MINUTES OF A REGULAR MEETING OF THE FORT PIERCE UTILITIES AUTHORITY, WEDNESDAY, JULY 5, 2017, 4:00 P.M., CITY COMMISSION CHAMBERS.

Members Present: Chairman Glynda Cavalcanti; Vice Chairman Daniel M. DeIulio; Secretary Darryl Thomas-Bey; Deputy Secretary Michael A. Perri, Jr.; Mayor Linda Hudson; and 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; and Jason Hoffman, Manager of Customer Solutions

The meeting was called to order by Chairman Cavalcanti.

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

The Pledge of Allegiance was recited.

The roll was called and a quorum declared.

Ms. Cavalcanti asked for a motion for setting the agenda.

Mayor Hudson requested that item F1 - Report on Commercial Account Deposits be removed from the agenda to be discussed at a workshop and said she had written that in an email and would approve the agenda without F1.

A motion was made by Mayor Hudson and seconded by Mr. Bey to set the agenda without item F1.

Mr. Perri said this has been an off and on item and was requested to be on this meeting. He thinks it should stay on this meeting and said he has a little problem with what has transpired over the past few weeks. There are a lot of things that seem to him have been improper and this is one of the things he believes is improper. It seems to him that when it was put back on the agenda, shortly after that an email was sent by Mr. Bey, he believes, to pull it back off and within 15 or 20 minutes another email was sent by another Board Member to pull it off and 10 minutes after that another email was sent to pull it off. Mr. Perri said there is something wrong with that system. He thinks there is some possibility of violations here of the Sunshine Law or whatever and thinks the gentleman was asked to have this report that by the way he understands Mr. Koblegard asked to see the report before the report was delivered to the Board. He thinks that is a violation and Mr. Perri said he wants to hear the report.

Mayor Hudson said she had no knowledge that anybody else was asking for that to be pulled. She wanted to go back to Mr. Perri's original suggestion, which was to have it at a workshop.

Mr. Perri said his original suggestion was to have something on a workshop on getting this convoluted and the way FPUA does deposits to get a business friendly way to handle deposits. It was not about this report; it was about getting together and restructuring our whole business model for deposits and trying to help businesses be business friendly and give whoever is in charge some latitude to make decisions. If we get into this report right now, you will see we have hundreds of businesses without deposits, not just one or two. There are some people here that are probably interested in that report and Mr. Perri thinks the report ought to be made.

Mayor Hudson said she disagrees and she is thinking it needs to be discussed exactly like Mr. Perri said in a more global fashion. She said we need to look at the original resolution that was passed, which she was not on this Board when it passed and the reason behind it. We need to look at the whole picture and not this one particular situation right now.

Mr. Perri said that is what the request was about this one particular situation. He said that is what the request was to check on the deposits and it was one particular situation.

Mr. DeIulio said he feels like he is caught in the middle here because he has been out of town a lot and is in the dark as to what is going on. He read the minutes from the last meeting and someone on the Board did mention that this is the type of thing that needs to be part of a strategic planning item.

Mayor Hudson said that was Mr. Perri.

Mr. DeIulio said whether it is a workshop or strategic planning item he is caught in the middle because he has issues with regards to the policies and procedures that lead to us having this as an item on the agenda. He is unclear as to whether we followed Sunshine or followed our own policies or the City policies as to how that affects this. At the other end, Mr. DeIulio said he has concerns if we hash this out without really having a lot more or lot less detail in some ways it can create problems. He has two main concerns on how we have gone from two meetings ago to where it was brought to the Board's attention there might be some issues with regard to the deposits to where we are now having this discussion. Somehow in the middle, the Director's job is coming into question. Those items might be better to discuss at another time, but primarily Mr. DeIulio's said his biggest concern with how this whole thing has been handled is that demands have been made on the Director and on the employees to provide names of customers that have been impacted as to whether they have made deposits or not. To him that is a real concern with confidentiality rules because in his profession confidentiality is a huge issue. The other issue he has is there were demands made that maybe employees may have been involved in whether the deposit was made or not that they be identified. That creates another whole set of issues with regards to employee's confidentiality. Mr. DeIulio said he looks at this as a policy and procedure matter and to him it has been blown way out of proportion. He said there are certain policy and procedures, if they were followed or not, then we will deal with it and move on. The initial response to the Director providing an email as to the Board's original request to give them a timeline or a rundown of what happened, to him satisfied his concerns. There were

policy and procedures that may not have been followed to the tee, but there are procedures that have been put in place so it reduces the possibility of deposits coming up in the future. End of story as far as he is concerned. All this other stuff to him is blown out of proportion. He looks at it from another perspective in that we are focusing on 100 commercial clients/customers that may not have paid deposits and he believes we should focus on the 4,000 that have paid deposits and maybe look into how to set in place policies and procedures to refund them some of their deposits over time if they show they have been good customers. He is looking at it from a whole different perspective and as a result of that he is looking at this as something that would be better suited as part of a strategic planning meeting. Mr. DeIulio said he can understand Mr. Perri.

Mr. Perri said he is with Mr. DeIulio on that the policy needs to be handled at the strategic planning, but a Board Member asked to have the Customer Service Manager that was in charge of these deposits to give the Board a report on how this all came about. He has got a report here and that is what he was asked to do and now we do not want to have a report. It was on again, off again thing. It all has to do with, quite frankly, a lot has to do with Clay Lindstrom's job is apparently on the line. Mr. Perri has been told there are three votes to terminate him, no reason. He asked for someone to give him a reason why Mr. Lindstrom should be terminated. This operation is solid as a dollar, we have a cash reserves, great bond rating, great bunch of employees for the most part, there are a few people in his opinion not worthy of the positions they hold and that will be coming up at a later date he is sure. How does someone come up with that there are three votes when he was not polled? He asked Mr. DeIulio if he was polled.

Mr. DeIulio said he was not and he would not participate in that.

Mr. Perri said it does not pass the smell test with him, it sounds like a witch hunt and this is part of the deal. He said it started with Bill Abramowicz coming up here and giving some kind of a spiel.

Mr. DeIulio said in defense of Bill, he has a right to come up and speak his mind so we cannot point a finger at him.

Mr. Perri said yes he does. He asked if Mr. Abramowicz woke up one morning and said I wonder if this guy has a deposit, do you think that actually happen. Do you think he was not put up to that? This is the 21st century.

Mr. DeIulio said he does not want to speculate on any of that and wants to give him the benefit of the doubt. Obviously, he was not involved in the decision to have this as an agenda item and that is his take on it. Flying at 10,000 is what he has been told.

Ms. Cavalcanti said there is a motion and a second.

Attorney Koblegard said he would like to address one thing that Mr. Perri said. He said as far as Darryl Bey's request to pull it from the agenda, he has had to read a lot of emails lately and may

be mistaken, but he believes his email was sent to all the Board Members and that is the reason the responses came as they did. As far as the report and deleting the names of the people that have not put up deposits or have put up deposits, that is a public record. Those names really should not be delete and he does not think it is a problem, but is just saying we cannot delete that if someone wants to see it. It is a public record and we have to follow that.

Mr. Perri questioned Attorney Koblegard about asking the employee that was asked to do a report at this meeting and send it to him before this Board's members received it, he does not understand that part of it. There is a lot of things Mr. Koblegard in the last two or three weeks are very troubling to Mr. Perri. He said he talked to Mr. Koblegard at issue with one of them at a very long length and he does not understand that.

Mr. Koblegard replied yes.

Mr. Perri said he has asked for a report from the IT Department because we spend hundreds of thousands of dollars on a program that he was told on the last report it was up and running. He said from what he understands it is not up and running, it is still problematic. Mr. Perri asked Attorney Koblegard if he asked him for that report before he came to the Board.

Attorney Koblegard said he is not aware of that report, but he did ask Jason to send him a copy of the report if he did not mind, it was not mandatory. He said a lot of it had to do with the public records request that we were responding to at the same time and he wanted to see that in relationship to some of those requests. That is why he asked for it, not for any arterial motive, he would not do that. It was just for the matter of trying to review it to see what was going to be in it to see if he thought it was complete enough because there was so many different reports running around about deposits or no deposits and everything else.

Mr. Perri said shortly after Attorney Koblegard got that report, it came up for it to be taken off this agenda.

Ms. Cavalcanti asked for the motion to be read.

Mrs. Mazzarella said a motion was made by Mayor Hudson and seconded by Mr. Bey to remove F1 from the agenda.

Roll was called.

<u>Those voting for approval were Mr. Bey, Mayor Hudson, and Ms. Cavalcanti. Those voting against the approval were Mr. DeIulio and Mr. Perri, the motion passed.</u>

A motion was made by Mayor Hudson and seconded by Mr. Bey to approve the June 6, 2017 minutes. Those voting for approval were Mr. Bey, Mr. Perri, Mayor Hudson, and Ms. Cavalcanti; Mr. DeIulio abstained because he did not attend the meeting, motion passed.

Larry Lee, Jr., of 7936 Saddlebrook Drive, Port St. Lucie, Florida said he heard that Mr. Lindstrom's job might be in jeopardy and he wanted to speak on his behalf. He would like to share his experience with Mr. Lindstrom. As many of you may know, Mr. Lee said he serves in the Florida House of Representatives and the past five years he has seen some phenomenal things occur in Fort Pierce. He said not just in Fort Pierce, but with the City of Fort Pierce, Port St. Lucie, and the County all working together, which is something he has not seen growing up in this community. Mr. Lee said as he rides around he sees a ton of things happening in Fort Pierce and he attributes it to the current administration, that is the whole administration. He said a little over one year ago, he was on his way from Tallahassee coming back and received a call from Mr. Buddy Hack who was pretty upset. Mr. Hack had a yacht refurbishing business here and he was telling Mr. Lee what he felt would jeopardize him being able to expand that business in the Port of Fort Pierce because there was not any electricity there, they were using generators. Mr. Lee said he immediately got on the phone with Mayor Hudson and Mr. Lindstrom on a Friday afternoon to ask them if they could meet him on a Saturday. They met with all parties involved. Mr. John Rosatti, who owned that yacht and had spent $75 million on that yacht and was spending $3 million to refurbish in the City of Fort Pierce and was creating 30 jobs. The next day on a Saturday, they met and Mr. Lee explained the situation to Mr. Lindstrom and the Mayor. The Mayor personally and Mr. Lindstrom worked to make that happen. Two weeks later Mr. Lee had a call from Mr. Rosatti and he said he had been to ports all over the world and had not seen government work at that efficiently and that fast and was attributed to Fort Pierce and the Fort Pierce Utilities Department under Mr. Lindstrom's guidance. Mr. Lee said when Fort Pierce had the hurricanes and some business owners were out of electricity he told them he was a state representative and they should be calling their Mayor and City Commissioners, he would make a call. Mr. Lee said Mr. Lindstrom, his staff, and employees of FPUA came through like a champ. Just recently, he met Mr. Fenton who purchased the old PAL building on 2nd Street and he asked through a local realtor Pat Murphy to have lunch with Mr. Lee. Mr. Lee met with him and he had nothing but praise to say for the City of Fort Pierce and the Fort Pierce Utilities Authority. Mr. Lee said he says all that and could say even more, but he runs several businesses and in his business if one of his employees does something that is against policy, what he does is reprimand them. He gives them a written reprimand and tells them what he has issues with. If it happens again then they are out and he gives them 60 and sometimes 90 days. Mr. Lee thinks that right now to dismissal of Mr. Lindstrom is wrong and he wants to go on record of saying that. He thanked the Board for their time.

Rick Reed of 3301 Bent Pine Drive, Fort Pierce, Florida said when he got notice, his restaurant and for full disclosure, you all started this witch hunt because of Sweety's Diner. He said he never had any conversation with Mr. Lindstrom regarding any deposit with regards to this and you all somehow put a quid pro quo with Mr. Lindstrom to attack his integrity and it was wrong and still

wrong. This community, Mr. Reed said he cut his teeth in politics fighting the Fort Pierce Utility Authority. He said Representative Lee pointed out to him the other day who would have ever thought Rick Reed, Butch Alexander, and Reggie Sessions would be up here fighting for the Utility Authority, fighting for Mr. Lindstrom, and these fine employees that work here. To impugn this gentleman's integrity is an abomination. Especially in view of what has been discovered during this process. Mr. Reed said he made a public records request and said it was not easy. He said his public records request unlike anybody else's in the Fort Pierce Utility Authority had to be reviewed by Mr. Koblegard. Everything had to go through Mr. Koblegard and that is not how the Sunshine Law works, but that is how it was with this situation. It is evident among the emails that have gone back and forth, Mr. Perri is absolutely right, there seems to be some serious issue with the Sunshine Law. You all are not supposed to be communicating or having a parking lot meeting outside the scope of this meeting. Mr. Reed said it is horrible that you wanted the facts, but when the facts did not agree with what your position was or your witch hunt, you decided to pull that report. He was told there were only 32 and then 36 customers without deposits and when he made his public records requests, there 220 that were not government agencies, but read like the who's who of the good ole boys in this town. Now he finds out and is probably letting the cat out of the bag, there are 718 customer deposits and guess what, they are all in good standing and the businesses are open and good customers of the UA. Mr. Reed said he does not ask for special favors and he does not want to owe anybody anything. He has a right like anybody else to run a business in this town and not simply because he stands up here and been a watchdog in this community and has to be abused and have innocent people drug into the dragnet of this, it is a shame. So that the people of Fort Pierce know and the viewers and everybody else who these individuals are so we understand, Mayor Hudson's brother-in-law is the UA Attorney. Ms. Cavalcanti was her campaign manager so there is always that relationship. Mr. Reed said he got a letter once he made his public records request and gets the enjoyment of having a letter from the UA Attorney. He said if the rate payers are happy with their utility rates, you are paying this attorney to write me. Mr. Reed said he tells me that I am no longer, Mr. Reed said he is a business person and his light bill this month was $5,800 at his place of business and he is told, please be advised that from this point forward, you are to go through me for any contact with the Fort Pierce Utilities Authority with the exception of making a public records request. Mr. Reed said he hired an attorney to respond, and his attorney is told, you would have assumed that common sense would dictate that Mr. Reed need not contact me in the middle of a utility emergency or to pay his bill. Since that was not apparently clear, let me reiterate that Mr. Reed is free to contact the UA to pay his bill, request utility service, report emergency situations or outage, or for any other legitimate utility service related issue. Mr. Reed said you are not running a brothel so why would I be calling for any illegitimate services. He said you should be ashamed of yourself sir and we are paying for you, your brother-in-law Mayor Hudson. Mr. Reed said this stuff has to stop and told the Chairman that he read all those emails and said she has run the Utility Authority like a property manager. The way she talks to the employees, she should be ashamed to herself and all of you cannot carry this man's shoes to the outhouse because he has more class than any of you all. You should be ashamed.

Val Sirmons of 1545 Pinebrook Lane, Fort Pierce said she is a 21-year employee and Clay is her third director. She said her first director was Bud Boudreaux and from the time she has been at the UA, the City and Fort Pierce Utilities, the only connection we have is when it is time to approve our Board and budget or when we are trying to ask for something or the City is asking for money for their check at the end of the year. Mrs. Sirmons said when under Bud Boudreaux, we went so long and it was such a battle to always get our raises approved so what Bud Boudreaux did was hold out the City's pay until we got that approved. That is under one director and then we come along and get Bill Thiess. She went to Bill and told him that no matter what you give the City they are always want more, they take everything we have like our longevity, our insurance, everything you guys want to take, take. Ms. Sirmons said her first meeting with Clay she told him not to give them anything else because they always want to take, but yet at the end of the year they want their check. What do they do, we are on the verge of changing our retirement plan, everything you guys do and no time did we ever work together with the City until Clay. She said she has been here 21 years at the Utilities and last year under Clay last year was the first time the City and UA at which at Mr. Lee says, we should be working together. We had our first Thanksgiving dinner together and we do things in the community together. This is a disaster and we have employees running around complaining on a situation where Clay is being blamed for and he is a Director. He has nothing to do with deposits, if anything that comes through the Manager. Under Bud Boudreaux there was a trailer park that was under deposit there was a problem with that and it had nothing to do with Bud and his job was not on the line for that. Mrs. Sirmons told the Board they are handling this like a bunch of babies and she would like to be on record saying this has nothing to do with Clay. You have a vendetta for whatever the reason is Ms. Glynda, Mrs. Hudson, you guys are adults, what would you like for someone to be voting on your job for a deposit that has nothing to do with him. He did not take that deposit, he did not request that deposit. You put it on agenda and you hear there is too much of the Board going back and forth communicating. Mrs. Sirmons said we have a morale issue and that was with a young lady that is no longer with the Utilities, thank goodness for that, because she is feeding Glynda and Linda a mix and blender of a bunch of crap. She said you guys are acting like a bunch of spoiled children and not a Board. She said in 21 years, she has never experienced anything like this in her life. We have a company for 21 years that has received a reward every year for our finances and we do not have an issue. We have a reserve and put in more money than the City and the Police Department for our retirement. We put in and organize, do things in the community, and we try to work with the City, but every time we turn around, the City is bashing FPUA until you got your hand out for your $5 or $6 million. FPUA is the only business this Board oversees that makes money and yet you treat it like it is your stepchild. Mrs. Sirmons told the Board to do better and that they should not have taken that item off the agenda because we had people here to address this situation and put it past us. She told them and Ms. Glynda to grow up.

Margaret Cook of 1711 South Indian River Drive said she has been in Fort Pierce about eight months and she loves it. She comes from big towns like Detroit, Miami, Washington DC, and Los Angeles. One of the reasons she loves Fort Pierce so much is because of people like Clay Lindstrom and his family that stopped by her house the first week she was in town and knocked

on her door to welcome her to the neighborhood. She said that has never happened anywhere else she has lived. All the service she has received from the Utility has been excellent from the first phone call she made to order the service from Tampa before she moved here to the field service technician that came out to prepare some corroded something or other. Ms. Cook said she is really impressed with the service she has received, the hospitality she has received, and the people she has met in the community through the Fort Pierce Citizen's Academy and getting to know all of you. She said to please go slowly and take your time because the brotherhood and family relationship that we all should have together, she feels from Clay.

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

1. POA 13-79: Approve the purchase of two additional servers in the amount of $10,130.88 from Dell Computer Marketing Limited Partnership of Round Rock, Texas, through Florida State Contract 43211500-WSCA-15-ACS. Total server purchases from Dell this year, with the purchase of these two additional servers, is in an amount not to exceed $30,000.

2. Approve Post Budgeted Project/Budget Request for Precast Specialties in the amount of $52,000 for FY 2017.

3. RFP No. 17-41A: Accept Proposals from and approve Contracts for HVAC Parts, Repairs and Replacements with Custom Air Systems, Inc. of Port St. Lucie, Florida, Three G's, Inc. dba Grimes Heating & Air Conditioning of Fort Pierce, Florida, Seacoast Air Conditioning and Sheet Metal, Inc. of Fort Pierce, Florida and Thermal Concepts, Inc. of Davie, Florida, in an amount not to exceed $120,000 annually ($30,000 each). The initial term of these Contracts will be from July 6, 2017, to July 5, 2018, with four one-year renewal options.

4. Bid No. 17-49: Approve award of bid and Contract for the purchase of approximately 325 tons per year of 93% Sulfuric Acid (66 Baume) from Sulphuric Acid Trading Company, Inc. of Tampa, Florida, in an amount not to exceed $39,487.50 annually for the period from July 6, 2017 through July 5, 2018 with four one-year renewal options, contingent on receiving required Certificate(s) of Insurance.

5. RFP No. 17-42: Accept Proposals from and approve Contracts for Tree Trimming and Removal services with The Davey Tree Expert Company of Kent, Ohio, Sampson Tree Service Co. of Port St. Lucie, Florida, Scott Tree Services of Treasure Coast "LLC" of Vero Beach, Florida and Tri-Brothers Tree and Landscaping, Inc. of Port St. Lucie, Florida, in an amount not to exceed $60,000 annually ($15,000 each). The initial term of these Contracts will be from July 6, 2017, to July 5, 2018, with four one-year renewal options, contingent on receiving required Certificate(s) of Insurance.

6. POA 17-54: Approve piggybacking BID#WUD16-001/VMG, between the Palm Beach County Board of County Commissioners and Aquifer Maintenance and Performance Systems, Inc., of West Palm Beach, Florida, for well field maintenance and rehabilitation services in an amount not to exceed $175,000 annually. The Contract will be from August 1, 2017 through July 31, 2018 with four one-year renewal options, contingent on receiving required Certificate(s) of Insurance.

7. POA 17-73: Approve: 1) the purchase and installation of hardware and software to upgrade the Cisco Unified Communication System and install a new Cisco Emergency Responder solution in the amount of $66,190.74 from United Data Technologies, Inc. of Miami, Florida, under the WSCA-NASPO Cooperative Purchasing Organization Data Communications Products and Services 14-19 administered by the State of Utah, Master Agreement and State of Florida Alternate Contract Source No. 43220000-WSCA-14-ACS. 2) the associated maintenance contract, in an amount not to exceed $13,950.20 annually, with unlimited renewal options.

8. Approve/ratify Post Budgeted Project/Budget Request and purchase of emergency replacement of 20-ton air conditioning system from Seacoast Air Conditioning and Sheet Metal, Inc., of Fort Pierce, Florida, both in the amount of $34,750.

9. Bid No. 16-42: Approve Amendment No. 1 to the tree trimming Contract with The Davey Tree Expert Company of Kent, Ohio to increase the not-to-exceed contract amount from $300,000 to $376,000 annually.

Larry Lammers, Electrical Engineer for Electric & Gas Engineering, presented the Lawnwood Regional Medical Center Upgrade and Expansion project. He said Lawnwood Regional Medical Center has been steadily growing in capacity and capabilities. The hospital has plans for further expansion and because of these plans, hospital staff approached FPUA about increasing the reliability of the electric service to the hospital. FPUA staff has designed system improvements that would give the hospital two separate feeders that would terminate inside of an automatic transfer and the switch will be located on the hospital property. Mr. Lammers said this type of utility configuration is common for electric utility service provided for a hospital. He said the total cost of the project is estimated to be $438,000 and the hospital will have Contribution-In-Aid that will cover $294,000 of that. The remaining $144,000 will come FPUA. Staff is requesting approval of this project for FY 2017 in the amount of $200,000 with the remainder of the project cost coming from FY 2018.

A motion was made by Mr. Perri, seconded by Mayor Hudson, and unanimously carried to approve Post Budgeted Project/Budget Request for the Lawnwood Regional Medical Center Upgrade and Expansion in the amount of $200,000 for FY 2017.

Valerie Schulte, Supervising Engineer of Water/Wastewater Engineering presented the contract with Underwater Engineering Services, Inc. for armoring a pipeline FPUA has that crosses the Indian River Lagoon. There are quite a few pipelines that cross that area and we do annual inspections. For about the last 10 years we have been doing dive inspections of those and last year we ended up having to do a repair on a portion of the water main and the outfall diffusor. This last year the survey came back and there was a lot of exposed pipeline there and a study was done to determine the extent of the pipeline exposure. There is a pretty good section that is in need of some armoring. We have checked around with some other utilities to see if there are any piggyback options and there are not any. Mrs. Schulte said it is a force main so it is a critical asset that we really need to get moving on. She is asking for approval of the contract with Underwater Engineering Services for that work.

Mayor Hudson asked if this more extensive than what was first thought and is it more costly.

Mrs. Schulte said that is correct and when they realized with the dive inspection they were noticing that sections were exposed. She said we ended up going further and had them do a more extensive diving and used another company to do a bathymetric survey. We were able to see the pipeline profile in relation to the underground level and there is a pretty good portion of that pipeline that is exposed.

Mayor Hudson asked if that would have to be there whether the wastewater treatment plant is moved or not.

Mrs. Schulte said yes either way we will need to send water back and forth.

Mr. Bey asked when she said exposed if that means above water.

Mrs. Schulte said it is above the soil so you can see it in the water and you are not supposed to see the top of the pipe.

Mr. Perri asked if there is any possibility if the storm islands they put in there had any adverse effect on our line that is going across there. He asked if those islands are close enough that they may cause this to happen more frequently than it has in the past and is there any record of that.

Mrs. Schulte said her engineering opinion is probably because from hydraulics it is flow which is area times velocity so if you have less area then you have higher velocity. She said we believe that is what is happening there.

Mr. Perri said if you have an increase of speed you have an increase in pressure.

Mrs. Schulte said that is correct in a pipeline situation.

Mr. DeIulio asked if this is a budgeted item and asked if we are pulling contingency funds for this.

Mrs. Schulte said working through finance, she believes the funds were available in the existing budget amount.

A motion was made by Mayor Hudson, seconded by Mr. Bey, and unanimously carried to approve POA 17-48: Contract with Underwater Engineering Services, Inc., of Fort Pierce, Florida, as a sole source, in an amount not to exceed $425,478 for Subaqueous Force Main Armoring. This Contract shall commence upon written Notice to Proceed and end on or before November 15, 2017.

Keith Stephens, Water Resources Superintendent, presented the Allied Universal Corporation contract. He said this item is for the major disinfectant used at the water treatment plant. The sodium hypochlorite is used at the Water Treatment Plant for the disinfection of drinking water and at the Island Water Reclamation Facility and also for the waste stream for deep injection well maintenance. The Invitation to Bid (ITB) was uploaded to DemandStar on June 5, 2017 and was advertised on June 9 and 16, 2017, with the opening at 3:00 p. m. on June 23, 2017. The ITB was sent to 200 vendors. Four vendors requested specifications with two responding, resulting in a 50% response rate. The Second Chance Offer (SCO) was enacted, per FPUA's Special Terms and Conditions Local Vendor Preference evaluation requirements, because a local vendor came within 5% of the lowest bidder who was non-local. On June 28, 2017, FPUA submitted a SCO to the two bidders. As a result, both vendors submitted bids below the original low bid. A recommendation was received from the Water Resources Superintendent on June 27, 2017 to request authorization from the Board to accept the low SCO bid from the local vendor, Allied Universal Corp., for approximately 444,000 gallons in the amount of $0.499 per gallon for a total award of $221,556 annually. The unit price amount bid by Allied is 7.2% lower than what FPUA is currently paying per unit for Sodium Hypochlorite. Mr. Stephens said based on this, if we use the full contract it will be a savings of $16,000 for the year. He said it is staff's recommendation that the Board approve this recommendation. What is amazing to him is he cannot remember the last time we ever went down on a chemical cost. By FPUA being able to use the local vendor and the Local Vendor Policy we have in place, it was a win/win for us. The local vendor won it and we won because we got a lower price for the product. It is staff's recommendation the Board approve this bid in an amount not to exceed $221,556 annually for the period of July 6, 2017 through July 5, 2018 with four one-year renewal options.

Mr. DeIulio asked how the renewals work.

Mr. Stephens said when the renewals come up if we have no problems with them and they have no problems with us, then we move forward. He said most of the time they hold this price and if it is within reason we move on, but if not we will go out for bid again.

Mayor Hudson said there are a lot of rate payers here and maybe Mr. Stephens can tell them what this does for them when this is put in the water, how this helps them.

Mr. Stephens said we used to have gas chlorine and chlorine is the main disinfectant and it removes the bacteria from the water and makes the water safe to drink. He said he believes most people know that.

Mayor Hudson said he would be surprised.

Mr. Stephens said that is what makes FPUA different than a lot of companies across the world that do not have safe drinking water. He said the chlorine does make the water safe to drink. He has done a calculation and with our new cost and with what we put in, it cost us about $0.5 per 1,000 gallons to add the chlorine costs.

Mayor Hudson said it makes the drinking water safe.

Mr. Stephens said that is correct.

A motion was made by Mr. Perri, seconded by Mayor Hudson, and unanimously carried to approve Bid No. 17-64: award of bid and Contract for the purchase of approximately 444,000 gallons per year of Sodium Hypochlorite from Allied Universal Corp. of Miami, Florida, in an amount not to exceed $221,556 annually for the period of July 6, 2017 through July 5, 2018 with four one-year renewal options, contingent on receiving Certificate(s) of Insurance.

Barbara Mika, Finance Controller, presented the bill comparison for the month of May 2017. She said the first graph displays the comparison of the Florida residential electric rates for the month of May. The data behind this graph has been compiled by the Florida Municipal Electric Association and shows all municipal electric bills in the state of Florida for the average residential usage of 1,000kWh. FPUA's May bill is noted in yellow, identifying our position as compared to the other municipal electric utilities. For the month of May, our rate of $116.84 reflects the changes in the Power Cost Adjustments (PCA) for April and May. Of the 33 municipal utilities represented in the graph, FPUA now ranks in the 12th positon from the right. Also depicted in the graph, in blue, is the relative position FPUA would be in, effective with the June bills. Since April, 13 of the municipal utilities have had changes to their bills, 10 of those changes were increases with an average increase of $3.55. The two biggest rate increases in May were over the $10 range, with the cities of Havana $12.11, and Newberry $11.00. These rate increases have affected the average rates shown in this graph. The average for the All Requirements participants has increased $4.81 and for all Municipal Utilities the average is higher by $2.37. The May bill for FPUA, at $116.84, falls below the All Requirements and the Investor Owned Utility averages.

Mr. DeIulio said since there are a lot of customers or clients in the audience, he said when we are doing these comparisons of our rates versus other utilities in the state, we are looking at utility companies where we are in a consortium group with and share fuel costs. He said when someone is looking at this chart we are looking at the red utilities.

Mrs. Mika said the red utilities are the All Requirement participants.

Mr. DeIulio said the brown utilities are other municipal utilities that do not have the same costs FPUA has, primarily fuel costs. He said when we do a comparison like this, the focus should be more focused on the red when comparing on how FPUA is doing. FPUA is doing favorable and is basically in the lower quadrant on what our costs are compared to other utilities you want to compare us with. He wanted to make that clear on this chart and on the other chart. We have seven or eight utilities that are part of our group that are more expensive than us and we have three or four where there rates are lower than ours. That is usually the trend where we are in the bottom fourth cost wise of utilities in the state that FPUA is a part of.

Mrs. Mika said it is shifting back up as is everybody else, those increases are amongst all of them. She said the next graph displays a similar comparison for usage of 2,500kWh. In this comparison, FPUA's standing has fallen back six positions since March, and now sits in the 13th position from the right. Also included on this graph, the depiction of where FPUA would stand with the additional approved increases to the power cost, which have all gone into effect as of June 1st. Despite the fluctuations in the averages shown for May, FPUA still remains below the All Requirements and the Investor Owned Utility averages for our 2,500kWh bill. Displayed is the May comparison of local residential electric, water and wastewater bills that have been compiled by finance staff. The table represents the comparison of local Treasure Coast utility bills between Fort Pierce, Port St. Lucie, St. Lucie County Utilities, City of Vero Beach, and Martin County. All calculated bills include all applicable taxes and fees and have been verified to actual bills or rate schedules. Since this comparison was last presented for the month of March, the only change in the comparative electric bill was with the Ft. Pierce Utilities Authority's bill, which experienced a total rate adjustment of $6.00 per 1,000 kWh of usage, which was for April and May combined. On the water and wastewater billing comparison for May there were no noted changes. FPUA's electric services, including all fees and taxes, are still lower than Vero Beach and our overall bill for all three services is the lowest in St Lucie County. Mrs. Mika said the next table is a more detailed comparison than these local residential bills with, fees for services and a breakdown of the taxes and other charges to the customers in these different service territories. This item is for information only and requires no action on the Board's part.

Nina Penick, Director of Financial Services, presented the Quarterly Financial Operating Results for April 2017. She said there was a year to date increase in net position after the distribution adjustment that was paid in the month of April. If we do not do any kind of an adjustment to it, we look like we are in the red and doing terrible, but when we do split that up and adjust it to annualize it properly, we did have an increase in net position of $1,349,000. That was up $22,000 from the same time last year. The operating income was up and although the capital contributions were down. The reason we had the increase in the net position was because of a reduction in expenses, not necessarily because it was an increase in income, but because there was a reduction in expenses. Mrs. Penick said some of them to be noted is non cash like

depreciation of $644,000, which is an adjustment where we apply the cost of our assets and reduce the value of them over time. She said it is less this year than it was last year. General Administrative Expenses were down $372,000 and plant operations were down $53,000. On the revenue side looking at the last two years as compared to this year, the electric system last year was fairly extraordinary with year to date revenues being down 4% from FY 2016 to FY 2017. There are four charts and in each of the utility systems, the bars represent the dollars/revenues and the line relates to the consumption or usage by the customers. The revenues are down because the usage is down. On the water side we have had gradual increases in both operating revenues as well as consumption. The operating revenues were up 3% from FY 2015 to FY 2016 and up 7% from FY 2016 to FY 2017. Consumption was up 5%. The wastewater system is billed generally based on water sales and water billing and those revenues are rising gradually and up 2% from FY 2015 to FY 2016 and up 2% from FY 2016 to FY 2017. The gallons billed increased 4%, overall over those two years. Mrs. Penick said in the Natural Gas System consumption is on the rebound from last year with revenues down 5% from FY 2015 to FY 2016 and down 1% from FY 2016 to FY 2017. She said the contract consumption is up 12% in FY 2017, which resulted in a 3% increase in contract revenue. It did not carry the entire system, but we are very consistent in terms of our revenues as well as our consumption overall. The operating income and debt service over the trailing 12 months in each of date ranges, the debt coverage ratio is at 2.89 and ending April 2017, which is more than double the 1.25 required by FPUA's bond covenants. This is an information only item and there is no action required of the Board at this time.

Mayor Hudson said we are pretty much on target.

Mrs. Penick said yes and there are no surprises.

Mrs. Penick presented the status report on the Electric Power Cost Adjustment (PCA) for the month of May 2017 and updated projections through May 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 May was billed to FPUA at the rate of $84.96 for 1,000kWh, a decrease of $4.21 as compared to April. The under-recovery from the customers for the month of May totaled $777,867 and cumulative recovery is now an under-recovery, which is now below $0. FPUA is at -$17,101 as of May 31, 2017. Over the last sixteen months, FPUA returned almost $6.7 million back to our customers. We had an over collection and have very gradually returned it to the customers. Mrs. Penick said the graph depicts two PCA options and staff is recommending a $1 increase for the month beginning August 1, 2017, but wanted to show the Board how that would impact the under recovery in future months. 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 decreased 4.7%. Each line represents what the over or under recovery collection would be if the projections are correct. The red line represents the $1 increases each month so that would be 12 $1 increases in the time

frame. The green line represents no increases after July. This is being presented for the Board's information and the FMPA rate call will be Friday afternoon. For that reason, we do not have June consumption and data to look at to give the Board a better forward look where the costs may be going. This item is being brought to the Board for consideration today in anticipation of the cancellation of the July 18 regular Board meeting. Staff is recommending an increase to the Power Cost Adjustment of $1 per 1,000kWh, from $2 to $3 per 1,000kWh, effective August 1, 2017, in accordance with the Board's previous recommendation.

Mr. DeIulio said as a way of helping the audience or customers, he asked Mrs. Penick to explain how the PCA works as opposed to our base rate.

Mrs. Penick said the base rate is based on FPUA's overall cost, but what is different about the Power Cost Adjustment (PCA) is FPUA only charges what we are charged. She said if power cost increases, FPUA has to in turn recover that from our customers. FPUA makes no profit on the PCA and $79.52 of that base cost is already built in. For example, where we said for the May bills, FPUA paid $85 and only $80 was in the base power cost. If we had a perfect crystal ball, we would have been charging maybe a $5 PCA to break even. In the month of May the PCA was $0.

Mr. DeIulio said when we are in the under collection mode, which is a negative mode, FPUA has paid more for our fuel costs than we collected from our customers.

Mrs. Penick said that is correct.

Mayor Hudson said we do not ever make a profit.

Mrs. Penick said never on the PCA ever.

Mayor Hudson said we do not make a profit on this company anyway, it is a public service utility.

Mrs. Penick said is it our goal to break even.

Mr. DeIulio said to have enough money.

Mrs. Penick said to have proper cash reserves when we go to borrow money.

Mayor Hudson said that is the debt service ratio.

Mrs. Penick said we are required by FPUA bond covenants to retain 45 days of operating cash.

Mr. DeIulio said he wishes he had that at home.

Mr. Bey said we started raising it in May $1 and the Board agreed to raise it $1 a month and see where we are. He said now we are at the end of that consideration, but we are going to have to continue raising it $1/month.

Mrs. Penick said that is staff's recommendation and from what is shown with the red line, is even if we increase it the $1 based on current projections, we are hovering around $0, even with $1 increases in the near term. She said that is preferable than doing it all at once and if we do not, you can see that although it continues to hover around $0 through November, it depletes even worse at that time. It is something that builds on itself. If we let it get too far out of hand, it will be very hard to make it back up again. If these projections are correct, this is the way it will look. If the prices increase beyond what FMPA has projected, then we could be in a larger deficit situation.

Ms. Cavalcanti said by increasing it $1 per month for the next 10 months, we still are, based on the projections, slightly under the $0 mark and we like to be at the $1 million mark.

Mrs. Penick said there was a recommendation by the Board some time ago that we stay in the $1 million to $4 million range and we are clearly way below that at this point.

Mayor Hudson said this situation is created with the increase in the PCA from natural gas prices.

Mrs. Penick said that is the primary cause.

Mayor Hudson said so that fluctuates and is one of the reasons she is glad the projections are $1 per month, this Board has never voted on that we are going to do this. She said what we did is talk about it and are going to review it every single month because if we do not have to, we are not.

Mrs. Penick said that is correct and we certainly do not want to raise the PCA in the summer time any more than we absolutely have to.

Mr. Perri asked Mrs. Penick to refresh his memory when we were $5 million or $6 million in the red and asked what that did to our days supply of cash.

Mrs. Penick said she thinks we were down to 15 days of cash at that point.

Mr. Perri said at that point if something catastrophic happened and we had to go for a bond, we probably could not get any action.

Mrs. Penick said if we had it would have been at a very high interest rate.

Mr. Perri said it is very important to hover at least around the $0 or $1 million mark and as distasteful as it might be, he thinks we have to go that route on the dollar amount. He said

according to the Mayor we should have it brought back every month and it is not cart blanch. If there is a possibility that gas prices might drop drastically our PCA would drop drastically with them. We never want to get $5 million or $6 million in the red again because it is a catastrophic move. He said at one time we had a PCA of $56 and we do not want to get there.

A motion was made by Mr. Perri, seconded by Mr. DeIulio, and unanimously carried to approve an increase to the Power Cost Adjustment (PCA) of $1 per 1,000kWh, from $2 to $3 per 1,000kWh, effective August 1, 2017.

Mrs. Penick presented the annual budget and resolution for adopting it. She thanked all the members of her staff who participated in helping to put it together as well as every Department Head who worked very hard in trying to get the budget as low as we possibly could. It is consistent with prior years. The reader's digest version is in the Board's packet and we are amending both the FY 2107 budget as well as presenting our FY 2018 original budget. The revenues and the operations and maintenance expenses probably look a little high, but what we do is primarily the cost of power very much dominates one half our budget. As a result, when we find what the cost of power will be, it is included in our upcoming budget. When we do that we are including a fairly large power cost adjustment. If it does not cost that much, then we do not charge that much. Unfortunately, we have to provide for it in the budget and it does tend to over inflate it. We take the revenues and subtract the expenses and once you do the math, you may notice the revenues are not as much as the expenses. There was some discussion in the budget workshop as well as the prior Board meeting, we do have some cash reserves. What happens is it is generally our capital budget that simply is not expended as much as we think it will be. Mrs. Penick said we also provide for capital improvement charges and contribution in aid that we hope to get in the budget because we need the authority to spend the money. She said if we do get the contributions for example like the Lawnwood project is a very large contribution in aid. We want to be prepared for that and have a provision for it in the budget. There are cash reserves to cover the difference, but still we are showing the capital budget for 2017 to be approximately $21 million and about $25 million in 2018, but that does include all funding sources including rates. The chart displayed shows FPUA's spending for years is very consistent from year to year. The cumulative change for the rate funded capital is actually a decrease over the last three years and it is a 4% increase over the last four years. The purchases for resale budget is approximately the same as it was in FY 2015. The distribution to the City of Fort Pierce is calculated at approximately $6 million, which is what we paid this year and expect to pay next year and the year thereafter. For the capital budget we are almost not able to spend all the money we have in the capital budget. Those dollars are carried forward at this point and we are carrying forward the $2 million from FY 2017 to FY 2018 for any projects that were budgeted in FY 2017 that did not get completed and need to roll over to FY 2108. It is the way construction is with delays. Approximately $15 million of the $25 million is funded by rates and we are in the process of applying for the state revolving fund loans. We expect to use $1.6 million for capital improvement charges, expect to receive $2.6 million in contribution-in-aid, and there is $500,000 in contingencies. Mrs. Penick said the revenues are fairly consistent, but you can see they are a

little bit higher in FY 2017 than FY 2018 due to projected increases in the cost of power. She said we have made one change to this budget document since it was presented at the last Board meeting. The $200,000 that was designated for the Director of Utilities to adjust the salaries and wages of workers who are being paid below the minimum of the new pay ranges and was recommended by FPUA's compensation consultants, Parilla & Associates has been removed from the FY 2018 O&M budget and has been moved up to the FY 2017 amended budget for item G-2, the Subaqueous Force Main Armoring. We are going to take the $200,000 out of FY 2018 and move it into FY 2107 and get that force main done this year because of the urgency of it. You may also notice the math there does not work there; we had $125,000 in the budget for the armoring, which was the preliminary estimate. Clearly that estimate changed because we felt just doing the armoring would not do the trick. When you add $200,000 to that, we have $325,000, but we have to pull another $100,000 from existing budget funds to pay for the force main armoring. We do anticipate having to use the operating cash to cover the deficiencies. Staff is requesting the adoption of Resolution No. U.A. 2017-08.

Mrs. Mazzarella read the resolution title into the record "Resolution No. U.A. 2017-08, a resolution adopting a budget for the fiscal year beginning October 1, 2017 and ending September 30, 2018 and amending the budget for the fiscal year beginning October 1, 2016 and ending September 30, 2017, for Fort Pierce Utilities Authority of the City of Fort Pierce, Florida."

Mayor Hudson said she supports this budget and she appreciates the hard work that went into it. She said they had some pretty difficult discussion on the way to this and wants to say she supports this budget that includes a 3% raise for the employees and looks forward to supporting that when it is presented. She also would like to suggest to the Board that at some point in the near future we look at some kind of way to look at the compensation of the lower paid employees that are in the lower ranks of the company. The consultant presented some categories and some strategies that she was not pleased about or felt justified, but she thinks there may be other ways to do that and would like to do that in the near future. Mayor Hudson said she would like to pass this budget now and get ourselves situated with that. She said many of those employees she never sees, only the department heads or those that present items to the Board. She knows they work very hard and would like to look at that in the near future.

Mr. DeIulio said he has been on the Board for five or six years now and is the go to guy to sit in the budget process, which he enjoys because he is an accountant and likes the numbers. He said he likes getting involved in the process and seeing how things get done. Every year he has been involved in this, it seems to get a little better each year. Under Mr. Thiess it was really smooth and then there was the transition to Clay, which has also been really smooth. They both have their own way in running the meetings and they both are very professional on how they run the meetings. There are about five or six meetings in the springtime before any of this is presented to the Board. Mr. DeIulio said there is probably 100's of hours spent on this. He said in the meetings we go through all the detail and everything gets hashed over and looked at. There are a couple of changes he has noticed in the last couple of years since Clay has been on Board. About a year ago, FPUA started some kind of motor pool where we go in-house with trying to

save money on repairing vehicles. He is not sure how much money that will save FPUA over the last couple of years, but would assume over the next 10 or 20 years as the program gets implemented more, there will be more savings for those kind of costs. Another item Clay has implemented has made the job costing a lot easier for project costs. We are kind of constrained because we have a fiscal year ending the end of September. Historically we are working on a project like a $1 million pipe line system and it may not get done by the end of the fiscal year. We have been in a situation where we have to budget part of this year, roll over part of it for next year, and then we have to re-budget. Mr. Lindstrom's approach has been why not look at this on a project by project basis so that each year we are looking at a project, if the project is not complete then staff does not have to come to the Board to get refunded for the project. Mr. DeIulio said that sitting in on the budget meetings, that one change he would assume makes it a lot easier for the engineers and for accounting. He said from his perspective as a Board Member, he is not trying to figure out if it was this year's budget or last year's budget. That is something Clay implemented last year that has really be helpful with the budget process. The $200,000 recommendation that was made for Clay to have control over for employee salaries is something we had talked about in which Mr. DeIulio said he was in full support of during those meetings. He said the money was going to get earmarked to the lower paid employees that were below the minimum for their pay scale. He does not want to get in a lot of detail for that because it seems to be resolved favorable for everyone. We do have to continue to address how we are going to properly compensate employees in the near future and in the long term so we can continue to provide the kind of service we do for the community. It is something like the Mayor is saying can be a part of the strategic planning where we talk about it and work on the details because we are always going to have an expert coming in here and have results we may not agree on with regards to wage and compensation. If we can find some common ground on that in the future, it will make things run a lot smoother here. We have beat that to death here over the last six months and wanted to give his input. The work they do here is incredible, the professionalism and the details in watching every dime. Mr. DeIulio said he was not at the last meeting so he wanted to give his opinion that he could not voice now.

Mr. Bey said he agrees with the last things Dan said and he thinks we should keep that in the forefront of our minds to look at our employees and look at where the salaries need to be and try to keep them at least marketable. He said having it in the forum of a strategic planning or workshop so it is out in front of us so is where we need to do this.

Ms. Cavalcanti said she wanted to thank Bo Hutchinson who came by her office and explained parts of the budget to her that were very helpful and she would have to agree with all that has been said here today.

A motion was made by Mayor Hudson, seconded by Mr. Bey, and unanimously carried to adopt Resolution No. U.A. 2017-08, a resolution adopting a budget for the fiscal year beginning October 1, 2017 and ending September 30, 2018 and amending the budget for the fiscal year beginning October 1, 2016 and ending September 30, 2017, for Fort Pierce Utilities Authority of the City of Fort Pierce, Florida.

Mr. Lindstrom said our first round of citizen tours is coming to a completion and they have been able to tour all four of our plant sites as well as our engineering review that got a little bit technical for some of them so we will refine that for next time. It was a good process and well received. The American Public Power Association meeting was held in Orlando on June 18 through the June 21. The two major themes were generation as we have known it for over 100 years is not going to be the same and it could come as soon as 10 years where it will be a drastic change. Customers have changed and we as an industry must listen and change our old way of doing business because they do and will have choices.

Attorney Koblegard said he watched the City Commission meeting Monday night and during the public speaking portion there was an issue raised as he took it to mean some type of improper business relationship for our Board Member Darryl Bey with the Utility Authority and the City of Fort Pierce. Since it was on television and perhaps some of the Board Members have watched that, he would like to address it at this time. He believes Mr. Bey was voted on by the City Commission and placed on this Board somewhere around September 2012 is when he started his position here on the Board. He had done work for the Utility Authority in the past going back to 2009 or even 2006. The last time he did any work for the Utility Authority was on August 17, 2012 prior to his appointment to the Board. Mr. Bey also did work for the City of Fort Pierce and painting at the Sunrise Theater. Attorney Koblegard got the records from the City of Fort Pierce and Mr. Bey because that was raised as an issue also from the person that spoke at the City Commission meeting. He checked to see and Mr. Bey did work at the City on the Sunrise for a very short period of time after he came on the Board and there were maybe three or four bills that totaled he thinks $1,300. The last time he worked on the Sunrise was on January 7 so he went back to the Charter because it was said to be a violation of the Charter to see what it said. Attorney Koblegard said Attorney Jim Messer at that meeting read that portion that night, but he did not really discuss it. It reads as follows: "No person shall be a member of the UA Board unless he shall be a qualified elector of the city. No person who holds any other public office or who is an employee of the city government or who has any business relationship with the authority other than as a consumer shall be a member, except for the Mayor". He is not an employee of the City of Fort Pierce, he was merely a contractor doing work for them and he has not done any work for the utility authority prior to his appointment to the Board. Attorney Koblegard wanted to be sure on this although it is our Charter this is our Bible and also it is the City's Charter. He contacted Mr. Messer this morning to see if he agreed or disagreed with that position and read him this and they went over it. Mr. Messer said yes it is a violation if you are an employee of the City or if you have a business relationship with the Authority painting and working for the Authority that would be a violation. However, working for the City is not the Authority. It is Mr. Messer's opinion and Mr. Koblegard's opinion also the clear meaning of that is that Mr. Bey can be painting for the City today and it would not be a violation of our Charter. He thinks it was made to look at that meeting to think Mr. Bey was doing something wrong and getting away with it, but it is absolutely not true and important to bring that out at this meeting.

Mr. DeIulio said in December of last year this Board approved the Board Policies and Procedures and from the way he reads them, it is consistent with what Attorney Koblegard read on what FPUA is allowed to do with regards to not being employment. Basically it reads "Board members shall not accept any employment which may reasonably be expected to create a conflict of interest or impair the judgment of such Board member in the exercise of such member's duties as a member of the Board." The key thing there is a member of the Board, whether you are painting the Sunrise Theater or not he does not see any overlap of that in regards to what decisions are made here for the Utility Authority. This just helps to support what Attorney Koblegard said.

Attorney Koblegard said the Charter is very clear and the City Attorney said he could announce tonight that he agrees with it. He said there was an issue raised tonight about a public records request with him as the attorney for the Board had asked to review those public record requests before they went out. He is not sure how long ago the public records law was passed, but he has been working here for 22 years and Nancy McConkey to his knowledge has been in charge of handling public records requests for many years. She routinely calls him to say there is a request, would you mind reviewing it to make sure it is being done correctly. Attorney Koblegard said he has done it he does not know how many times. Sometimes it is so basic that she does not ask him. This public records request if his math is correct consisted of 2,391 pages asking for all kinds of information. She wanted him to review that and he did on about three or four occasions. Each time it took a couple of hours because of the volume of the documents. Based on his review, not one single document was withheld from that request. Everything to the Utility Authority's knowledge was turned over to that person totally and it was all done in an appropriate period of time. There was another issue raised about contact with employees and he did write this person a letter because he had been getting numerous complaints from the employees about this person contacting them for public records requests and also asking questions about the public records. The Sunshine manual and the case law says the public records request has to be responded to, it can either be on the phone or in writing, but you are required to respond to it unless it is something that is not appropriate of a public records request. You are not allowed to question employees about what it means or what it is about, you are only to furnish the documents and that in his opinion, this person was going too far because he was contacting numerous employees during the work hours and asking questions about the public records and they are not required to respond to that. He came on the property two or three occasions and Attorney Koblegard does not know if he raised a fuss or not, but he thinks it was somewhat of a distraction. He referred to our public records person Nancy McConkey in an email as McMonkey and when you do that to one of the members of the Utility Authority it is not right and it needs to stop. Mr. Koblegard drafted a letter to him and said from this point on if it is a public records request, please make it to Nancy McConkey, she handles those. She will gather those for you. Otherwise any further contact, please contact him first before bothering any other employees. Also because there had been a threat of litigation by this person, he felt it would only be appropriate for him to find out what the question was related to. He is pretty sure once he typed that up and sent it to Florinda and asked her to have Clay to look at it to see if it was okay. He believes it was sent

out following that. He did raise a question later why he had to go through Mr. Koblegard if he has a gas leak or power goes off or wants to pay his bill. When he got the letter from his attorney he responded by saying obviously you do not have to do that. Questioning of the employees and other manner such as that at this point because of the numerous contacts he has had with employees complaining about that, it was the purpose of his letter.

Mr. DeIulio said the last couple of weeks have been confusing for him because he was out of the office some and missed a meeting. He said it seems to him there are a lot of issues that cropped up all of a sudden with regards to agendas. Before he makes a suggestion on how we should proceed with the meeting scheduled for next week, he would like to go over our Policy and Procedures the Board implemented in December. There may be a better way to approach the next couple of weeks or couple of months in regards to how we are going to run the Utility. In December we implemented some formal policies that tie closely with the City laws we have to comply with, but they are a little bit more detailed to help us run our business. In looking at the policies there are a couple Policy and Procedures we need to kind of look into implementing between now and December 6 because we have some deadlines we are coming up with regards to when we provide evaluations and all that. Mr. DeIulio said the main concern he has now in regard to all the issues flying around is we are in dire need of a strategic planning session or two. He has already talked with Clay about that because it is something we have been putting off since Clay came on Board to try and get his feet wet and let him do his job and eventually we need to have a meeting of the mind to where we are at in the utility and what direction we are heading in. The strategic planning is a series of meetings that have been real helpful. He participated in one about four of five years ago. Basically our policies say we need to have a meeting every three years and he thinks we are over due for a meeting and need to start the process of setting that meeting up, the agenda, what the criteria will be and who will be involved. We can invite experts in, get mediators there to talk about different issues, and shape it how we want as a Board. His recommendation is that would be a first step to move us along in the right direction. When we implement that and have a meeting, then the next step would be to have an evaluation of Clay. Until we have that meeting and see what his vision is with the Utility, it would be difficult to judge him in the way we need to. His suggestion is that we cancel the meeting for July 13, not postpone it, but cancel it and start moving forward with setting up a strategic plan. After that, then do what we are required to do, which is by December 6 have an evaluation of Clay of how he is doing. Do it in a methodical way and not something where we are having to make decisions spare of the moment without a lot of information. He has been out of town a lot and he is getting calls that he has to check his email. He does not have his computer with him and he finds out he has to make a decision right away. Mr. DeIulio asked do we have to make a decision right away, sometimes you have to slow down and take a breath and back up little bit and move forward in a methodical way that we have done in the past. He said it worked great with Bill, we gave him the opportunity to do that and we should also give Clay the opportunity.

Mr. Perri said he agrees whole heartily with that and it is a very good idea.

Mr. DeIulio asked if that is something he can make a motion on.

Mr. Perri said he thinks we need a consensus.

Mr. DeIulio asked Mr. Koblegard how to proceed.

Mr. Koblegard said we have a set agenda now and a date and time, so you would have to have a motion and a vote as far as cancelling that meeting.

Mr. Perri made a motion that we cancel the July 13 meeting and proceed just as Mr. DeIulio outlined, Mr. DeIulio seconded the motion. Those voting yes were Mr. DeIulio and Mr. Perri. Those voting no were Mr. Bey, Mayor Hudson, and Ms. Cavalcanti, the motion failed.

Mr. Perri said he is curious as to why the two officers are here, how did that come about. He asked if somebody thought we were going to have a war and asked if someone requested them.

Mr. Mimms said the City of Fort Pierce requested the officers be here in anticipation of a large crowd so we made sure there was enough security to handle the situation.

Mr. Perri said amazing.

Mr. Bey asked if Mrs. Henderson is in the audience and asked Mr. Hoffman to stand up.

Mrs. Henderson said she had already spoken to him.

Mr. Bey thanked Mrs. Henderson and said he thought she was going to call him and let him know because he did not want to put anybody on the spot. He said he was glad they talked.

Mr. Bey said his position is that he has lost confidence in Mr. Lindstrom and this is why he has taken a position he has regarding cancelling the meeting on July 13. He thinks we need to have that meeting and go through the process and during that meeting, he can outline his reasons for his loss of confidence in his ability to lead this company where it needs to go in the future.

Ms. Cavalcanti said we are past the public comments and asked if there are any other Board Members that would like to speak.

Mr. DeIulio said the July 13 meeting agenda basically reads: Comments from the public and then "Discussion relating to Director, Clay Lindstrom's contract with FPUA and a determination as to his continuing employment with FPUA." Mr. DeIulio said he had no say in how this was brought

about and assumes it will be talked about in the meeting. He is going to attend the meeting and treat it as though it is something he would prefer not to do, but there will be some procedural questions he will have in regards to the meeting. Hopefully we can get those questions answered because there has been no detail from anyone during this meeting to explain why we have gotten from several months ago that everything was great with Clay to where we are going to discuss his contract. That is to be understood because it is his clear understanding under Sunshine he is not allowed to have any discussions with anyone outside of these meetings. He wants to make it clear that he has not.

Mr. Bey said he was accused of violating Sunshine Laws by several people including a Board Member and he takes that as an insult because he understands the law and what the Sunshine is about. He said he has not talked to anybody on the Board as well.

Mr. Perri asked if Mr. Bey was saying he accused him.

Mr. Bey said that someone and he did not mention any names. He said that someone accused Board Members of violation.

Mr. Perri said he would like Mr. Bey to name the Board Member.

Mr. Bey said somebody said Board Members and he is a Board Member and he is saying he has not violated the Sunshine Laws.

There being no further business, the meeting was adjourned.

ATTEST:

SECRETARY

CHAIRMAN