MINUTES OF A REGULAR MEETING OF THE FORT PIERCE UTILITIES AUTHORITY, TUESDAY, OCTOBER 1, 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 Alice Ladomirak of the Treasure Coast Energy Center.

The Pledge of Allegiance was recited.

The roll was called and a quorum declared.

Sworn or affirmed and subscribed before Linda W. Cox, City Clerk on this day, Mr. Fee repeated the following after Mrs. Cox "I, Frank Henry Fee, IV, a citizen of the State of Florida and of the United States of America, and being employed by or an officer of the City of Fort Pierce, and the Fort Pierce Utilities Authority, and a recipient of public funds as such employee or officer, do hereby solemnly swear or affirm that I will support the Constitution of the United States and of the State of Florida." Mr. Fee signed the document and Mrs. Cox said he is officially sworn in. Mr. Fee took his seat at the dais.

Mr. Tompeck said since we have some folks here we can go ahead and push up Item I-1, Resolution 2019-06 which recognizes FPUA Public Utility Week from October 6 through the 12. He said Paul Jakubczak will be making the presentation.

Paul Jakubczak, Director of Electric & Gas Engineering, presented Resolution U.A. 2019-06 recognizing FPUA Public Utility Week. He said he had with him a contingency of the Utility Authority employees. Mr. Jakubczak said it was his pleasure to request of the Board to approve Resolution U.S. 2019-06 in recognition of Public Utility Week, the week of October 6 through the 12. He said this is to recognize the fine young men and women at Fort Pierce Utilities Authority who do a tremendous job for our citizens, keeping the lights on, the toilets flushing, the water flowing, the gas on, and keeping the internet moving as well. He requested Mrs. Mazzarella to read the resolution and then afterward the fine young people can introduce themselves and state which department they work for.

Mrs. Mazzarella read the resolution title into the record as follows: "Resolution U.A. 2019-06, a resolution recognizing FPUA Public Utility Week, October 6-12: A week-long celebration of Fort Pierce Utility Authority's year-round service to the City of Fort Pierce." She asked if Mr. Jakubczak would like her to read the whole resolution.

Mr. Jakubczak said it is up to the Chairman.

Mr. Bey asked Mr. Tompeck.

Mr. Tompeck said it is not necessary.

The employees introduced themselves as the following: Wesley McMillian a Meter Installer and Remover of Electric T&D, Kevin Parish an Electric Lineman of Electric T&D, Carmelo Signorelli an Underground Locator of Water Distribution, Francisco Ramos, Water Resources, Charles Alford an Apprentice Lineman of Electric T&D, Kuper Krueger a Lift Station Foreman of Wastewater Collection, Bill Anderson an Assistant Plant Manager of the Treasure Coast Energy Center, Chris Johnson a Distribution Foreman of Gas Operations.

The Board clapped and thanked the employees.

Mayor Hudson thanked them for their hard work.

A motion was made by Mayor Hudson, seconded by Mr. Matthews, and unanimously carried to adopt Resolution U.A. 2019-06, a resolution recognizing FPUA Public Utility Week of October 6th to 12th, 2019: A week-long celebration of Fort Pierce Utilities Authority's year-round service to the City of Fort Pierce.

The roll was called again now that Mr. Fee has been sworn in as a Board Member.

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

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. Matthews, seconded by Mayor Hudson, and unanimously carried to approve the Minutes of the Regular Meeting of September 17, 2019.

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

1. Approve the following recommendations to maintain an orderly progression of officers in future years: Ms. Glynda W. Cavalcanti, Chairman, Mr. Charlie Frank Matthews, Vice Chairman, Mr. Darryl T. Bey, Secretary, Mr. Frank H. Fee, IV, Deputy Secretary, Mrs. Linda Hudson, Mayor/Member.

2. Approve POA 19-69: The purchase of VMware software upgrade and maintenance in the total amount of $61,420.80 from Dell Marketing L.P., of Round Rock, Texas, under Florida State Contract No. 43211500-WSCA-15-ACS and WSCA-NASPO Master Agreement MNWNC-101. This includes three years of maintenance and support from the issuing date of the license keys.

3. Approve Post Budgeted Project/Budget Request in the amount of $60,000 for water main adjustments required as a result of the City of Fort Pierce Drainage and Resurfacing Improvement Project along Rio Vista Drive.

4. POA 15-13: Approve the sole source purchase of monitoring and analytical instrument chemical reagents, parts and replacement equipment from Hach Company, of Loveland, Colorado, in an amount not to exceed $30,000 annually.

Ms. Cavalcanti took the gavel as the newly elected Chairman.

Lois Wolfe, Human Resources Manager, presented the Stop Loss proposal from Blue Cross and Blue Shield of Florida. She said she is requesting approval of the premium renewal through Florida Blue for FPUA's Stop Loss coverage administered by High Mark Life Insurance Company for the period January 1, 2020 to December 31, 2020 in the amount of $847,178. High Mark through Florida Blue has agreed to give us a firm quote for next year's stop loss coverage based on August claims. This generally would come to the Board along with the rest of the benefit package which will be presented at the next meeting, but because they have agreed to give us this firm quote with a requirement FPUA gets it approved and accepted by October 4, we are bringing it here this evening for the Board's approval. Mrs. Wolfe said that obviously the stop loss insurance is a critical component of our self-insured program that protects FPUA and limits our reliability on high claims. She said there has been an increase in that as there has been over the last several years, but is a firm quote and in FPUA's best interest to accept the quote at this time. Mrs. Wolfe said she would be happy to answer any questions anyone may have at this time.

Mayor Hudson asked if it is a little over $100,000 increase.

Mrs. Wolfe said additional and that is correct.

Mayor Hudson asked if she thinks this is going to be better than what we might could expect if we do not do a firm quote now.

Mrs. Wolfe said correct because if we do not do a firm quote now they will look at September's claims so we would be taking a gamble that if our claims are increased would be higher.

Mayor Hudson said it is not going to go down.

Mrs. Wolfe said that is right.

Mr. Matthews asked if it was for the total year or for two years.

Mrs. Wolfe said it is a one-year premium for the calendar year 2020.

Mr. Matthews said then we are talking next year the same time that Mrs. Wolfe will come back to the Board.

Mrs. Wolfe said yes. She said we usually do the benefits proposals and information in October and this would typically come along with that plan and renewal, but because of this early quote, we are eager to lock it in.

A motion was made by Mayor Hudson, seconded by Mr. Matthews, and unanimously carried to accept POA 18-17: The Stop Loss Proposal from Blue Cross and Blue Shield of Florida, Inc. dba Florida Blue, of Jacksonville, Florida, and administered by HM Life Insurance Company of Pittsburgh, Pennsylvania, for stop loss insurance coverage effective January 1, 2020 through December 31, 2020, and approval of premium funding of $847,178.

Laurie Pepple, Assistant Finance Controller, presented the July 2019 Financial Operating Results. She said this is an information only summary of FPUA's Financial Operating results for the period ended July 31, 2019. The operating income of $10,031,000 is up by $130,000 when compared to 2018. This increase includes a year-to-date revenue increase of $3,532,000 and each segment shares in this increase as the Board will see in the upcoming slides. Year-to-date expenses are also up $3,402,000 and as we have seen the trend in these increases throughout the year as the trend continues is mostly purchases for resale, general and administrative, and field operations expenses.

Mrs. Pepple said the electric segment revenue increase from 2018 to 2019 is up 3.9% or $2,012,000 and consumption was also up 4.95%. Operating revenue less power cost was up

3.5%. Moving into the water segment between 2017 and 2018 FPUA had a very consistent decrease in both consumption and revenue of 3.4%. Between 2018 and 2019, the trend is continuing that has been throughout the year with the total water revenues at $14,740,765 and are up 9.1%. Consumption of gallons sold is up 6.08%. This revenue increase is reflective of the rate increase, capacity reductions, supply amendment agreements, and consumption increases. The wastewater segment between 2018 and 2019 had an increase in revenue of 1.45% and gallons billed 3.28%. In natural gas we can see an increase in the consumption and the revenue between 2017 to 2018 and 2018 to 2019. Revenue was up 1.59% between 2017 and 2018 and then 2.82% from 2018 to 2019. Consumption was up 4.36% between 2017 and 2018 and then 5.82% between 2018 and 2019. Mrs. Pepple said the operating income and debt service, which is our ability to service our current year debt obligations for both principle and interest calculates at 3.18 and this is well above the bond covenant requirements of 1.25. She asked if there were any questions or comments.

Ms. Cavalcanti said it looks good.

Mayor Hudson said she has a question for Mr. Tompeck and asked if at some point she could know what FPUA's future debt is.

Mr. Tompeck said he does not have that number on hand.

Mayor Hudson said she does not expect him to today, in the future.

Mr. Tompeck said it is in the CAFR and he would be glad to write a quick note and tell her exactly where to look. He said FPUA's debt is in good shape and is going down considerably. We have about $56 million total debt.

Mrs. Penick said they made the principle payment today.

Mr. Tompeck said he would send the Mayor the details.

Nina Penick, Director of Financial Services, presented the Status Report on Electric Power Cost Adjustment for August 2019 and updated projections through August 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 August was billed to FPUA at the rate of $62.93 for 1,000kWh, a decrease of $0.80 as compared to July. The over-recovery from the customer for the month of August totaled about $106,000 and the cumulative over-recovery was about $3.6 million as of August 31, 2019. Mrs. Penick said in the chart displayed the bars depict the balance of the PCA over-recovery and the dark blue line below it depicts the PCA. She said the light blue bars represent the actual amounts and the orange bars depict what the over recovery would be if the

projections are correct. These projections are prepared by Raftelis Financial Consultants, which in turn are based on projections prepared by Florida Municipal Power Agency. Since July's forecast, FMPA's estimate of the price of purchased power for the upcoming 12 months increased 0.25% so it went up a tiny bit. As a result and particularly due to the cumulative over-recovery from FPUA's customers, no change in the power cost adjustment is recommended at this time. It is currently at the -$8 we just dropped last month and she thinks we are going to see some positive changes here moving forward.

Ms. Cavalcanti said another great report.

Mrs. Penick said it is great taking credit for something that you really cannot control.

Mr. Tompeck said the next item for Board's approval are changes to the FPUA Board Policies and Procedures. He said this was discussed at the last meeting and three changes are proposed. The first one is raising the signature authority of the Director of Utilities from $25,000 to $50,000, which is included on page 10. Somebody pointed out to him there was a mistake on page 10 where there is an additional reference to $25,000 that should have been switched to $50,000 and we will go ahead and make that change as well.

Mr. Tompeck said the second item was to set the normal time for all Board meetings including proposed rate changes to 4:00 p.m. unless the Board decides otherwise. He said that is contained on page 3. The last change was requiring written communications between Board Members and FPUA through official channels which is essentially the FPUA email system, rather than personal or business email accounts. That is located on page 5. There has been some problems with Outlook and staff will work to make sure those are corrected so everybody can use it that way. It is pretty straight forward and not a lot of details and Mr. Tompeck said he would answer any questions or request a motion to approve them.

Mayor Hudson asked with the increase in signing authority if Mr. Tompeck will still provide the things he does like the agreements that are provided now.

Ms. Cavalcanti said the contracts.

Mr. Tompeck said the contracts are separate and he cannot sign any contracts, only the Board can sign contracts. He said the Board will see a few less post budgeted request which are the items that come through where we are switching money between budgets, new projects and that kind of thing as long as it is less than $50,000. You will see a few less items on the consent agenda in all likelihood. Hopefully it will get us to move a little faster on some of these projects and not have to wait till the next Board meeting for an item that is between $25,000 and $50,000.

Mr. Matthews said he does not have any problem with the signature part. He asked if the contracts will still come to the Board even if that amount might be higher.

Mr. Tompeck said yes even if it is only $1 it comes to the Board because it is required by the Charter.

Ms. Cavalcanti asked for a time frame for getting with the Board so we can get the Outlook hooked up.

Mr. Tompeck said yes he has talked to Mr. Fryar and he is going to contact you directly and any of the other Board Members that have a question on it.

Mr. Matthews said on the Policies and Procedures three items have changed and asked if it can all be approved in one motion or does each one need to be separate.

Attorney Koblegard said he thinks it can be done all in one motion.

Mr. Tompeck said it is all a part of the same policy.

A motion was made by Mr. Bey, seconded by Mr. Matthews, and unanimously carried to approve the revisions to the FPUA Board Policies/Procedures as presented in the redlined copy.

Mayor Hudson said she likes having these Policies and Procedures because it was kind of a reminder reading through these. She said we might look through them once a year or something like that to see if we want to change them. It helps refresh our memory about what we have agreed to go by.

Mr. Tompeck said he thinks that is a good idea.

Mr. Tompeck said on behalf of the staff he would like to welcome Mr. Fee to the Board. He said they did a full day of orientation with him last Thursday and still need to get him with Paul Jakubczak and the electric side which we will do as quickly as possible. Welcome aboard.

Mr. Tompeck said we have two new electrical boxes that have been wrapped recently in the Peacock Art's District at 6th & Citrus and 7th and Atlantic. He said they both look great.

Mr. Tompeck said the last item is we have a fairly busy weekend at the Manatee Center this coming weekend, Friday through Sunday. He said the Firefighter Challenge is being held right behind the Manatee Center. On Saturday is Family Day between noon and 4:00 with free admission, kid's crafts, face painting, and some other things. There should be a good turnout and it will busy downtown anyway.

Mayor Hudson said it will be a big deal because it is a national event.

Mr. Tompeck said it is and they have talked about it at the City Commission meeting a couple of times. He said since you will not have another one before that he wanted to mention it.

Mr. Matthews said he has one question to the Director. He said he was riding with a partner today going to Walmart and the lights were off there and at the RaceTrac Gas Station. He asked for an update on what happened.

Mr. Tompeck said he is not sure, there are outages once in a while throughout the day and asked Mr. Jakubczak if it was a long outage. He said he did not see anything on the outage report.

Mr. Jakubczak said we actually had an outage that lasted a little over one hour for the majority of the one circuit coming out of our Todd Substation. He said they are not quite sure if something got into it like a tree or something that caused the wire to burn down. A start over at Okeechobee and Kerr threw the breaker operations and had burned down another section line behind the Orange Blossom Mall. Our crews were able to get onsite within 10 or 15 minutes to start the restoration process. The majority of the customers were back on within one hour and the other 39 customers off Kerr were back on within another 20 to 25 minutes after that. From pretty much Orange Blossom Mall all the way out to Kerr and a little bit of Jenkins in that area which included Walmart and those shops there.

Mayor Hudson said she would like to thank Jann Widmayer and the FPUA because they have been meeting with Keep Fort Pierce Beautiful and are the ones that are spearheading the wraps of the utility boxes. She said the City of Fort Pierce is also doing traffic signal boxes so we are dressing up Fort Pierce between the two of us.

Mr. Tompeck said he saw the press release and it looked good.

There being no further business, the meeting was adjourned.

ATTEST:

SECRETARY

VICE CHAIRMAN