MINUTES OF A REGULAR MEETING OF THE FORT PIERCE UTILITIES AUTHORITY, TUESDAY, AUGUST 21, 2018, 4:00 P.M., CITY COMMISSION CHAMBERS.

Members Present: Chairman Daniel DeIulio; Vice Chairman Darryl Thomas-Bey; Secretary Michael A. Perri, Jr.; Deputy Secretary Glynda Cavalcanti; 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 Penick, Director of Financial Services; Paul Jakubczak, Director of Electric & Gas Systems; Bo Hutchinson, Director of Water/Wastewater Systems; and Javy Cisneros, Director of Utility Support Services.

The meeting was called to order by Chairman Daniel DeIulio.

Opening Prayer was by Christelle Myrick of Water Distribution.

The Pledge of Allegiance was recited.

The roll was called and a quorum declared.

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

A motion was made by Mr. Bey and seconded by Mayor Hudson to approve the Minutes of the Regular Meeting of August 7, 2018. Those voting for approval: Mr. Bey, Mr. Perri, Mayor Hudson, and Mr. DeIulio. Ms. Cavalcanti abstained because she was not at the meeting.

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

1. Approve award of Bid through the Florida Municipal Power Agency Joint Purchasing Project to Central Moloney, Inc., of Pine Bluff, Arkansas, for the purchase of single phase pad mount transformers in an amount not to exceed $75,000 annually from August 22, 2018 to August 21, 2019 with unlimited one-year renewal options, contingent on extension of the bid award.

2. Approve no change to the Purchased Gas Adjustment.

3. POA No. 18-64: Approve the purchase and Contract for Veeam Data Protection Software in the amount of $35,433.40 from United Data Technologies, Inc., of Miami, Florida, under GSA Contract No.'s GS-35F-303DA and GS-35F-538GA. This includes a five-year software subscription in the amount of $29,158.40 and $6,275.00 for the

deployment of the software, contingent on receiving the required Certificate(s) of Insurance and vendor contract signature.

An email was received from Marva Angus of Ft. Pierce Seventh Day Adventist Church thanking FPUA employees for donating 312 pounds of food to their food pantry.

Javy Cisneros, Director of Utility Support Services, and Jason Drost, GIS Manager for Electric & Gas Engineering, presented the Strategic Planning update for Business Development, FPUA Image, and Communication. Mr. Cisneros said this is a brief update on a few items that were identified earlier this year at our Strategic Planning Session. Those items include: Business Development and some improvements we have made in this area, FPUA image and how we connect with our customers, and communications, specifically how we connect with our customers as it relates to an outage. Mr. Cisneros said it is his pleasure to announce that a Business Development Officer, Ana Johnson, has been hired. She is an internal candidate that came from the Gas Operations Department where she filled a very similar role and has been able to hit the ground running very quickly. It is important to note she has background in 911 dispatch so she works well under pressure and is great at putting out fires.

Mr. Cisneros said part of what we want to do with Business Development is be part of a due diligence process. He said this means working closely with the City, the County, the Economic Development Council, and the developer to be part of the site selection analysis, the site selection process so they come to the City of Fort Pierce and we can help the City grow. One of the ways FPUA can accomplish that is with the utility portfolio. What that does for the developer and for the owner, is it provides them a quick overview of the upfront estimated costs to connect to FPUA. It will also give them other guidelines they need to follow to make sure they get connected to FPUA in a timely fashion. It will also give them additional information such as what economic incentives are available, any rebates that may apply to their specific business, and financing options. The idea is to help streamline the process because it can be overwhelming. For the developer, they are usually pretty familiar with the way it works, but the owner may not be as familiar. The utility portfolio will give them a bird's eye view of what it would take to get connected to FPUA. Mr. Cisneros said that is for the owner, not just for the developer, which helps close the gap for communication.

Mayor Hudson said last night at the City Commission meeting they talked about the Business Navigator being a part of many of the things they are doing at the City to try to make Economic Development and business friendly practices and not just talking about them, but actually doing them. She said the City would like the Business Navigator to work closely with a task force or a group of staff members that are going to be working on business development on Avenue D and other areas.

Mr. Mimms said other areas.

Mayor Hudson said the City would like the Utility Authority to be a part of that and it is John's decision who the right employee is.

Mr. Tompeck said we did talk about that a couple of weeks ago about the City setting up a group at the Sunrise Center. He said FPUA definitely wants to participate in it and has had some conversations with Paul Thomas since that time to talk about how we can interact. Ana will be a major part and available to that group as required.

Mayor Hudson said that was great and thanked him.

Mr. Cisneros said if you have not had a chance to work with Ana, she is great to work with.

Mr. Bey asked how the Business Development relates to our quest to try to help grow the City and develop the City.

Mr. Cisneros said that was a good question and sometimes when a business comes here in the very early stages, FPUA may not know about it. Sometimes folks at the City may know about it because there may be some kind of confidentially associated with it. FPUA wants to be involved and at the table when they are going through that process so the Business Development Officer will hopefully establish good connections so we can be at the table with either the Economic Development Council, the City, or the County. FPUA wants to be involved at the very beginning stages of a new project. Sometimes that information does not get to us until so much later and we want to be involved in the beginning because there are some costs they need to know about now so we can help mitigate some of the things that may turn them away, we want to be able to give them that information up front.

Mr. Mimms said one of the things Javy just stated about confidentiality, a lot of times these developers or site selectors come to the City probably about a year before they actually come up with a design. He said it is a good idea that FPUA's Business Navigator or Business Development team can be a part of those initial discussions. That way the developer knows exactly what they are getting into because a lot of times they start the developer process and by the time they talk to Javy, they are all depressed. Mr. Mimms said it is true. He said let's get in on the initial meeting and when they meet there is a veil of confidentiality so he does not have to release those records to the public. They are not trying to hide, but a lot of business development workers do not want these plans known.

Mr. Cisneros said that is part of the reason Ana has been hired, so they do not have to see him.

Mr. Tompeck said what Mr. Mimms said is a real important issue. He said in the past, by the time FPUA found out about the projects, they were already in the process of reviewing the drawings and it was too late. We need to know much earlier than that so we can put our best foot forward, develop the utility portfolio Javy is talking about so we can get them on their way.

Mayor Hudson said she does not know how you make that happen, but it should be happening, so wherever it needs to happen earlier is what she would like to see.

Mr. Cisneros said that has to do with FPUA working a little bit closer with the City, the County, and the Economic Development Council. He said effectively, what FPUA has with the Business Development Officer is we have an advocate for the developer and for FPUA so they can bridge the gap for projects to come to Fort Pierce, which is what we want to make the City grow. Mr. Mimms mentioned a non-disclosure confidentiality agreement and FPUA is working on a non-disclosure agreement internally and is not sure if we will be talking about it today.

Mr. Tompeck said we are working on it and it has not gone through the system completely.

Mr. Cisneros said we are addressing some confidentiality and some things we can do for that.

Mr. Mimms said no problem.

Mr. Cisneros said the next item is FPUA's image and how we connect with our customers. He said after careful evaluation, we have decided to use two forms in reaching out to our customers. We will do that through Facebook and YouTube. The idea is to provide a constant flow of information to the customer and a couple ideas we believe are going to be successful is we would have "60 seconds with FPUA", very similar to the JEA minute. It is 60 seconds that is short, but very informative, something that can keep the customer engaged. We will give them a quick 60 seconds of how the water plant works, or how the electric system works, or what work FPUA has done in the WEOP arena. Not only do we want to tell them about the Board meetings, we want to tell them about some of the items we are discussing that are important to the customers. Mr. Cisneros said they will see there is a Board meeting, but there may be a specific item they may have more of a vested interest in. He said we will try to communicate that to our customers by identifying certain items that are represented at our Board meetings.

Mayor Hudson said you would also need to translate to them what it means to them because it might look like an expensive item and they do not know why they have to have it and what does it mean to them.

Mr. Cisneros said that is a very good point and we will make sure they tackle that as best they can.

Mayor Hudson said translate from engineer speaking to something else.

Mr. Cisneros said that will be tough because he usually makes them mad apparently.

Mr. Bey asked about the 60 seconds, he thinks a good topic for one of the segments would be the bill and how to interpret the bill so people get a clear idea of what exactly we are charging

them for. He said the common thing is people come to him and grab their bill and do not delineate anything. They say their bill is some total that is on the bottom of the bill. Mr. Bey said he thinks we need to try to get people to start thinking differently and one of those 60 second segments might work toward that.

Mr. Cisneros said we can definitely give that a shot and it is a great suggestion. He said Jann and he would figure out how to do that. The other thing FPUA would like to do is make them aware of what is happening now such as road closures related to utility restoration to keep them constantly informed of what is happening at FPUA on a daily basis. It would be stuff that is helpful and not just something they would ignore. We would like it more interactive for the customers. Another fun way to connect with the customer is have a "Did you Know" every day of the work week with helpful information such as rebates, or FPUA is the lowest residential utility provider for electric, water and wastewater in St. Lucie County.

Mr. Cisneros said the next item is how we are communicating with our customers specifically how we proactivity communicate during an outage like a late afternoon storm or major storm event. A customer typically has to call FPUA and they may or may not be put through the ringer. It can be very frustrating and we want to put the tools in their hands to find the information they are looking for. Mr. Cisneros said Jason Drost is going to give the Board a live demo. He said the way a customer can get to the website is by going to FPUA.com and click on a link on our webpage or go directly to the map by visiting www.FPUA.com/outage.

Mr. Drost opened the FPUA.com website and showed the Board how to get to the website. He said FPUA is looking for a better way to communicate with our customers and keep them more informed during an outage. The displayed outage map would be a useful tool in order for FPUA to achieve those goals. At FPUA.com there is an icon called "electric outage map" and by clicking on that it will launch the new FPUA map outage application. An outage map is a graphical representation of outages within our service area. Currently we have no outages, which is good for the utility, but bad for his demonstration purposes. Mr. Drost put up a graph that represented a storm event that has taken place in FPUA's service territory. He said information is obtained from FPUA's Outage Management System (OMS) and summarized in areas and locations on the map. Currently customers need to call in to FPUA to report an outage and Dispatch enters the information into our OMS and from there he receives information from either additional customers or from crew members in the field that update the OMS. The red dots indicate an actual outage within the OMS that is entered by the dispatcher. This particular location there are 35 customers affected and you can see when the ticket was created, estimated restoration time, what equipment is involved, the cause, and the status of that particular ticket. Mr. Drost said in addition there is summarized information for a particular area where you can click on that area and receive the summarized information as far as how many customers are affected in that area, which is 72 in this one. There are three outages within this area and currently no crews have been assigned. The customer can interact with the map like you would a google map, but also specific information can be entered such as an address. He entered an address, which is represented as a blue icon on the map and summary information is provided on the left hand

side. The highlighted area is the information that is being summarized so in this case, there are 78 customers out of 830, two outages in this particular area represented with the red dots, and there has been a crew assigned. The customer can click on the dots closer to the location and see specific information about that outage location. In the upper right hand corner, there is a legend that depicts the different color codes of the service areas. Blue represents the least amount of customers affected and red representing the most. All the customers in this service territory are affected and there is one outage most likely at the circuit breaker. In the bottom right had corner there is an overall system view of the current number of customers without power and in this particular event there are less customers that are without power. On the left hand side there is the ability to share this map with friends, family, and neighbors via Facebook or email. There is also information on how the customer can submit an outage to FPUA both at the bottom and the top of the application. There is a link to the Facebook page so for specific information or detailed information about an event, they can go to FPUA's Facebook page which will be updated. Mr. Drost said most of us when sitting at home in the dark without power are wondering why our computers are not taking us to our favorite website. He said we are using our mobile devices to access this information. It is important this information not only runs on desktop, but will also run on a tablet and a mobile device. The look is a little bit different, however all the functionalities demonstrated today are available within those devices as well. This is an exploratory tool that staff thinks the customer can gather specific information within their particular area.

Mayor Hudson asked how up to date or how fast is it updated.

Mr. Drost said it is updated every 15 minutes.

Mayor Hudson asked if it is available now on the website.

Mr. Drost said the original that was provided earlier is available now showing no outages.

Mayor Hudson said she means the tool is available now.

Mr. DeIulio asked if it is available on IPhone and laptop.

Mr. Drost said it is available and friendly with all.

Mr. Mimms asked if this software or program is compatible with the recent update of the St. Lucie County Emergency Operation Center or EOC. He asked if FPUA integrates with them.

Mr. Drost said he is not familiar with that.

Mr. Cisneros said he thinks Mr. Mimms is asking specifically about the numbers that have to be reported.

Mr. Mimms said yes, basically if you have this system and your reporting is on this platform, it would be double work if you have to do the same thing when you are representing the organization of EOC.

Mr. Cisneros said they have talked about that a little bit and have decided as a company that Paul would report that information every three hours to line up the EOC reporting deadlines. He said the information going out to the state level and EOC will all be the same information. This information here will be dynamic with it being new every 15 minutes. The information is actually managed live in our Dispatch area, but is posted to the website every 15 minutes. Does that answer your question Mr. Mimms?

Mr. Mimms said it did.

Mr. Cisneros said this application was developed in house by Jason Drost and he did a lot of work. Also the Dispatchers do a lot of work to manage that data. That team has done a fantastic job of maintaining and making it readily available to our customers.

Mayor Hudson said that is great and thank you.

Mr. Bey said thank you.

Mayor Hudson asked if it would be appropriate to have the link on the City's webpage.

Mr. Cisneros said certainly.

Mr. Tompeck said two of the items we went over during lessons learned and reviewed with other utilities is they had problems during the hurricane mostly with communication and the ability to respond to customers on Facebook and to give them an idea of what was happening in their neighborhood. This outage map will give them that opportunity. They will not know and we cannot possibly tell them exactly when their power will be on, but they will be able to see in their area three or four crews are working. We will not tell them where the crews are because of the obvious reason and would create a lot more problems. They will know there are crews in the area. Mr. Tompeck said it is the best thing we can do in terms of letting them know what we are up to and how many people are out there working.

Mayor Hudson said she has certainly appreciated the text of the outages the Board has gotten. She said we know about the outage and when it is restored. It gives a feeling of comfort to know somebody is telling you what it is and telling you when it is fixed.

Mr. Cisneros said he would like to mention for the audience that FPUA is still going to have a call center in the event of a storm event. He said this will help us with fielding the calls that come in. This tool and the call center will hopefully be able to provide answers to the customer much quicker than we have in the past.

Mr. Tompeck said the next item is an update on the development of the Performance Incentive Program. He said we have given the Board some of the fundamentals of this when we talked about it during Strategic Planning. He went through a few more of the details during the budget workshop and we have worked through most of the other details. Lois Wolfe will make the presentation.

Lois Wolfe, Human Resources Manager, presented FPUA's Performance Incentive Program. She said we have talked about this and presented a walk through with the Board as we have developed a new approach and this is our Performance Incentive Program. Through the collective efforts of the FPUA team, we have pulled together a policy and an evaluation tool. She is pleased to be here tonight to describe the process and how it will work. In review, we are looking to recognize the employees who show an unwavering commitment to the organization and to provide the highest quality of service to our customers. Mrs. Wolfe said we have always heard frequently that in doing across the board raises everyone gets the same amount despite the amount of effort that may be put in by individual employees. She said this addresses a new model and it is a new way of thinking and a new way of introducing something new to the Utility Authority and to our employee group. She had made the statement before and really likes it because it hits home the message that nothing is more demotivating to a high performer than knowing they are getting the same increase as those who may have contributed much less to the organization. Certainly when that happens we do address performance issues done through an annual evaluation process, but the intent of this is to identify the highest performance. Mrs. Wolfe said we know there are challenges with any incentive program, differentiating levels of performance. She said we know we needed to introduce a separate new evaluation tool that will focus right in what are the specific criteria behaviors and performance indicators that we are looking for that will warrant additional incentive compensation. Overall the biggest criticism is how do we really make this objective and eliminate bias or the perception of favoritism. Staff has built into this very specific evaluation tool, which has been included in the Board's packet and it will not be done in isolation. We also needed to communicate to the employees because if you remember earlier we talked about times for implementation and we wanted to make sure the employee group knew what specific parameters they would be evaluated on and that has been done. We had to develop a policy, some parameters, and criteria for eligibility, primarily have to be employed for the prior 12 months, there cannot be any disciplinary action or avoidable safety incidents on the employee's record for the prior 12 months, and also their annual evaluation which is done on their anniversary date has to be updated and current in their file. We have defined the process for evaluation, there are set maximums for this lump sum incentive payment, 1.5% of the pool of funds has been dedicated for this incentive program. The tool, which is included in the Board's packet along with the policy has identified the staff performance, basically six dimensions. Obviously quality and quantity of work, attitude, dependability, interpersonal relationships and integrity/accountability. As you can see on that evaluation tool, under each of those six dimensions there are very specific criteria. All of those must be met in order for that individual say for instance quantity of work all of those parameters have to be met

in order to get that highest rating of 2.5% along with evidence documents. There is a space provided for that. There is a management evaluation tool that has been developed and is just going through some revisions to make it a little bit more user friendly. We have identified this group of what is called leadership competencies and they are all included on the management evaluation tool. Management staff will be following the same process in being evaluated for possible incentive compensation. Mrs. Wolfe said we are expecting the Department Head in collaboration with other department leadership, and in many of the departments, we have foremen and supervisors. The expectation is the Department Head in collaboration with those other levels of leadership does the initial level of evaluation using that tool on all of their employees. The first stage insuring it is not based on favoritism that it is as unbiased as it can be. Collectively that group will select those high performers based on the ratings as evidenced by performance will be receiving an additional incentive. On that evaluation tool is an automatic scoring scale that when they indicate the score level for that employee, 1, 1.5, 2.5, it will automatically calculate what that addition percentage is. It will then be transferred over to a spreadsheet and will identify all of those employees that have been identified for the additional compensation. Once that happens that all now goes with the Department Head to the appropriate division Director. I will then go through the second level of scrutiny, who was selected, why they were selected, what it was based upon, and how did you reach that decision. What was the evidence of performance? After that the Director is now going to bring it to the Director of Utilities. Mrs. Wolfe said she will support the Director of Utilities, Mr. Tompeck, in finalizing those recommended adjustments. She does have the advantage of seeing and reading every single one of those annual evaluations so she has the advantage of knowing if there have been any issues or to be able to raise questions about perhaps selections. Mr. Tompeck in finalizing all of the incentive awards they will then come forward through HR to be processed for payroll at a time designated by the Director of Utilities. As of right now we are anticipating on having that process completed and perhaps processed by the early part of December. We feel really confident that going through these layers and with the collaboration of all levels of leadership through the Directors and ultimately the Director of Utilities that we have done the very best job in making it as objective as we can. No matter what incentive program any one is to put in to place, this is one of the greatest challenges. We feel with the very specific criteria we have, it addresses it in the best way we can possibly do it. This item is for information only and does not require any action on the Board's part.

Mr. DeIulio said back on the policy of the presentation, you indicated you set parameters for eligibility so that would be the first step you would take, he assumes. He said if someone has been with the utility six months, they would not even be considered for this program.

Mrs. Wolfe said what would happen is each Department Head would get a list of their Department members and it will indicate which individuals who are not eligible because did not meet those parameters.

Mr. DeIulio said you also indicated in here that the maximum incentive is a lump sum. He said this is from his discussion with Mr. Tompeck earlier, it is a lump sum amount the employee gets for the year. It is not added to their base salary and he asked if that is correct.

Mrs. Wolfe said it is correct. She said the intent here is to reward and recognize that performance within the year a percentage increase really as a permanent increase much better. This is achieving our goal to do it as a one-time lump sum.

Ms. Cavalcanti said as an example a person gets $1,000 lump sum, does their base for the following year, if we do another 3%, include the $1,000.

Mrs. Wolfe said the base rate does not change.

Mr. Perri asked if this includes all the employees like the apprentice employees. He asked if they meet the certain criteria, don't they get some kind of increase in salary.

Mrs. Wolfe said the apprentices for instance the line specialist are all at one rate, they would be eligible for the incentive. She said apprentices get a percentage as they go through the program of that job rate for the line specialist.

Mr. Perri asked if they are also eligible for this program.

Mrs. Wolfe said yes.

Mr. Perri asked if there are any other group of employees that are eligible for the program, but are on a different incentive program.

Mrs. Wolfe said FPUA has four groups of employees that are on a job rate that are still eligible because again doing it as a lump sum, it allows you to individually recognize and reward exceptional performance without affecting any of the job rates or base rates on an ongoing basis.

Mr. Perri said thank you.

Mrs. Wolfe said you are welcome.

Mayor Hudson said she does not want to go into this now, but she would like to know at some point, what you do with the opposite employees. She said in terms if someone that is not performing, what kind of incentive or education or penalties or whatever it is. We have 370 employees.

Mrs. Wolfe said we have 265 employees.

Mayor Hudson said the City is 300. She said she is sure some of them, not everybody is performing satisfactorily although we would like to have that. At some point she would like to know the opposite of what you do with those kind of employees.

Mrs. Wolfe said certainly she would be glad to share that with her.

Mr. DeIulio said the information Mrs. Wolfe has given to the Board today appears to be a lot more detailed and it looks like a lot of work has been put into it since we first had the presentation.

Mrs. Wolfe said it is a collective effort from the team.

Mr. DeIulio said he appreciates it because it gives them a lot to work with here.

Mr. Tompeck said we recognize this is a major culture shift and hopefully we have the program set up well enough so we do not stumble, but there may be a couple of stumbles along the way. He said we are going to work our way through this and we will probably, if the Board approves the program, come back the second meeting in September, which is when we normally do the salary increases. We will certainly come back in six months and give the Board an update on how it worked, any problems we may have had, and that kind of thing.

Mayor Hudson said she thinks this system is fraught with peril so it makes her a little nervous. She said it looks like you have tried to think of everything.

Mr. Bey asked what the long term would be as a result of this program. He asked what long term affects we plan to get for the company as a result of this.

Mrs. Wolfe said two things come to mind, one is certainly it is a form of additional recognition for those that are consistently performing above and beyond, giving the 110%. As she mentioned earlier, a lot of times the complaint is they are all getting the same amount for different levels of performance and effort. For our group right now who are here, it is that additional recognition. We recognize what you are doing, you have met all of this strict criteria, and we would like to reward you. Recognition is one of the main motivators although money, in the research it will tell you it is not always about money, along with a great evaluation review, a Department Head that is communicating appreciation and recognition as well as this. The hope is that we will always continue to have the group that is always very highly motivated, but the middle group is really what you are focusing in on that little extra amount of incentive to maintain, to upgrade that level of performance and to maintain it. Mrs. Wolfe said the second thing on a long term goal is as we introduce more of our millennials and Gen x's, this is a group that is really focused on recognition. More so for them money is a pretty strong motivator and they want to know how they are doing. It is really important to communicate it to those individuals and this adds another level that we recognize what they are doing and they stand out amongst the crowd. It

also prepares us for the future, let's try something she thinks will help us moving forward, especially with an introduction of a whole new workforce with a different mindset.

Mr. DeIulio said he would suppose another advantage would be retention of those employees you really want to keep.

Mrs. Wolfe said absolutely and she thinks again the people that are the highest performers really respond very well to that communication most of the time it is a simple thank you, that we appreciate what they did, and that they are here every day and all the time. This is just one more step to say above and beyond that communication. It is not something that is not being done. She is on a list serve and ironically in the last couple of weeks she has seen questions coming through from some utilities across the United States talking about incentive programs. It is something that is being talked about in those circles. Looking at new and different ways of incentivizing and retaining employees.

Barbara Mika, Finance Controller, presented the Bill Comparison for the month of June. She said the monthly updates on the Electric Rate Comparison and the Local Bill Comparison for the month of June 2018. The graph displays the comparison of the Residential Electric Rates at 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". FPUA's position stands out and is shown in yellow. As a members of the All-Requirements Power (ARP) supply project FPUA benefits as part of a larger group of cities through lower operating costs, and has the ability to plan for future operations with lower risk. In this graph it is easier to see where FPUA ranks among the 13 ARP participants. FPUA has the 6th lowest rate of this group and at $114.84 falls below the ARP average by $2.58. The next graph displays the comparison of Florida Residential Electric Rates for the month of June for all of the municipal utilities in the state for the average residential usage of 1,000 kWh. The data for all these graphs has been surveyed and compiled by Florida Municipal Electric Association (FMEA). FPUA's June bill for this level of consumption, unchanged since May, has been pushed to the right on this graph by one position with the City of Starke implementing a $7.39 rate decrease. A few items on the billing rate changes that have occurred since May, of the 13 ARP participating utilities, six experienced rate changes. The cities of Havana, Green Cove Springs, and Fort Meade experienced notable increases this month. These current month increases, ranging from $6.23 - $2.47 on their bill. This has more than offset the rate decreases and have impacted an increase in the ARP average by $1.47. Among the Non-ARP cities there were notable decreases for Chattahoochee had a decrease of $8.05, Moore Haven and Quincy had around a $5.00 decrease which lowered the Municipal Average by $.25 on the average. The graph displays a similar comparison of municipal utility bills within the state for the consumption of 2,500kWh. In this comparison, FPUA's June bill falls below the ARP average and is within $8.00 of the Municipal average for this consumption level. FPUA's June bill at $289.80 is 10% lower than the average bill for the Investor Owned Utilities at slightly over $322.00. Displayed is the June comparison of local Treasure Coast residential utility bills. Included in this comparison are the total of utility bills for electric, water, and wastewater services that an average residential

customer would have experienced if they resided in each of these service territories. The bill totals in this table include all taxes and fees that are applicable in each of these municipalities. Staff has verified the calculation of these average bills to actual bills. Since this comparison was last presented, the only change for electric services was a $.10 increase for Storm Recovery charges on the FPL. FPUA's bill for electric services only remains lower than Vero Beach electric by 8%. When we look at the overall charge for electric, water, and wastewater services, FPUA customers experience the lowest bill within St. Lucie County that would include, Fort Pierce, Port St. Lucie, and the St. Lucie County Utilities on an overall bill. The only change on any of the water and wastewater billings was with Martin County implementing the annual increase to their customer charges and rates of 1.5% effective June 1st, overall change of $1.13. This item is for information only and requires no action on your part.

Ms. Cavalcanti asked when Vero Beach goes on FPL.

Mr. Tompeck said that is a hard question. He said as he mentioned at the last meeting that Ms. Cavalcanti was not here, there has been a delay. There are going to be hearings on October 9 and 10. More than likely it will probably be January 1st or thereabout. At the last meeting Mr. Perri asked if there was deadline for the deal and Mr. Tompeck had mentioned six months. He went back and checked and it is six months and has to be done by March 1. If for some reason it gets delayed past that, Mr. Tompeck does not believe it would necessarily fall apart, but they would have to go back and probably revise some documents and make some adjustments to the purchase price or something like that.

Nina Penick, Director of Financial Services presented the June 2018 Quarterly Financial Operating Results. She said this is nine months of operating results, already three quarters of the way through the year. Our year to date increase in net position, after the distribution adjustment was at $2.2 million and was down $320,000. The primary contributors to that and the operating income being down approximately $1.7 million was increases in the salaries and wages. We are seeking very hard to keep our positions filled. We have spoken many times about lapse in salaries, but as a result we are seeing the increased expenses as compared to last year. The employees insurance, we are feeling the same upward pressures as other entities with regard to increases in health insurance costs. Increases in retirement and also maintenance and service contracts, we are doing a lot more contracts for services. We are trying very hard and very careful within whom we contract even some of the costs we incur for chemicals, we contract for those items because they are toxic or sensitive in nature. We want to certainly make sure if there is a problem that it is addressed very promptly. To look at the systems individually are the electric system and as you can see, the bars in each of these upcoming charts are the revenues and the revenue's scale is represented on the left hand side, and the consumption or usage is shown on the right had side, which is represented by the line graph. The revenues from FY 16 to FY 17 dropped 3% and are flat from FY 17 to FY 18. That was a result of the consumption being down 1% and then flat. This does not included the power cost adjustment. On the water side we did see quite a jump between FY 16 and FY 17, 11% increase. Although it did drop back 3%, both the

revenues as well as the consumption for the water system decreased 3% between FY 17 and FY 18. The reason for most of what you are seeing here is because of the onetime adjustments to the Guaranteed Revenue Charges (GRCs). We have been speaking about on an ongoing basis, the guaranteed revenue charges in FY 17 was about $412,000, but it has dropped. It was virtually nothing in FY 16, up to $400,000 in FY 17 and dropped to $184,000 in FY 18, which was a decrease of $228,000. Those are not ongoing items and we do not expect to see too many more of those items as least in FY 18. We will still see the effects in prior years though. In FY 16, our last 3% rate increase also did contribute somewhat to the increase you are seeing here in revenues in FY 17. On the wastewater side, we have a fairly dramatic increase in operating revenues, up 9% from FY 16 to FY 17 and up another 6% from FY 17 to FY 18. The reason for the increase in FY 18 is $617,000 worth of GRCs like we talked about in water. We have seen a $76,000 increase in revenue for bulk rate water service in FY 18. The gallons billed were up 5% from FY 16 to FY 17 and down 1% from FY 17 to FY 18. The gas system is looking very good. The consumption is up 4% from FY 16 to FY 17 and up another 5% from FY 17 to FY 18. Although the revenues are fairly flat, the gas contract consumption was up 1%, but it actually resulted in a 3% decrease in contract revenue. FPUA's debt service coverage is a 3.10 for the 12 months ended June 30 2018 and it is down slightly from the ratio at September 2017. It is still more than twice the 1.25 that is required by FPUA's bond covenants and is still quite steady. This is an information-only item and requires no action from the Board.

Mr. Tompeck said the next item is a request for Board approval for a decrease to the PCA of $1 from -$2 to -$3, effective September 1st.

Mrs. Penick presented the Status Report on Electric Power Cost Adjustment (PCA) for July 2018 and updated projections through July 2019. 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 $71.65 for 1,000kWh, a decrease of $9.93 as compared to June. The under-recovery from the customer for the month of July totaled a little over $44,000 that is as close to zero we are about to get. The cumulative over-recovery was approximately $3.5 million as of July 31, 2018. In the graph on the top depicts two PCA options. Each line represents what the over-recovery would be if the projects are correct. These are all projections, there is no history on this chart. These projections are prepared by Public Resources Management Group, which in turn are based on projections prepared by the Florida Municipal Power Agency. Since last month's forecast, FMPA's estimate of the price of purchased power for the upcoming 12 months decreased 2%. A $1 decrease to the PCA effective September 1, 2018 is recommended at this time and that is the green line shown in the chart displayed. An option to make no change to the PCA is depicted by the gray line slightly above it, is also being presented for the Board's information. Over the course of one year, it makes about $500,000 difference, the $1 change. The blue dotted lines at the $4 million level and the $1 million level represent the range the Board recommended for over-recovery. Staff is recommending a decrease to the

Power Cost Adjustment of $1 per 1,000kWh, from -$2 to -$3 per 1,000kWh, effective September 1, 2018.

A motion was made by Mayor Hudson, seconded by Mr. Bey and unanimously carried to approve a decrease to the Power Cost Adjustment of $1 per 1,000kWh, from -$2 to -$3 per 1,000kWh, effective September 1, 2018.

Mr. Tompeck asked if the Board wanted to discuss that at all.

Mr. Tompeck said at the last meeting we talked about the Asset Purchase Agreement and the motion to intervene the doc-less intervention which has been filed and accepted by FERC. FPL has filed the amendment just yesterday. The amendment included the signed form the Board signed at the last meeting. We do not anticipate any difficulties with the amendment request and hopefully FERC will give us some approval in the not too distant future.

Mr. Tompeck said the second item is staff went to the City Commission last night for approval of the four rate resolutions this Board approved at the last meeting. He said the gas and electric resolutions passed by majority vote. The water and wastewater resolutions, which was the 3% increase resolutions failed on a 3-2 vote, but a super majority is required to disapprove a rate resolution. It will go into effect in 30 days, which is October 1. Mr. Tompeck said being honest, he was disappointed that he could not sway some of the Commissioners to understand what we were trying to accomplish. He said maybe we will have to go back and think about a different way of approaching it because the current way is just not working. We will continue to try.

Mayor Hudson said what was expressed was the history of the utility not spending the money they budgeted and so having constantly high unrestricted assets. She said that is what was expressed. Also what was directed was for FPUA to spend the money that is budgeted and to grow the system and grow the City. Mayor Hudson said she thinks we should at least share what at least one Commissioner expressed.

Mr. Tompeck said he agrees with that and he was not able to get across the point the plan for growth is really a plan to use and draw down the unrestricted funds is to take out additional debt and also that part of that needs to be rate funded. The 3% increase is definitely part of that. Even if you put that aside, we still have been running at a deficiency in water for a long time. Based on last night's discussion, it is not going to go away after one year.

Mayor Hudson said she will say point blank, certain Commissioners were not convinced and she does not know how to do that. She thinks it might be worth thinking about having some kind of one on one meetings with them trying to show, it might be worth it.

Mr. Tompeck said he agrees, thank you.

Attorney Koblegard said a little bit of good news, the Petition for Writ of Certiorari filed by Clay Lindstrom about one year ago was finally denied by our Circuit Court, a panel of four judges. He said they just entered a Per Curiam to affirm opinion that said the court is without jurisdiction to hear this case. They cited five cases and those are all cases we had quoted to them when we filed a response. Attorney Koblegard said his office did it initially and then when we found out we could have coverage, the League picked that up by the Appellate lawyer, Jessica Conner finished it off. There was a very detailed response that the court understood and ruled based on. What it really boiled down to is Clay had filed a petition based on three allegations: 1) he was not given a proper hearing, 2) we did not pay him correctly based on the terms of the contract, and 3) he was entitled to a Name Clearing Hearing. We opposed 1 and 2, and the Board agreed to give him a Name Clearing Hearing, but he has never followed up on that. Based upon this, that probably has gone away. Attorney Koblegard said the bottom line was Certiorari jurisdiction of the Circuit Court is only for certain specified issues. He said Quasi-Judicial is the key word and a termination of an at-will employee is not a Quasi-Judicial hearing. A Civil Service Board hearing where someone is terminated is, he did not fall into that, he does not have that protection. Mr. Koblegard thinks that is the main reason they ruled in FPUA's favor. He said it is an executive decision that this Board is allowed to make, that is pretty much ended it. Where can he go, probably where should he have gone initially, he can always file a suit in Circuit Court for damages against us to either interpret the contract over again or claim that he was improperly terminated and sued for damages similar to Eve Walker in a way. He does not anticipate that, but he does not think there is any basis for it, that is still a possibility. Unless they try to appeal this, which he seriously doubts they will. This part of this is over.

There being no further business, the meeting was adjourned.

ATTEST:

SECRETARY

CHAIRMAN