MINUTES OF A REGULAR MEETING OF THE FORT PIERCE UTILITIES AUTHORITY, TUESDAY, AUGUST 18, 2020, 4:00 P.M., CITY COMMISSION CHAMBERS.

Members Present: Chairman Glynda Cavalcanti; Vice Chairman Charlie Frank Matthews; Secretary Darryl Thomas-Bey; Deputy Secretary Frank H. Fee, IV; and Rupert N. Koblegard III, FPUA Attorney.

Excused: Mayor Linda Hudson

Others present: John K. Tompeck, Director of Utilities; Barbara A. Mika, Director of Financial Services; Paul A. Jakubczak, Director of Electric & Gas Systems; and Javier Cisneros, Director of Utility Support Services; and Joshua P. Gang, Director of Regulatory Affairs.

The meeting was called to order by Chairman Cavalcanti.

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.

A motion was made by Mr. Fee, seconded by Mr. Matthews, and unanimously carried to excuse Mayor Linda Hudson from this meeting.

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

A motion was made by Mr. Matthews, seconded by Mr. Bey, and unanimously carried to approve the Minutes of the Regular Meeting of August 4, 2020.

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

1. POA 18-21: Approve Amendment No. 2 to the Substation Maintenance Contract with Electric Power Systems International Inc., of Sanford, Florida, to increase the not to exceed contract amount from $44,900 to $75,000 annually for additional transformer testing, contingent on receiving the required Certificate(s) of Insurance.

2. Approve budget transfer request in the amount of $125,200 for the installation of 35 new decorative light fixtures for the City of Fort Pierce's 17th Street roadway improvement

project. This transfer is for contribution and aid funds only. The City of Fort Pierce will be reimbursing FPUA for the cost of the installation.

3. Approve budget transfer of $105,000 for the St. Lucie Village Overhead to Underground project due to increased construction cost and expanded scope for a total project cost of $285,000. The funds are available in existing project 533.

4. RFP No. 20-48: Approve 1) Budget Transfer Request in the amount of $14,000 and 2) Accept proposal from and approve Contract for the RO Chemical Building roof remodel at the Water Treatment Plant with Anglers Contracting Inc., of Ft. Pierce, Florida, in an amount not to exceed $75,466.00. This Contract will commence upon written Notice to Proceed and end upon final completion of the work and acceptance by FPUA, contingent on receiving required Certificate(s) of Insurance.

5. Approve the Federally-Funded Subaward and Grant Agreement with the State of Florida, Division of Emergency Management, of Tallahassee, Florida for reimbursement of costs incurred related to the emergency protective measures and restoration after Hurricane Dorian (DR4468), and authorize staff to execute any documents required by FEMA pursuant to the agreement.

6. Approve Amendment No. 2 to the Interlocal Agreement for the Partial Assignment of Aggregated Capacity, with Florida Gas Utility and the City of Sunrise, Florida, to extend the term of the agreement through October 31, 2021, with automatic one year renewals.

7. POA 20-45: Approve: 1) participating in the Sourcewell Cooperative RFP No. RFP04092 through Sourcewell, and 2) Contract with UniFirst Corporation, of Wilmington, Massachusetts, for Uniform Rental in an amount not to exceed $75,000 annually. The initial term of this contract will be from August 18, 2020 to May 21, 2025, with five one-year renewal options, contingent on receiving the required Certificate(s) of Insurance.

Mr. Tompeck said the first item is an update on COVID-19 and in lieu of a verbal report by him, we have developed a more detailed PowerPoint and Javy Cisneros will make the presentation.

Javy Cisneros, Director of Utility Support Services, presented the COVID-19 update. He said he will present an August 18th FPUA COVID-19 update and said it is really important to provide the Board a refresher because it is important for us to follow protocols related to COVID-19. He will start with strict control room isolation where only those employees who work in those control rooms are allowed in there. At the last Board meeting he mentioned we had three, but we actually have four control rooms; Water Treatment Plant, Water Reclamation Facility, Electrical SCADA Dispatch area, and the Treasure Coast Energy Center. FPUA continues to take daily temperatures of our employees prior to entering the office and if their temperature is below

104.0, they are allowed in the building. We have limited in-state travel for training, but have suspended out of state travel, which is obviously to protect our employees. We continue to require mandatory masks in all common areas, hallways, break rooms, and those kind of areas. They do not have to wear a mask in their office, but any common area they are required to wear a facemask. We do try to hold as many meetings virtually if possible and that is pretty tough because of multi-tasking, but when possible we do try to hold virtual meetings. Employees try to adhere to social distancing guidelines and if we are able to maintain six feet of distance we try our best, and if we are not able to maintain that six feet, we must wear a mask. Majority of our employees are working from home, approximately 60% are working from home and continue to do so until further notice. The lobby does remain closed to the public, but those employees who were working in the lobby continue to assist customers over the phone. It was not mentioned during the last board meeting, but it is important to know the drive through has not closed. It continues to remain open to the public and it stays pretty busy. My office and Mr. Tompeck's office are right above the drive through so we know that it stays busy.

Mr. Cisneros said at the last Board meeting we talked about disconnects and he will provide a little refresher on where we were on July 1st and where we are today. He said we hit a peak of 2,100 disconnects on July 1st and you can see on the displayed slide that the number reduced over time as we approached the cutoff date. We had a low point on August 3rd, before the last Board meeting just below 1,100 customers. It did creep up quite a bit back to 1,413 and he can only estimate that it is probably related to our automatic payment plan or that the disconnect date was extended, those are just guesses. Those customers who have signed up for a payment plan as of today, we have 757 residential accounts that have signed up for approximately $475,000. If you compare that to August 4th at the last Board meeting, we had a 702 for $444,000. For commercial, we have 53 accounts for $58,000 and if we compare that to August 4th that is 44 accounts at just under $52,000. In his experience it looks like we're going to have around 2,200 customers that will be on a payment plan by the time this is all said done and that's just an estimate. That will be approximately $1.4 million so it is a pretty big number and he hopes he is wrong and hopes it's much lower than that. At the last Board meeting we talked about how we notify our customers about the automatic payment plan. Displayed is a draft letter we will be sending to our customers and that information will include their past due amount, what their automatic payment plan will be per month based on the past due amount, whatever the amount is divided by 12 for residential customers, and then their current bill. Just a reminder the automatic payment plan brings every customer current so there is no past due amount. Their current bill will be their current bill plus their payment amount, which for the average customer will be about $50 a month. We will give them a date when that amount is due and we are trying to line it up with their payment cycle so they get it with their bill. That won't be possible for every customer, but we hope that's possible for the majority of the folks. The letter will also include information related to COVID-19 financial assistance. It will have information from Mustard Seed and ALPI so if they have not reached out to those organizations, they can. It will also include Recover St. Lucie Assistance CARES Act information on the letter, so they can continue to reach out to those organizations. If they don't have a computer, they can call the number and Mr.

Cisneros has talked to the County and they will try their best to work with anybody who calls to try to fill out the application. We are hoping that some of the letters will go out next week, but we're expecting the letters will start going out the first week of September and you can see from the screen, we will have approximately 230 letters that will go out on the first week of September and the second week of September another 230, third week 430, the fourth week 405, and all the way up to the first week in October 130 letters that will go out to those customers on the list. That will be the automatic payment plan letter to those customers. Mr. Tompeck mentioned at the last Board meeting that we are expecting to cut people in the middle of September potentially. Because of our billing cycle and our letter to our customers, with the proper notification, proper amount of time to notify the customers, it will probably be on or after October 5th. So the date is just a little bit further out, couple weeks out than what we discussed at the last Board meeting. Any questions before we move on.

Ms. Cavalcanti asked if the letters were going to be in Creole and Spanish as well.

Mr. Cisneros said no, we did not plan to do it in Creole and Spanish, but that he can look into it.

Mr. Matthews said in terms of the letter, you said there would be three things in the letter, the current bill owed, payment plan, and what is the third one.

Mr. Cisneros said it would be the date they would have to make sure they pay their next bill. It would look like what they would get in a normal bill, you have your amount and due date. It may be slightly different than your normal bill date.

Mr. Matthews asked if Javy planned to do a letter or are planning on doing a card?

Mr. Cisneros said it is going to be a letter, exactly what you see on the screen, it will that be a personalized letter to each customer on the list. He said during the last Board meeting he knows there are a bunch of numbers up here, but the summary of this slide is that we have contacted all of our customers, everybody that was on the list, we have called them. There is a good portion of the customers we have not gotten a response, but we can see the number of customers that have paid, people who have made payment arrangements, and people we haven't got responses from either by e-mail or phone call have gone up. The biggest thing is there are a large number of people that have paid and also people who have gone on the list that have been off the list and now back on the list. That is why the numbers have also increased since the last Board meeting because of the automatic payment plan.

Ms. Cavalcanti asked if Javy thinks that is because of the extension of the date or that could be the reason.

Mr. Cisneros said probably and one thing he wants to mention is the nonsufficient funds, NSF. He said we have five, but the number is actually a little bit larger now as of today. We are asking

those customers who have written a bad check to pay whatever that amount was before they come on a payment plan because it is part of our resolution. It is not a very large number, but it is important for the Board to know there are some folks who did not have to pay, but they made a bad payment, and we are asking them to make that square.

Mr. Matthews said he will put his banking cap on and said a person writes a check and let's go to some common sense, writes a check of $325 to pay a bill, that seems reasonable and the check bounced. He asked if it was a little bit high and nobody would have to pay that much?

Mr. Cisneros said they would have to pay whatever amount the check was written for to square that up.

Mr. Matthews said the question he is trying to get to is, we deal with trying to get insufficient funds fees from our side plus the bank.

Mr. Cisneros said no sir, he is not exactly sure how much our fees are because there is a bounced check fee. He does not know exactly what that number is, he wants to say it's $15, $20 or $35 that we charge for the customer if they write a bad check. Did that answer your question?

Mr. Matthews said the thing that he is concerned is how do they catch up? He is interested in the customer catching up with their bill and interested in a system that would help them catch up. He is not saying to waive the fees, the late fees, whatever insufficient fund fees, but you've got to understand if I needed $100 to pay and now I got a fee of $20 or $25, you know that roll is going to get longer down the line.

Mr. Cisneros said he understands and we are hoping with this presentation and the letters that we send out to these customers that they can reach out to these organizations that can provide some assistance. It is a good question, but he cannot answer it, we are hoping they can reach out to these organizations.

Mr. Matthews said five people that is a pretty good average of this, it's very low.

Mr. Cisneros said very low yes.

Mr. Tompeck said it is about normal for a month anyway right?

Mr. Cisneros said the number he got earlier this afternoon was 20, so we're up to 20 but, we work with those folks to make sure. He said a bad check is a criminal activity and we try not to do that to those customers if we do not have to. We try to square it away as much as we can and try to avoid that. During the last Board meeting we talked about waived penalties and late fees. We continue to do that and we will continue to did that until the end of September. Right now we are at $349,000 of waived late fees and penalty fees, it is a big number. FPUA's sponsorship,

we had originally a $100,000 sponsorship we gave to Mustard Seed and ALPI and have increased that by the direction of the Board to $200,000 and that is for a one time assistance of up to $400. We are still working on the details for the $100,000, which we will get to in just a few minutes, but he would like to give the Board an update on the Mustard Seed and ALFA data. To date, we have $36,000 that have been paid from Mustard Seed out of the $50,000 and $3,000 that are pending from Mustard Seed. On the slide you can see those numbers went up from August 4th, we had 92 at $28,000 and 11 at $4,000. So Mustard Seed continues to do a very good job with processing these vouchers. ALPI, during the last Board presentation that week our employee was working in their office and that seems to be working really well. You can see the numbers for ALPI have gone up. We went from on August 4th, we had eight vouchers that were paid for $2,200, we have gone from 8 to 28 as of yesterday for $8,700. Pending, you can see effectively, the applications are getting processed a little bit faster so the number of pending applications even though we've paid some, the pending applications have continued to be at the same amount, which means we still have applicants coming in applying. You can see the numbers there of $10,000 worth of pending vouchers for ALPI. We originally had the employee working there Monday, Tuesday, and Wednesday and the following day we actually had her working remotely. She was no longer on site because it was a little uncomfortable for her, it was really tight quarters, a lot of people, so she has been able to work remotely and seems to be doing really well with providing them with the data they need.

Mr. Cisneros said the St. Lucie County Cares Act we have talked about that quite a bit. He said it is going to be in the letter to the customers and also a refresher for anybody watching on TV, for the Board, and for the audience. St. Lucie County Cares Act has a Social Services portion of the Cares Act, $16.6 million. He said it provides up to a $4,000 one-time assistance to include payment of utility bills. During the last Board meeting we talked about 56% of the applicants have City of Fort Pierce address and he was actually able to narrow that down into the FPUA service area so it is closer to around 46% of the applicants. On July 27th, the county had 1,800 applications, 32 have been processed for payment or approved for payment and those 32 out of the 1,800 are FPUA customers. Yesterday we were able to get the latest number and they have 3,188 applications that have been submitted and 52 of those are FPUA customers. The 3,188 and 1,800 are not approved applications, those are just the number of applications that the system has taken in. The County does have an online application process and he was able to review a PDF version of it. It is not necessarily intimidating, but it does require for the applicant to provide quite a bit of data for verifying they have had a loss of income or have been affected by COVID financially. Obviously they are trying to make sure they can allocate the money to the people who need it the most. Mr. Cisneros said one of the questions Mr. Tompeck mentioned to him earlier in the week that Mr. Matthews brought up is what happens if somebody cannot go to the website. He said the number you can call is on the screen, 462-1705, and they will walk them through the process of the application. If you are needing to provide them data you can send it to them via text or message so they will work with people that are applying over the phone for those people that do not have a computer.

Mr. Tompeck said there is no hard paper application.

Mr. Cisneros said it is all digital. He said we will continue to evaluate and FPUA is not good at this because we have never done an in-house evaluation of qualifying somebody for income, but we will continue to evaluate what that process would look like internally. We did get some information from the County on what their process is, so he will be closely reviewing that and working with Customer Service to see what we can do to have some process in place for taking applications in-house. The two primary things the County does and Mustard Seed and ALPI do is they work with the applicant to verify they have had a reduction or loss of income and that seems to be the toughest thing to prove in any of those organizations That will be just as tough for FPUA to prove, but we are still working on trying to develop a process in house to do that. We continue to provide quite a bit of outreach for COVID support and continue to talk about the COVID-19 payment program. Even though we are going to have some folks that are beyond the automatic payment plan, those folks may be current with their bill now, but between now and October 5th or whatever day they fall within their billing cycle, they may fall within that 60-day requirement for disconnect. We will continue to offer the payment program for them, it just will not be automatic because we will not know how close they get to being disconnected, but we'll continue to work with those folks if they do fall into financial hardship.

Mr. Cisneros said FPUA's communication continues to provide information for ALPI, Mustard Seed, and the St. Lucie County Cares Act. He said we are active on TC Palm, Facebook, FPUA's website, the City's website which is appreciated because they have FPUA front and center, and the St. Lucie County Cares Act website which is good for the community. We will be doing radio ads with that type of information for payment program, the sponsorship, and the Cares Act and there is a list of radio stations that we talked about during the last Board meeting and some additional radio stations that we have added. We are expecting that to run maybe later this week or maybe next week. He said he sees Jann in the audience so she may be able to shake her head yes or no. It will be going twice a day through the end of September, so lots of outreach there. That is all I have for today and would be happy to answer any questions you may have.

Mr. Matthews said he is still having a real headache on the way that persons that are being dealt with, you cannot tell me we cannot work something out better than what we got. He said we are having people who are going all the way to the site where they know they heard they can get help. When they get there, they tell them they need to have an appointment. Now, they got to go back, probably hop the ride that way, they got to get back, three days later on an average they get a call. How is a person, somewhere along the line the two sites that we got need to be told, let's try to wait on them while they got them there on the premises.

Mr. Cisneros said that is a good question and the appointment is required because they do have limited staff.

Mr. Matthews said they should be told that before they go all the way down there.

Mr. Cisneros said he hopes folks are watching today and hopes they understand they do need to call for an appointment. He hopes the outreach on the radio can give them additional outreach that tells them to call to make an appointment and that ts provides the outreach that is needed to make sure they can call before they get there.

Mr. Matthews said the other question he has is we set an approval for $94,000 to be transferred and asked who is funding that.

Mr. Tompeck said that is part of the extra $100,000 Mr. Cisneros talked about.

Mr. Matthews asked if we are going to give the $94,000 plus to the same group .

Mr. Tompeck said he thinks that's one of the things we're looking at. He said we talked a little bit about that we may be able to do some of the evaluations in-house and wants to see how the rest of the ALPI and the Mustard seed goes and we may open up for some folks to come into our office and fill out some applications.

Mr. Bey said he has a question and a comment for Javy. He asked if disconnection starts after October 5th?

Mr. Cisneros said yes sir it would, because when people become current with their bill with the automatic payment plan to be eligible for disconnect would require two months of past due bills. So that means October 5th would be the first month they would be two months if they haven't paid.

Mr. Bey asked if we anticipate doing an additional extension.

Mr. Cisneros said we can consider potentially doing that, originally no sir we did not.

Mr. Bey said the comment he wants to make is, he wants to congratulate Javy and his department. He thinks you've done an excellent job at making every possible means for people to either pay or get an extension on payment. We have waived fees and he thinks we have really done a yeoman's job of this. Mr. Bey said he wants to thank everyone for extending that.

Mr. Cisneros said thank you and that a lot of it comes from the leadership group.

Ms. Cavalcanti thanked Javy and said it was great

Mr. Tompeck said the next item is the Bill Comparison for the month of June and Barbara Mika will make the presentation.

Barbara Mika, Director of Financial Services presented the Bill Comparison for the month of June 2020. She said she will be presenting the monthly update on the comparisons of municipal electric rates in the State of Florida and of the local Treasure Coast utility bills for June 2020. This first graph shows the comparison of residential electric rates for 1,000 kWh of consumption for the month of June for the 13 municipal utilities, in the State of Florida, which are members of the "All-Requirements Project". They are displayed and ranked based upon their base bill amount. In this graph, we can see where FPUA ranks among the 13 ARP participants and our June rate at $103.84, depicted with the yellow bar, ranks FPUA with the 4th lowest rate of this group. The next graph displays the June comparison of Florida residential electric rates for that same level of consumption and includes all of the municipal utilities in the state. The data for all of the graphs that are being presented has been compiled by Florida Municipal Electric Association (FMEA). FPUA's June bill for this level of consumption at $103.84, ranks FPUA with the 9th lowest rate in comparison to all 31 municipal utilities in the State of Florida. FPUA is in the top 1/3 lowest rate for 1,000 kWh. In June, 16 of the 31 municipal utilities implemented rate changes for their customers. The overall impact of these rate adjustments on the municipal average was an increase of $3.68. The reason for the overall jump in the average was due to seven fairly significant rate adjustments which were $10.00 or greater, averaging $16.00 increase per 1,000 kWh. Eight of the ARP participants made adjustments which impacted the overall ARP average with an increase of $3.52 from last month. FPUA's rate for June 2020 falls below all three averages for this level of consumption.

Mr. Tompeck said he thinks this is kind of what we were expecting. He said if you recall a lot of the utilities made pretty significant changes, a one month change to May where they dropped it $10 or whatever. We did not do that so we moved up and now they have raised their rates and we are back where we were before.

Ms. Cavalcanti said we are better than where we were before actually.

Mr. Tompeck said if you at how close we are to being in top four because Ocala, Alachua, Leesburg, and Mt. Dora they are right in the same ball park. He said we are within $1 of being in the top four or five here.

Mrs. Mika said the next graph presents a similar comparison of municipal utility bills within the State of Florida for the consumption of 2,500 kWh. She said in this comparison, FPUA's June bill standing at $262.30 was impacted by other municipalities' rate reductions with a favorable shift to the left, since May, to the 13th lowest rate among this group. We are moving to the left and that is the direction we want to go. FPUA's rate for 2,500 kWh for the month of June falls below all three averages shown. We have more good news, the table displayed is the June comparison of the average residential utility bills on the Treasure Coast. In this comparison, FPUA's utility bill for all three services provided inside city limits is shown in the first column in blue. All other bills in this table have electric services provided by FP&L and water and wastewater services by the

locality's provider. The comparison includes the bills for the average consumption of electric, water, and wastewater services for residential customers residing in one of these service territories. These totals include all of the applicable taxes and fees and staff has verified these to actual or historical bills. The electric rates comparison brought an increase in the fuel costs for FPL customers which increased the average FPL bill for Treasure Coast customers by about $25. This is the same amount FPL reduced their bill in May so those customers are back where they were. FPUA electric rates are unchanged from May. Water and wastewater rates were impacted for Martin County residents with their annual price index adjustment, increasing an average bill by 2.4%. There were no other changes on water and wastewater. This item has been presented for your information only and requires no action. However, if you have any questions she would be happy to address them.

Mrs. Mika presented the Financial Operating Results for the month of June 2020. She said after the adjustment for the Distribution to the City, our June year-to-date increase in Net Position is just over $3 million. Operating Revenues are lower than the previous year to date figures by $3.2 million.

The main reason for this decrease is the electric general service sales of about $600,000 and the $1.2 million in the PCA bill because we have a negative in the power cost. About $1 million relates to the 2019 Guaranteed Revenue charges for water and wastewater that were recorded in exchanges for capacity reductions. Year-to-date operating expenses were down $1.8 million from the prior year, mainly due to the decrease cost of our purchased power. Electric operating revenues, less the cost of purchased power has been fairly consistent in this three-year comparison. FY 19 brought a 3% increase to the adjusted operating revenue which is consistent with the 4% increase in consumption over 2018. In the current year-to-date consumption for 2020 remains flat when compared to the period in FY 19 with revenues down 3%, which brings both revenue and consumption back in line with the 2018 levels.

Mrs. Mika said the water operating revenues continue to show a consistent upward trend, FY 19 revenues increased over the same period in FY 18 as a result of increased residential and general consumption about 4%. She said FY 2020 increases in the operating revenues of 7% was accompanied by an increase in the consumption of about 5% over the previous year. In FY 2020 continued increases in residential and general services consumed had an added boost in year-to-date bulk water sales of $775,000. In 2018 and 2019 increased levels of wastewater operating revenue were due to those capacity reductions that we did not experience in FY 2020. In FY 2020 consumption was up by 3% with operating revenues down by 6%. Residential and general services sales were flat, the falloff in revenues was a direct result of the guaranteed revenue charges experienced in the prior two years. Natural gas operating revenues, less the cost of gas purchased and consumption show an upward trend in both revenues and consumption. While increases in the adjusted revenue and consumption are moving together, FY 2020 experienced

only a 1% increase as a result of level general services sales in comparison to 2019. The savings in the cost of purchased gas from 2019 was 8% or a little over $300,000 year-to-date.

Mrs. Mika said the operating income and debt service debt service coverage ratio is the ratio of the twelve-month average of our net available income to our current debt service. She said for the twelve months ending June 2020, our Debt Service ratio is 2.72, which means that for every dollar of debt we have $2.72 is available to pay that debt. Our bond covenants require that we have a ratio of 1.25x and we are well within a comfort zone for our debt service. This item is an information only item, however she said she will address and questions that you may have.

Ms. Cavalcanti said looking at our combined statements between 2020 and 2019, the difference is only about $216,000 of net income that were lower this year, 3039 versus 3255. She is wondering if we are going to have a surprise later. She is assuming accounts receivable are up considerably, versus a year ago.

Mrs. Mika said yes, that would be true.

Ms. Cavalcanti said that is still booked into revenue and asked if we do anything for bad debt or do you have the auditors do it or what do you do with that?

Mrs. Mika said we look at bad debt, we adjust our write-offs each month so we take a look at it each month. She said at the end of the year, we wait actually three months into the new year or so two and a half months and then we look back so we get a rolling 12-month picture of how much we have collected going back. It is not going to be pretty this year when we close the books in September.

Ms. Cavalcanti asked if we are accounting for it though. She said she is asking if we are going to have a big number at year end.

Mrs. Mika said she does not anticipate it being too big because people will be on a payment plan so we are not going to be writing them off. She said she thinks we were a little bit lower in 2019 than we were in previous years so it may be a little bit higher, we've accounted for that in the adjusted budget.

Ms. Cavalcanti said she was just wondering.

Mr. Matthews said he has a “b” part to that question. He asked if we keep up with the high and the loss in those same figures, at the end of the year and then compare it to the previous year.

Mrs. Mika said we do not do it month to month, but on an annual basis we do because we use it in our budgeting process where we stood and we take a much closer look at it at the end of the

year to see where we stand. We do make adjustments on an ongoing basis based on the write-offs that happen.

Mr. Tompeck said the next item is the renewal quote for insurance from FMIT and Josh Gang will make the presentation. He said he was thinking back to Hurricane Francis and Jeanne year, even that year we only had about $400,000 in uncollectable. In that case, people did not have a home anymore so he does not think it will be nearly that bad this time.

Ms. Cavalcanti said they always say you want to buy utility bonds because people cannot go without utilities and they are generally a very good municipal bond to own.

Josh Gang, Director of Regulatory Affairs presented the renewal quote and proposal from Florida Municipal Insurance Trust (FMIT). He said with this item, staff is recommending approval of the renewal quote for FMIT for our insurance coverage. The policies included in this quote are property, workers compensation, auto, liability, and general liability coverage. As a footnote our general liability coverage includes both our public officials liability and also our employment practices liability. Overall the premiums increased by approximately 6.4% for the year, which isn't bad, but it is due to the to a number of factors. On the good news front, our Workers' Compensation which a few years ago had increased significantly, has actually decreased this year, and went down by 10% for the year. This is the second year in a row we've seen a decrease which is good news. Our Workers' Comp rates are based on two things, one of them is our payroll which actually decreased and our last experience which has been better over the last three-year period. We use a three-year lookback period. Our property rates increased, FMIT increased their property rates by 10% across the board for all entities that they ensure and this is due to higher costs of their reinsurance program. That is related to hurricane damage from Michael, Irma, and Dorian combined and the reinsurance market has deteriorated, continues to deteriorate as far as them being able to buy their reinsurance as their stop loss. Our general liability coverage uses an experience rating formula that looks back five years as opposed to only three years for Workers' Comp and the auto and our general liability increased significantly that is actually one of the largest increases we saw. It has to do with our ratings went up because of some higher dollar claims. There are very few claims, but there are a few higher dollar claims. Mr. Gang said he believes the Board was aware of an employment practice and liability claim that was settled this year and we have had some litigation cases that also got settled this year. He said when those got settled and finaled that increased the five-year experience. On the good news side our GO losses for the last two years have been nearly zero so we have been doing much better than we were doing the past two years than years ago as we look back to years 2014, 2015, 2016, and 2017. We have done much better in 2018 and 2019. In that 5-year period for the Board's information is October 1, 2014 to October 1, 2019, that is the period they are looking at. Finally our auto liability, our coverage increased 5% and that is also due to the loss experience during the three-year period used for that and is related to just one accident that we had which was back in 2017. So again, since then we have been better and once that falls off we should see

some decreases in these rates. To sum it up, staff recommends the Board accept the FMIT renewal and approve funding of $797,500 for the premium. He would be happy to answer any questions the Board may have and he did include Siver's memo which has additional detail.

Mr. Matthews asked if these are the standard coverages we are talking about from year to year.

Mr. Gang said correct.

Mr. Matthews asked what kind of estimate the decrease might happen or when it might happen for next year. What are you doing in June of every year?

Mr. Gang asked what he said.

Mr. Matthews asked if we are paying around June, this is August.

Mr. Gang said we pay it quarterly. He said we pay each quarter and the first payment will be due October 1st and then each quarter after that. It is hard to estimate the amount of the decrease and it is going to take another couple of years because we are in sort of the middle of that period. We are in the middle of the period for Workers' Comp and in the middle of the period also for the auto because the high claim, it is a three-year period and it happened in the second year that they are tracking. For the general liability it is a five-year period, we have one significant claim that is going to drop off from 2014 and then it will be another two years before we lose the real big claim we had, actually two in that year and then once that drops off we should see better estimates.

Mr. Matthews asked if the largest one we have is the property.

Mr. Gang said the largest increase was actually the general liability which increased almost 20%.

A motion was made by Mr. Bey, seconded by Mr. Fee, and unanimously carried to accept the renewal quote and proposal from Florida Municipal Insurance Trust through Florida League of Cities for property, workers' compensation, general liability, and automobile liability insurance coverage effective for October 1, 2020 to September 30, 2021, and approve funding for the $790,598 premium.

Ms. Cavalcanti asked Josh if there really is any competition with this and asked if we competitively bid it

Mr. Gang said that is a really good question, there actually is some. He said the City did put out an RFP for their insurance and we are waiting to see what their results of that are. We will likely do one next year, depending on those results. There are some good reasons to stay with FMIT, coverage year and some of the benefits they provide.

Ms. Cavalcanti said maybe some tales for old claims type things.

Mr. Gang said potentially they would have to cover what was in that period that they covered. But yes, it would help towards settlement, anything that's lingering. Of course competition is never a bad thing so he anticipates we will be send it out for an RFP next year.

Mr. Matthews said to him, one day you and whoever handles it with the City would try to sit down and toss around some type of an estimated figure and it might work out that they come under the same umbrella.

Mr. Gang said yes, that is something that is allowed under the Charter, it is permitted. He said in talking briefly with our Consultant a couple of weeks ago about that, it's not something he would recommend. The City historically and including the five-year period that we're talking about has significantly higher losses than we do, so combining them into one umbrella may actually push our rates higher.

Ms. Cavalcanti said lower theirs and push ours higher.

Mr. Matthews said we had one accident in what, three, four years.

Mr. Gang said for the auto, it was one accident in 2017 that was significant. He said there is other minor incidents of course, fender benders and things like that, but one significant accident.

Mr. Matthews asked if it is enough to put us in any jeopardy with the insurance.

Mr. Gang said no, not at all. He said it is actually the same accident that is affecting both our Workers' Comp and our liability rates.

Mr. Tompeck said the next item is an information item on electric grid efficiency and Larry Lammers will make the presentation.

Larry Lammers, Supervising Engineer for Electric & Gas Engineering presented the Efficiency of Electric Grid-Voltage/VAR Management . He said he is kind of excited about this presentation which is in contrast to when engineering typically comes and talks before you and the public where most of our presentations are about how we can increase our reliability. This one does affect our quality of service, but the main impact for this particular topic is efficiency and hopefully at some point a reduction in rates. So before he digs into some of the technical details on how we can improve our electrical grid efficiency as a utility, he thinks it's appropriate that we define some key terms. The first two are energy and power and a lot of times we use those two terms interchangeably, but they really are different things. So the textbook definition of

energy is the ability to do work and that doesn't really mean a whole lot to him. In his my mind he just thinks about energy as change. So for us the change is how many electrons flow, the more electrons flow the more change you have and in our industry we measure that in kwh. Contrast that to power is how fast we use energy. To give you an example of this you can have the same energy used by one lightbulb over the course of an hour versus two lightbulbs over the course of a half an hour, they are going to use exactly the same amount of energy, but they use different amounts of power. Those two lightbulbs put out the same amount of light as the one lightbulb in half the time is going to use twice the energy. Those two lightbulbs use twice the power as one lightbulb. The third term that he wants to define is efficient or efficiency and that is simply just preventing waste. The main three ideas for this presentation is that inherently the electric grid has waste associated with it. There are things that we can do to stop the waste, ultimately that results in us giving better service at a lower cost.

Mr. Lammers said when you are talking about power it can be described in three separate ways, real, reactive, and apparent. He said there is a lot going on in the slide displayed, but his main point here is that you guys have engineers on staff that do really geeky stuff. Hopefully, as we come to a conclusion on this presentation, it results in us giving lower prices to our customers. So a typical analogy that is often used in our industry to talk about these three dynamics of the electric grid is beer, a lot of people can relate to that. If he goes over to Sailfish Brewery, they are going to give him a glass or a mug and there is a certain amount of space in that glass. That represents for the electric grid the capacity of our wires, of our transformers, and things like that. Now, the electricity or the real power that was shown in the previous slide is represented by the beer, that is the stuff we want, what we are paying our money for. The reactive power is represented by the foam so the better bartender you have, the less foam they are going to give you and the happier you are. That is the same thing with FPUA and running the electric grid, the more real power we can give to our customers, the more they can use what they pay for and the happier they will be.

Mr. Lammers said he will hit on a little bit where this reactive power comes from. He said it is something inherent to all electric grids and mostly produced by motors. That is why he put the image of a motor in there, energy gets stored and released in a magnetic field and that causes waste on the electric grid. The good news is there are things we can do to counterbalance the inefficiencies caused by motors and that comes through the use of capacitors. You have to do an analysis to figure out the best place to put these, but he put an image on the slide and you may see these hanging up on poles as you drive around the City. Displayed is what they look like when they are down on the ground and oftentimes you will see these installed inside of substations. This is so important to the City of Fort Pierce and to our utility specifically and its customers because a large portion of our yearly revenue goes towards purchased power. The revenue is a little over $100 million, more than $40 million of that goes towards purchased power. It is an industry held assumption that a well conducted Capacitor Placement Program can reduce your power consumption by anywhere from 1% to 4%. So if we go on the low end of that

industry standard assumption, it will be $420,000 yearly that we could save our customers year in and year out.

Mr. Lammers said there is a lot of technical information on this slide, it was produced by one of our staff engineers, Eric Meyer, and he does not know if some of the Board Members recall, we had an engineering intern Madeline Shebab give a presentation to the Board last year and those two put this study together. This is just one example of the location they identified that could benefit from the use of one of those capacitors he showed you a couple slides ago. In energy savings alone and there are multiple types of different savings that capacitors give you, but in energy savings alone this one location would save our customers $2,000 a year. So again, this slide is just to further reiterate the point that we do a lot of geeky stuff. You guys really do have some smart engineers on staff and he keeps throwing himself in that equation, but really it is the other good people he gets the opportunity to work with. To sum this whole thing up, you have a bunch of bullet points on this slide that give the benefit of installing capacitors in the appropriate way, but it basically boils down to three main things. Because the system is more efficient, you do not have to upgrade equipment as often as we see load growth. Mr. Lammers said he fully predicts Fort Pierce will continue to grow and grow more rapidly than even we have experienced in the past. As that happens, if we implement a good Capacitor Replacement Program, we will not have to upgrade equipment as quickly because we will allow the equipment we currently have to serve more customers. We will see an improvement in voltage regulation and that is a big deal for the power quality for all of our different customers. Lastly we will have reduced electricity bills from purchasing power. He would like to reiterate those three things, all electric grids have waste and there are things we can do better to reduce that waste and it is going to result in better service to our customers at a lower cost which he knows is something we all want.

Ms. Cavalcanti said thank you very much and it was probably well above our level here of engineering skills.

Mr. Lammers said the bottom line is we will get to save the customers money.

Mr. Tompeck said you may be aware that the August 25th joint meeting with the City and the County on the WRF relocation has been cancelled and will be rescheduled for a later date. He said the second item is Barbara, Mike, and he will be talking with the Financial Advisor on Friday to talk about our potential bond refunding of our 2009 bonds. We are also looking into the possibility of incorporating some of our capital expansion projects and AMI into a bond issue as well. Obviously, we will get back to the Board with details as soon as they have been established.

There being no further business, the meeting was adjourned.

ATTEST:

SECRETARY

CHAIRMAN