MINUTES OF A REGULAR MEETING OF THE FORT PIERCE UTILITIES AUTHORITY, TUESDAY, AUGUST 20, 2019, 4:00 P.M., CITY COMMISSION CHAMBERS.

Members Present: Chairman Darryl Thomas-Bey; Vice Chairman Glynda Cavalcanti; Secretary Daniel DeIulio; Deputy Secretary Charlie Frank Matthews; Mayor Linda Hudson; and Nick Mimms Ex-Officio Member/City Manager.

Others present: John K. Tompeck, Director of Utilities; Rupert N. Koblegard, III, FPUA Attorney; Nina B. Penick, Director of Financial Services; Paul A. Jakubczak, Director of Electric & Gas Systems; Bo Hutchinson, Director of W/WW Systems, and Javy Cisneros, Director of Utility Support Services.

The meeting was called to order by Chairman Bey.

Opening Prayer was by Jason Mittler, Utility Designer of Electric and Gas Engineering.

The Pledge of Allegiance was recited.

The roll was called and a quorum declared.

Chairman Bey asked if anyone would like to add or remove anything from the agenda.

A motion was made by Ms. Cavalcanti, seconded by Mr. DeIulio, and unanimously carried to approve the set agenda.

A motion was made by Ms. Cavalcanti, seconded by Mr. Matthews, and unanimously carried to approve the Minutes of the Regular Meeting of August 6, 2019.

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

1. Approve Post Budgeted Project/Budget Request for Harbour Cay Shoppes in the amount of $37,600.

2. Approve POA 19-67: Post Budgeted Project/Budget Request in the amount of $30,000 and single source Contract with C. W. Roberts Contracting, Incorporated, of Panama City, Florida, in an amount not to exceed $24,990, for sanitary sewer adjustments on Rio Vista Drive. This Contract will commence upon written Notice to Proceed and end upon completion and acceptance by FPUA.

3. Approve POA 14-53: Specific Authorization No. RE 19-02 with Reiss Engineering, Inc., of Winter Springs, Florida, in the amount of $83,300 for the Island Water Reclamation Facility Diffuser Pipe Rehabilitation. This Specific Authorization shall commence upon written Notice to Proceed and end 300 days after the Notice to Proceed.

A letter of appreciation was received from Stanley L. Adams, a former FPUA employee, thanking Scott Ruby and Omar Foote, mechanics with the Water Distribution Department, for resolving his water meter issue.

Mr. Tompeck said the first item this afternoon is a presentation by our Electric & Gas summer interns and Eric Myer will make the introductions.

Eric Meyer of Electric & Gas Engineering introduced Madeline Chabab and Thierry Synde. He said over the course of the summer Maddie worked on an efficiency project and Thierry worked on a GIS power pole replacement project. They are here today to present their projects and what they have learned here at FPUA.

Madeline Chabab said she is very glad to be here tonight to share a little bit of what they have been working on this past summer in Electric & Gas Engineering. She said this is here second summer back here at FPUA and is so glad to return. She had the privilege of working on a slightly more technical project this summer with one of the amazing Electrical Engineer's Eric Meyer. That project was to approve efficiency on FPUA power lines through the replacement of capacitors. The first phase of the project was understanding exactly what the issue was and the approach she would take to solve it. Power Factor is an essential component of that and Ms. Chabab said she would share a little bit about that tonight. She said power factor is a ratio of usable power to total power and in essence it is really just a measure of how efficient FPUA's lines are. In the perfect idle system there will be a power factor of exactly 1.0, but unfortunately lines naturally have reactive power, which is the unusable component of power. It is purchased by FPUA, but unable to be sold and sometimes referred to as unsold power. The more we have on the line, the less efficient the system is and the lower our power factor is. The solution is to strategically install capacitors and if they are placed in the appropriate locations, they can really work to overall optimize the system and improve efficiency.

Ms. Chabab said she was able to begin analyzing FPUA's system as they have multiple feeders and she was able to take measurements to really gain understanding of the system as a whole. She did that in the office through Historian, which is an online data retrieval system as well through Milsoft, which is a circuit simulation software. She also went out into the field with the linemen and with Mr. Meyer to gain some direct measurements so they had an idea of what was happening in the field as well as the remote measurements. On the table displayed and on the right side of the screen it shows there is a lot of data that went into this and it is just one chart

and one small segment of the data table that was used to really analyze the system and understand it holistically. Upon analysis, it was determined the worst performing theater was King 1356. By worst performing it means least efficient, most reactive power, and least room for growth. The solution is to strategically place capacitors and she designed a few different options so her department would have some models to choose from when actually installing the capacitors. Ms. Chabab took into consideration when designing the options the reliability for FPUA customers and cost for FPUA. The ideal model outcome she looked for when designing the options was a model that had voltage improvements, which contributes to reliability for customers as well as decreases in current. That contributes to cost savings for FPUA and as a result the customers as well. The capacitors we are looking to install are switch-bank, which basically means they are continuously adjusting to the conditions that are seen on the line and they also provide room for growth. As shown in the image on the right hand side, is the compilation of the feeder itself from Milsoft as well as some data Ms. Chabab manually entered from the field. Every time she designed an option, all the data was at hand to take everything into consideration and make sure she was designing the best option possible.

Ms. Chabab said she created five total viable options for the department, but tonight she is just going to highlight two of them. She said the first of those two was the most cost conscious option of all the ones created. It was able to utilize the two existing capacitors that were already on the line and only needed the installation of one additional. There are still great improvements in efficiency as well as cost savings and the main pro for this one obviously is that up front it is the lowest in cost. It only required the addition of one new capacitor; however, some cons are that it is not as efficient nor does it save as much money as some of the other options did. The second option was the most efficient and also provided opportunity for future growth. As you can see by the numbers, this one was much more efficient and in the long run will save FPUA more money. Some pros are it included more reliability for customers as well it is the most efficient of all the options. The main con is up front it is more expensive and requires the addition of three new capacitors and is only able to utilize one of the existing capacitors on the line. In the long run it would save FPUA more money. As a whole, this is just a few slides to sum up what Ms. Chabab said she worked on this summer with FPUA. There were also some odds and ins of different projects they had the opportunity to really delve into. She is so glad she made the decision to return for a second summer and it was nothing short of what she experienced last summer. Having one year of school under her belt and then going back for a second, she is so excited to be able to gain experience at FPUA. The people are great and are so generous with their time and knowledge and she could not thank them enough. Ms. Chabab thanked the Board for offering her the opportunity to be here this summer.

Thierry Synde said as a mechanical engineering student interning in an electric utility, he had the unique opportunity of working on the more mechanical side of things done here at FPUA. He said with any system in general that is made up of different components, maintenance and upkeep of those components is essential to how efficient the system is, which is the same case of FPUA's electrical distribution system. We have to worry about the condition of the poles and

what is on the poles like the framing, the conductors, the transformers, the lights, but also the underground utilities. Since there is so much data to manage they have implemented the use of Geographic Information Systems (GIS), which allows them to store, process, and present the data. This gives great data tracking capabilities and the ability to create interactive user interfaces which helps with project management. It is used by so many different departments at FPUA. Not only does FPUA have such a powerful tool at their disposal, it is typically used with almost every project undertaken. Mr. Synde said the main project he was able to work on this summer was the Osmose Pole Replacements. He said Osmose goes out and looks at and inspects FPUA's poles and will let FPUA know if the poles need to be braced or replaced. FPUA will then decide when it will be done. He was able to configure with three GIS tools to help with the entire process with the first being a web map, which allows him to take in the location of the poles along with the attributes of the pole and an inspection decision. The second is a WebApp builder, which allows them to modify the information and assign these poles to different jobs and filter the information as needed. There is a dashboard that presents the information in a way that is easily digestible by the user.

Mr. Synde said once they know which poles need to be replaced, we then begin designing the poles. He said typically replacement poles are designed to what we had before. Because of Fort Pierce's vulnerable location along the coast, we have to deal with storms along with salt spray, so we may design poles that are different than what we had before. Some changes may include the pole location, height, class, along with transformer sizing, framing, and our conductor type and size. Since there are so many different components to worry about, we use an AutoCAD design software know as AUD. It allows us to pull in a map of FPUA's territory from the GIS and we can select a design area in which we want to design specific poles. We then zoom into different poles and implement the design we want.

Mr. Synde said after the poles are designed by the intern, they go through a thorough reviewing process for reliability and accuracy. He said they are reviewed with the intern by an Engineering Technician using three modes of verification. GIS verification allows them to see what they had before and see how they can do better. Google Street View gives them eyes into the field without actually leaving the office and field verification allows them to go out and take a look at what they have to evaluate the best options. After the poles have been reviewed, they can be approved by a Utility Designer and when ready can be released to contractors or in-house crews. The spreadsheet displayed shows all the costs associated with the designs he did this summer and there are 17 jobs designed in total. He said it shows the material costs, labor cost, and also the removal costs, which amounts to a grand total of just over $500,000.

Mr. Snyde said that during his tenure here, he got to work with some amazing people also in the Electric Department. He got to work with Jason Mittler, Michael Chidgey, Jason Drost who provided invaluable knowledge and patience to help him with the task at hand. He gave a special thank you to Eric Meyer and his Supervising Engineer Mr. Larry Lammers, along with the Director Mr. Paul Jakubczak for taking time out of their schedules to meet with them one on one, to

provide the guidance along the way, and to help them get the most out of their experience. Mr. Snyde gave a special thank you to the Members of the Board for allowing opportunities like this to exist for young individuals like himself and Madeline to come in and get hands on experience and eyes into the real world with the hopes of one day furthering their careers and one day making a sizeable impact on society.

Ms. Cavalcanti asked what year they are in college.

Mr. Snyde said he is a junior and Ms. Chabab said she is a sophomore.

Mayor Hudson said she wants them to come back here.

Ms. Cavalcanti asked if they were Fort Pierce people.

Mr. Snyde said they were and that he was born and raised in Fort Pierce.

Ms. Cavalcanti asked what school.

Ms. Chabab said Lincoln Park Academy and Mr. Snyde said Fort Pierce Central.

Mr. Matthews said he has a more direct question and said they both seem to have gotten involved in measurement movements of getting information. He asked how far they went back in the historical when FPUA first got established or went back 10 or 12 years in the historical presentation.

Ms. Chabab asked if Mr. Matthews is asking about the measurements that went into her analysis.

Mr. Matthews said when she talked about the historical in her measurements.

Ms. Chabab said she only had to go back about two years because we wanted to make sure we really had the most recent measurements as possible. She said the loads are constantly changing and for her particular project about two years was appropriate.

Mr. Bey said it was very good work and hopes they come back and join us at FPUA.

Mr. Tompeck said it was an impressive presentation. He said people get the idea we bring in interns and they count paper clips and that is not what is happening here. You listen to Benjamin Harrison a few weeks ago in the water/wastewater who did a great job and these folks have done a terrific job for us. We would really like to have them back.

Craig Crawford, Gas Operations Superintendent, presented the Natural Gas Rate Stabilization fund update for July 2019. He said this is an information only item and staff has rerun the sensitivity analysis which now includes June actuals and preliminary data for July. Henry Hub shows a steady falling trend in natural gas prices, currently trading at $2.23 per MMBtu for next month's delivery. The recent heatwave in the middle of July has moderated U.S. gas inventories' injections. For the week ending July 19, natural gas storage inventories sit at 2,569 Bcf and stocks are now 13.2% greater than inventories from the same week last year and 5.6% below the five-year average. As production volumes were breaking records in July, natural gas to power generation climbed as high as 44.6 Bcf per day on July 19. This is the largest volume of natural gas directed toward power generation on any single day. Mr. Crawford said based on the NYMEX forecast the sensitivity analysis produced the current pricing projections noted in black, the July curve reflects the decrease which was approved by the Board in June from -$.05 to -$.15/ccf. He said with the decrease in the price of gas and the three pre-purchase gas deals secured by FGU, the RSF is above the operating range. If the price of gas remains in the $2.50/Dth range, the PGA can probably be reduced again by early winter. Staff will continue to monitor gas prices and will make a recommendation in the next few months. Mr. Crawford said he can answer any questions the Board may have at this time.

Mr. Tompeck said Craig may want to mention FPUA was able to purchase some gas for less than $2 because of the pre-pays FPUA has and also the pre-pays FMPA has. He said when we talk about the decrease in the PCA here, it is primarily because of the gas price. They were able to buy some gas below $2 as well and right now they are running about $0.50 per/Dth less than they have in their budget. That may not sound like a lot, but if you are burning over 2 million Dth/month, you are saving a lot of money. Mr. Tompeck said he does not want to put a blanket on this, but he is concerned the price cannot stay this low very long. He does not think it is sustainable at $2, but we want to take advantage of it obviously with the PCA as well and take a look at it here in the future.

Mr. Crawford said he and John both talked about it and believe as gas prices are up, they slow down all production and it is going to slow down some natural gas production. He said it will follow the gas line, but not as much as it used to.

Barbara Mika, Finance Controller presented the Bill Comparison for the Month of June 2019. She said this is the update on the comparisons of municipal electric rates in the State of Florida and of the local Treasure Coast utility bills for the month of June 2019. The first graph displays 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 that are members of the "All-Requirements Project". As members of the All-Requirements Project, these municipalities benefit by operating as part of a larger group of cities through lower operating costs and the affordability of highly efficient power generation. In the graph it is easy to see where FPUA ranks among the 13 ARP participants. FPUA now has the 5th lowest rate of this group, which is a positive shift in our

standing as a result of the rate increase of $14.15 with the City of Havana. The 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 these graphs has been compiled by Florida Municipal Electric Association (FMEA). FPUA's June bill for this level of consumption remains unchanged at $111.84. Our standing among the other municipalities in this graph is exactly where we were when this was last presented with the May data.

Mr. DeIulio asked if later in the meeting we approve the adjustment to the PCA to -$8, where will that place FPUA.

Mrs. Mika said it will place us near Kissimmee if nobody else makes changes and that is two months out because this is June's update.

Mr. DeIulio asked if FPUA would be between Jacksonville and Kissimmee.

Mrs. Mika said near Kissimmee and Tallahassee, in that area, it will bring us down another $3. She said the averages for the ARP, Municipal Utilities, and the Investor Owned Utilities shown along the top are all slightly higher this month than was reported for May. The overall increases were not significant with rate increases being largely offset by other municipalities' rate decreases. FPUA's rate for the month of June remains below all three of the group averages shown in the graph. The graph displayed now presents a similar comparison of municipal utility bills within the State of Florida for the consumption of 2,500 kWh. In this comparison, FPUA's June bill remains unchanged since May at $282.30; however, our standing has improved by two positions putting FPUA in the 19th position from the left. Rate increases with the cities of Green Cove Springs and Havana have caused this shift. The averages for all three of these groups are all slightly higher than was last reported. While these increases were not significant FPUA's rate for the 2,500 kWh bill remains below all three of these group averages for the month of June.

Mrs. Mika said the table displayed before you here is the June comparison of the average residential utility bills on the Treasure Coast. She said the comparison includes the bills for electric, water, and wastewater services that a residential customer with average consumption would have experienced if they resided in one of these service territories. In this comparison, electric services are provided by FP&L for all bills except for the first column for Fort Pierce which represents customers within FPUA service territory that live inside city limits. These average bill totals include all of the taxes and fees that are applicable in each of these municipalities and have been verified to actual or historical bills. Since this item was last presented for the month of May, FPL has reduced their rate for storm charge which has lowered the average bill by $.10 on this 1,000kWh average bill. Martin County water and wastewater rates have increased by 1.8% in June as part of their ten-year rate sufficiency plan. This increased the typical bill for those services by $1.34.

Mr. DeIulio said on the schedule displayed FPUA is $119.55 now, if we approve the PCA item later, then we will be at $116.55. He said that would put us within one cent of the lowest rates around, kind of.

Mrs. Mika said it kind of would, provided there are no other changes. She said from what she has looked into, FPL's storm service charge which is now at $1.25 will be going away after August so their bills are going to go down by that $1.25. They had bonds to cover hurricane cost for 2004 and 2005 and those have gone away as of August 1st.

Mr. DeIulio said we will be within $1.24 or $1.26.

Mrs. Mika said we will be much closer for sure. She said this item is for information only and requires no action on the Board's part.

Laurie Pepple, Finance Assistant Controller, presented the Financial Operating Results for June 2019. She said the following is an informational summary of the Fort Pierce Utilities Authority Financial Operating Results for the nine months ended June 30, 2019. Operating income of $8,391,000 for year to date was down when compared to June 30, 2018 by $554,000. While revenues were up by $3,371,000 or 4.6%, expenses have increased also by $3,925,000 or 6.15%. This increase in expenses is mostly from Purchases for Resale, General and Administrative, and Field Operations expense. Capacity reductions are down by $473,000 when compared and the year-to-date increase in that position after distribution adjustment was $3,255,000. This is $1,021,000 from the same time in fiscal year 2018.

Mrs. Pepple said looking our electric segment and looking at the displayed graph, we are comparing 2017, 2018, and 2019 for the same time frame. She said the revenue and consumption between 2017 and 2018 were both relatively flat. As we move from 2018 to 2019, we can see the revenues are up 4.9%, which is $2,275,000 and consumption is also up 4.01%. Mrs. Pepple said moving into the water segment, we can see the decrease in both consumption and revenue between 2017 and 2018 which was down 3.3%. She said from 2018 to 2019 revenues were up to $13,169,211, which is an increase of about $985,000 or 8%. This revenue increase is a combination of a rate increase, capacity reductions, a supply agreement amendment, and consumption being up 4.4%. Moving into the wastewater segment, we can see between 2017 and 2019, there is a slight increase of about .03% in revenues. The gallons billed are up 1.9%. As we move into the natural gas segment, we can see the changes in revenue between 2017 and 2019 are very consistent as well as the increase in the consumption. The revenue is up 2017 and 2018 at 2.2% and up from 2018 to 2019 by 2.8%. Consumption was up 5.1% between 2017 and 2018 and up 4.7% in the current fiscal year.

Mrs. Pepple said the next slide is FPUA's debt service ratio, which is our ability to cover the current debt for both principle payments and interest. She said it is calculating at 3.09, which is more

than double the 1.25 required by FPUA's bond covenants. The preceding was an information only report and she would be happy to answer any questions.

Nina Penick, Director of Financial Services, presented the Status Report on Electric Power Cost Adjustment for July 2019 and updated projections through July 2020. She said the power cost adjustment, or PCA, is the mechanism by which FPUA recovers power costs that are in excess of the $79.52 base power cost, which is included in the base rate. The cost of power purchased from FMPA for the month of July was billed to FPUA at the rate of $63.73 for 1,000kWh, a decrease of $11.95 as compared to June. The over-recovery from the customer for the month of July totaled $712,228. The cumulative over-recovery was about $3.5 million as of July 31, 2019. The graph displayed shows three different PCA options and each line represents what the over-recovery would be if the projections are correct. These projections are prepared by Raftelis Financial Consultants who have taken over Public Resources Management Group, which in turn are based on projections prepared by Florida Municipal Power Agency. Mrs. Penick said since last month's forecast, FMPA's estimate of the price of purchased power for the upcoming 12 months decreased only 2%. She said a $3 decrease to the Power Cost Adjustment, effective September 1, 2019, is recommended at this time and that is the green line in the middle. An option to make no change to the PCA depicted by the gray line and an option to decrease the PCA by $5 depicted by the red line have also been presented for your information. The blue dotted lines represent the range of the Board-recommended over-recovery. Due to the cumulative over-recovery from FPUA's customers, staff is recommending the Board approve a decrease to the Power Cost Adjustment of $3 per 1,000kWh, from -$5 to -$8 per 1,000kWh, effective September 1, 2019.

A motion was made by Mayor Hudson, seconded by Ms. Cavalcanti, and unanimously carried to approve a decrease to the Power Cost Adjustment (PCA) of $3 per 1,000kWh, from -$5 to -$8 per 1,000kWh, effective September 1, 2019.

Mr. Tompeck said last week we had a three-day contract negotiation with Honeywell/Elster on the AMI contract. He said it is a very complicated, detailed contract and he thought it would be best if staff could give the Board some general parameters of the contract before you see the final contract. At the next meeting, we will give you a general overview of the contract terms to help understand the basics of the contract. The final contract will come before the Board for approval probably the second meeting in September or the first meeting in October. Mr. Tompeck said he does not think it is the kind of contract we can give you on a Thursday and then have you vote on Tuesday without having some background.

Mr. Tompeck said last week the County approved the MOU for the Lincoln Park Broadband initiative. He said the first stage of that project is the Engineering Study and we will be initiating that shortly.

Mr. Tompeck said staff met with Natalie's Orchid Island folks last week to discuss their proposed schedule for operation at their new facility. He said they are looking to start operations in October of 2020, which is a very aggressive schedule. It is a little bit earlier than our proposed completion date for the gravity main into our system. We have suggested a work around, more to the point, Bo Hutchinson suggested a work around, which is a temporary grinder system. It will hook into the new force main and we will be looking to revise our schedule accordingly. Staff is currently working on the supply agreement that will be brought to the Board in the near future.

Attorney Koblegard said he is happy to be back at the meetings by no fault of his own. He said back on July 16th he went to the hospital for outpatient surgery that turned into a problem. He spent a total of eleven days in ICU at Lawnwood and was required to stay at home for another two weeks and that is why you have not seen much of him lately. Mr. Koblegard said he has pretty much gotten it behind him now, is fine, and back at work.

The Board said they are glad to have Attorney Koblegard back.

There being no further business, the meeting was adjourned.

ATTEST:

SECRETARY

CHAIRMAN