MINUTES OF A REGULAR MEETING OF THE FORT PIERCE UTILITIES AUTHORITY, TUESDAY, MAY 2, 2017, 4:00 P.M., CITY COMMISSION CHAMBERS.

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

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

The meeting was called to order by Chairman Cavalcanti.

Opening Prayer by Alice Ladomirak of the Treasure Coast Energy Center.

The Pledge of Allegiance was recited.

The roll was called and a quorum declared.

Mr. Lindstrom said April 22 was the Annual Lineman's Rodeo sponsored by Florida Municipal Electric Association and FPUA did themselves proud with some representatives. He introduced Bill Crawford, T&D Superintendent.

Mr. Crawford said they took two apprentices with them up to Lakeland, Florida to the contest to show how well FPUA does in their business. He said this gives them insight on some of the other utilities the way they do it. Mr. Crawford introduced Dade Cappar as one of the apprentices that went. He said they did well and there were 73 apprentices that participated throughout Florida and FPUA came in above the last one so he is very proud of them. Mr. Crawford said Mr. Cappar represented Fort Pierce Utilities Authority at the Lineman's Rodeo and he did very well.

Mayor Hudson requested Mr. Crawford explain what the Lineman Rodeos does.

Mr. Crawford said it is mostly a lot of the older stuff like climbing the poles and doing work and they are timed events.

Mr. Lindstrom said the Florida Municipal Electric Association (FMEA) has recognized some of the Utilities for their restoration efforts during Hurricane Matthew and FPUA was a recipient of that. He presented to the Board the Restoring Communities Award given to Fort Pierce Utilities Authority in recognition of the extraordinary efforts and dedication provided by Florida's municipal electric utilities who helped restore power to communities in emergency situations, presented the 22nd day of April, 2017. Mr. Lindstrom said this is in recognition of the quick and safe response by FPUA during the hurricane event of Matthew.

Nina Penick, Director of Financial Services, presented the Government Finance Officers Association Distinguished Budget Presentation Award given to Fort Pierce Utilities Authority for FY 2017 Annual Budget. She said the award represents a significant achievement and reflects the commitment of the Board and staff to meet the highest principles of governmental budgeting. FPUA has received this award since 1997, which is 21 years. In order to receive the award, the budget was rated proficient in all four of the following categories: Policy Document, Financial Plan, Operation's Guide, and a Communication's Device. Mrs. Penick said this year, the budget received Special Performance Measures recognition. She said staff had been working on getting this special recognition for many years. It means everyone in the entire company has put together measurable goals and the outcome of those goals. The measurable goals are contained in the document and we keep track of them throughout the year to measure ourselves against and possibly other entities as well. Special thanks to Barbara Mika as well as Michele Harris for taking the lead roles in the compilation of this document. They deserve lots of credit for getting it all together. Mrs. Penick thanked everyone throughout the entire organization for their contributions toward making the high quality document that it is.

Mr. Bey asked if FPUA has won the award before.

Mrs. Penick said FPUA has won it for 21 years. She said the first year was the most difficult because we had to meet the minimum requirements and it is a lot of details. Any citizen, customer, perspective employee, or whomever wants to learn something about the utilities and FPUA can get if from this document. Mrs. Penick believes this document has more information than the CAFR and is more reader friendly. She said it has pictures and charts and is easier to look through.

Mayor Hudson said it is available on line and is easy to access.

Mrs. Penick said both reports are available on line at FPUA.com.

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

A motion was made by Mayor Hudson and seconded by Mr. Delulio to approve the April 4, 2017 minutes. Mr. Bey abstained because he did not attend the April 4, 2017 meeting; Dan Delulio, Mike Perri, Mayor Hudson, and Glynda Cavalcanti voted for approval.

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

1. Approve budget transfer of $89,000 for the construction of a feeder tie upgrade to increase reliability to the FPUA water plant and surrounding neighborhood.

2. Approve the purchase of one, inventory stock number ELT3161, 2500 KVA 480/277 three phase pad-mount transformer from CG Power USA Inc. of Latham, New York through the Florida Municipal Power Agency Joint Purchasing Project for Lawnwood Hospital in an amount not to exceed $44,144.

3. POA No. 17-50: Approve the single source purchase of a video wall for Electric Operations in the amount not to exceed $167,350 from Advanced Control Systems Incorporated of Georgia, of Norcross, Georgia.

4. POA 17-51: Approve the piggyback of Volusia County Invitation to Bid No. 14-B-148K and Contract with Pace Analytical Services, LLC, of Minneapolis, Minnesota, for water analysis services in an amount not to exceed $94,500 annually. The Contract will be from June 1, 2017 to May 31, 2018, with four one-year renewal options.

A letter was received from Lt. Keith Blevins from the United States Coast Guard thanking Shari Franco of Human Resources for the care package.

An email was received from Katrina Grbic and Sean Lewis of the Grace Pack Committee Team at White City Elementary thanking Nancy McConkey of ITS and FPUA for their generous food donation.

A card was received from Kim Call of the US Army in Afghanistan thanking Shari Franco of Human Resources and FPUA for the care package.

A letter was received from Mike Reals of the City of Fort Pierce Public Works thanking FPUA staff that participated in the Keep Fort Pierce Beautiful Great American Cleanup.

Mr. Lindstrom said in 2005 a development called Bent Creek was presented to the Board and at this time they are proposing to readdress that development. He said FPUA is proposing to put together several agreements we had at that time. James Carnes is going to give the Board some background and the good news is there is development and growth coming to Fort Pierce. This is an area south of Orange Avenue and there will be in excess of 650 homes built in this area.

James Carnes, Environmental Engineer with Water/Wastewater Engineering presented the Bent Creek Planned Unit Development Water/Wastewater Supply Agreement. He said it is a residential subdivision located on the south of Orange Avenue and west of Hartman Road. The

project consists of 692 single family homes with one clubhouse. The capacity for this project is split across two existing Water/Wastewater Supply Agreements and have been provided in your board package for review. Staff is requesting Board to approve a W/WW Supply Agreement Amendment that would consolidate the two agreements into one and allow the developer to start construction promptly with the least amount of upfront capital while still satisfying the outstanding Guaranteed Revenue Charge debt owed by both agreements.

Mayor Hudson said she liked Mr. Carnes explanation a lot better than what she had read. She said it was little hard to follow, but she understands exactly what they are doing now.

Attorney Koblegard said this entire project is in the City.

Mayor Hudson said that is great news.

Mr. Bey asked if this project will get all of FPUA services, electric, water, gas, and wastewater.

Mr. Carnes said he is not familiar with the gas and electric, but is familiar with the water and sewer.

Mr. Perri said if the demand is there, he would expect we could get them gas.

Mr. Lindstrom said it is outside our electric service territory, but we can certainly furnish gas and our marketing people are probably already knocking on their door.

Mr. Delulio asked if the Board approves this, the old rates that would be charged on the new homes they will build will no longer be in effect. He asked if the water and wastewater ERC will still be effective.

Mr. Carnes said by consolidating the two agreements FPUA is working with the old rates as well as the old Guarantee Revenue Charges (GRCs) that accumulated. He said when they go through and look at establishing what debt is owed and what was paid for in the past, we had to look at the old numbers to use like to like numbers. At the end of the consolidation there is a positive net of money with respect to water capacity. That water capacity is being generated based upon the old rate because it is in line with the numbers used to determine what available capacity is still left at the end. The wastewater has a negative balance so the developer is going to be writing a check to FPUA to zero out that balance. For each home of the 187 of this phase will be paid at the new rate and they will be getting a credit for 84.92 homes of water. They will not be paying FPUA capacity for it.

Mr. Delulio asked if this was a fair deal for the developer.

Mr. Carnes said it absolutely is. He said if the amendment was not ratified and FPUA kept the full terms and conditions of the old agreements, the developer would have to submit $449,000 check

just to be considered for development and receive building permits. He said during the course of connecting those homes at the old rates because they would still have the terms and conditions, they would eventually give FPUA a total of $1,000,020. If the Board approves this agenda item, the developer needs to provide $82,000 check to satisfy the debt, would not pay any capacity for the water associated with 84.92 homes, but they would pay today's rate for that capacity of $2,815. For all the homes above that between 187 that they can develop in these phases, and the 84.92 or 102.18 homes they would pay today's rate of $920.50 and $2,815.

Mayor Hudson asked if it is fair to all the rate payers.

Mr. Carnes said absolutely and that all ledgers are being justified by re-appropriating costs that has already been spent and given to FPUA and moving it to the ledger to satisfy the balance. He said whatever is left over is being presented to them with respect to capacity.

Attorney Koblegard said he believes it is correct to say that capacity of GRCs they would owe, they did not reserve that capacity to keep FPUA from being able to supply water and wastewater to someone else and has not cost FPUA over that period of time because we had much more capacity beyond that if we needed it.

Mr. Carnes said at the time when those agreements were being executed, there were many developments in the pipeline. He said the reason why the GRC provision was so prominent is because it forced people to try and connect so we would have available capacity. Essentially when a developer comes in with 693 units, FPUA submits permits to the State for the water and wastewater treatment plant and say despite what you are producing and sending to your city now, I am taking capacity for this project off the availability for the rest of the consumers that may come in beyond for that. FPUA was inundated with a lot of development and a lot of our capacity was being diminished at the wastewater plant, but we have an abundance at the water plant. Mr. Carnes said he is not certain when it did not become available to others and when it was, but there was a period of time when there was capacity being diminished to a point where we were not going to be able to provide a lot more capacity to other developments when they came in. He recalls when there were six large scale developments that ate up a lot of the capacity of at least 1.5 million gallons at the wastewater plant.

Attorney Koblegard said at the time of this development, it did not take capacity away from anybody else because we had it for other developers if they requested it.

Mr. Carnes said that is correct, there was a measurable capacity at both the plants that could be bargained and sold to these developers for development. He said what was left on the table is what was unknown.

Mayor Hudson said FPUA is making it easy for this developer to do business with us.

Mr. Carnes said this capacity reduction option would take what they paid us to offset their debt and allows developers to come in with the capital they need to build a home, to market it, and sell it. He said there are a few other developments that will be choosing that option in which we will be bringing to the Board at a later date.

A motion was made by Mayor Hudson, seconded by Mr. Delulio, and unanimously carried to approve the Water and Wastewater Supply Agreement Amendment for Bent Creek with Lennar Homes, LLC, of Miami, Florida, MS Rialto Bent Creek FL, LLC, of Miami, Florida, and Michael B. Schorah & Associates, Inc., of West Palm Beach, Florida.

Valerie Schulte, Supervising Engineer of Water/Wastewater Engineering presented the Globaltech Specific Authorization for the replacement of Well W-1R. She asked approval for the work scope of the Specific Authorization with Globaltech in the amount of $388,798. This is for the design/build project for replacement well W-1R. Staff has been budgeting a surficial well replacement in each fiscal year and this well, because of its age, has not been producing a lot of years, and because of its location on the water plant, has made it a good selection to go forward with this fiscal year. Globaltech has performed this type of project for FPUA in the past, they stay within budget, and perform quality work. Right now there are adequate funds in the existing budget to cover their work authorization and any in house cost that could occur.

Mr. Delulio said there is a notation in this item that it would be time consuming to do a bid and he asked what the relationship is for FPUA with Globaltech. He asked if it is specialized and if it was put out to bid, would Globaltech get the work anyway because it is so tied in with other work they have done for us.

Mrs. Schulte said most likely she does not know that Globaltech would bid it. She said we could work with Globaltech for the design portion and once the package was put together, it could go through the requisition system and come to the Board once the bids were received from the low bidder. That in-house process lately is about four to five months to get everything through the system so it would be difficult to get the well constructed in one fiscal year. They go to well drillers in the area and ask for quotes, try to get us a good price, and then they manage the whole project. There is some cost savings there because they are very familiar with all of our specifications and all the shop drawings come in and go through very quickly. If we were to deal with an outside contractor, there would probably be a lot of review process back and forth to get what FPUA wants.

Mr. Delulio asked if they would bid the project.

Mrs. Schulte said it would have to be a contractor and Globaltech does have a contractor's license so they could bid it, but she has not seen them do that type of work. She said they typically do a lot of design and design/build projects, but she has not asked them if they would and they might. If they are the engineer, it would be a conflict of interest for them to do the public bid.

Mr. Delulio said for what the Board is going to approve today and if it was put out to bid, would Globaltech bid it.

Mrs. Schulte said if FPUA put it out to bid and the design was done in-house, Globaltech could bid it. She said if they did the design as our design/build contractor, they would not be allowed to bid it also.

Mayor Hudson said then this is being done as much for the time it will take because they are going to be pretty quick about it.

Mrs. Schulte said that is correct and it is cost effective for FPUA to do the process with them versus if we did the design in-house, we do not have as much expertise as Globaltech does for doing the design. She said FPUA could do the design in-house, but if we went outside and did a specific authorization with them with just the design process, that would take a little bit of time to go to the Board to get approval. Then once that package was done, staff would have to put it in the system and get it ready for public bid and with the time to get that out on the street, it would probably be extended over more than one year.

A motion was made by Mr. Perri, seconded by Mr. Bey, and unanimously carried to approve POA 14-53: Specific Authorization No. GT 17-01 with Globaltech, Inc., of Boca Raton, Florida in the amount of $388,798 for the construction of replacement Well W-1R. This Specific Authorization shall commence upon Notice to Proceed and end on or before September 30, 2017.

Mrs. Schulte presented the Globaltech Specific Authorization for the replacement of the gravity thickener mechanism at the Henry A. Gahn Water Treatment Facility site. She said the agenda item submitted had a lot more detail on the project. This is another work scope with Globaltech who has been doing most of the work on the water treatment plant. They are very familiar with all the processes and are the best qualified right now to perform this project. Some of the funding had to be delayed for the chemical containment switch that was originally in the budget to do a project at the water plant. We are going to use some of those funds to transfer to this project to get it started this fiscal year. The sludge thickener process is critical to our water treatment system and our softeners have to discharge this lime sludge that consists of the impurities in the water for them to function properly. Mrs. Schulte said we have to keep discharging from softeners and need this thickened in order to dispose of it. She said without the thickener working, our mechanics have put together the components and it is working, but do not know how long it will function properly. This project needs to move forward quickly so our treatment process does not have any impacts. The funding this year is to get the project started and there is a lot of long lead time for the equipment so staff is budgeting it FY 18 to cover the additional costs.

Mr. Bey asked if it is likely the new equipment will last 30 years.

Mrs. Schulte said yes she believes so.

Mr. Delulio asked if this is another project that could be bid.

Mrs. Schulte said this project would be a difficult one to bid because when you are replacing mechanisms, you would have to get really down to the details. She said putting together that bid package would be difficult and with the time frame as an emergency, that was the other issue to go with design/build.

Mayor Hudson asked if Globaltech is the only company that can do this kind of thing.

Mrs. Schulte said FPUA does have two other design/build firms, CDM Smith that we have used on one other project and they are so big their design/build team does not like to do projects that are less than multi millions. She said Globaltech is a small enough company that they can give us pretty good costs on it and not have a lot of overhead numbers. The other company FPUA has worked with is TLC Diversified who is partnered with Holtz Engineering. They have specialized a lot more on the wastewater treatment side and we have used them for the IWRF projects.

Mr. Bey said it sounds like we are using creative ways to circumvent spending a lot of time and doing some of this in house.

Mrs. Schulte said yes it does save time to go with a design/build. She said the RFP that went out in 2014, FPUA asked for submittals of all different engineering firms and contractors that wanted to do design/build. Staff reviewed those and selected three firms and that is actually all that was received.

A motion was made by Mr. Perri, seconded by Mayor Hudson, and unanimously carried to approve POA 14-53: Post Budgeted Project/Budget Request in the amount of $360,000 and Specific Authorization No. GT 17-03 with Globaltech, Inc., of Boca Raton, Florida, in the amount of $1,100,703.20 for the replacement of the gravity thickener mechanism, located within the Henry A. Gahn Water Treatment Facility site. This Specific Authorization shall commence upon Notice to Proceed and end on or before March 1, 2018.

Barbara Mika, Finance Controller, presented the bill comparison for the month of February 2017. She said the first graph displays the comparison of Florida Residential Electric Rates for the month of February. The data has been compiled by the Florida Municipal Electric Association and the graph shows all municipal electric bills in the State of Florida for the average residential usage of 1,000kWh. FPUA's February bill is noted in yellow, identifying our position as compared to the other municipal electric utilities. For February, our rates reflect the rise in the Power Cost Adjustment of $3.00 and this increase has moved our position to the right. Of the 33 municipal utilities represented in this graph FPUA now ranks in the 15th positon from the left. Also depicted

in this graph, in blue, is the relative position that FPUA would be in with the approved $5 increase in the PCA, which was put into effect on April 1. Since January, thirteen of the municipal utilities have had changes to their bills, nine of these changes were increases. The biggest rate increases were with the cities of Wauchula, Havana, Bartow, Chattahoochee, and Green Cove Spring. With all of these notable rate increases in the month of February, all three averages shown in this graph for the All Requirements participants, for all Municipal Utilities, and for the Investor Owned Utilities have increased this month and FPUA's electric bill, even with the increase that we implemented for February, is at $110.84, and still remains lower than all three of those averages. Mrs. Mika said the next graph displays a similar comparison for usage of 2,500kWh and on this comparison, FPUA standing has fallen four positions since January to 17th from the left. She said with all of the rate increases occurring in February, the only change that has affected the shift in our position was our $3.00 increase in the PCA. Also included on this graph is the depiction of where FPUA would stand with the additional $5 per kWh increase on the power cost, which went into effect on April 1. It is important to note that despite this month's increase, we are holding steady and at $279.80 for our 2,500kWh bill for the month and still remain below all of the same three averages shown in this comparison. Displayed before you now is the February comparison of local residential electric, water and wastewater bills that have been compiled by finance staff. The table displays the comparison of local Treasure Coast utility bills between Fort Pierce, Port St. Lucie, St. Lucie County, City of Vero Beach and Martin County. All calculated bills include all applicable taxes and fees and have been verified to actual bills. Since this was last presented for the month of January, the only change in the comparative electric bill was with Fort Pierce Utilities. On the Water and Wastewater billing comparison for February the only change noted was a slight drop in the Customer Charge on the Vero Beach bill. FPUA's electric services remains lower than Vero Beach by 6.0%. The next table is a more detailed comparison of those local residential bills with fees for services and a breakdown of the taxes and other charges. An explanation of the fees and charges has been included in your packets. This item is for information only and requires no action on your part.

Ms. Cavalcanti said FPUA's water bill is next to the worst of the five municipalities, but the 10% we have for a surcharge billing charge makes FPUA a higher surcharge.

Mrs. Mika said that is correct they are at 6% and that is just on the water side. She said the others have 6% on the wastewater side also if you look at Port St. Lucie and City of Vero Beach they have 6% on both sides.

Ms. Cavalcanti asked why FPUA's water bill is higher. She said FPUA has an older system than someone like Port St. Lucie that has a newer system.

Mr. Lindstrom said a lot of the rates on a water system are depending on the capital investment. He said the price of a plant is spread over the total number of customers and Port St. Lucie and Vero Beach are an example that are nearing the capacity of their plants. FPUA is at 50% of the capacity of our plant. It is strictly a division function.

Mayor Hudson said we are going to get some more customers from Bent Creek.

Ms. Cavalcanti asked how that would affect FPUA's wastewater charge.

Mr. Lindstrom said it is basically the same formula as the wastewater treatment facility is approximately at 50% of capacity so every customer we add we do not add a lot of additional charge. He said it is spread out over more customer base for that capital investment.

Nina Penick, Director of Financial Services, presented the Financial Operating Results for February 2017. She said the year-to-date increase in net position after the Distribution adjustment was approximately $1.1 million and that is about double what it was this time last year. Operating income was up $1,452,000 and was as a result of decreases in expenses, depreciation, general and administrative costs, and field operations. Also that was bearing the weight of storm expenses, which totaled $640,000, which we have not recovered any of those expenses at this time, but are working diligently to do so. We are still working on recovering some funds from Hurricane Jean and Francis 13 years later. Capital Contributions do continue to decrease and the adjustments associated with Bent Creek are going to do a number on our financials because it will put the current year capital improvement charges into the negative. Mrs. Penick said what we are doing with Bent Creek is taking restricted funds and making them unrestricted. She said the electric consumption goes right along with the revenue as shown on the displayed graph. For FY 17 consumption was down 2% this year versus last year and revenues were down about 4%. Water operating revenues were up 8% in FY 17. Wastewater FY 17 gallons billed were up 4% and the operating revenues were up 2% from FY 16. We are seeing more customers as well as improvements in revenue as well as consumption. Natural Gas is a little bit more sensitive to their contract customers and the consumption in FY 17 is up 9% from FY 16 and the revenues were up 1% and that is primarily because of the gas contract customers. The gas contract consumption was up 22%, but it only resulted in a 6% increase in the revenue. FPUA's debt service coverage ratio for the 12 months ended February 28, 2017 was 2.82, which is well above the 1.25 required by FPUA's bond covenants. This is the highest it has ever been since 2010. This is an information-only item and requires no action from the Board.

Mayor Hudson asked if FPUA gets anything extra for being better than the bond covenants require unless we went below.

Mrs. Penick said it would be horrible if we went below what we had to have. She said FPUA would get downgraded in the market and in order to borrow more money, it would cost more.

Mayor Hudson said we do not get any stars in our crown.

Mrs. Penick said we do not, but we do have fairly good bond ratings as this time, A+.

Mayor Hudson asked who rates FPUA.

Mrs. Penick said Fitch and Standard's & Poors, FPUA is too small for Moody's. She said what FPUA has done is rather than go into the broad market place with many small investors, the refunding we have been doing has been with large banks instead. It is up to them to control that market so they can see how healthy FPUA is and make their own choices on how much they should charge us to borrow money. FPUA has done very well with the refunding like trading in a 5% bond for 2.5% bond.

Ms. Cavalcanti asked if the change on the electric was because of the mild winter.

Mrs. Penick said she does not believe it was the winter because we did not have that cold of a winter than the year before. She said maybe February 2016 is when FPUA had a huge demand charge. It is almost always attributable to weather in terms of October and November if it is really hot, we are going to sell more electricity. It is primarily weather related whether it is hotter or colder in the prior year. Mrs. Penick said she cannot think of any other significant events that have occurred.

Ms. Cavalcanti asked if it is due to lack of customers or changes with customers.

Mrs. Penick said we are seeing more customers coming in.

Mrs. Penick presented the status report on Electric Power Cost Adjustment (PCA) for March 2017 with updated projections through March 2018. She said the PCA is the mechanism by which FPUA recovers the cost of power from our customers that is 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 $80.00 for 1,000kWh, an increase of $6.10 as compared to February. The under-recovery from the customer for the month of March totaled approximately $600,000 and the cumulative over-recovery was $1,786,733 as of March 31, 2017. Over the last fourteen months, FPUA returned $4.9 million to our customers. We have consciously under recovered since February 2016. Mrs. Penick said although no change in the PCA is being recommended at this time, the graph depicts three PCA options. These projections are prepared by Public Resources Management Group (PRMG), which in turn are based on projections prepared by FMPA. Since last month's forecast, FMPA's estimation of the price of purchased power for the upcoming 12 months has increased 3.1%. She said the next graph is a little different than what is usually presented and is forward looking only. It shows the over recovery becoming an under recovery beginning in June, which is next month. Mrs. Penick said each of the lines represent what the over or under recovery would be if the projections are correct. The blue line represents the impact if the PCA is not changed at this time. The red and green lines represent two other options; the red line is a $5 increase effective in May and the green line is three gradual $2 increases in May, June, and July. In the long run the under collection would be less with a total $6 increase rather than the one time $5 increase. Staff is

not recommending any increase of the PCA at this time, but we will continue to monitor this trend and may recommend future changes to the PCA as needed.

Mr. Bey said one of the things he would not like to do is raise the PCA by $5 and asked if there is something we can do now or consider now to prevent that.

Mrs. Penick said we could raise it gradually over a period of time, which is the other option of three $2 increases or we could do it one or all at once or we could make no change. She said it does appear FPUA is simply going to continue to reduce the over collection until it continues to become more and more under collected. At some point it appears we need to make a change. Keep in mind the projections are based on FMPA's projections and in the Board's packet, historically those projections had been fairly high. In the last four months that has not been the case, the amounts they were projecting have actually been more than what they were projecting. Many months prior to that, they historically were projecting higher. If we do not do anything this evening, we may very well have to do something next month.

Mr. Bey said he thinks a month ago, the Board did something smart and got ahead of the curve by raising it by more than what was recommended. He would like to consider doing that if it would mean we would not have to raise it unusually higher by doing it earlier.

Mrs. Penick said that is certainly an option. She said in years past we would generally prefer to do it a little bit at a time, gradually rather than all at once. That is why one of the options was to do it in $2 increments, but as stated, it is something nobody wants to do.

Mayor Hudson asked if the PCA is -$1 now.

Mrs. Penick said it is -$1 at this time.

Ms. Cavalcanti said for February and March we have been going down about $500,000 a month.

Mrs. Penick said for many months we have been decreasing substantially each month.

Mr. Lindstrom said for consideration, the forecasted price for natural gas, which is a huge factor in the PCA was $3.11 for March 2017. He said the actual price is $2.92 so that is a 10% reduction. In March 2016, they were $2.00 even so that was a 50% increase over last year at this time.

Mr. DeIulio asked how close Mrs. Penick was to coming in the meeting tonight to make a recommendation for a $2 increase.

Mrs. Penick said if the Board approves a $2 increase for today, we will still come back next month and take a fresh look at it. She said there would not be any harm in increasing it $2 at this time, it just seems like less we would have to raise it later on.

Mr. Bey said we may get lucky like we did a month or two ago.

Ms. Cavalcanti said especially if we can prolong it and not have to raise it so much in the summer. She said May is not quite as high as July and August.

Mrs. Penick said that is the question because right now we are already into May and not sure if we have done the first billing for the month of May. To do it all in May it would not be any worse in June and July. It is a matter of personal preferences to how to apply the increase. If we do it gradually, if there is a big change we would not have to go up and down like some of the other cities do in the bill comparison. They have huge swings of $10 in one direction and then the other direction.

Ms. Cavalcanti asked if we did $2 or $3 now, would it take affect May or June.

Mrs. Penick said she would like to see it get into May because it is that early in the month and we may have to do some adjustments with today's billing.

Mr. Perri asked what the projection would look like in August or September from todays -$1.

Mrs. Penick asked if Mr. Perri meant the price of gas or how much the PCA would be.

Mr. Perri said the PCA is -$1 now, looking into the crystal ball, what would it look like.

Mrs. Penick said if we were to increase it $5 so it would be a $4 PCA, we would still be over $1 million under collected in August.

Mr. Perri said at that rate the less painful thing to do would be to reduce it $1 every month until then.

Mrs. Penick said that is certainly another option.

Mr. Perri said if you do not want a $3 or $5 impact, we could start today and reduce it $1 every month and we would almost be on track and still have a little bit in our recovery.

Mayor Hudson said she likes that.

Mr. Perri said that is the less painful thing.

Mr. Delulio said the PCA would be $0 then.

Mayor Hudson said for one month it would be.

Mr. Perri said if we reduce it, it would be to $0 and reduce it $1 the following month it would be plus one and then plus two. He said at least it is not up to $57, but that is a hypothetical. At $0 the PCA is really $30.

Mr. Bey said he could support that.

Ms. Cavalcanti asked if that is a motion.

A motion was made by Mr. Perri, seconded by Mayor Hudson, and unanimously carried to approve an increase of the Power Cost Adjustment of $1 per 1,000kWh, from -$1 to $0 per 1,000kWh, effective May 1, 2017 and consider increasing it $1 every month until whenever.

Mr. Lindstrom said today the American Water Works Association (AWWA) published their report on water quality standards and Florida was ranked as one of the worst states in the nation. He said FPUA does not have any violations in any respect whatsoever on those rankings. We have one of the highest quality rated water plants in the state and nation. This is something AWWA puts out periodically and is based on several criteria and it is a good criteria to have because it points out the poor performers. Unfortunately, the good performers do not get credit for it so he would like to present FPUA for getting good credit on that report. If you see it in the newspaper or someone comes up and asks you, FPUA is not participating in the negative activity.

Mr. Lindstrom said he and Mr. Perri met with Jacob Williams and Mark McCain of FMPA for what they call a "howdy round" last week. He said they gave an update on their budget process and some things that are going forward. FMPA is going to hold their monthly meeting here at the Treasure Coast Energy Center in September because it is a "crown jewel" in the fleet of that organization.

Since we have implemented the Economic Development Incentive Rates on the electric side, we have added 14 new customers to the system. That is a good trend and over half of those customers are infill customers in locations that had service and had lost customers so now they are open for business again.

Mr. Lindstrom said the Board may have noticed some new art work around town. He said we have partnered with the Keep Fort Pierce Beautiful campaign and the St. Lucie County School systems. Jason Hoffman is going to give a brief tour of what used to be and what is with the switch gears and transformers around town.

Jason Hoffman, Customer Solutions Manager, displayed some before and after pictures of utility boxes around town that have been either painted or have color wrap arounds. He said FPUA

worked with Public Works to remove some bushes around the transformer at the gazebo and it was painted. We met with the County school system and the kids had a color competition, the pictures were brought to the Keep Fort Pierce Beautiful Board and four pictures were selected to be used on some of the utility boxes around town. Some of the locations that have been completed are: UP Center – Orange and 25th Street, Veterans Park, Indian River & Citrus near St. Andrews School, Backus Museum, Avenue D & 7th Street (picture was winner of the Highwayman competition), Citrus & 2nd Street. Mr. Hoffman said the budget has been used up for the year.

Mr. Delulio asked how many are left to be painted.

Mr. Lindstrom said there are hundreds more.

Mr. Hoffman said we are trying to get the ones with lots of visibility.

Mr. Bey asked what the budget was for this project.

Mr. Hoffman said it was $6,500.

Mayor Hudson said they look good.

Mr. Lindstrom said he sees people taking pictures with the paintings.

Mr. Bey asked if someone will come to FPUA and request that it continue.

Mr. Hoffman said he would love to put something together where a company will sponsor a box and take a portion of that to go to MOEC.

Mr. Bey said he likes the idea of getting someone else to pay for it.

Ms. Cavalcanti asked how much it was per box.

Mr. Hoffman said it about $1,000.

Ms. Cavalcanti said she believes Mr. Hoffman can get a lot of support from businesses.

Mr. Hoffman said as long as they do not make it a billboard, they could put their name in a small area.

Mr. Bey said he thinks it would be a good idea for Mr. Hoffman to put something together like that because it is beautifying the City.

Mr. Hoffman said he would get with Shayanne of the City and do it through the Keep Fort Pierce Beautiful Board.

Mr. Lindstrom said this is one more thing a municipality can do that you will not see elsewhere.

Mayor Hudson thanked the staff for helping during Earth Day, which was a County activity. She said they stayed out there for the whole day.

There being no further business, the meeting was adjourned.

ATTEST:

Deputy SECRETARY

CHAIRMAN