MINUTES OF A REGULAR MEETING OF THE FORT PIERCE UTILITIES AUTHORITY, TUESDAY, AUGUST 15, 2017, 4:00 P.M., CITY COMMISSION CHAMBERS.

Members Present: 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.

Excused Absence: Chairman Glynda Cavalcanti.

Others present: John K. Tompeck, 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; Lois A. Wolfe, Human Resources Manager; and Judith A. Widmayer, Acting Communications Manager.

The meeting was called to order by Vice Chairman Daniel M. DeIulio.

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

The Pledge of Allegiance was recited.

The roll was called and a quorum declared.

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

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A motion was made by Mayor Hudson, seconded by Mr. Bey, and unanimously carried to approve the August 1, 2017 regular meeting minutes.

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Rick Reed of 5301 Bent Pine Drive, Fort Pierce, FL said in the last couple of months there has been a lot of turmoil as we all know. He said he is amazed when the dusts settles and you go back and look, he was amazed to encounter several things that ensued with the last meeting and the departure of Mr. Lindstrom. One of the things since you all have been appointed by our Commission is you are supposed to lead by example because you set the rates, you set the rules, and you set the penalties for all of us rate payers. He noted in one of his public records requests and thanked Mr. Koblegard, the day after Mr. Lindstrom was terminated, and he noticed that one of our Board Member's utilities was disconnected for not paying their bill. In the public records request, there were three accounts and he went back and looked over and over again and month after month, late payment, late payment, penalty, penalty, late payment, penalty, 2016, 2015 both for the business, the home, and a rental unit. Mr. Reed said it is incumbent upon you all to lead by example and many people struggle to pay their light bill. He said in the past he has struggled to pay his, but he is not making the rules, he is just paying the bills. For this

to be going on and you all are allowing this to happen is just wrong, you sit in judgement of us and you sat in judgement of Mr. Lindstrom. He read whenever you send an email to you all or the City, at the bottom of the email it says, please note: Florida has very broad public records law. Under Florida law, email addresses are public records. If you do not want your email address released in response to a public records request, don't send an electronic mail to this entity. Mr. Reed said he read in the transcript of your meeting that Ms. Cavalcanti said her emails were to Clay alone and she was stunned when she received a copy from Mr. Reed. He copied all the Board Members and the City Commission. Mr. Reed told Mr. Koblegard that he needed to let the Board Members know about the Sunshine Law. He said he was amazed about that. Mr. Reed said Mr. Bey needs to start paying his bill or resign because it begs the question, did you fire Clay because he would not give you preferential treatment on your light bill because the day after you fired him, your power was turned off by the employees here. Not your power because you do not have power in your name, you never have, they are in your wife's name. You said this is not really about a deposit when you were terminating Mr. Clay, it is, but it isn't. Mr. Reed said he does not think it was Mr. Bey, you were not given preferential treatment. He said you should not sit up there and lecture us and set penalties and rates and fees to charge us for something you do not do yourself. He said he has over the years stood at this podium and watched our elected officials perpetrate hypocrisy on all of this. This sir is hypocrisy in the worst form.

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Mr. Tompeck said staff has not changes to the consent agenda.

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

1. Excuse Glynda Cavalcanti from this meeting, she is out of town.

2. Bid No. 17-72: Approve award of bid for the purchase of eleven Voltage Regulators from Electric Supply of Tampa, Inc. dba Electric Supply, Inc., of Tampa, Florida, in an amount not to exceed $109,425.80 annually for the period of September 6, 2017 through September 5, 2018 with four one-year renewal options.

3. POA 15-52: Approve Post Budgeted Project/Budget Request and Contract with Advanced Control Systems, Inc., of Norcross, Georgia, in an amount not to exceed of $64,280, for upgrades and engineering support of Electric Transmission & Distribution's Supervisory Control and Data Acquisition System PRISM System and for Historian and PORTAL onsite services.

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Mr. Tompeck said the next item is the expansion of water/wastewater expansion practices for information only. He said based on a request from Mike Perri, the presentation you will see is slightly different than what is in your package. Mike had asked to go back because some of the

drawings were a little difficult to read so Val has cleaned it up a little bit so it will be easier to read on the screen.

Valerie Schulte, Supervising Engineer of Water/Wastewater Engineering presented the water/ wastewater customer expansion presentation. She said there will be questions at the end, but feel free to interrupt at any time. Water/Wastewater Engineering has actively sought ways to encourage customer growth throughout the years and typically see what we can do with our capital improvement charges for oversizing, different extensions, or looping projects. We have looked at our master plan and found routes that they recommended we do where there are potential customers along the route that may help get more connections. In roadway projects some of those looping projects are actually involved right now. Midway Road was one of the master plan loops and we installed a part of it on the west side and now we are installing a new water main in a section on Midway Road that never had a water main and will help our hydraulics and pick up a few customers there. Kings Highway is another project through DOT that there is a master plan pipeline we are going to be installing through that project.

Mayor Hudson asked if a looping project is what it sounds like and you make a loop.

Mrs. Schulte yes, there may be a stubbed out main somewhere or it does not make it to another intersection. She said that helps because it eliminates a dead end, which could have water quality issues. It also provides better hydraulics for the whole water system.

Mayor Hudson said thanks.

Mrs. Schulte said her presentation is not about the looping projects because most of those are going on with the roadway projects now. She said the other projects that are not highlighted as much are the MSBU, which is Municipal Service Benefit Unit. The Florida Statutes authorizes counties to create MSBUs to provide specific municipal services to any specified portion or all of the unincorporated area of the county. Statutes authorizes such MSBU non-ad valorem assessments to be billed and collected in a uniform manner with ad valorem taxes for these properties. Services can be street lighting, water, wastewater, paving, fire hydrants, etc. and majority of residents must want this facility for them to go through the process of an MSBU. St. Lucie County handles that for us. The County will get the petitions in and set up the boundaries and they send us a map to give them a preliminary cost estimate. Once we get the map, we lay out the water mains and decide where we are going to put them, and then we send the County a preliminary estimate. Based on that number, they look at the amount of customers and how much it cost for assessments to make sure it will go through the bond process okay and that it is not an absorbent of an assessment. It then moves through the County steps where they will have an information meeting and invite all the residents, which we usually attend. The County then sends out the ballots for that area and they need 51% of the respondents to be positive. If they get that then it goes into the public hearing with the Board of County Commissioners where they either approve or disapprove the MSBU. Mrs. Schulte said during that process FPUA has started

the design and an interlocal agreement has gone to our Board to approve FPUA's contribution to the project before it goes to the County Commission. Before FPUA starts the project under construction, we send a letter and get the money from the County upfront, and then we start the project. Oversizing of developer mains is self-explanatory, where we do a cost estimate for a smaller size main they need and if we want a bigger size main for capacity, then we will pay that difference. Developer Agreements are with some of the larger subdivisions that did not move forward during the recession. Bonded expansions is a new concept and is something she will explain as she moves forward. The latest project areas for MSBUs that we have done in the recent past are shown on next slide with location 1E being proposed and we are not too far along in the process there. The Noa MSBU includes Noa Street, Russ Road, and Melville and FPUA contributed $51,327 towards that MSBU. The potential customers is 35, connected homes is 21, and the infrastructure installed is 2,590 lf of 4", 6", and 8" pipe. About 60% has been completed in two years. The Parkland MSBU includes all of Riverdale, Yacht Club, and Silver Oak Estates. FPUA contributed $91,522, potential customers is 59, connected homes within one year is 40, the infrastructure added is 3,260 lf of 2", 6", and 8" pipe, and was completed in 2016. This was an interesting one because the costs estimates were going up and down a lot. At times it was 51% voted and approved and the next time we came in with different estimate it went negative, so this one has been around for about six years before it finally got completed. The one year connection percentage is 68%. The Jenkins-Starcher MSBU, FPUA contributed $35,314, potential customers is 24, connected homes is 10, infrastructure added is 1,900 lf of 2" and 6" pipe and it was completed in 2016. The one year connection percentage was 42% that connected in one year. The Fra-Mar MSBU project is nearing construction this week and is a very unique one because on Wagner, which is part of the MSBU is commercial on the south side of that road and throughout Fra-Mar and Wagner there are a lot of duplexes, mostly tenants in these areas. One of the incentives for the property owner to get water to them is because they are tenant based, their wells need to be sampled more often, and they pay fees to the health department for that. They are really pushing to get this project in place. FPUA's contribution is $66,000, potential customers is 4 single family, 50 duplexes, 4 commercial, and 15 vacant lots. The infrastructure added will be 2,605 lf of 6" pipe and should be completed in October 2017. The Iroquois MSBU project is in the early phases of the MSBU process and will be brought to the Board at the interlocal agreement step sometime next fiscal year. There are 62 potential customers and we are in the predesign and getting the costs estimates together for them. It will be 5,500 lf of 6" and 8" pipe and hope completion to be in late 2018. Mrs. Schulte said another project FPUA has encouraged connection through oversizing and providing capacity and additional pipelines is Cardinal Place/Jay Gardens Subdivision off Orange Avenue. The customers were having some problems with their wells and there was about six or seven of them to start and by the time it all turned out there was a consortium of about five that paid for all the improvements. FPUA contributed the cost of $38,400 to run the larger main across the canal. This subdivision is a straight line and then it loops around so for FPUA that would need a 6" main looped around to have fire protection for the neighborhood. The 8" line ran to the first branch and then we are oversizing. Anybody that comes in the future, we will oversize if they will pay for the 2" to their property, FPUA will pay to put the 6" in. They handle the construction, get the contractor, we do

an agreement with them, and depending on the payment level, it may be John's signature. It is usually never over $25,000 that FPUA is contributing. Mrs. Schulte said Precast Specialties is building east of Selvitz Road where FPUA will contribute to upsize that main from 8" to 12". She said that area of town in the southwest has a lot of large tracks and it is going to be very beneficial hydraulically for our water system to have that 12" main. Between 25th Street and Selvitz Road there is not a lot of looping there so that will also help if we have any kind of fire hydrant hit, we could isolate a little better when we have additional looping. There is one property that fronts Selvitz that FPUA had to get an easement from besides the Precast. We have contributed a water connection location and fire hydrant for that property as part of FPUA's contribution. We have encouraged growth with the developer agreements by working with their original supply agreements and not trying to start over. Portofino Landings, Bent Creek, Palm Breezes, and Celebration Point are large housing developments. Portofino Landings also includes some commercial, but is mostly apartments. Some of the supply agreements have already come to the Board. We want them to start with the capacity they have and we reduce the capacity based on the Guaranteed Revenue Charge (GRC) they owe us. They end up with some capacity so they can start phasing their project and start getting to work quickly without having a big debt to come up with. Mrs. Schulte said the bonded expansions is a brand new concept in the planning stage where we will look at an area that we may have gotten some interest in water and there is existing houses in the areas and existing subdivision. It will give them potential for annexation if we can give them water throughout the subdivision. It is going to need a study to determine if financially it makes sense to do it because we would be trying to bond this money to build the system and then hopefully with the connection fees and the revenues from the customers pay back that bond. In summary, adding the units for what has been discussed, we are hoping for 238 connections, 22 oversizing potential, and the large developments have about 712 left of single family homes.

Mr. Perri requested a copy of the large maps.

Mrs. Schulte asked what size he would like.

Mr. Perri requested a copy of each map.

Mrs. Schulte asked if 8 ½ x 11 or 24" x 36".

Mr. Perri said something he can read.

Mayor Hudson asked if there is an average amount you pay if you are in an MSBU and do you pay it on the tax bill.

Mrs. Schulte said typically we are trying to keep it between like $5,000 or $6,000 and some of them have come in less than that. She said it depends on how easy it is to get the water main to them. Sometimes we have to run a long stretch with hardly any customers to get to their area.

Mayor Hudson asked if they pay that over time.

Mrs. Schulte said there is the option of prepay and they save the interest rates or they can put it on their assessment and it would be a part of their taxes.

Mayor Hudson asked if it is over several years.

Mrs. Schulte said she believes it is seven or ten years.

Mayor Hudson said then they do not have to take the hit all at once if they do not want to.

Mrs. Schulte said the other charges that are not in the assessment like the annexation fee and meter have to be paid up front. She said they also have to pay their plumber to do the connection to their house.

Mayor Hudson asked if they have any areas in mind for the fourth option and is there someone out there demanding it.

Mrs. Schulte said not right now and for the planning session she was going to potentially look at what it costs to put in one of the MSBUs and what the conduction rate would be from them. She said we could get a financial picture to see if it is an idea that will float. She has not seen a lot of utilities that do this type of installation so it is really new area for us.

Mr. Mimms said he sees we are doing a lot of wastewater and water expansion outside of the existing City of Fort Pierce city limits and asked if we are insuring that we have all of our annexation agreements in place and are they being recorded appropriately.

Mrs. Schulte said yes that part of the process for any of the MSBUs is the annexation agreement has to be filled out before they get their meter. She said that is through Mr. Koblegard's office and they charge a fee for it so the customer has to go pay the fee.

Attorney Koblegard said a lot of times we make it so the developer has to sign the annexation agreement so it applies to the whole project and individual owners do not have to come in and sign. He said he can vouch for the fact the annexation agreements are exploding. We are processing more and more every day. Mr. Koblegard said he thought last year was a busy year, but it is not even a drop in the bucket compared to this year.

Mr. Mimms said we are outside city limits and he does not know the status of any agreement we have with St. Lucie County whether we are selling water to them at a certain price. He asked if we are establishing any boundaries as it relates to seeking new customers and if so how are we

going about that. How are we recruiting new client and customer base and do we have a strategic plan moving forward?

Attorney Koblegard said they are going to meet with the County on August 23.

Mr. Mimms asked if he can come.

Attorney Koblegard said hopefully it will be productive.

Mayor Hudson said when you get the developer to do the annexation agreement all at one time, is the individual property owners aware of that.

Attorney Koblegard said he records it and if a search is done to do their loan it will show up.

Mayor Hudson said then it is a part of their paper work.

Attorney Koblegard said they get it done all at one time and then he does not have to go chase down 100 people or wait for them to come in and sign.

Mayor Hudson said then theoretically their annex into the City should not be a surprise because they know they are supposed to do that.

Attorney Koblegard said that is correct.

Mr. DeIulio said with our contributions on the MSBUs, what is the pay back.

Mrs. Schulte said we try to go for four years.

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Rachel Tennant, Developing Officer and Acting MOEC Manager, presented the grant award agreement for the Manatee Observation and Education Center (MOEC). She said the MOEC applied for and was awarded a General Program Support grant in the amount of $7,580, which was approved by the State of Florida, Department of State, and Division of Cultural Affairs. Approval of this agreement allows the Manatee Center to receive the awarded grant funds. These funds will be utilized according to the estimated project budget that was submitted to the Department of State and included in the agreement. The MOEC will provide deliverable and performance measures related to the scope of work also included in the agreement for this grant. Staff is requesting approval of this Grant Award Agreement with the State of Florida, Department of State, and Division of Cultural Affairs for the award of a General Program Support grant in the amount of $7,580, for the period from July 1, 2017 through June 30, 2018.

A motion was made by Mayor Hudson, seconded by Mr. Bey, and unanimously carried to approve the Grant Award Agreement with the State of Florida, Department of State, and Division of Cultural Affairs for the award of a General Program Support grant in the amount of $7,580, for the period from July 1, 2017 through June 30, 2018.

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Ms. Tennant presented an overview of the Manatee Center, which is an information only item. She thanked the Board for approving the grant agreement and said she is going to share an update about what the Manatee Center has been up to and what they plan to do with this awarded grant and others we are applying for. The Manatee Center is currently in its 21st year of existence and this year we have received the TripAdvisor Certificate of Excellence and also with our nonprofit Treasure Coast Manatee Foundation the Top-Rated Great Nonprofit award. Both of these awards indicate positive reviews from visitors and any one in partners that are working with us. They will leave positive reviews on TripAdvisor or GreatNonprofit.org and this is very good news for the MOEC. The Manatee Center in 2017 has seen 36,258 visitors through June, which is up 2.5% over the same time period last fiscal year. We are in the process of installing a new native butterfly garden and walkway exhibit as part of a new initiative to utilize as much of our indoor and outdoor space as possible for environmental education. Ms. Tennant said the walkway displayed was 100% donated by Wells Fargo, Vista Royale, and Consolidated Construction Services LLC. She said they have been working closely with the City of Fort Pierce to prepare the site for installing the 100% native plants. They are working with volunteers and local experts to design the garden. The first planting day was last Friday and the next planting day is this Friday morning. There are two benches installed at the garden donated by HRA Retirement Group, hand designed and installed by Anita Prentice. The walkway serves as a fundraiser where we can install personalized bronze butterflies. The butterflies sell for $300 each and we have sold ten so far. With the sale of the plants, butterflies, and donations, they have raised just under $5,000.

Mayor Hudson asked how much the butterflies are.

Ms. Tennant said $300 each. She said earlier this year they have launched a branch and new website and have grown the quarterly newsletter from 4 pages to 14 pages. The new website is designed to be more modern, accessible, and it is easy for staff to update to let everyone know what they are up to. With the new and longer newsletter they are opening up to the public and visitors and let everyone know they are doing a lot in the community. They are more than an exhibit hall and gift shop. They have a lot of educational programs and want community involvement. Last week the MOEC received a $5,000 reimbursement grant from Visit Florida to help cover the cost of the new website and updating marketing materials like the newsletter. A couple of weeks ago we finished our 2017 round of summer camp. There were 62 campers and also volunteer counselors. The summer camp serves as a fun exercise and camp for the campers, but also for the volunteer counselors who are going on the field trips and lead the kids in camp. The camp is run entirely by the MOEC Education Coordinator of the Center. Ms. Tennant said

the grant that was just approved is issued from the Florida Department of State Division of Cultural Affairs that is offered every year and this is the first year the MOEC applied and is receiving it. She said the $7,580 will be disbursed quarterly upon receipt of proof of deliverables. All deliverables in the grant are tied to activities and annual events that the Manatee Center was already planning to do. The amount of the grant is separated into three categories; $2,830 or 37%, of grant funds is going toward exhibit updates. She showed a picture of the native butterfly garden and a donated standalone hermit crab exhibit that came with a tiki hut and seven very lively hermit crabs that are very friendly. They are also in partnership with the Old Vero Ice Age group to display relics from the Old Vero Ice Age dig in Vero Beach. They are currently developing a Florida coral reefs exhibit for inside the center to open in October. Moving forward with the Department of State grant they will be adding closed captioning to the 17-minute welcome video at the Center. Currently when someone arrives at the Center, they encourage them to watch the 17-minute video about the Manatee Center and about manatees in the State of Florida. Also they are adding new species to the live exhibits and will continue to do that through the course of the year. They are updating indoor and outdoor educational signage. Ms. Tennant said $1,000 or 13% of the grant funds are being directed toward fundraising campaigns and events. She said earlier in 2017 they launched a new campaign with Last Dragon Tattoo where anyone interested can select one of three specific manatee tattoos and different sizes. Rob Rantus at Last Dragon Tattoo will donate 50% of the cost of that tattoo directly to the Manatee Center. They are actively pursuing personalized butterfly plaque sales. They raised over $3,000 after expenses at the 9th Annual Manatee Center 5K in March, which was a 50% increase over 2016. Moving forward with the Department of State grant, they have their first ever Giving Tuesday marketing and advertising campaign. This campaign is in-line with Black Friday, local Saturday, and Cyber Monday, which is the Tuesday after all of those events. It is intended to encourage people to donate after they have been doing all of their Cyber Monday and Black Friday spending. MOEC will be hosting some sort of 21st anniversary event in October, still in planning. Also have the 21st Annual NatureFest environmental festival on February 24, 2018, and the 10th Annual Manatee Center 5K on March 17, 2018. It will actually be on St. Patrick's Day and the 10th anniversary for the event. Fifty percent of this grant award or $3,750 is being directed toward the MOEC Education and Volunteer Programs, which is very important to them. They see themselves as an education center that is run largely by volunteers. Over the last twelve months the education program has seen 2,646 school children through different programs by bringing students to the Center or the Education Coordinator going to schools. Sometimes they bring some of the species like Diego the snake. There were 62 summer campers this year and 93 Girl Scouts which they have an active partnership with the Girl Scouts Program. The volunteer program currently has 80 active volunteers averaging a total of 750 hours per month. There have been 19 new volunteers since April 2017, and 13 of their volunteers have more than 1,000 lifetime hours. There are a lot of volunteers that have been with them for many years and this year they awarded their first plaque to George Springer who has been with them since they opened and reached 5,000 volunteer hours. Ms. Tennant said the Department of State grant money is for salary support for the education and volunteer coordinators, who run the education and volunteer programs. These funds also support supplies for educational programs. This

Florida Department of State General Support Grant is offered every year and they have already submitted for the 2017-18 proposal on June 1, 2017 seeking $25,000. On August 30, the FLDoS panel will meet to review the proposals. After the successful completion of our first grant with this division, we are eligible to request up to $50,000. After three successful project years they can request up to $90,000. Later this year they will be launching the Vanishing Mermaid Gift Shop and it is by far their #1 fundraiser and have made $120,000 in sales through June of this year. The requests come in via email and on Facebook to purchase things and mail them. They accept phone orders now so doing it on line will be much easier and streamline the process. They will be submitting another grant proposal to VisitFlorida in February 2018, which is the $5,000 marketing money they received to launch the new website and updated quarterly report. Ms. Tennant thanked the Board for allowing her to brag about the Manatee Center and said she is very excited about everything that is going on there.

Mr. Bey said they are doing a great job and the Manatee Center represents FPUA well and thanked them.

Mr. DeIulio said it sounds like you are very busy over there.

Mr. Perri asked what kind of new species they got this week.

Ms. Tennant said they got a new black moray edge eel and are going to launch in a day or two a naming contest for the eel that will be on their Facebook page and website. She said they will release the name at the October anniversary event. They have a few new sea urchins and new fish that were put in the predator tank.

Mr. Mimms said the Manatee Center has done a fantastic job with their community outreach and getting people to the downtown area. He said you are located in a fabulous location and have done a great job. He was wondering with the numbers shown with the visitation if they are getting support by the local Tourism Development Council (TDC) and believes the Manatee Center is working with Fort Pierce Authentic Tours, but wondered if they are getting support from the TDC.

Ms. Tennant said they are not, but they are working with Authentic Tours.

Mayor Hudson said Mr. Mimms can tell Charlotte.

Mr. Mimms said the numbers you have are magnificent so if that is another resource you can get for some funding for your activities, you should certainly explore it.

Mayor Hudson said the Chairman of TDC is Commissioner Chris Dzadovsky and they are very active and should know about the Manatee Center and helping you. She said she would be happy

to mention it to them. This is fantastic. Mayor Hudson asked where they get most of their visitors from other than the schools.

Jann Widmayer said she does not have those numbers with her, but they do keep demographics. She said they do have national and international visitors and break them down that way. She can send the numbers to the Board Members.

Mayor Hudson said she is curious if there was a surprise for them. She said the Seven Gables is right next door so maybe a lot gets referred from them.

Mrs. Widmayer said no since they are right next door they do not need to refer them. She said she is not even sure they have the Manatee Center brochures because they are right next store. They send a lot of people over to them for activities.

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Barbara Mika, Finance Controller, presented the monthly update on the bill comparison for the month of June 2017. She said the first graph displays the comparison of Florida Residential Electric Rates for the month of June. The data behind this graph 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 June bill is noted in yellow, at $117.84, it identifies FPUA's position as compared to the other municipal electric utilities. Our June rate reflects the changes in the Power Cost Adjustments implemented on June 1st. Of the 33 municipal utilities represented in this graph, FPUA now ranks in the 13th positon from the right, which is an improvement from our May ranking. Also depicted in this graph, in blue, is the relative position that FPUA would be in, effective with the most current bills. A few notes on the billing rate changes that have occurred since May, 18 of the 33 municipal utilities have had changes to their bills, 15 of these changes were increases. While the average June billing rate increase was $3.16, FPUA's increase was held to just $1.00. The two largest rate increases in June were with the cities of Key West $7.50 and Alachua $7.00. The average rates for both the All Requirements Participants which are displayed in red were up just slightly about $1.00 and for all of the Municipal Utilities have increased approximately $1.00 since May. FPUA's current rate change is keeping pace with this average. The June bill for FPUA, at $117.84, remains below the All Requirements and the Investor Owned Utility averages. Mrs. Mika said the next graph displays a similar comparison for usage of 2,500kWh. In this comparison, FPUA's standing has improved one position since May, and now sits in the 14th position from the right. We have also included on this graph, the depiction of where FPUA would stand with the additional approved increase to the power cost which became effective with the August 1st billing. FPUA still remains below the All Requirements and the Investor Owned Utility averages for our 2,500kWh bill. Displayed is the June comparison of local residential electric, water, and wastewater bills that have been compiled by Finance staff. This table presents 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. The bill totals shown here include all applicable taxes and fees and have been calculated

and verified to actual bills or rate schedules. Since this comparison was last presented for the month of May, the only change in the comparative electric bill was with the Ft. Pierce Utilities Authority bill with the adjustment to fuel costs of $1.00. On the water and wastewater billing comparison the scheduled annual rate increases for Martin County was implemented on June 1. FPUA's electric services, including all fees and taxes, are still lower than Vero Beach and our overall bill for all three services remains the lowest in St Lucie County. The last table is a more detailed comparison of the local residential bills with a breakdown of the fees for services, taxes and other charges to the customers in these different service territories. This item is for information only and requires no action on your part.

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Nina Penick, Director of Financial Services, presented the Quarterly Financial Operating Results for June 2017. She said this is almost an exact rerun of May and was surprised how similar the percentages and comparisons were. The year to date increase in net position, after the distribution adjustment, was about $2.6 million and that was up $380,000 from last year. Our operating income was up and our capital contributions were down quite substantially. The reason for that relates to recording the capacity reduction option that Val referred to earlier in her presentation and was also discussed at the May 2, 2017 Board meeting. We have reduced the restricted capital improvement charges, which are in capital contributions and reduced the customer's available capacity and applied it to the guaranteed revenue charges (GRCs), which shows up in other operating revenues and were not previously collected. We had some expense reductions to contribute to those increases in operating income, depreciation is down about $659,000 from last year and our general administrative costs are down about $302,000. Mrs. Penick said on the next four graphs, the bars represent operating revenues and on the electric it is minus power costs, which is already included in the electric operating revenue and is not controllable by FPUA. The revenues are up about 2% from FY 15 to FY 16, but down 3% from FY 16 to FY 17. The consumption is up 3% from FY 15 to FY 16 and down 1% from FY 16 to FY 17. On the water side, the operating revenues are up 3% from FY 15 to FY 16, but the operating revenues are up 11% from FY 16 to FY 17 and some of it relates to the increases in consumption that shows a 2% increase. The Wastewater System is billed generally based on water sales and water billing and those operating revenues are up 2% from FY 15 to FY 16 and up 9% from FY 16 to FY 17. Some of those increases in the operating revenues is not just a result of the additional consumption, but is also a result of the GRGs as well. Mrs. Penick said in the Natural Gas System the operating revenues are down 8% from FY 15 to FY 16 and up 4% from FY 16 to FY 17. The gas contract consumption was up 10% from FY 16 to FY 17 and that resulted in a 1% increase in contract revenue. The operating income and debt service for the 12 months ending June 2017 was a ratio of 3.17, which is way more than double of the 1.25 that is required by our debt service requirements. This is an information only item and there is no action required of the Board at this time.

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Mrs. Penick presented the status report on the Electric Power Cost Adjustment (PCA) for the month of July 2017 and updated projections through July 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 month of July was another surprise. The cost of power purchased from Florida Municipal Power Agency (FMPA) for the month of July was billed to FPUA at the rate of $72.29 for 1,000kWh, a decrease of $5.31 as compared to June. The over-recovery from the customers for the month of July totaled a little over $506,000. This was unexpected and was the result of lower power prices of about $200,000 and higher customer usage of 3.7 megawatt hours more than we were expecting only last month. The consumption for the month of July was the highest monthly sales consumption since September 2007. The cumulative over recovery as of the end of July was $789,485. FPUA has returned almost $6.7 million back to our customers during the 16 months ending May 31, 2017. Mrs. Penick said on the displayed graph the dark blue line depicts the PCA and the bars depict the balance of the PCA over/under recovery. The blue bars reflect the actual amounts and the orange bars depict what the over/under recovery would be if the projections are correct. It assumes a $1 increase effective September 1. These projections are prepared by Public Resources Management Group (PRMG), which in turn are based on projections prepared by FMPA. Because of the significant improvements in the projections, staff has not presented different options since at this time it appears that further changes to the PCA may not be required for many months. If we leave it at the $4 for this time frame, we anticipate being over that $1 million minimum the month of August, but if we make the change, we will be back in our range we had been hoping to be in at some time in the distant future. Mrs. Penick presented a graph showing what it looked like two months ago. We were going to have to raise the PCA all the way up to $12 and were still going to be up around $0. If we make no more changes after this one change in September, we should be good for many months. We need to continue to review this information every month and take a good look at it because it demonstrates how quickly the projections and the facts can change.

Mr. DeIulio said that is a dramatic change and is scary because it could have gone in the other direction.

Mrs. Penick said she agrees, but fortunately the projections by FMPA were apparently excessively conservative.

Mr. Bey said a year from now we are back in the same position almost.

Mrs. Penick said we may be, but we have 12 months to look at it and make sure we do not end up in the hole and do not end up around the $6 million point either. She said we want to stick within the $1 million to $4 million range.

Mr. DeIulio said the Farmer's Almanac says it is going to be a cold winter.

Mrs. Penick said we are also producing a great deal of gas.

Mr. Tompeck said it is interesting on what is going on. He said he was reading the market analysis today and not as much gas has been diverted to power generation as they originally thought. He said that is one of the things that is keeping the price down even though it is hot, he thinks some of it is being diverted by coal. With coal and gas, they try to keep them competitive so people will burn coal. What he worries about is we know how this cycle works, it works the same way every year. It is real important if we are a little fat in March and April, it is not a bad thing, but he wants to be sure we do not short change ourselves so we get in the same problem next year. Mr. Tompeck said he went back and looked at some of the analysis we did before and he thinks we may have missed the boat earlier this year by not raising the PCA a little bit. He wants to make sure that does not happen again and the only thing that will prevent it from happening again is if we have some have a polar vortex or something that makes everything go bonkers and that is always a possibility. We had one a few years ago and the gas prices went up to $6 or $7 a dekatherm as opposed to $2.80 today.

Mrs. Penick said in conclusion, staff is requesting an increase to the PCA of $1 per 1,000kWh, from $3 to $4 per 1,000kWh, effective September 1, 2017.

A motion was made by Mr. Bey, seconded by Mayor Hudson, and unanimously carried to approve an increase to the Power Cost Adjustment of $1 per 1,000kWh, from $3 to $4 per 1,000kWh, effective September 1, 2017.

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Mr. Tompeck said the City Commission approved the 2018 budget and the amended 2017 budget last Monday. He said one note on the budget, there is a line item for water/wastewater work on Avenue M, Ohio, and Wendell Road, which was to be covered by a state revolving loan for $3.4 million. Back in June 6, the Board approved the Resolution UA 2017-06 and 2017-07 to pursue these loans. On closer inspection of the terms and conditions of these loans, we were not able to apply for the loans. Last week we met with Mr. Mimms and his staff to see what we could do to support the City's priorities for FY 2018 and will provide him with our finding, probably later this week. We understand the scope of the work and that Avenue M being the most important, then Ohio, and then Wendell.

Mr. Tompeck said he met with Jacob Williams, FMPA General Manager last week and discussed a variety of topics with him. Of special note, we discussed the final steps for Vero Beach to leave FMPA. Jacob will be down the third week of October to address the Board and go over the steps with the Board. At some point in time, we will need a resolution from the Board to finalize our approval of allowing Vero Beach to leave the agency. There is one additional item associated with this plan that we need to tackle, Vero Beach and FPUA jointly own a 138 kV line. FPUA has the right of first refusal on this line and we need to disposition this line prior to Vero leaving FMPA. We will be meeting with FPL this week to start the process. One other note, FMPA will

be having their Board of Directors meeting in Fort Pierce in October and it will be combined with a tour of TCEC. There will be some other events and he will keep the Board informed and invite them. Mr. Perri will be there. The Public Service Commission (PSC) performed their annual audit on Gas Operations last week. Based on the exit interview, they will be only issuing one violation. Mr. Tompeck said he believes that was good after four days reviewing every piece of documentation we have and two days in the field doing some review. The PSC has really tightened up on their audits and are starting to issue fines for multiple violations. He does not think our one violation will result in a fine.

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Attorney Koblegard said he received contact from the lawyer for Eve Walker sometime towards the end of last week. Basically he said he is going to bring action against FPUA for a whistle-blower violation. Mr. Koblegard said he is not aware of any filing by Eve Walker that met the requirements for a whistle-blower. He does not know if that exists and if it does, he has not heard of it or seen it, and does not know how he would have missed it. He is also saying the Board or a Member of our Board and the Board slandered her in comments that were made at the meeting on July 13. However, the comment related to hacking another person's emails. The comment that was made if you look at the minutes or watched the meeting again, was merely relaying that certain employees of FPUA had issues of possibly looking into other persons' emails. He guesses the term could be hacking those emails, not accusing anyone, just relating that had been mentioned or told by a number of employees. Just relating that to the Board is not anywhere close to a deformation or slander. Mr. Koblegard said he did talk to a representative with the League of Cities to see if we had coverage, if in fact, that comes to be, actually the action has not been filed. He said there are seven pages of exclusions and he would send them to Mr. Koblegard. Mr. Koblegard looked through them and there are maybe four or five, we may fit and we may not, he does not know. He said they will not tell you anything until they actually see a filed claim, they will not speculate if there is coverage or there is not, until they see what we have. If he is not mistaken, he thinks they have to file something within 60 days. He cannot see where there is any Chapter 112 Whistle-Blower situation or where that happened. There may have been some information submitted after she was no longer with FPUA, but that was not whistle-blower, but documenting some of her notes and such. That does not fit the situation, but anyway, that is where we sit at the moment and Mr. Koblegard said he will keep the Board informed.

Mr. Bey said he has a question and asked if the potential law suit is for the entire Board.

Attorney Koblegard said he indicated someone had said the Board was not inclined to bring Eve Walker back because she was not found to be trustworthy, that was a statement he made, no backup for it. Take it for what he said that is all he knows. Like the League said, once they see it, then they will know what we have to deal with.

Late yesterday, he received a call from Brad Culverhouse and he is bringing an action against the Utility Authority on behalf of Clay Lindstrom. Some of you may already know about it, he does not know. Mr. Koblegard said he got a copy of the petition for Certiorari, which is the type action he is filing. He did not file it until 9 minutes after 12 last night, but he may still be within the 30 days. Mr. Koblegard said he has asked John to send a copy to the Board Members to get a look at it. He mentioned a couple of things and to be quite honest, it kind of floored him in light of what really happened. A quote from it says: "The one paragraph Agenda for the Special Meeting of the FPUA Board at 8:30 a.m. on July 13th, 2017 was transmitted to Clay Lindstrom via email at 2:46 PM on July 11th, 2017, which was only 41 hours counting evening hours. The words "and continued employment" had been added after the words "review of the FPUA Director's contract"." Mr. Koblegard said in others words he is saying the due process did not allow him to prepare for the meeting and he only had 41 hours' notice. He said that obviously is absolutely and totally false. The agenda item was published and sent to all the Board Members and Clay was the Acting Director on June 30, which is 13 days before the meeting. There are numerous emails going back and forth when that day was picked. The agenda item stated exactly what it should have said, which it was a review of his contract and determination as to his future employment. He was put on notice and was given plenty of time, there is no failure of due process there on that count. Mr. Koblegard said he is not going through the whole thing, but is going down to what he thought was a bizarre statement and would be surprised "not one shred of competent substantial evidence was offered ….. This surely is a departure from the essential requirements of law. Moreover, the Mayor and Mr. Bey and Chairman Cavalcanti were really firing Mr. Lindstrom because they thought that he was not being loyal to the Mayor because he had lunch at a local restaurant in which the Mayor's most vocal critic owns an interest and because this person's restaurant had by mistake of other members of the staff of the FPUA had not posted a Utility Deposit." Mr. Koblegard said in other words he is saying he was terminated because he had a meal at Sweeties and the reason he did not put the deposit up is our fault and not his. He said when you make allegations like that, Mr. Koblegard said he does not think you should take it too serious. However, he has filed it and Judge Mirman in Stuart is in charge of the appeals and administrative process now so he would be the one to hear it. What happens is the judge will look at this and decide if there is merit to it, which just on its face he may very well do and then give FPUA time to respond, that is when we get to give our side of the story, so to speak. He does not know how much time is given, maybe 20 days or something like that. It would be important for everyone to look at this, it is filed in the Circuit Court here so it is an active case going forward. Mr. Koblegard said the allegations do not fit the facts at all, it is way outside of that. He said he would be glad to try and answer any questions.

Mr. Tompeck apologized that he did not get a chance to send it to the Board Members this afternoon and will be sure you get it first thing in the morning.

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Mr. Mimms said as with every meeting, he tries to bring good news and the City of Fort Pierce staff did meet with Mr. Tompeck and his staff and we are hopefully going to work through all

issues in regard to the funding for some of the City's capital improvement projects. He said also in that meeting, Mr. Tompeck did put some pressure on him with an issue he has had been pushing Mr. Mimms on forever, as long as he has known him. Mr. Mimms said he twisted his arm and put it behind his back and he actually had their building official looked at the current laws and Florida House Bill 1021 that was a rule and became effective July 1, 2017. The City is reversing their decision and they will work with FPUA to allow FPUA employees and the agency itself to work on the customer side of the meter. He has the memorandum and the determination from the City's building official and told Mr. Tompeck that they would continue to work together with that.

Mr. Bey asked if that is the plumbing issue.

Mr. Mimms said he has been wearing me out about that matter and he is so tired of hearing about it. He said we got that worked out.

Mr. Tompeck said he appreciates that very much and he is guessing he owes Mr. Mimms big now.

Mr. Mimms said yes he does and to get ready.

Mayor Hudson said she thinks the tab will be high.

Mr. Bey said so twisting your arm behind your back is the way to get money then.

Mr. Mimms said he guesses so.

Mayor Hudson said that is great news.

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Mr. Perri said on the Vero Beach issue, he asked if the City Commission has to approve this also, he thinks they do.

Mr. Tompeck said he asked Jacob that and he does not think so, but maybe he needs to do more checking on it.

Mr. Perri said if that is so then maybe the City Commission needs to be here.

Mayor Hudson said they need to be educated.

Mr. Perri said they need to be here when he speaks.

Mayor Hudson said she thinks so too, they need to be educated and to at least be invited.

Mr. Perri said he is under the impression going to the FMPA meetings for the last seven years that this talk has been going on for that length of time. He is positive that somebody said there will be some cities that the Commission has to make the decision also even though they have a separate Board. He said we need to look into it.

Attorney Koblegard said the only thing he could say is all of the agreements with FMPA/FMEA are strictly between the UA and them, the City is not a party to those agreements, if that makes a difference.

Mr. Perri said the fact you are releasing somebody of their portion of a debt to the FPUA that affects the City, he thinks there is some kind of connection there, but he is not sure what it is. He said we need to know that specifically before Jacob gets here and presents it. If the City has to approve it also, they need to be here to hear the presentation.

Mayor Hudson said they should be invited anyway, even if they do not have to approve it, it is a decision they should be apprised of.

Mr. Tompeck said to Mr. Perri that since they will be up at FMPA next week, they can break off with Jacob and talk about it. He said he did mention it to him, but Jacob did not seem to think we needed City Commission approval, which does not mean they should not know exactly what is going on.

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There being no further business, the meeting was adjourned.

ATTEST:

SECRETARY

CHAIRMAN