson asked if the people effected were residential for the most part and small businesses.

Mrs. Penick said that is correct.

Mrs. Penick presented the Status Report on the Electric Power Cost Adjustment (PCA) for March 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 March was billed to FPUA at the rate of $68.20 for 1,000kWh. It was a decrease of $14.46 as compared to the month of February. The under-recovery from the customer for the month of March totaled $159,500, so the cumulative over-recovery is approximately $6 million as of the end of March. The chart displays the projected amount of the PCA over-recovery using two 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 red line depicts the projected

PCA over-recovery balance if the PCA were to remain at -$9, which is Staff's recommendation. The green line depicts the projected PCA over-recovery if the PCA were to decrease $1 to -$10. The purple line in the middle of the chart is to call the Board's attention to the projections as of April 30, 2017 or 12 months into the future. When we look back over eleven months in the past at the 50% confidence level, the projections FMPA provided us were an average of 10.5% more than the actual rate billed. The projections to the right of the purple line are being presented because the information is available; however, those projections are so far in the future we do not place too much credence on that data. Mrs. Penick said the expectation is the over collection will decrease over time. Since last month's forecast, FMPA's estimate of the price of purchased power for the upcoming 12 months increased 1%, but because of the amount of the current over recovery, staff is not recommending a change in the PCA at this time.

Tom Fryar, Information Technology Services (ITS) Manager, gave a presentation and update of ITS Department software installs and details as to costs, savings, customer impacts, and potential future direction of ITS. He said he will talk about FPUA's software and hopefully answer any questions the Board may have on our software and services. The vision of the ITS Department is to provide our customers with economical solutions and friendly services in a continuous effort to enhance the productivity in our community. ITS is an important service for FPUA and specializes in hardware, network, software, application development, technology management, and support. Most of FPUA's hardware goes anywhere from our standard computers to laptops, smartphones, phone system, communication of the fiber system which is basically throughout the city, including our radios that we are in the process of upgrading. FPUA's software ranges from Microsoft Word all the way through the support systems that each area has for data acquisition or control. Mr. Fryar said he would be focusing on the Core Business System (CBS), Invoice Cloud, and SharePoint. He said the CBS is a suite of applications that work together to increase efficiency and productivity of the entire company. It is very similar to Microsoft Office products like Outlook, Word, and Excel that work together where you can write a document, attach it to Outlook, and email it. The primary applications in the CBS is Microsoft Great Plains (GP), which is the accounting package and Cogsdale Customer Service Management (CSM) for the billing purposes of maintaining our customers. This has the ability to integrate other applications and systems and is what FPUA has been doing over the years. The importance of the integration is to reduce duplication efforts and accurately update information across all systems, which saves on personnel costs from having to duplicate the information from one data base to another. Better customer service can be achieved since all necessary shared data is easily accessible. Workflows can be streamlined or modified as needed to promote better efficiency across all areas of business. It enhances productivity by increasing the speed of business processes while reducing errors. Any future business applications may be easier to develop and implement and it adds value to the overall system with capabilities that are possible because of interactions between subsystems. Mr. Fryar said the next slide shows the basic integration of multiple applications and the big blue circle of GP/CSM and how it connects into the CSM and gets the customer's data and interacts with it to present the bill and process payments. He said there is the IVR System, Responder, GIS, and all the different applications that interface. The CBS, which is GP/Cogsdale was approved by the Board in late 2003 to replace a legacy application that did not allow for centralizing information allowing to expand on the business processes and was unsupported. It was purchased by Finance in 2004 and the cost was a little over $1 million with $719,050 for the software, and $306,907 was the professional service fees to install and

implement it. It has been operation since 2005 and has continued upgrades and updates with the different companies to work with it to enhance the system. The yearly maintenance costs is $126,032 a year, which includes maintenance of additional purchased added enhancements that allows us to do additional support with Customer Service and we can implement these across the board. Invoice Cloud is the next application that is a web-based invoice presentment company that uses Sage to process credit cards. During the process of agreeing to Invoice Cloud is we are going to replace Authorize.net, which uses Bank of America for processing credit cards; replaces SpeedChex, which handles check processing; and replaces AutoPay system, which did not allow for credit cards. Authorize.net processes the credit cards when someone comes in to pay with a credit card. When the customer comes in and gives the Cashier their credit card, their account is pulled up and they open the authorize.net window and put in the amount that will be charged. After credit card is swiped it sends the information to Authorize.net, which is then sent to Bank of America to process and then it comes back with an authorization. The Cashier has to put the information back in Cogsdale to update the information and Bank of America deposits the money in FPUA's bank. Invoice Cloud is processed by the customer coming in to pay their bill and the Cashier opens the Invoice Cloud connector and opens the customer's account to process the credit card. It immediately updates Cogsdale and then passes the information to Sage, which is the processing company. Sage deposits it into the bank. Mr. Fryar said staff is trying to replace Authorize.net, SpeedChex, and Seacoast with Invoice Cloud. Seacoast has an online banking direct transaction fee of $0.27 and Invoice Cloud's is $0.25. Invoice Cloud and SpeedChex's E-Check/ACH-Phone, Web, and IVR are both $0.95. Authorize.net using a basic credit card has a base rate of $0.36 and Invoice Cloud has a base rate of $0.34. The processing fee for a standard credit card is $0.0009 for Authorize.net and is $0.0008 for Invoice Cloud and the credit card chargebacks are identical for both. The Board approved a payment transaction fee not to exceed $241,000 annually back in October 2014. Some of the benefits of Invoice Cloud is electronic billing sends notice and reminders of outstanding bill to all our customers that have participated via e-mail or text message and it allows for schedule payments one-time or continuous. The difference between our old system and this system is we now allow credit cards to be processed. Previously FPUA was responsible for credit card fraud or anything that was stolen by the credit cards. Access of the customer's bill from any computer, tablet, or smart phone is another benefit of Invoice Could. Customers can elect to go paperless, which costs $0.40 per customer per month, which is offset by the savings by eliminating the need for postage, paper, envelopes, toner, and possibly staff time. Mr. Fryar said at this point FPUA has over 7,000 registered customers that are using Invoice Cloud plus we have another 5,000 that are using the auto-pay situation. At the beginning of March, we had 1,201 customers that went paperless, which occurred three months sooner than anticipated. We are estimating 1,295 customers will go paperless, which will put us about four months ahead of schedule. With Windows Cloud, as soon as they process the credit card it immediately goes into Cogsdale, whether this is in-house in the lobby or online, which provides a real-time payment situation. Customers can use the lobby, our website, or our interactive voice recorder (IVR) system. It prevents FPUA from being liable for credit card fraud and eliminates several manual processes by staff. With the Authorized.net, SpeedChex, and Seacoast, there were some processes that had to be done and now that is all being processed through Invoice Cloud. Mr. Fryar said Microsoft SharePoint is a centralized document management system, replacing our aging forms system and internal Internet system, and allowing for more collaboration between departments. He said the goal of this is to eventually have this be a part of the Core Business System. The initial part is already starting to become that as it is interconnecting into our Cogsdale to pull information out so we can display it on the screen. Staff decided to use the SharePoint foundation, which had a zero cost. If we were to purchase the

enterprise version, it would have been about $43,000. We have had some professional fees by hiring a consultant from Nigel Frank, which we paid $40,690 and have continued using the same consultant, but not through Nigel Frank, but through the consultant's own company, Nube. During that process we came back to the Board and requested $31,500 additional money and only $15,750 was spent. The reason it was not brought all at once is because we had an understanding the consultant would have his own company and would charge less. He charged $25 per hour less. We were trying to get an understanding of what could be done with SharePoint to replace our system. Staff came in to start taking over and that is why only $15,750 was spent, but unfortunately there was some staffing issues that would cause other charges on it. The Nintex Forms Package will interlink with our Cogsdale System and SharePoint and that package was $49,200. We had to purchase a business data link for SharePoint that interlinks it to Cogsdale to be a part of the CBS and it was $1,290. The total to date spent on SharePoint is $106,930, which the Board has approved $122,300 for the services and the Nintex forms. At the next Board meeting it is hopeful Mr. Fryar will be requesting additional funds for $16,800, which is about $140 more than they originally asked for Board approval. Mr. Fryar said this could not be done without his good solid team and he thanked especially Systems Analyst Ira Singh who deals with the Cogsdale GP system working miracles on it. He thanked Network Supervisor Doug Pupard. This is an information only item and no action is required from the Board.

Mayor Hudson asked if basically we are not doing anything new, but have improved software and a safer system.

Mr. Fryar asked if when she says new, he is talking about three different application systems. He said the Core Business System is always being upgraded and updated and if there is a need to interlink more software that is feasible and will save money in long term or make the customer service experience better, we will request additional money.

Mayor Hudson asked if we are providing a new service or something different that the customer will notice as new.

Mr. Fryar said the Invoice Cloud portion of it has a different interface and that goes along with the entire website that was recently changed in November.

Mr. Perri asked if Mr. Fryar feels like we are getting our money's worth for all this stuff. He said he is not computer savvy, but this sounds like we are spending a lot of money and a lot of times it does not work. Has everything we have been buying been successful or are there some glitches in it? Did we not get our money's worth in a few places?

Mr. Fryar said he has been the ITS Manager since 2010 and everything he has been buying and purchasing they have been taking care of and improving it. He tries to make sure we get our money's worth on it.

Mr. Perri asked if there are any glitches in the system and problems with any of the programs.

Mr. Fryar said there is always going to be glitches in the system, but that is when they work with the vendors.

Mr. Perri asked if the guy Nigel Frank came to FPUA.

Mr. Fryar said the consultant with Nigel Frank lives in Fort Lauderdale and was able to come here to work with us to get the system going.

Mr. Perri asked if we are getting him again.

Mr. Fryar said that is correct and part of it was we were doing a knowledge transfer into a staff member and that staff member left the company. He said we are back trying to get that knowledge transfer again.

Mr. Perri asked if we are paying for it again.

Mr. Fryar said it is going to pay for additional service the staff member was going to do for us.

Mayor Hudson asked if that was the $16,000.

Mr. Fryar said that is correct.

Mr. Perri asked if that is a hard figure.

Mr. Fryar said we are getting the services of work from him.

Mr. Perri asked if the $16,000 is the total amount he will charge and can it go over that.

Mr. Fryer said it will not go over that.

Mayor Hudson asked if there are some people that are not computer literate and they see the changes on our web site, is there a way they can get somebody to help them learn the new way to do. She asked if they would be presented with a new way to do it or will they not know this is going on.

Mr. Fryar said they are more than welcome to come into the lobby and either Customer Service or ITS would be glad to show them. He said it is very user friendly.

Mayor Hudson asked if it is something that can be done on the phone.

Mr. Fryar said it could possibly be done on the phone and a lot of time if they come in we can point them to the pictures if they do not understand.

Mayor Hudson said a lot of people do not adjust to change very well and when they know something is changed, they get flustered and it is hard for them to learn with computers, especially those that are slightly older.

Mr. Fryar said we have had a couple of customers that have called over the phone and they were able to walk them through. He said if they come into the lobby, we will be more than glad to show them and walk them through it.

Ms. Cavalcanti said she likes the online email advising that there is a bill to be paid. She has gotten a few of those.

Mr. Fryar said they have received several comments like that.

Mr. Perri asked if all of SharePoint is working well.

Mr. Fryar said again it is not completed and is not functional at this point.

Mr. Perri asked how much was paid for SharePoint.

Mr. Fryar said the SharePoint software was free and the only thing FPUA has paid for was the services.

Mr. Perri asked how much was paid for the training on SharePoint.

Mr. Fryar said the professional fees was about $73,500.

Mr. Perri asked if Mr. Fryar was telling him it was not working.

Mr. Fryar said again they are still implementing it.

Mr. Perri asked how long we have been implementing it.

Mr. Fryar said they started approximately November 2015.

Mr. Perri said if you watched the City Commission meeting last night you can see FPUA is on the carpet for trying to hold our costs down. He said they are wondering if we are doing everything we can to save money and it seems like a lot of this money here needs to be looked at very closely. We need to make sure we are getting our money's worth and some indications he gets in his mind's eye is we are not and he is concerned about that. Mr. Perri said he would like a report every quarter on how we are doing with the money we are spending for all of this outside help.

Mr. Fryar said that would be no problem.

Mr. Perri said he does not know how anybody else feels about that, but he thinks we should have a quarterly report on that.

Mayor Hudson said she agrees with Mr. Perri and she also thinks the comparison needs to factor in if there is any labor savings because then that would save wages and saving personnel costs.

Mr. Fryar said generally a lot of the costs are soft costs and would be hard to calculate. He said for example, the SharePoint is a document management and its internal purpose is to allow the different departments to work together and transmit information. That is when we replaced our aging Internet Service. If it dies, then it becomes harder to do the collaboration on it. The forms package we currently have is aged to the point where it is basically barely holding together. Mr. Fryar said they are trying to get to the forms package and to the SharePoint that will replace it

and allow us to do a better job and still be able to maintain the document information that is there.

Mr. Fryar presented the Invoice Cloud Agreement add-on services biller order form for utility deposits. He said the Invoice Cloud is a bill presentment into application of service and they also process credit cards. The add-on request for the biller order form that is being requested for signature is to allow FPUA to simply take deposits. The deposits credit card processing will go through the same process and have the same fees we are currently paying for our credit cards. All the signature is requiring is to allow for deposits and the difference is on the deposits the customer generally does not have an account set up and the deposit is to create that account.

Ms. Cavalcanti asked if customers will be able to make their deposit via a credit card.

Mr. Fryar said that is correct instead of paying by cash or by check when they come into the lobby to create the account.

Mayor Hudson asked if there is any money associated with this request.

Mr. Fryar said it is the standard credit card charges for credit card processing.

Mayor Hudson said then it is no more than what we pay now.

Mr. Fryar said it is similar to what we were paying with Authorize.net.

A motion was made by Mayor Hudson, seconded by Mr. Delulio, and unanimously carried to approve POA 14-86: the Add-on Services Biller Order Form for Utility Deposits with Invoice Cloud, Inc. of Braintree, Massachusetts. The initial term of this Agreement will be for a period of three years commencing on the Effective Date on the Biller Order Form with automatic three-year renewal options, contingent on receiving the required Certificate(s) of Insurance.

Mr. Lindstrom reminded the Board of the Compensation Workshop scheduled for April 26 at 8:30 a.m. in the Administration Conference Room. He said four items at the City Commission meeting last night, the Commission approved the final budget amendment for FPUA and they formally accepted the CAFR, which resulted in a $5,809,302 distribution to the City. The next item was an additional $155,541 distribution to the City because of the formula of the distribution not accounting for a negative PCA. Staff suggested perhaps that money could be applied to FPUA's WEOP program. Currently, FPUA funds that through $55,000 from FPUA and the outcome was the City would match the $55,000. He believes $20,000 comes from CDBG funds and the other $35,000 will come from the City so we would anticipate weatherizing approximately 35 houses this year with that fund. Mr. Lindstrom said the last recommendation was a 3% rate increase on the water bill, which amounts to between $0.80 and $1.00 for a typical customer and that will be effective June 1. He said we have come upon the season of phone scams. Our commercial

customers have been receiving phone calls from a very professional sounding organization with a bent to call back and ask for a specific person. When you call they request the bill be paid by gift card to disallow disconnection. From the public standpoint be very weary because FPUA as an organization does not call customers and threaten with disconnection or ask for any sort of payment. Their notification would be by the formal process of mail.

Attorney Koblegard said the City Commission and FPRA last night approved another $300,000 loan for the cleanup of the King Plant, which he believes will be the last one. He said that will be presented to the Board at the next meeting in hopes of getting that completed with Harbor Bank so they can go ahead with the loan. Mr. Koblegard asked about the agreement the City has entered into with someone to market the tax credits and if that is moving forward.

Mayor Hudson said that was approved a couple of meetings ago.

Mayor Hudson said she talked today with Mr. Lindstrom about the report back on the backhoe that was supposed to be at this meeting.

Mr. Lindstrom said staff is still gathering data and justifying the expenditure. He said we anticipate it will be at the next meeting.

Mayor Hudson asked because she thought it was going to come back at this meeting and wanted to be sure it was not forgotten.

Mr. Lindstrom said we are doing our due diligence to justify it.

Mayor Hudson said at the City Commission meeting, although it is a snapshot on how people feel at one time, there was no stomach for any future rate increases like the 3% plan. She said that was made clear last night and they want this Board and staff to investigate other ways to make the water system including borrowing it. Mayor Hudson said Mr. Lindstrom said he had already considered that.

Mr. Lindstrom said that is correct, we have some alternatives being investigated.

Mr. Perri said his comment is not collecting money and raising the City's distribution. He still cannot come to grips with that and does not know if customers can come to grips with that. The PCA is not supposed to affect the transfer at all according to the Charter and how we can collect less money and pay more boggles his mind. Mr. Perri said he hopes he is not alone in that. There are CPAs sitting on both sides of him and maybe they can explain it to him where he can understand it. Mrs. Penick tried her best, but he just cannot come to grips with it.

Attorney Koblegard said from the Charter, the PCA should not be considered either way. He said had FPUA had to pay the City based upon an increase in the PCA when it got way up there, it would have increased what we had to pay the City that the Charter does not provide for. In other words right now we are paying them more than we should, but he thinks over time, if the PCA was counted, except we voluntarily took $30 and moved it over. The PCA was high enough for a number of years and what we sent to the City would have been substantially more if we had to count it. It is a balancing act and we are following the Charter.

Mr. DeIulio said we made the deal and now we have to stick to it.

Mr. Perri said he does not know about that if we did it voluntarily.

Mr. DeIulio said for many years the City stuck to the deal and there was no advantage to them to and now we have a negative PCA that has turned it around, so we cannot have it both ways. He said we made the deal four years ago.

Mr. Perri said yes unfortunately we did.

There being no further business, the meeting was adjourned.

ATTEST:

SECRETARY

CHAIRMAN