MINUTES OF A REGULAR MEETING OF THE FORT PIERCE UTILITIES AUTHORITY, TUESDAY, September 18, 2018, 4:00 P.M., CITY COMMISSION CHAMBERS.

Members Present: Chairman Daniel DeIulio; Vice Chairman Darryl Thomas-Bey and 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; Amy Shevlin, Acting FPUA Attorney; Nina Penick, Director of Financial Services; Paul Jakubczak, Director of Electric & Gas Systems; Bo Hutchinson, Director of Water/Wastewater Systems; and Javier Cisneros, Director of Utility Support Services.

The meeting was called to order by Chairman Daniel DeIulio.

Opening Prayer was by Carol Wilson of Human Resources.

The Pledge of Allegiance was recited.

The roll was called and a quorum declared.

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

A motion was made by Mayor Hudson and seconded by Ms. Cavalcanti to approve the Minutes of the Regular Meeting of September 4, 2018. Those voting for approval were Ms. Cavalcanti, Mr. Perri, Mayor Hudson, and Mr. DeIulio; Mr. Bey abstained because he was not at the meeting.

Mr. Bey requested that Item 2 be pulled from the consent agenda for discussion.

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

1. Approve the purchase of 150kVA 277/480 stainless steel padmount transformers, in the amount not to exceed $99,987 annually from WEG Transformers USA Inc., of Washington, Missouri, through the Florida Municipal Power Agency (FMPA) Joint Purchasing Project from September 19, 2018 to October 31, 2018 with three-month extension options, contingent on extensions, if any, awarded by FMPA.

3. ITB No. 18-38: Approve Post Budgeted Project/Budget Request in the amount of $105,500 and award of Bid and Contract for the replacement of the key card access control system (ACS) and provide annual maintenance and repair service plan for the ACS to and with

Complete Access Control Inc., of Jupiter, Florida, in an amount not to exceed $119,491.11. This term of this Contract will be from September 19, 2018 through November 30, 2023.

Pulled Consent Item #2 - Budget Transfer totaling $91,850 to expense costs associated with the postponed capital project relating to the 2nd deep injection well at the water treatment plant.

Mr. Bey said on deep well injection, he was able to get some information of the deep well injections and questions whether or not that is the route we want to take to dispose of waste, which is basically what we are doing.

Mr. Tompeck said a little bit of background is we did receive an email, which was developed and circulated by Buzzy Smith, which criticized FPUA on plans to add a deep injection well at the Water Reclamation Facility (WRF). He said no such well is planned or will be added to the WRF, but we did have the addition of the deep injection well at the water treatment plant, which was anticipated as a backup to the current well. This new well has been in our 5-year capital plan, but had been pushed back outside that 5-year window so it is not anything we are planning to do anytime soon. The consent item on today's agenda was strictly an accounting adjustment to expense the cost to-date of Capital to O&M. Mr. Tompeck said we had some preliminary cost in terms of preliminary design, permitting, and that sort of thing that needed to be shifted from Capital to O&M since the project will not be done in the next five years. He said there was also an email that was circulated on the subject of deep injection well safety that we got from two different sources. It is real important for the Board to understand that subject in detail and he has suggested Bo Hutchinson make an informational presentation at the next Board meeting to discuss the details of the article and provide the Board with general background information on deep injection wells. He said it is not a simple item, it is a complicated issue and we want to do it right by giving Bo a couple of weeks to put that together.

Mr. Bey said that answers his questions for now.

Ms. Cavalcanti said she is going to reiterate what John just said that this is just an accounting adjustment, it is nothing about a new well or repair on a well or anything else. She said it is moving capitalized costs to expense.

Mr. Tompeck said that is correct, it is an accounting adjustment.

A motion was made by Ms. Cavalcanti, seconded by Mr. Bey, and unanimously carried to approve Consent Item #2 - Budget Transfer totaling $91,850 to expense costs associated with the postponed capital project relating to the 2nd deep injection well at the water treatment plant.

A card was received from Marquita Phillips of Parkview Baptist Church thanking FPUA employees for their contribution of 321.8 pounds of food for their food pantry.

Josh Gang, Risk Program Manager, presented the renewal quote from Florida Municipal Insurance Trust (FMIT). He said included in the Board packets today is the renewal quote from FMIT for FPUA's property, workers' compensation, general liability, and automobile liability insurance. The total cost is $682,014, which represents an increase of approximately 20% of the prior year. The pricing is based on a formula determined by our general liability, our other coverages by FMIT, and for workers comp is set by the state regulators. The 20% increase is based on the 3-year formula, which is FYs 2014-15, 2015-16, and 2016-17. The increases are really based on that 3-year average of claims experience and we dropped off a good year of claims experience and picked up a poor year. Essentially, our poor claims experience was on the workers comp and general liability, there was a small increase in auto liability and our property stayed about the same. The workers comp formula is actual versus expected losses and also involves FPUA payroll that increased by 8%. FPUA had a high number of severe claims with the same number of total claims for last year, but higher severity of injuries resulting in higher losses due to accidents. Mr. Gang said the good news is the Florida regulators are considering a double digit decrease to workers compensation, which would give some relief going forward and it is about 13%. He said the general liability is a similar formula done by FMIT, which takes into account our claims experience and we had some high claims and some are employment liability that the Board is aware of. There was an accident incident involving electrical lines on a customer's property. Staff recommends FPUA accept the FMIT renewal and approve funding of $682,014 for the policy premium.

Mayor Hudson asked if we were anticipating this increase and was it a budgeted figure.

Mr. Tompeck said it is in the budget.

Mayor Hudson asked if it was that amount.

Mr. Tompeck said he is not positive.

Mayor Hudson asked if we anticipated that amount. She asked if we are satisfied with FMIT.

Mr. Gang said there are some very compelling reasons to stick with FMIT as opposed to going with other insurance coverage. He said they include things like one driven as Mr. Tompeck and he discussed today, they include benefits. They pay all of our liability cost, legal liability, and legal expenses, so they pay all of our attorney's fees for claims. There is almost no other coverage that is going to include that level of policy benefit.

Mayor Hudson said they have coverage for the City of Fort Pierce too and she thinks the City is satisfied with them.

Mr. DeIulio asked if on the premium refunds that is expected to come, he asked if two or three years from now could there be a substantial premium refund.

Mr. Gang said the premium refunds are based on FMIT's own formula, it is not relative to just FPUA, and it is based on the overall claim experience across all members. He said every year we get something back and last year with the large claims it may be a little bit smaller and another year it may be larger.

A motion was made by Ms. Bey, seconded by Mayor Hudson, and unanimously carried to accept renewal quote from Florida Municipal Insurance Trust through Florida League of Cities for property, workers' compensation, general liability, and automobile liability insurance effective from October 1, 2018 to September 30, 2019, and approve funding of $682,014 premium.

James Carnes, Supervising Engineer of Water/Wastewater Engineering Department, presented the Unit Price Contract for installation of underground water/wastewater utilities. He said FPUA utilizes a unit price contractor to ensure the prompt availability of contractor services to install, repair, and replace water and wastewater facilities within our service territory and is currently contracted with Mastec North American to perform these necessary services. Although Mastec has performed and is performing well in years past, the increased work load slated for FY19 will require the services of an additional contractor. Blue Goose Construction was the second low bidder for Bid 16-01 and they have agreed to honor the prices submitted under that bid. Funds are available in Department 66's budget for an annual allocation of $1,024,000. Additionally, Staff is requesting to waive the performance and payment bonding requirements for projects less than $200,000, as costs of these bonds would be passed directly to FPUA, thereby increasing the overall cost of the projects. Staff requests the Board approve award of bid and agreement for the Unit Price Contract for the installation of water/wastewater underground utilities with Blue Goose Construction, LLC, of Fort Pierce, Florida, in an amount not to exceed $1,024,000.

Mayor Hudson asked if Blue Goose is a local company.

Mr. Carnes said they are.

Mr. DeIulio said we have done business with them before.

Mayor Hudson said that is right.

Mr. Carnes said we have utilized them on other intergovernmental projects with St. Lucie County and they have done some drainage work in the northern area of FPUA's service territory. He said there are other locations and he believes they did work at North Jenkins Road as well.

A motion was made by Mr. Bey, seconded by Mayor Hudson, and unanimously carried to approve Bid No. 16-01: Award of Bid and Agreement for Unit Price Contract for Installation of

Water/Wastewater Underground Utilities to and with Blue Goose Construction LLC of Fort Pierce, Florida, in an amount not to exceed of $1,024,000 annually. The initial term of this agreement shall be from October 1, 2018 to September 30, 2019, with one one-year renewal option.

Mr. Carnes presented the Specific Authorization for TLC Diversified of Palmetto, Florida for Lift Station E improvements. He said Lift Station E, located at the Indian Hills Golf Course, was rehabilitated in 1988 to provide relief of flow from the existing wastewater force main and gravity sewer collection system in the area and re-pump those flows to Lift Station A. Since the reconstruction of this lift station, various preventative and corrective activities have taken place to keep this station operational. In recent years increased flows from South U.S. Highway 1 and the Virginia Avenue corridors have impacted the station to the point where rehabilitation is required to handle present and future wastewater flows. Staff recommends using design/build contractor, TLC Diversified, to perform the improvements to Lift Station E to increase future wastewater flow capability under Specific Authorization No. TLC 18-01. This is a budgeted project with adequate funding in this year's and next year's budgets. Budgeted funds include the costs of the authorization in the amount of $1,236,102 with an additional $163,898 to cover capitalized interest and in-house costs for a total project cost of $1,400,000.

Mayor Hudson asked if this is something that is going to happen and what does it mean to the customer, reliability?

Mr. Carnes said this will increase reliability and operational reliability and will allow future development for the southwest corridor and will accommodate the additional wastewater flows coming from the Virginia Avenue corridor and some St. Lucie County bulk wastewater services as well.

A motion was made by Ms. Cavalcanti, seconded by Mayor Hudson, and unanimously carried to approve RFQu No. 14-53: Specific Authorization No. TLC 18-01 with TLC Diversified, Inc. of Palmetto, Florida, in the amount of $1,236,102 for Lift Station E Improvements. This Specific Authorization shall commence upon Notice to Proceed and end on or before September 30, 2019.

Paul Jakubczak, Director of Electric & Gas Systems, presented the contracts for emergency catering services. He said during an emergency or an event such as a hurricane, the three main things we need to make sure we provide is adequate and safe lodging for our crews as well as outside crews, adequate volumes of work when the guys get here because they do not want to stand around, they want to go out and do their job, and a hardy meal. On July 12th FPUA went out to bid to secure food catering services for these such events and on August 9th bids were received from seven vendors. During the review process when FPUA started looking at the vendors, we made a decision to break it up into three separate categories. The first is based on local based in Fort Pierce or St. Lucie County, which is for quick deployment to be able to feed the crews that are coming in or feed our own crews, as we see fit. The second is state-wide

where we looked at it as far as if the event is major and we need to bring in additional crews or additional vendors to be able to feed our crews, we would look outside the immediate area. The third was national on events that are catastrophic where the whole state is affected. The local or state-wide vendors may not be able to help because they are working on their own restoration plans or they may not have the capabilities or resources to be able to provide our needs. Mr. Jakubczak said after review, what staff came up with were single one-year contracts at the maximum value of $200,000 each, which the max $200,000 will not be used unless we exceeded or had to use those vendors. The first and local site is Good Eats, See Food, LLC of Fort Pierce, which is the vendor we used during hurricane Irma and Culinary Village Catering of Port Saint Lucie, which is the contractor the City of Port St. Lucie has used for their storm events. The second is the state-wide, which is Arthur's Catering of Altamonte Springs in which we used during Hurricane Matthew. We had to do a little bit of finagling because they were state-wide and it took a while for them to get down here, but we made it happen for our crews. The third is a national company called Storm Services LLC out of Thomasville, Georgia, which Keys Energy used during Irma, which is a great success story for them down in the Keys. Second is Vizacarra Hospitality LLC of Denton, Texas, which was used during Hurricane Harvey in the Texas area. Mr. Jakubczak said he would be happy to answer any questions about any of these vendors or the bid process in general.

Mayor Hudson said when we do use these caterers, she would like to suggest FPUA coordinate with the City because the City Public Works people are out there and our policemen are out there. She wants to make sure they are welcome if they come by. She knows it is something that has to go into the planning, so if someone would coordinate with the City in terms of these, it would be very much appreciated. Everybody is out there working hard.

Mr. Jakubczak said he would make sure that happens.

Ms. Cavalcanti said she has a question on the dates September 19, 2018 to December 31, 2018 and asked what we were going to do on September 3 or 4, if there was a hurricane. She asked if FPUA had a contract.

Mr. Jakubczak said FPUA currently has a contract and he believes we lapsed by one or two days by Good Eats, but we have passed that period. He said this first portion of it is to get us through till the end of the year and then it will be a one-year contract from January 1 to December because we do not want to go through the process in the heat of a hurricane.

Ms. Cavalcanti said that is kind of what she was wondering.

A motion was made by Mayor Hudson, seconded by Mr. Bey, and unanimously carried to approve ITB No. 18-39: award of Bid and Contracts with Arthur's Catering, Inc., of Altamonte Springs, Florida, Culinary Village Catering, LLC., of Port Saint Lucie, Florida, Good Eats, See Food LLC, of Fort Pierce, Florida, Storm Services, LLC aka Storm Services, Logistics, LLC, of Thomasville, Georgia and Vizcarra Hospitality, LLC, of Denton, Texas, in an amount not to exceed $200,000 annually

for each vendor, for emergency standby food catering services. The initial term of these Contracts will be from September 19, 2018 to December 31, 2018, with four, one-year renewal options, contingent on receiving the required Certificate(s) of Insurance.

Barbara Mika, Controller, presented the status report on the electric Power Cost Adjustment (PCA) for August 2018. She said she will provide information about August's power cost and updated projections through August 2019. As you are aware, 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 August was billed to FPUA at the rate of $70.12 for 1,000kWh, a decrease of $1.53 as compared to July. The under-recovery from the customer for the month of August totaled $48,332. The cumulative over-recovery was $3,463,894 as of August 31, 2018. The average cost per megawatt hour purchased for the fiscal year to date from FMPA is $73.33. The graph depicts three PCA options. Each line represents what the over-recovery would be if the projections are correct. 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 6%. The blue dotted lines on the graph represent the range of Board-recommended over-recovery, the high and the low. The green line represents the current recommendation for a $2 decrease to the Power Cost Adjustment. The graph also presents with the red line, a $5 decrease to the Power Cost Adjustment, which brings the forecast out to August 2019 very close to the low end of the recommended level for over recovery. We are not recommending this drastic of a change at this point because the 12-month projections are based upon lower costs and could ultimately lead to PCA increases for FY 2020. The conservative approach would be to watch the projections and make additional changes as we progress into FY 2019. An option to make no change to the PCA is depicted by the gray line has also been presented for your information. Mrs. Mika said staff is recommending a decrease to the Power Cost Adjustment of $2 per 1,000kWh, from -$3 to -$5 per 1,000kWh, effective October 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 $2 per 1,000kWh, from -$3 to -$5 per 1,000kWh, effective October 1, 2018.

Mr. Tompeck said Jacob Williams of FMPA spoke at the City Commission meeting last night about what FMPA is trying to do in terms of controlling the fixed costs. He said they really are doing an excellent job there and the one caveat, which Jacob did mention was the major variable costs in fuel. If there is some upset in the natural gas market, it is about the only thing that can go south on us here. Staff has taken a very conservative approach and as we get through the winter and do not see a polar vortex or something like that, there is going to be room for another adjustment in the not too distant future.

Mayor Hudson said his presentation was excellent last night.

Mr. Tompeck said the next item is the Board's consideration of the FY 2019 pay increases for FPUA employees. He said budgeted salary adjustments ensure FPUA keeps pace with the marketplace. In today's tight job market, this is critical for us in our ability to recruit and retain our highly qualified and skilled workforce. The pay increases also contain a performance incentive program which we have discussed on several occasions, going back to the Strategic Planning and Budget Workshop. The details of the program were provided at the Board meeting on September 4th. Some of the highlights of the pay increases are the approved budget contains a 4% block of money in the amount of approximately $609,000 for the increased cost of salary adjustments. This includes the 2.5% across the board adjustment of $345,600 and the 1.5% performance incentive plan of approximately $212,500. The associated benefits cost is $89,000 for the across the board adjustment and $54,700 for the performance incentive program. When talking about the associated benefits, Mr. Tompeck said he is talking primarily about the retirement and FICA, the other two are relatively small. He said a subset of the budgeted dollars is for the Treasure Coast Energy Center (TCEC) employees. Their portion of the salary increases are $23,000 for the across the board raise and $14,000 for the performance incentive plan. The associated costs of benefits is $6,000 and $3,600, respectively. These costs are a pass through to FMPA. As a side bar issue, Mr. Tompeck said he would like to note we are still having difficulty in attracting qualified individuals to TCEC. We will be addressing the specifics of this problem with proposed solutions with the Board in October. The across the board 2.5% increase will be effective on October 1 and the performance incentive plan will be effective on December 3. The evaluations associated with the performance incentive plan will commence in October. As we have discussed, a detailed review of all departmental evaluations will be performed by the Directors, HR, and myself to assure consistency and integrity of the process prior to award of any incentive pay. Mr. Tompeck said if anybody in the Board has interest to look at the details of the incentive plan, he would be glad to go over it with them individually or it could be brought back to a workshop.

Mr. Perri said he does not have too many questions, but he has some comments. He thinks it is inherently wrong to have incentive raises like that. It opens up favoritism, breeds more problems than you are trying to correct. Inflation touches all the employees the same and Mr. Perri thinks they should all get the same raise. He said everybody does not type 90 words a minutes, some type 60 and some type 70. If a person is doing his best, gets to work every day, not late, and his job performance is adequate, everybody should get the same raise. Mr. Perri read from a news article in the News Tribune of September 12 "As job openings reach record levels, so does quitting. Employers advertise the most jobs on record in July and a number of workers quitting their jobs also hit an all-time high. Americans are increasingly taking advantage of a tight labor market to find new often higher paying jobs that could help push wages up broadly across the economy." Mr. Perri said that tells him we need to look at how much we are paying our people and need to be competitive to keep the people. He said he has the statistics for our separations for our fiscal year 2016 and 2017. There were 47 total employees exited during that time, 16 of them for another job, 18 retired, 8 on disability, one for failed probation, and another one for a

policy violation. These figures tell him this is not anything to do with performance, it is just an ongoing thing. As far as he is concerned, he cannot support this in the way it is, but he does not know if he can but he will make a motion to scrap the incentive raises and make a motion to do across the board 3% raises for all the employees and that would be in line with what the City is doing.

Mr. Perri made a motion to scrap the incentive raises and have across the board 3% raises for all employees to keep in line with what the City is doing. No second to the motion.

Mr. DeIulio asked Mr. Tompeck to give some background as to if he finds six months from now the program is not working as he anticipated and planned to do.

Mr. Tompeck said that is a good question and he is not sure there will be a verdict in six months. He said it is something new to us and we are going to have some difficulties getting through and that is why he would like to do it one time and have all the Directors look at each one to make sure they are consistent. He thinks about what happens in private industry like FMPA and he talked with Jacob about this yesterday a little bit. They do not have any kind of cost of living adjustment, they just have a 4% pool and they give out merit raises based on performance. Does that mean some people are disappointed, the answer is yes and some people are not disappointed? We had talked about part of the emphasis of the program was to incentivize our best workers and they certainly are the ones you want to pay more to keep. Mr. Tompeck said really the thrust behind the initiative is to incentivize our people and we can do that. Can he say everybody is going to be happy, not a chance. Once we have put together the plan for the 1.5%, he would be glad to sit down individually and go over it with the Board Members to be sure they understand it and see if you have any problems.

Mayor Hudson said we have been trying to do this and it has been on the table at least a couple of years in various forms. She said this is just the latest plan to do this so the Board has not gone into this quickly, we have been working on it. We have sent your people back to the drawing board several times because of things we did not like and things we were concerned about. Mayor Hudson said she thinks there is cause for a little bit of concern when you start something new and thinks it is really important for you to recognize and have a verdict at some point about whether it is working or whether it is doing the exact opposite. She knows you have refined so much and tried to make it as objective as possible and you are committed to it, and the company is committed to it. She is willing to try it even though she had some of the same reservations all along. It is very hard in government to do this because everybody knows what everybody makes. Instead of causing a cohesion, it can cause dissention possibly. That is something you are going to ultimately be responsible for.

Mr. Tompeck said that is right.

Mr. Bey said he looked at this as an opportunity to maybe get production or productivity up across the board. He thinks if employees saw there was an opportunity to make more money,

this could be something that could drive productivity across the whole company. He thinks that is the idea behind why we are doing this. Sometimes that is a gray area between reality and not reality. Some people are going to perform at a certain level of productivity regardless of how much you pay them and then you have your super people who are going to do what they do sometimes even if they do not get more money. Mr. Bey said he thinks often an incentive is a way of trying to increase production across the board and that could be a good thing for our company. He agrees the job of monitoring this and bringing the results to the Board's attention so we can adjust or do whatever we need to do to keep it from turning negative.

A motion was made by Mr. Bey and seconded by Ms. Cavalcanti to approve an overall average 2.5% cost of living adjustment for employees, in an amount not to exceed $380,631 for fiscal year 2019 effective October 1, 2018 and a Performance Incentive Plan not to exceed $228,378 effective December 3, 2018. Those voting for approval were Mr. Bey, Ms. Cavalcanti, Mayor Hudson, and Mr. DeIulio. Mr. Perri voted no. The motion passed.

Mr. Tompeck said the next item is the FPUA Director and Attorney Compensation Package for possible action by the FPUA Board and there is no staff recommendation.

Mayor Hudson said you will need to separate the two.

Ms. Cavalcanti said she would like to start with the Director's compensation and would like to point out we have had a very tough year since July of last year. She said our Director has stepped in and done an extraordinary job and she thinks he has been very fair, innovative, and she is very appreciative under very difficult circumstances. She would like to point out to the fellow Board Members that our previous Director was making $160,000. Mr. Tompeck came in at $150,000 and she thinks he has more years of experience than our prior Director did. She would like to see his compensation be that of our prior Director when he left, which was $160,000.

Mayor Hudson asked if our budget can stand that.

Mr. Tompeck said yes it can, how can I possibly say no.

Mr. DeIulio said he has a comment with the $160,000. He said it looks like the average APPA study with someone in this position is $186,000, understanding that the $160,000 is a little bit lower than that. He agrees with Ms. Cavalcanti that it has been a really busy year for Mr. Tompeck and he has done a fantastic job, steading the ship as we go.

Mr. Perri said he would suggest $165,000 to keep in line with trying to get him up to speed with the rest of the industry.

Mr. DeIulio asked if he hears $170,000.

Mayor Hudson asked if Ms. Cavalcanti made a motion.

Ms. Cavalcanti said that was her motion.

Mayor Hudson asked if there was a second.

Mrs. Mazzarella said there was not a second.

Mayor Hudson said she would second her motion. She said she appreciates the $165,000, but she is happy with the $160,000.

A motion was made by Ms. Cavalcanti and it was seconded by Mayor Hudson to approve an increase to the Utilities Director, John Tompeck salary to $160,000. Those voting for approval were Ms. Cavalcanti, Mr. Perri, Mayor Hudson, and Mr. DeIulio. Mr. Bey voted no, the motion passed.

Mr. DeIulio said the next item would be for the Attorney Compensation Package.

Ms. Cavalcanti said in the past she thinks he has been given about the same as the cost of living that the employees get and asked Mr. Tompeck if that was correct.

Mr. Tompeck said yes it is correct.

Ms. Cavalcanti said in this case, she believes it is 2.5%.

Mr. Tompeck said that is correct.

Mr. DeIulio asked if he would qualify for the additional amount.

Mr. Tompeck said at the Board's pleasure he would.

A motion was made by Ms. Cavalcanti approve an increase of 2.5% cost of living adjustment for Attorney Koblegard.

Mr. DeIulio passed the gavel to Mr. Bey and seconded the motion.

Mr. DeIulio seconded the motion.

Mr. Bey said he will pass the gavel back to Mr. DeIulio.

Mrs. Mazzarella said we need a roll call. She said there was a motion and a second so you can have discussion or roll call.

Ms. Cavalcanti said there was no second.

Mrs. Mazzarella said Mr. DeIulio seconded it so it is either discussion or roll call.

Mr. Bey said we have a second so let's vote.

Those voting for approval were Ms. Cavalcanti, Mr. Perri, and Mr. DeIulio. Mr. Bey voted no and the Mayor abstained because she has a conflict of interest; the motion was passed.

Mr. Bey passed the gavel back to Mr. DeIulio.

Mr. Bey said he does not know if it is appropriate at this time for him to say this. He said he actually wanted to ask Mr. Tompeck what he would want so that you know for the record he is not voting against him. He was trying to get around to what you wanted, but we never got to that point, so congratulations.

Mrs. Mika presented the bill comparison for Month of July 2018. She said this is the monthly updates on the electric rate comparison and the local bill comparison for the month of July 2018. The graph displays the comparison of residential electric rates at 1,000 kWh of consumption for the month of July for the 13 municipal utilities in the State of Florida that are members of the "All-Requirements Project" (ARP). FPUA's position stands out and is shown in yellow for the month of July. As a member of the All-Requirements Power supply project, FPUA benefits as part of a larger group of cities through lower operating costs, and 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 $2.62. You can also see the boost the additional $1 reduction will make in next month's comparison. The next graph displays the same comparison, but of all the Florida residential electric rates for the month of July 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 compiled by Florida Municipal Electric Association (FMEA). FPUA's July bill for this level of consumption, unchanged since June has maintained it's standing among the other 32 municipal utilities. Mrs. Mika said a few items on the billing rate changes that have occurred since June, of the 13 ARP participating utilities, five experienced rate changes. The City of Havana implemented a $2.51 decrease this month, which was more than offset with increases of Kissimmee $2.50 and Starke $1.04 and impacted a minor increase in the ARP average. Among the Non-ARP cities there were notable increases for Chattahoochee $8.33, Bartow $4.57, and Quincy $3.25, which raised the municipal average, narrowing the gap for FPUA by $1.35. The next graph displays a similar comparison of municipal utility bills within the state for the consumption of 2,500kWh. In this comparison, FPUA's July bill falls below the ARP average and is within $7.10 of the municipal average for this consumption level. FPUA's July bill at $289.80 is 10% lower than the average bill for the Investor Owned Utilities at $322.00.

Mr. DeIulio said he is assuming the $2 decrease that was approved tonight will move FPUA much lower.

Mayor Hudson said if nobody else changes.

Mrs. Mika said displayed before you is the July comparison of local Treasure Coast residential utility bills. She said 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 of the 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 slight decrease for FPL's non-fuel rates. FPUA's bill for electric services remains lower than Vero Beach electric by 8%. When we look at the overall charges for electric, water and wastewater services, you can see that FPUA customers still experience the lowest utility bill within St. Lucie County. The only change on any of the water and wastewater billings was with the City of Vero Beach with a .5 % decrease in their customer charge. Mrs. Mika said this item is for information only and requires no action from the Board.

Mrs. Mika presented the July 2018 Financial Operating Results. She said the financial operating results year-to-date increase in net position after the distribution adjustment was $2,957,000, down $474,000 from the same 10-month period last year. The operating income is down $1.8 million and is due to the capacity reduction experienced in 2017. On the system side, the electric operating revenues adjusted for the cost of power from FY 2016 to FY 2017 are down 2% because the power costs were much higher in FY 2017. In FY 2018 revenues are down an additional 1% which is comparable to the consumption that was down 1% from FY 2017 FY 2018. Consumption remained flat from FY 2016 FY 2018. Water operating revenues and consumption for FY 2017, operating revenues were up 10% compared to the consumption being up 6%, which is due to the one-time adjustments to GRC collections that took place in FY 2017. From FY 2017 to FY 2018 the operating revenues are down 3% which is in accordance with consumption that is also down 3%. Wastewater operating revenues and gallons billed for FY 2017, operating revenues are up 8% and the gallons billed were up 5% because of the GRCs. The operating revenues from FY 2017 to FY 2018 are up 5%, where the gallons billed are down 1% from FY 2017 for the 10-month period. Natural gas operating revenues less gas cost and consumption, revenues are up 1% from FY 2016 and consumption was up 5%. For FY 2018, consumption was up 4% from FY 2017 to FY 2018. The increase in gas contract consumption for 2018 represents 27% of the overall increase. Mrs. Mika said the debt service coverage ratio for July 2018 stands at 3.07 for the 12 months, which is more than double the 1.25 required by FPUA's bond covenants.

Mr. Tompeck said on behalf of the Staff he wanted to thank Mike Perri for his service on the FPUA Board and the various committees he served on with FMPA. He would like to say Mike and he always agreed on all issues, but they did not. He can truthfully say Mike was receptive to different ideas and took a genuine interests in the success of our organization. Mike's first priority was always the welfare of our customers and he was a staunch advocate for FPUA and our employees. Congratulations on a job well done.

Mr. Perri thanked John.

Mrs. Mazzarella read Resolution U.A. 2018-11 into the record as follows:

"Resolution U.A. 2018-11, a Resolution of Fort Pierce Utilities, Authority in Appreciation of the Services of Michael A. Perri, Jr. Whereas, Michael A. Perri, Jr. has served as a member of Fort Pierce Utilities Authority from December 1, 2009 until September 30, 2018; and Whereas, Mr. Perri served as Chairman of the Board from 2012 to 2013, and again from 2015 to 2016; and whereas, during his eight years and ten months in office, Mr. Perri has devoted many hours of service to Fort Pierce Utilities Authority and its customers; and whereas, Mr. Perri has been a great source of inspiration, counsel, support and wisdom for the Director of Utilities; and whereas, in January 2010 Mr. Perri was appointed to the American Public Power Association Liaison Committee and served as Chairman from 2015 - 2017, where he provided valuable insight and direction; and whereas, from 2016 to 2018, Mr. Perri represented the FPUA Board on Florida Municipal Power Agency's Policy Makers Council, where he met with state and national policy makers and elected officials to help advocate on issues of importance to the public power community; and whereas, Mr. Perri received the Spence Vanderlinden Public Official Award June 2018 at the American Public Power Association's National Conference in New Orleans; and whereas, Mr. Perri has served with great distinction and has always displayed a compassioned sense of moral integrity and vision when addressing both customer and employee-related issues; and whereas, Mr. Perri has at all times ably represented the positions and interests of Fort Pierce Utilities Authority in its dealings with other governmental and private entities. Now, therefore, be it resolved by Fort Pierce Utilities Authority of the City of Fort Pierce, Florida, in Regular Session assembled, that on behalf of the Board Members of Fort Pierce Utilities Authority, the people of the City of Fort Pierce, and Fort Pierce Utilities Authority Department Heads and Staff, hereby acknowledges with a deep sense of gratitude the services of Michael A. Perri, Jr. as a Member of Fort Pierce Utilities Authority. Be it further resolved that a copy of this Resolution be presented to Michael A. Perri, Jr. and spread upon the minutes of Fort Pierce Utilities Authority as a permanent record of their appreciation. Adopted this 18 day of September, 2018."

A motion was made by Mayor Hudson to adopt Resolution U.A. 2018-11, a Resolution of Fort Pierce Utilities Authority in Appreciation of the services of Michael A. Perri, Jr., Mr. DeIulio passed the gavel to Mr. Bey and seconded the motion. Those voting for approval were Mayor Hudson and Mr. DeIulio, Mr. Perri abstained, and Mr. Bey and Ms. Cavalcanti voted no.

The motion did not pass.

Mr. DeIulio told Mike he appreciates all he has done for the Board all these years and is sure the citizens of Fort Pierce appreciates it, the customers, and the employees. He said it has been an honor to work with him and he said he has seven years on the Board so he has worked with him seven of his nine years. Mr. DeIulio thanked him for his service.

Mr. Perri said thank you.

Mr. Tompeck thanked the Board for his salary adjustment, he appreciates it. He also appreciates the support the Board has given him over the past 14 months.

Mr. Tompeck recognized Mr. Charlie Frank Matthews, FPUA's new Board Member, in the audience. He said he has had the chance to spend a couple of hours with Mr. Matthews and he did some administrative things at the office last week. Staff is going to set up some additional training next week and he will be sworn in October 2nd.

Mayor Hudson welcomed Mr. Matthews.

Ms. Cavalcanti congratulated Mr. Matthews.

Mr. DeIulio wished Mr. Matthews good luck.

Mr. Tompeck said he has already mentioned about Jacob Williams address last night at the City Commission Meeting and he did a real good job. The ability for FMPA to control the fixed costs is really critical to FPUA and they are doing a good job with the PCA reduction. Tonight is a good example of that.

Mr. Tompeck said FPUA did offer some mutual aid for Hurricane Florence. He said we had a 4-man crew and trucks on the way to South Carolina, but they returned back on Sunday because they were not needed. If conditions change, FPUA is ready to assist in the mutual aid. Part of the problem was it was not so much the wind as the water and they may need the water to go down a little bit before they need crews or there may not have been as much wind damage. If you watch TV, it seemed like an awful lot of water.

Mr. Tompeck said the Board may have heard about the natural gas explosions in Massachusetts and we are following that situation to see if there are any similar circumstances that could affect our system. He said that so far we have listened to AGA and AGPA, which are national organizations, and very little information has been released to the public. We know they were monitoring an over pressure condition just prior to the explosions and the pipe that was in the system was cast iron. There has been a very lengthy period where these utilities are having to replace their cast iron pipe with plastic pipe. FPUA has the benefit of having a younger system and has no cast iron pipe in our system so we are very fortunate. Mr. Tompeck said no other

details have been made public so far and he will report back to the Board when more information becomes available.

Mayor Hudson asked if we have a younger system than them because she considers ourselves old compared to Massachusetts.

Mr. Tompeck said our system is young and we are old. He said the cast iron pipe in the Massachusetts system is apparently 100 years old, which is not unusual in the northeast and not unusual for New York City. They are not allowed to use cast iron pipe anymore.

Attorney Shevlin thanked the Board for the consideration of the compensation package.

There being no further business, the meeting was adjourned.

ATTEST:

SECRETARY

CHAIRMAN