MINUTES OF A REGULAR MEETING OF THE FORT PIERCE UTILITIES AUTHORITY, TUESDAY, October 16, 2018, 4:00 P.M., CITY COMMISSION CHAMBERS.

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

Excused: Vice Chairman Glynda Cavalcanti

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 Thomas A. Fryar, Acting Director of Utility Support Services.

The meeting was called to order by Chairman Bey.

Opening Prayer was by Gabriela Rangel, FPUA WEOP Intern.

The Pledge of Allegiance was recited.

The roll was called and a quorum declared.

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

A motion was made by Mayor Hudson, seconded by Mr. DeIulio, and unanimously carried to approve the Minutes of the Regular Meeting of October 2, 2018.

Mark Satterlee, Deputy County Administrator, of St. Lucie County, 2300 Virginia Avenue and Joe Sweat from the City of Fort Pierce presented the ½ cent sales tax proposal. Mr. Satterlee said he will give a brief presentation on the sales tax which is on the ballot this coming November 6th that just cannot come fast enough. He said they have been out in the community and have taken just about every opportunity they can to get in front of Elected Officials, Boards, HOA, Treasure Coast Builders Association, EDC, Realtors, and anywhere they can educate the public. The City staff, politicians, and elected officials have all worked really well together on this. It has been a great concerted effort so if it passes it will be great, but if it does not, it will not be for lack of trying. Mr. Satterlee said Mr. Sweat is here to answer specific questions about projects. He said basically this is for better roads, more sidewalks, and cleaner rivers. It is Number 14 on the ballot, which is the last item on the ballot. On the back, after you go through all the constitutional amendments, it is Number 14. The basic message piece is that every dollar that is raised in the sales tax, the ½ cent will stay in the County and can only be used for infrastructure projects. The way we make sure that happens is it is in the State Statute the ½ cent has to be used for

infrastructure projects like building sidewalks, repaving streets, and doing water quality projects. We have set up the four layers of protection just to insure that because everyone probably remembers the lottery where the money got siphoned off for other projects. This is set in statute and the County passed an ordinance in April putting this on the ballot that basically insures this money has to be used for this purpose. Each of the jurisdictions is going to set up a Citizen's Oversight Committee made up of its citizens to make sure those dollars get spent where we say they are. We put together all the project lists, both the City and the County have put together extensive project lists, have vetted those projects, and have assigned costs to all those projects. The Citizen's Committee will be looking at those projects to make sure that is where the money goes. Mr. Satterlee said the estimated revenue over the ten years the ½ cent will be in affect will be about $108 million for the County, $88 million for Port St. Lucie, and the City of Fort Pierce would be about $21 million. He said that is a formula that is set in State Statute and is how it is set up.

Mr. Bey asked if it is set up according to population.

Mr. Satterlee said population is a part of it and it is a little bit convoluted. He has looked at it and could not explain it to Mr. Bey now without pulling the statute out. Population is a part of it, but it does go more heavily towards the counties, just the way it is set up. We have each set up our projects and have also tried to get out in front of some of the questions people ask. People look at the County budget or the City budget and ask why they do not spend the money they already raised. If you are familiar with the County's budget, it is fairly long and complex, but a lot of the money is allocated and dedicated to places so it cannot be moved around. The amount of money the Board has discretion over is fairly limited. The County has always funded its capital road projects, culverts, maintenance, and road projects out of gas tax and those tax dollars have just remained incredibly flat and have really declined in real terms. In 2017, the County raised less money on the gas tax than it did in 2007 so the funding source has really dried up. It has really been a challenge for them because they try to maintain the 300 miles of road, the County's largest single asset and have gotten behind. Mr. Satterlee said if you then add Hurricane Irma in there with the damage to Edwards Road and the twelve culverts that failed throughout the County, it has been a real challenge. He said the first project they are going to do is one the City of Port St. Lucie has been wanting them to do for about 10 years, which is to redo Prima Vista Boulevard from Airoso Boulevard to US 1. They will be working on a number of water quality projects trying to finish up water quality projects in Paradise Park, Sunland Gardens, Harmony Heights and the older neighborhoods that did not come with any of that infrastructure. They are going to retrofit that infrastructure. Displayed is Lakewood Park, which is another project the County has and it is shown four days after Hurricane Irma showing the water standing out there. A list of the County's water quality projects is listed on the screen; Harmony Heights, Indian River Estates, Lakewood Park, Paradise Park and San Lucie Plaza, which will all be done in phases, treat the water before it goes into the canal system and then into the Indian River Lagoon. The City of Fort Pierce projects are listed and Mr. Satterlee asked Mr. Sweat to touch on some of the projects.

Mr. Sweat said a book was passed out to the Board Members prior to the meeting starting. He said there are about 78 resurfacing projects which is accumulated. He said there is one major project, which is the Citrus Bridge repairs and on page 4 and 5 are the water quality projects, Georgia Avenue Basin and Moore's Creek Phase II.

Mr. Satterlee said the County and City also put together an extensive interactive website slchalfcent.org or fphalfcent.org. He said it is interactive and covers all the projects in all the jurisdictions. The City of Port St. Lucie is really focused on their sidewalks and we have known for years that is a major issue in the City of Port St. Lucie. Also, they are making St. Lucie West Boulevard work better because of all the traffic congestion. Those are two of the really big projects and they also want to get to Floresta to widen it to make it a better road to connect the northern to the southern part of the City. Included is an example of some of the information they have put out, which is all reflected on the website. If you go to the projects, displayed is some of the information it will pull up so people can see some of the projects in their neighborhood. This was done in 2016 and lost by three points, but this year the effort is much more concerted, much more coordinated, and much more substantial. We are very hopeful. The County does not want to use general fund dollars and do not want to look at property taxes, we would rather use the ½ cent sales tax, which is paid by everybody that buys things in St. Lucie County. It is estimated that 15% to 20% of the revenue comes from visitors and people from out of the County, whether they come to see the Mets or go to the beach or go fishing. Those visitors pay a substantial portion of that because they are using our facilities and our infrastructure. It will put us on a par with Indian River, Okeechobee, and Brevard. Martin County has tried to do this twice and have failed, but they have the same rates we have. Mr. Satterlee said he would be happy to answer any questions. He said he knows most of you are aware of this and the Mayor has given this speech a dozen times herself.

Mayor Hudson said it only applies to the first $5,000 of large purchases and that is important for people to know.

Mr. Satterlee said over the course of a year, the ½ cent would be about $50 to $60 in a family budget over the course of a year. He said the items a typical family would buy in which sales tax applies would be about $50 to $60/year.

Mr. Matthews asked how soon the projects would start if this passes.

Mr. Satterlee said for the County they are getting Prima Vista Boulevard designed and ready to go. He said should it pass on November 6th, as soon as January or February 2019, they want to see a sign out there with the logo that says "Better Roads, Cleaner Sidewalks, and More Rivers". We want to see that out there on the road and would say "your ½ cent at work" and have those projects start almost immediately.

Mr. Matthews said when you were talking about neighborhoods, for some reason he did not see Sunland Gardens or St. Lucie Village and asked if for some reason they were left out.

Mr. Satterlee said that is the City's list of projects and the County has its own list of projects. He said if you look in the book that was handed out, there is a project list on the back. It does not list every project, but in terms of neighborhood projects for the County, and the water quality projects should be listed there. There is Harmony Heights, Indian River Estates, Lake Wood Park, Paradise Park, and San Lucie Plaza.

Mayor Hudson asked if he said it sunsets in 10 years.

Mr. Satterlee said it does and it would have to go back to the voters for their approval again after ten years.

Mr. DeIulio asked him to flip back a few slides to the third one from the back. He saw a slide about the visitors contributing 15 to 20%.

Mr. Satterlee said everybody pays so the message is it does not fall just to the property tax payer.

Mr. Mimms said he would like to echo Mr. Satterlee's statement that this has been a joint effort by the City of Fort Pierce, St. Lucie County, and the City of Port St. Lucie. He does not think we have ever been this close, we have a unified vision and a unified effort to educate our pubic on the benefits of this initiative. We do not advocate, we simply educate, but the reason we are here today, is we are trying to reach every board and committee that is appointed by the City Commission. If this does take effect, it will have a significant increase in the capital improvement expenditures not only by the City of Fort Pierce, but also FPUA. With our re-surfacing program, the list will be given to this Board and your staff and there will have to be intensified coordination as we move forward with those right of way improvements. We need to keep an eye on it as the FPUA Board and City of Fort Pierce and it is definitely going to change the way we do business.

Mr. DeIulio asked if any of this money is allocated for salaries and employee costs.

Mr. Satterlee said no, it has to be used for infrastructure projects. He said if we hire a contractor to pave our roads, then yes part of that money we pay the contractor will go to pay the staff. He said it cannot go to his salary or to build new buildings for the County. It has to go to these water quality projects, sidewalk projects, and the road improvement projects.

Mr. DeIulio asked what happens if you have to hire additional engineers to do work.

Mr. Satterlee said that would have to be paid out of however you pay your engineers. He said it cannot be used for salaries. The packets have a little bit deeper dive into the information that was presented here today. It also has the audit report we had to do on how the County does its procurement and project management for its road projects. That was a new requirement by the State Legislature and we are very pleased with the results. It is included in the packet, but also on the website.

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

1. Excuse Glynda Cavalcanti from this meeting because she is out of town.

2. Approve Budget Transfer Request in the amount of $56,500 to cover additional costs associated with the 16 and 20-inch force main valve replacement project.

3. Approve Post Budgeted Project/Budget Request for Sedona Phase 1 PUD in the amount of $95,062 for FY 2019.

4. Approve Post Budgeted Project/Budget Request for Celebration Point PUD in the amount of $91,694.

5. Bid No. 18-60: Approve award of Bid for Tankless Natural Gas Water Heaters to Tempaco, Inc., of Orlando, Florida, in an amount not to exceed $31,793.66 annually, for the period of October 17, 2018 through October 16, 2019, with four one-year renewal options.

6. Approve Post Budgeted Project/Budget Request to replace two pad mounted transformers and installation of new underground primary cable at the Island Water Reclamation Facility in the amount of $113,110.
7. RFP No. 18-45: Approve proposals from and Contracts for Protective Footwear with Safety & Boot Center, Inc. of Stuart, Florida, and Sole Sisters Shoes, LLC dba Redwing Shoe Store, of Fort Pierce, Florida, in an amount not to exceed $60,000 annually ($30,000 each). The initial term of these contracts will be from October 17, 2018 to October 16, 2019 with four one-year renewal options, contingent on receiving the required certificate(s) of insurance.

8. POA No. 14-11: Approve Budget Transfer request in the amount of $56,943 and additional funding to BCR Environmental Corporation, of Jacksonville, Florida, for solids processing at the Water Reclamation Facility in an amount not to exceed $88,147.66, through November 2, 2018, and not to exceed $440,000 annually, subject to annual price adjustments as detailed in Exhibit B of the Agreement, contingent on receiving required Certificate(s) of Insurance.

Mr. Tompeck said the first presentation is from Peter Tesch of the St. Lucie County Economic Development Council. He said Peter will bring us up to date on the development of activity in our area.

Pete Tesch, President of the Economic Development Council (EDC) of St. Lucie County, Inc. gave a presentation on FPUA's partnership with EDC. He said it is a pleasure to be in front of the Board and he has great news this afternoon that there will be no PowerPoint presentation. He said Steve Jobs said that a PowerPoint is for people that do not know what they are talking about. This will be a very brief and concise report about the Economic Development Council and it was great to see Mark Satterlee here, Nick Mimms, and the Mayor, along with FPUA Staff, great partners with the EDC. Mr. Tesch said he very much appreciates the partnership and investment participation in the economic development efforts. He said when it comes to job creation, capital investments, and improving our economy, the results are starting to show. The EDC has been in business since 2000 and are a public/private partnership. We are a 501C corporation and have a budget of about $850,000, staff of 4 ½, and 25 members of the Board. Our mission is simple, to help create quality employment opportunities for the community and that is driven by a strategic plan based on the things we just talked about, from infrastructure to education to business retention to expansion and looking at the overall improvements of our community for economic development. The EDC is a business development organization and our job is to help attract new business to the area, retain the precious industry we have, and help companies with site selection and facilities management. Mr. Tesch said they try to make sure their business environment is competitive and it is a quality product to attract and retain businesses. He said they are very much involved in the preliminary regulatory process and also the most important part of economic development these days is working with workforce and technical training. Those are the things that are going to drive the economy well into the 21st century. Florida's economy is a very robust situation and in the last few months when he last came in front of the Board, Florida's economy is now $1 trillion. It is the third largest state in the union and if we were a sovereign entity or sovereign nation, we would be the 16th or 17th largest economy in the world. For those of us that have been in Florida for a while, it has been a dramatic increase in economic output with a $1 trillion economy. This is important to us from an economic perspective because of the transformation of Florida's economy one from agriculture, tourism, and construction. Those are very important industry sectors for Florida and for St. Lucie County. We are starting to see aviation aerospace, advance manufacturing, logistics, IT, and professional and business services come into the state. It has really made a very important improvement in the economic quality of life. That is important for us because of our location being 100 miles from Orlando and from Miami, we are right in the middle of this economy. Because the cost of doing business is so expensive in south Florida and there is no more property and for those that have lived in those great metro areas, this quality of life and sanity and like the old Florida is still here, it is really starting to impact the decision making processes of businesses in South Florida when they are looking to expand. They may say "wow we have heard St. Lucie County is growing and that they are pro-business" so our efforts have not been unnoticed. Mr. Tesch said locally the economic building blocks are very robust just like Florida. He said when we look at the development side, building permits, COs, home sales, and commercial and industrial property sales, they are all up. On the development side, we are starting to see an increase in the medium household income, the unemployment rate has been the lowest in ten years, and we are starting to see a bump of the average earnings of a worker. In fact, earlier this year the Treasure Coast had the highest increase percentage wise in manufacturing of 12.9%. These are quality jobs and pay above the

average earnings per worker. We have seen taxes and revenues go up for local governments so hopefully the national and international economic condition will continue so we can continue to experience economic growth and prosperity for the community, so many challenges. As you know, 60.4% of our workforce hops in their car and goes someplace else to work every day. The reason why they do that is because our average earnings for work are 82.5% of the average Florida earnings per worker. That is about $37,000 a year and this to us is concerning and a challenge. We want to make sure that St. Lucie County families get 100% or more so they can enjoy a quality of life. That is our mission when we get up to go to work every day is ask what we can do for St. Lucie County families to make sure they can be involved in economic prosperity. Mr. Tesch said while this is a challenge, it is also an asset from an economic development perspective for St. Lucie County because if we can find better employment opportunity for these residents, they might want to stay here and work in St. Lucie County. The workforce for St. Lucie County is about 160,000. Mr. Tesch said when he was here last year, he talked a lot about expanded industry and a great effort because the partnership has resulted in some great companies either expanding or relocating to St. Lucie County. Several of them are FPUA customers. Precast Specialties is one of them, also ABC Medical, Radical Cosmetics, Tattoo Yachts, Pursuit Boats, Builders First Source, and City Electric Supply. Recently, we worked closely with John's staff and Maverick Boat Group, which is on St. Lucie Boulevard with a 125,000 square-foot facility, 100 new jobs, and $8 million capital investment. As you drive by St. Lucie West it is great to see that facility and having it as part of the potential jobs corridor for our community is critical. Some of the other projects he mentions these because it brings up a point of our strategic plan in working with you into the future. That includes TAMCO, which is City Electric Supply coming into the Tradition Commerce Park and is a ready to go industrial site and that is why that company was attracted there. It was a great project with 411,000 square feet, 40 acres on a new site, with 222 jobs retained, $38 million capital investment, and we did receive a Florida Job Growth Grant Fund from the Governor for $3.1 million. As a result of that there are two other high tech companies we are looking at and one of them is Oculus Surgical, a German eye surgery manufacturer and the other one is Accel International, which is a cable and wire manufacturer out of Connecticut. Both of these companies are looking at the Tradition Commerce Center and the reason they like that site is because it is a ready to go site and in close proximity to Palm Beach International Airport. Mr. Tesch said one of the projects we hold dear to our hearts that has great potential for future growth is Natalie's Orchid Island Juice Company. He said they worked with the Sexton family, executives of the family, and FPUA to facilitate their expansion. They purchased a 55,000 square foot building on DiGiorgio Road and is quite antiquated. Back in the day you could have a water pump for fire suppression and a septic tank and run fine. That does not work very well with a juice processing facility and we are delighted to work with John Tompeck and Bo Hutchinson on helping them in a cost sharing arrangement working with the Chairman and the Board to make sure they could have water and sewage to their facility. We were so happy to work with staff to put together a Florida Job Growth Grant Fund of about $2.25 million. We hope with the City of Fort Pierce that either the Mayor or Mr. Mimms will get a call from the Governor of DEO any day now. This will be a great thing not only for Natalie's and the City, but also providing water and sewer in an area that really needs it in terms of a redevelopment opportunity for that area and for Fort Pierce. As a recap on those projects he

mentioned, over the last 12 to 18 months, those projects he talked about and some others are in the process of creating 697 jobs and they all pay at least 115% over the average earnings per worker. This is very good for residence and is $54 million in capital investment and includes nine announcements. This is a good effort in the partnership mode being in economic development and we think 2018 and going into 2019 will be even more robust. Mr. Tesch said he has a couple of other things and would like to touch on a couple of other items with the Chairman's approval.

Mr. Bey told him to go ahead.

Mr. Tesch said looking at key issues going forward and working in the partnership mode we are excited about, manufacturing is making a big come back and coming back strong. He said they want to do more to work with FPUA to get more industrial customers. The north part of the County, the City of Fort Pierce, and the unincorporated area around the Treasure Coast International Airport seems to be a fertile area for that. Working with the Port of Fort Pierce, it is going to be a very challenging decision to see who is going to be the operator for the Mega Yacht operation, but to him it seems win, win. The EDC has been in contact with both of the respondents and had a lot of discussions on what their needs are from a facility and site selection perspective. Obviously utilities and infrastructure are going to work very intensely to make that project successful. That is something to keep on the horizon is to make sure that has the physically development to take it to the success point they want. Mr. Tesch said they have been working with the Mayor and Mr. Mimms on a Brightline stop in the Fort Pierce and think this has tremendous potential in terms of commercial and other retail development for downtown. Partnering with St. Lucie County on the Treasure Coast National Airport and the surrounding area is on the aviation side. They are seeing a lot with home building and health care areas for tremendous growth, some smaller projects the EDC has worked on over the last 12 months. Out of the 33 projects they are working on, ones that are with FPUA, include Aquaco, an agricultural project, Concrete Impressions, Precast Technology, High Power, Abbott Air, Project Dig, Project Root, which is a German based precast concrete manufacturer. They have been working with Lawnwood Medical Center and also with Pursuit and Porsche Factory. Mr. Tesch said yesterday they met with executives with Rocla Concrete Tie now known as Rosala and they are getting production ramped up to accommodate their new clients. He thanked the Board for getting in front of them and for the partnership they have. He said they want to be the partner in the strategic planning process because the lack of ready to go industrial sites seems to be a problem for them in this area, the north part of the County and Fort Pierce and they need to really focus on that. Being able to work with FPUA in getting the vision in the next 15 years where they can site the industrial customers they will all benefit from that.

Attorney Koblegard asked if it really is 60% of the workforce in St. Lucie County that works outside the county.

Mr. Tesch said that comes from the Florida Department of Economic Opportunity Economic Analysis. He said they have done it two years in a row and it is amazing.

Mayor Hudson said another one of the EDC projects that is not as sexy as he talks about, but was really helpful was when Mr. Tesch worked with the Chamber and came into the City of Fort Pierce and FPUA and talked about the permitting and business-friendly practices and how we could do better. She said that was a big help and was a very practical thing for him to do.

Mr. Tesch said he was so thankful the Mayor brought that up because it was kind of a diagnostic affair and he thinks it is incredible sexy. He said to spend the time and everybody was thinking why is he telling us what to do, but with the Chamber and EDC, it was a very productive conversation with the growth professionals in the City of Fort Pierce and FPUA. Because of some of the projects he mentioned, he thinks the attitude and perception of both the City and FPUA amongst business executives has changed dramatically. When people say they do not want to do business with the City of Fort Pierce or FPUA, it is like they only have a little information and need to come back again. Having that was a good thing to both and they can use it as a tool to make sure it is affective and streamlined going through the process.

Eric Winterstein, Facilities and Fleet Superintendent, and Gabriela Rangel, WEOP Intern presented the Weatherization Education Outreach Program update (WEOP). He introduced Gabriela Rangel and said that on February 12, 2018, Mr. Jakubczak applied for the APPA DEED Grant, which is the Demonstration of Energy and Efficiency Development Program that gives FPUA an intern for the summer. The objectives for the program is for the intern to shadow an FPUA employee and she got me, for career opportunities in the electric and water utility industry, and to participate in special events. The special event Gabby helped with was the Boys and Girls Club with the rally to go back to school. She has gone to a few of the WEOP surveys, did some of the closing paper work, monitored some customers, and met some contractors on the job as part of her experience. Gabby experienced the professional office environment and we are at the 5-year plan of the WEOP in which we have to quantify it eventually. Mr. Winterstein said he is not a numbers person and needs someone to do that for him and she was the perfect person for the task. Ms. Rangel mined the data and one of the skills he appreciated with her was that she was bilingual and spoke Spanish. When he speaks with Spanish customers, it was three minutes and with her it was 15 to 20 minutes and the customer understood a little bit better. She learned interpersonal skills and outreach and was enhanced with her time management skills. Displayed on the screen is Ms. Rangel's resume and Mr. Winterstein said anybody that is recommended by their mathematics teacher in statistics and clarity of thinking, he is going with that. She was recommended by Sandy Bowmen of the Oxbow where she volunteers. Gabby is going to give the 5-year review on the WEOP and you can ask her questions at the end.

Mayor Hudson asked Eric to go back to Gabby's resume. She asked about the LPA Choral Department and asked if she was a singer

Ms. Rangel said she was their alto silver section leader for a little bit. She thanked the Board for their attention for today's presentation, which is the Weatherization Education and Outreach Program (WEOP). This is a 5-year program and running as Eric had previously mentioned. From

the WEOP's inception in October 2013, the beginning of FY 2014, FPUA budgeted $55,000 and the City of Fort Pierce $13,331. This was spent towards nine homes and resulted in total costs of $27,364. As of 2017, the FY 2018, the budget has increased almost double with a total of $120,000 and this was used toward 23 homes at a cost of $111,718. The WEOP has completed a total of 83 homes these past five years and has dispersed a little over $305,000 with an average cost of $3,677.30 per home for those 83 homes. For FY 2019 FPUA budgeted $100,000 and the City of Fort Pierce contributed $20,000 to the program. For FY 2020, FPUA will be budgeting $125,000 to the program. As you know we completed the 83 homes, but from those homes, 65 of them are included in the next slide statistics. The data supplied for the 65 homes, provided they had sufficient data to analyze consumption in order to calculate energy and water consumption increases and decreases. The pre and post WEOP data is mined from FPUA's database based on the dates on the surveys from the homes. The consumption history is then calculated and summarized, for example, homes completed the FY 2014 (October 1, 2013) would have 56 months or pre and post energy and water consumption history. All the homes with six months are included in the report. Ms. Rangel said out of the 65 homes, 36 of them showed significant decreases in the electrical consumption, which is 55% of the homes. She said within this set of homes, there was an average of 22% of energy reduction, which is almost a ¼ savings. This is very valuable to our homeowners. Of the 65 homes included in the report, 35 of them showed reduction in water consumption, which is 54% of the homes. They average 28% in water use reduction, almost 1/3 of their consumption. We also have to keep in mind that wastewater goes hand in hand with regular water usage. WEOP services are determined by the homes need and is done within the budget parameters, which is $5,000 per home. We have water heater services that could run up to $1,900 depending on the scope and getting everything up to code. Exterior door replacements could amount to $1,000 per door and that includes all the equipment like door knobs, labor, and permits. Window panes are repaired, which comes up to $100 more or less per pane. Insulation upgrades are done and R30 is used on homes with previous insulation and R38 on homes with no previous insulation and those range to about $600 in labor fees and materials. Additional services provided are HVAC tune ups and diagnostics and these diagnostics allow our contractors to perform reasonable repairs within parameters of the budget. Installation of programmable thermostats are necessary for energy conservation depending on the occupant's schedules such as if they work or out of the home for an extended period of time, they can adjust the temperature to allow energy conservation. Retired people that are home all the time is not very good. Also fixed is electrical work such as unsafe or exposed wiring and electrical outlets. FPUA also installs exterior LED lighting to increase the safety of the homes as we have been told by the Police Department, light is the only deterrent of crime. Plumbing repairs are done on accessible plumping such as the supply valves and the supply lines on the outside of a wall. The clients are also given home accessories to retrofit their homes for further energy and water conservation measures such as energy efficient LED light bulbs, 2.5 gallons per minute water efficient shower heads, and faucet aerators to allow them to stretch their water usage. The next slides are the pictures and one shows a dangerous water heater mechanism that was installed temporarily by the homeowner because they had a broken water heater. We all know that electricity and showers do not mix. As you can see we are very glad to be able to go in the home and replace that with a natural gas water heater that was installed by our Gas

Department to make sure everything was up to code. The next slide shows a non-efficient front door that shows how through the cracks it allows the air to escape, which makes the a/c unit work harder than it has to.

Ms. Rangel said it was air and the other picture is the new exterior door that is fitted with all the hardware such as deadbolt locks with keys to match every door we replace. We also custom fit the peep holes so all of our clients can see through them, which is great for shorter people like herself.

Mr. Bey asked about hardware like locks.

Ms. Rangel said they are all equipped with brand new deadbolts and all the keys are the same with each exterior door we replace for ease of access. She said the last two pictures are a broken window pain that is a big issue for the a/c to escape and a not to code electrical junction box that does not have a cover. Wire is exposed and is not in the proper location; our electrician will go in and make sure everything is safe in the home. The junction box needed a brand new cover and everything was put in its proper place. The big picture is learning for a fruitful tomorrow. Ms. Rangel said all the work leading up to the WEOP update presentation has extended her frame of reference on the points of being a conscious consumer of resources. She said it has allowed her to gain future experience of sustainable best practices of technologies through tours of FPUA Facilities and the WEOP initiative to endorse energy efficient homes. The program exemplifies the wonderful work being done here at FPUA in serving its community and educating them on better energy and water efficient behaviors. The most viable experience she can take away is appreciation for the environment and how FPUA strives to operate best to code and what is best for the environment. It has elevated her knowledge on home weatherization and the great initiative of sustainability. As a result, this is has enticed her to seek a career in public power in the future. Another endeavor she was able to partake in was the opportunity to join the Indian River Lagoon and Preserves of the Florida Department of Environmental Protection staff on a monthly seagrass and sediment analysis tour. It is important that we continue to educate our community on how to make an impact on our environment for the Indian River Lagoon, which is a vital resource to Floridians. Ms. Rangel thanked Eric and Sharon for all of their guidance and wisdom they provided to her in preparing this presentation for today.

Mayor Hudson said that was a very nice job and asked Ms. Rangel if she is in high school now.

Ms. Rangel said no she is at IRSC and she will get her pre-requisites to transfer to UCF as an Environmental Engineer major.

Mr. Bey asked what areas are we concentrating or highest areas of concentration we are working in to provide services for WEOP in the City.

Mr. Winterstein said we get up around the whole City, but about 75% of them are in the northwest section of town.

Mr. Bey asked if that is because of the age of the houses in that particular area.

Mr. Winterstein said yes the aging of the housing stock and to do maintenance, you have to be able to afford it. He said this is an opportunity to help decrease these people's bills and enrich their quality of life.

Mr. Bey asked what the budget is projected for 2019.

Mr. Winterstein said for 2019, it is $100,000 from FPUA and $20,000 from the City and in 2020, it is $125,000 from FPUA and $20,000 from the City. He said this year for FY 2018 we had $9,000 left on the table so it is fair to go forward with the $100,000 and the $120,000 because we want to be able to spend the money before we go to the next year with $125,000. We want to spend it and have applications waiting for the next fiscal year beginning.

Mr. Bey said he would like to see an increase in that by 2020 up to $200,000 because that is his drop day on this Board. He would like to exit knowing we made a substantial commitment to our residents, especially the lower income residents. This keeps in line with our mission as a municipal utility that is owned by our ratepayers. He does not know how we would do this, but he would be interested in discussing this particularly if there are any grants. If somehow the City hits the lottery or something maybe they can increase their contribution in all due respect. Mr. Bey said he thinks it is a great program and it goes a long way towards diminishing the negatives that are said in the community about the UA and what we do. He said if you look at this program, it is a great program and FPUA has spent a lot of money in doing 83 houses, which is significant.

Mr. Winterstein brought up the money slide where you can see the contribution from the City in 2015, which would be FY 2016 was they had a block grant where they started giving FPUA $20,000 that is good for five years. He said now we are in 2019 and it looks to him that we will get the money one more year from the City.

Mayor Hudson said that is five years.

Mr. Winterstein said he thinks that is part of why next year or 2020 there is $125,000 budgeted to catch the drop off there.

Mr. Bey said it is his intention to try and see what he can do as a Board Member and hopefully get support from the rest of the Board to see what we can to do increase that number, if that is something we are interested in doing as a Board. If it is in line, he would like to have a conversation with Mr. Mimms and see if it is possible that the City could increase their contribution into the program. Mr. Bey said he will be getting in touch with Mr. Mimms at some point in the near future to have that conversation.

Mr. Mimms said the most effective strategy is for the FPUA Board to make a recommendation to the City Commission. He said that recommendation can be heard by the City Commission and then can be installed into the budget if the City Commission desires it to be so.

Mr. Bey asked if this presentation has been made to the City Commission.

Mr. Winterstein said this is the first presentation and he came to this Board first. He said they are more than welcome to watch this though.

Mayor Hudson said this may be something good for the Commission to hear.

Mr. Mimms said he thinks that will be a wonderful thing.

Mayor Hudson said Mr. Winterstein needs his side kick.

Mr. Winterstein said she goes to school at night, no he said he is only kidding.

Mr. Bey said he would like to propose us as a Board or getting together in making a presentation to the City Commission. He said maybe at that time, after the presentation asking them if they would consider increasing their participation in the program. He asked if he could get some support on that.

Mayor Hudson, Mr. DeIulio, and Mr. Matthews all said yes.

Mr. Bey said he will be getting with Mr. Winterstein to see when they can make a presentation to the City and talking to the Mayor about getting on the City agenda to see if we can make this happen.

Mayor Hudson said just so you know, the budget is already set for this year so it has to be found money. She said there are other people that are looking for found money so you will have to have a very compelling case because everything has been assigned. Mayor Hudson said she would like to know and thinks she was told before and asked if we are still using the third party administrator for the eligibility. She said if anybody is watching this and they want to be eligible for that, what would they have to do?

Mr. Winterstein said Libby's group is doing the income qualifications at the City. He said FPUA disperses the form and it goes to Centro Campesino Farmworker Center, Inc. which is $6 million of federal money where we are sending their applications to the people with the real money. They are down in Dade County and they still handle Brevard County so they have a little bit of a hoof to get up here. They do follow us and are about six or seven months behind us, but they are still in the game. Mr. Winterstein said he knows Libby sends them out to World Changers so some of the houses get painted and these applications are going a lot of places.

Mayor Hudson said if people listening to this and may be interested in this in the future and may be eligible, would they get an application from FPUA?

Mr. Winterstein said they can get it from FPUA, the City, or on line.

Mr. DeIulio asked if we budgeted $200,000 for the program if there are enough eligible residents that could participate.

Mr. Winterstein said he thinks so and that he is not the demographics guy.

Mayor Hudson asked if there is a waiting list now.

Mr. Winterstein said no, but what he and Ms. Rangel did is sent out 400 letters because they were looking to get rid of the $9,000, we wanted to spend it. He said it was the end of August and were all caught up with $9,000 left. We do not over spend, we get kind of conservative at the end because we do not want to tell somebody we are coming and then not go because there is no money. There were 400 letters sent out and there were seven responses and we looked for homes with homestead exemption and high utility bill. The seven that responded were qualified and then three responded where their income was too high so we are beating the bushes. Part of the reason is the economy is good.

Mayor Hudson said we cannot complain about that.

Mr. Bey said for a note of clarification, he does not want to get ahead of ourselves, he is not suggesting FPUA try to spend $200,000 this year and next year. He said he is thinking his thoughts are by 2020 the need would have come to the point the money would be there.

Mr. Winterstein said 2020 is one year away, around the corner.

Mr. Bey said that is true.

Mr. Winterstein said whatever the Board wants to do that is how it works.

Mayor Hudson said Mr. Bey can still work on it even if he is not on the Board.

Mr. Bey said exactly and that they can discuss it.

Mr. Mimms said this is a home ownership type program and he does understand the rationale behind that, but if you are talking about the demographics of the City of Fort Pierce, historically in the Lincoln Park Community there is a strong and majority component of rental housing. The folks that live in the rental housing, they are the ones that are economically challenged and are the ones that have to make the determination between rent, groceries, and school clothes, and

Mr. Mimms asked if there is any possibility of reaching out to the commercial side versus the program we currently have.

Mr. Winterstein said they did rental property at one time and did 230 houses and the City had $400,000 from FPRA.

Mr. Mimms said that was a long time ago.

Mr. Winterstein said that was a long time ago and he did those too and it is a different feel for rental property than going into someone's house.

Mr. Mimms said he agrees.

Mr. Winterstein asked if we are making an investment in somebody's investment or are we making an investment in somebody's home. He said it is easier on him to make an investment in somebody's home than it is to make it in rental property and said he is sorry. That is his take on it and he is just a guy in the trenches.

Mr. Bey said he agrees with Eric. He said people who own their property tend to care more about what is going on and this is no disrespect because he rented at one point in his life. They do not necessarily have the same since of ownership than somebody that owns the property so he can totally understand that. Mr. Bey said he wants to talk and find out and Eric would be the best person to talk with to find out how we can be able to afford as a utility as the need approaches that we can have the money to take care of the houses that need to be taken care of. He likes the idea of us focusing on homeowners.

Mr. Winterstein said something that is on the application and is missed is there is a federal law that if you are over 70 and frail, your income can be $55,000/year and FPUA can do this stuff for them. He said some of his sweeter clients are over 80 years old and women do outlive men. They take care of their home and there is stuff they cannot do and cannot get anybody to do it.

Mr. Matthews said he sees a different startup vision with this program of weatherization and he would suggest if we sent 400 letters and the Planning Board and the City send letters all the time, and people see it, but do not take time to send it back. He said it is not that they do not have a need or an interest, it is that they do not take the extra time. He would like to see is somewhere along the line on our target the north section first and have an old fashion town hall meeting and give them the opportunity where we invite them in. We can talk it up to all the churches where there are 212 churches in the north section. He would like to see someone plan it out, have it on the calendar when there is no City Commission meeting or School Board meeting, pick one of those nights and have 1 ½ hours to get together to talk about weatherization. Target the same 400 people first, we need to move the program to help the people that are old senior citizens to be involved in a program in the community. Mr. Matthews said he can think of two sisters and particular gentlemen that for over 16 years have been in a rental house and both had it nice

where they worked, but they did not want to own, they wanted to rent. Sometimes we have those types of citizens that have been there and he could see a house like that being fixed up because they have been there so long. There is nobody there to tear it up but them. He thinks the weatherization program should have a onetime town hall meeting in the community and he would be glad to help in getting the word out. If we can get 200 citizens there, then we have done well and that is what we should target. We sent 400 letters, we need a packed house and maybe have it in a community center.

Mayor Hudson asked if Mr. Winterstein has ever gone to the landlord meeting. She said the Landlord Association has been re-constituted and this would be an interesting project for them to know about. These landlords live and work in St. Lucie County or in the environment, so they are not absentee landlords, they are here. Many of them are keeping up their properties and you would be preaching to the choir. In a way, this is a good project for FPUA and it shows we care about our customers and she thinks that group may be interested in this.

Mr. Winterstein said that would be something to consider is if the landlord group is making the right investments and are they making the right investments to help their towns in the utility end of it. He said you can do maintenance on a house, but miss all the key points like Energy Star refrigerator and if their a/c unit is a 15 seer and they can move it up to a 16 seer to get a rebate back from FPUA. They can be putting water saving devices on their and teaching the tenants how to read the water meter to look for the leak detector. Things like that is what Mr. Winterstein said he would think would make sense to approach a landlord with at a workshop where he can bring energy and water conservation measures to them.

Mayor Hudson said she will get the information to Mr. Tompeck so maybe he can do that for the Landlord Association. She thinks that will be a great idea.

Mr. Winterstein said you like it when they are busy at night.

Mr. Bey said sorry.

Mayor Hudson said they meet at lunch.

Mr. Bey thanked Ms. Rangel and Mr. Winterstein and said he has paid attention to this program since its inception and has seen substantial progress and a lot of good.

Bill Crawford, T&D Superintendent, presented the post budgeted project/budget request for a 55-foot bucket truck. He said he is asking approval to transfer money in the amount of $234,000 to pay for a new 55-foot bucket truck from Altec Industries. This truck will be replacing the 2007 Freightliner bucket truck, which has become too costly to maintain in their fleet. The truck was originally scheduled to arrive in September, but due to Hurricane Florence and some mechanical issues, it has not made it here.

Mayor Hudson said just so she understands, she asked if it was in the 2017 budget and it did not come, so now we are asking for it. She said it is not two trucks, it is just the truck that was supposed to arrive before.

Mr. Crawford said yes and it was in the 2018 budget.

Mr. Matthews asked if there is an anticipated date for arrival.

Mr. Crawford said as soon as this is awarded, it will be here in a week or two.

A motion was made by Mayor Hudson, seconded by Mr. DeIulio, and unanimously carried to approve Post Budgeted Project/Budget Request for 55 foot Bucket Truck, Altec Industries Model #AA55 in the amount of $234,000.

Mr. Tompeck said the next item is the salary range adjustment for TCEC personnel and this is a follow-up to the plan that was presented to the Board back in April.

Ed Leongomez, TCEC Plant Manager, presented the salary range adjustment for the TCEC employees. He said TCEC is a clean efficient 300 megawatt combined cycle generating unit that is owned by the Florida Municipal Power Agency (FMPA) and operated by employees from FPUA. The mission is to provide local cost whole sale to municipal entities throughout Florida including FPUA. In the memorandum Mr. Tompeck mentioned from April 3, we talked about Plan B.1, which was to basically continue to select applicants with specific power generation related experience to help us achieve our goals. We are also looking at restructuring the salary ranges to match the municipal market in Florida. We want to increase the plant employees' salaries 3% to help us maintain those qualified individuals. Mr. Leongomez said to fast forward to today and where we are with Plan B.1 is we have implemented Phase A of that and today he will initially talk about restructuring of those salary ranges and we have implemented Phase C. He said the current situation is we have had an operator mechanic position open for six months over at the power plant and a mechanic welder position open for eleven months. Essentially what happens is when we have these opened positions, we have to fill them with overtime or outside resources in order to take care of the tasks that can be done with current compliment. The recommendation was to complete the implementation of Plan B.1 that was brought up in April. The impact of this is an increase of cost of $92,000 and the rate increase would be 1.8 cents/1,000 kWh for this particular component for today's approval. The total increase for both approvals would be approximately less than 3 cents/1,000 kWhs. Mr. Leongomez said Mr. Tompeck challenged him to describe what drives the market value for these particular positions and it is one primary factor, which is risk. He said it is risk with safety, risk with regulatory and compliance requirements, and financial risk. For safety, the issues the power plant employees have to deal with is 1,200° F exhaust temperature, steam temperature, 1,050° F, steam pressure of 2,300 pounds per square inch (PSI), natural gas coming into the site at 900 psi, hydrogen 30 psi, etc.

There are issues that have to be addressed by employees. All of those metrics and measurements we just looked at, employees have to take a look and figure out if it is a good thing or bad thing or if there is something that has to be done whether it is a good thing or bad thing, all within the context of the situation if we are online/offline or starting up/shutting down. It is a fairly complex set of requirements for these folks to handle the safety end. For the regulatory risk, he apologized for all the initials, but he wanted to make sure he got a few of the items they have to address. The first regulatory entity we have on the list is EPA, which is the Environmental Protection Agency and one of the plans that is required from EPA is the continuous submission monitoring system quality assurance plan. That continuous submission monitoring system requires that every minute of every hour of every day of the emissions gets captured and put into a data base. The quality assurance aspect of this is those instruments that are used to measure the concentrations of emissions have to be calibrated at a certain frequency and maintained at a certain frequency. There are certain maintenance activities, all have to be documented and that is what the quality assurance does for you. A special type of knowledge is required to be able to do those kind of things. The employee has to know if they are in a good place or a bad place and what needs to be done in that good place or bad place depending on the situation. Mr. Leongomez said there are financial risks. He said Treasure Coast Energy Center (TCEC) is a high efficiency power generating unit and that is good. The bad news is when the unit is offline the replacement power cost up to $150,000/day, so with it being nobody's fault, if the unit is offline, it is going to cost more money than if the unit is online. Once again, we have the same kind of questions the types of skills the individuals have to have is the knowledge to look at the situation and know if we are in a place where they have to do something. The task he just did, if a valve is opened or closed, they have to know the upstream and the downstream consequences to that action. If they did not get the desired result, they need to know what to do then. We have all of those risk and the risk mitigation is we try to hire experienced, proven operators and maintenance personnel. That means the experienced individual has 10 to 15 years of power plant experience and this is a very focused experience where they have been through a lot and seen a lot of different things. In order to be able to apply that experience, they have to have an analytical approach and be able to look at those different metrics we looked at. Is the exhaust temperature too high, is it too low for this particular situation, they need to be able to look at that and troubleshoot it. They also have to have the ability to learn because no matter how long we have been doing this business, we just do not know everything so they may have to learn a few things. Those people that stop learning, need to not be working there, the plant is a dangerous place and we need to be continually picking up knowledge of the situation. The folks with that body of knowledge are highly sought after and naturally their qualifications demand a higher compensation. If we look at the market and this is just the municipal market that is displayed, we can see on the far left is FPUA's current salary range. The top end is not too far away from the next bar over, which is the Kissimmee Utility Authority (KUA); however, if you look at the bottom of the range, it is very low at the bottom of the range for KUA and that is a problem. The custom for FPUA is to hire incoming employees at the bottom of the range and Department Heads like himself, would have the ability to move folks in at the midpoint. If you look at the bottom of the chart that midpoint is below the minimum of our market competitor for these employees and that is the problem. Mr. Leongomez said he is not trying to push this to the top

of the market in terms of the salary ranges, we are trying to get ourselves to the next level so we can pick up some of these talents out there. He said the next chart is the market proposal for TCEC where you can see from left to right the current salary range and the proposed salary range for each individual position.

Mr. DeIulio asked if these were all from KUA.

Mr. Leongomez said yes they were all from KUA salary ranges.

Mr. Mimms said he sees the ranges have been shortened and he understands that. He asked if the existing employees like the Lead Instrument Control Specialist are currently making less than the proposed salary range and what is proposed with them.

Mr. Leongomez said that is a point he forgot to mention. He said the reason for the increase has to do with moving all the current employees to the minimum of the proposed ranges and that is where the expenditures are expected. The reason we would do that is we do not want to hire the new employees at the bottom of the new range and then jump over what the current employees are being compensated with. The current employees will go to the minimum of the range for their particular position and the newer employees coming in for those same positions will come in at the same rate.

Mr. Mimms said as an observation and not saying anything negative whatsoever about the proposal and that it is great for the employees that do experience that job, but that is a significant increase for the folks that were just recently hired. He said also the compressed salary range does not provide the senior folks a greater earning potential and asked if there was any thought to just sliding the range up as opposed to manipulating the range. If you slide the range you create greater earning potential and he sees what is being done with raising their hourly salaries to get to that certain minimum point. That is a drastic change.

Mr. Leongomez said it certainly is and what he is basically trying to do is compete in the same Florida market the KUA folks are competing in. He said as you can see all of those minimum ranges for those position are the same ranges that are offered at KUA for their power plant for those positions.

Mr. Mimms said then in a couple of years you will come back and ask for a range modification again because you want to increase their earning potential. He said the new Lead Instrument Control Specialist starts at $47 or $48 and gets a raise in a year or two, he will be maxed out. Are you going to cap that individual or are you going to come back and modify the range again.

Mr. Leongomez said as always, those kind of things depend upon the situation or the economic circumstances. He said if we find the market will not support and increase, then they will be capped. If the market is different than that, then we will propose something differently.

Mr. Tompeck said this is something Jacob Williams has been suggesting to FPUA for the last six months and we wanted to make sure we looked at it carefully. He said we thought about doing it in two steps, but that was not the solution, we really needed to get to the minimum here so Ed has the ability to hire new employees he does not have right now. This is a pass through.

Mayor Hudson said this is a pass through, but it does affect our rate from FMPA slightly.

Mr. Tompeck said very slightly.

Mr. Leongomez said it will be 3 cents/1,000 kWh.

Mayor Hudson said the money for these people comes from FMPA, but FPUA pays for it through that.

Mr. Tompeck said right.

Mayor Hudson asked if there are any vacancies now.

Mr. Leongomez said there are two vacancies, one that has been open for six months and one for eleven months.

Mayor Hudson said ok, you did mention that before. She asked if he had other people that can move into those positions.

Mr. Leongomez said he does not.

Mr. Tompeck said part of the problem here is because of the way they are set up, they run a very lean organization. He said they do not have the ability to have inexperienced individuals learning like interns or anything like that. At night, you can only have two people there to run the plant.

Mayor Hudson asked how many total employees run the plant.

Mr. Leongomez said there is a total compliment of 15 and right now we are operating with 13.

Mayor Hudson asked if somebody is there 24 hours a day.

Mr. Leongomez said there are at least two individuals there 24/7, 365.

Mayor Hudson said that is a small amount of people and a big responsibility.

Mr. DeIulio asked Mr. Leongomez to back up to the previous slide and said this is an example of the Operator Mechanic position. He asked if the trends are pretty much the same across the

board for all the positions that we have. He asked if there was a slide for each of the other positions, would it look similar to this.

Mr. Leongomez said it will be similar, yes. He said he did not want to confuse it with all of the different positions they have.

Mr. Matthews said in part of the area of personnel and he has spent some of his professional time of life, he is concerned about the morality that can create unconstitutional to you someone that has been there 20 years and maybe you did not say he can qualify and get some training, which they may have wanted to, but could not go because you could not turn them loose to do so and then still you have a position that is open. That is one of his concerns. Mr. Matthews said the other concern is what happens when you hire this person if you see fit, most of these persons already have good qualifications and are on somebody's job.

Mr. Leongomez said that is true and he said there are folks that like to come down to Florida from up north. He has had folks that say they are interested in coming down, but obviously right now the current salary range is preventing them from making that jump. We have some folks in Florida, this is complicated because we also have the FPLs and the Dukes and they are even higher than what he has presented. This is only the municipal market and not the entire electric power generation market for Florida. We are looking at that and what we are trying to do and there is no ill will for anybody in the coal plant, those coal plant employees are good and they know their business. Some of the coal plants are shutting down and we have an opportunity for some of those folks to come over here. They have really good steam turbine experience and that is what he needs. They have really good equipment operator experience and that is what he needs and those folks can typically come in and make the adjustment and do a good job for us.

Mr. DeIulio asked in the next three to five years, how many employees that we currently have are we expecting to retire that will need to be replaced.

Mr. Leongomez said a high percentage, greater than 50% probably in about five years.

Mr. Matthews asked if they had someone that has 20 years already.

Mr. Leongomez said absolutely, several.

Mayor Hudson asked if the FPL nuclear plant has people that do this kind of thing.

Mr. Leongomez said they do, but this is complicated. He said the nuclear plant folks get paid a lot more money than these folks. They do steam turbine type work now and their procedures make it more complicated for them and that is why they are in a different level.

A motion was made by Mr. DeIulio, seconded by Mayor Hudson, and unanimously carried to approve a market based salary range adjustment for the TCEC employees in an amount not to exceed $92,164 for fiscal year 2019, effective October 29, 2018.

Mr. Tompeck said the next three presentations will be made by Nina Penick, starting with the bill comparison for the month of August.

Nina Penick, Director of Financial Services, presented the local bill comparison for the month of August 2018. She said the graph displays the August comparison of Florida residential electric bills that is compiled by the Florida Municipal Electric Association (FMEA). The graph displays the municipal electric bills in the State of Florida for usage of 1,000kWh. FPUA is identified in yellow and represents FPUA's relative position compared to the other municipal electric utilities. At $114.84, FPUA's electric bill for 1,000kWh is below the All Requirements Project (ARP) and the Investor Owned Utilities (IOU) averages. FPUA's position has fallen one position since July. Havana went from the 7th highest all the way down to the absolute lowest in the month of August and that was a decrease of $19.32. The blue bar shown represents where FPUA would be in October with the $1 PCA decrease in September and the $2 PCA decrease in October for a total of $3 decrease assuming no other changes to the other utility bills. Mrs. Penick said next chart is the same with just the ARP cities and it certainly makes it more apparent why FPUA's bills are below the ARP average. She said the yellow bar shows FPUA is right in the middle and in October we should be below that. It gives a better perspective of where FPUA fits in the mix with the ARP members. The 2,500kWh graph comparison shows that FPUA has fallen one position since July and for the same reason of Havana's huge decrease. At $289.80, FPUA's electric bill for 2,500kWh is below the IOU average. The next table displays the August's comparison of the residential electric, water, and wastewater bills compiled by staff. The amounts reflected on this comparison include any applicable franchise charges as well as gross receipts, and utility taxes; whereas the FMEA comparison excludes those items. FPL's reduction in non-fuel rates became affective in August so the Port St. Lucie, St. Lucie County Utilities, and Martin County numbers decreased from the prior comparison. Mrs. Penick said St. Lucie County's total bill shown on this comparison is 1.6% more than FPUA's and Port St. Lucie's total bill is 3/10% more than FPUA's. Vero Beach's electric bill is still quite above at 8.8% more than FPUA's. She said this is an information only item and no action is required from the Board.

Mr. Tompeck said the 2nd presentation will be the August 2018 Financial Operational Results.

Mrs. Penick presented the August 2018 Financial Operational Results. She said this is the last financial information you are going to see for a while, we are in month eleven of twelve. We will not be actually closing September's books until March 2019 so we are very close to the end of the year and this is representative of what you are going to see at the end of September. The only thing she knows that is kind of a wild card and what we wait for at the end of each year is a pension adjustment, which is clearly just a journal entry. It is not dollars that are currently going

out our door, but there is a pension adjustment that is done at the end of each year and we have to wait for that, GASB tells us so. Mrs. Penick said our year-to-date increase in net position after the distribution adjustment was about $2.4 million, down from the prior year. The primary contributors to the increase cost from the prior year is salaries and wages and the reason for that is something that has been very unique for 2018. We have been working very diligently to keep those vacant positions filled. In years pasts we were able to save money by not having positions filled; however, we were not able to get as much work done. As a result, we have taken a new approach and are trying to get more things accomplished, but it is costing more money. In addition to the increase in salary and wages, employee's insurance is up some with some of our head count and some as a result of higher claims this year. We are self-insured and if there are more claims, we are going to have to pay more and it is going to show up in the numbers. The same for retirement and operating supplies are up a good chunk this year as well. We have had some significant decreases in expenses, which includes a decrease in purchases for resale of $2 million. That is due to a decrease in natural gas prices so that is a good thing. As a result, we do pass that along to the customer and it does not hit our bottom line. If you are looking at our expenses budget versus actual, it jumps out at you that we spent so much less this year as compared to last year. Also, we were fortunate to make it through FY 2018 without a storm so our storm expenses are down $574,000 and that is just Hurricane Mathew because Irma was in September. We will see another big decrease when we start looking at September. Mrs. Penick said when we start breaking it down into the different systems on the next four slides, the bars represent the dollars and the line graph represents the consumption, usage, or units billed. She said in the electric system, the electric operating revenues were down 2% from FY 2016 to FY 2017 are down 1% in FY 2017. Consumption was flat from between FY 2016 and FY 2017 and down about 2%. Water operating revenues and consumption for FY 2017, operating revenues were up 10% from FY 2016 to FY 2017 and down 4% from FY 2017 to FY 2018. The revenues were up in FY 2017 due to in part to a 3% rate increase in 2016 and also due to increases in guaranteed revenue charge (GRC) collections in 2017, and a 5% increase in consumption. The decreases in the FY 2018 revenue were due to decreases in the GRC collections on the water side and that 3% decrease in consumption. For wastewater the FY 2017 operating revenues were up 10% from FY 2016 to FY 2107 and that is the result of the gallons billed were up 5% from FY 2016. There was a 3% in increase in 2018 revenue, but that was in spite of a 1% decrease in units billed and that was because of the use of the capacity reduction option which allowed FPUA to recover GRCs previously billed, but uncollected. Both in FY 2017 and FY 2018 both of those numbers really did jump and throw off some of the statistics, but she wanted to make the Board aware the wastewater GRCs were actually higher in FY 2018 than FY 2017 and the water was the other way around. Natural gas consumption from FY 2016 to FY 2017 was up 3% and up another 3% from FY 2017 to FY 2018. The revenues were up 1% from FY 2016 and 1% in FY 2017. Mrs. Penick said the operating income and debt service coverage ratio for the 12 months ended for the various time periods listed on the chart, the debt service coverage ratio for the 12 months ended August 2018 was 2.98, which is more than double the 1.25 required by FPUA's bond covenants, which is depicted by the red line. Our operating revenues are bouncing around a little bit as a result of the capacity reduction option. This is an information only item.

Mayor Hudson left the Board meeting for another meeting.

Mr. Tompeck said the last presentation will be the PCA for September 2018.

Mrs. Penick presented the status report on Electric Power Cost Adjustment (PCA) for September 2018. She said this is September's power cost and updated projections through September 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 September was billed to FPUA at the rate of $62.79 for 1,000kWh, a decrease of $7.33 as compared to August. The over-recovery from the customer for the month of September totaled $827,000. The cumulative over-recovery was about $4.3 million as of September 30, 2018. In the chart displayed, the dark blue line depicts the PCA and the bars depict the balance of the PCA over-recovery. The blue bars represent actual amounts and the orange bars depict 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 August's forecast, FMPA's estimate of the price of purchased power for the upcoming 12 months increased 9/10%. It appears based on current projection leaving the PCA at -$5 where it is currently will result in an over-recovery that will remain above the $1 million floor through September 2020. Staff is not recommending any changes to the PCA at this time.

Mr. DeIulio said if the trend continues, he will assume we will be dropping some rates in the future.

Mrs. Penick said is possible, but we do not want to do it going into the winter months. She said it does not have a lot of impact in the winter months because there is less consumption at that time.

Mr. Tompeck said the Public Service Commission hearings on the FPL/VB sale were postponed last week due to hurricane Michael. He said the hearings are scheduled to take place this week on Thursday and Friday. Electric T&D is providing mutual aid support for Hurricane Michael victims and we have had four men and three trucks up in the Tallahassee area since a day before the storm hit. It is expected they will be up there at least through Thursday or be assigned to another area or come home.

Mr. Tompeck said at the FPRA meeting last night, the remaining tax certificate for the 2016 clean-up work at the King Plant was authorized for sale. He said this is important because the sale of that certificate will provide sufficient funds to pay off the last revolving loan fund loan and allow for release of the irrevocable letters of credit used to secure the loan. Approximately $170,000 will be left over after payment of the loan which will come back to FPUA by resolution. The only

remaining item will be the $500,000 completion bonus, which is expected sometime next year. Proceeds from that sale would also come back to FPUA.

Mr. Mimms said as we continue to try to build a relationship between our two Boards of working together of cohesiveness, he thinks it is important we understand what each other is doing. He thinks the relationship with Mr. Tompeck and our City Commission is one that Mr. Tompeck appears and the only time he appears is when there is a rate increase or when the budget is being passed. That is not necessarily building that rapport with the administrative staff and the City Commission. Mr. Mimms said he thinks it is important that we have a consistent string of communication and quarterly reporting to our City Commission on the activities and the operations of the FPUA will go a long way in building that relationship we desire to have. He would like to ask the FPUA Board to authorize or direct staff to come before the City Commission on a quarterly basis and report as to the activities, the initiatives, and the goals of FPUA during each quarter.

Mr. Bey asked Mr. Tompeck what he thinks of that.

Mr. Tompeck said he thinks it will be a good idea as long as Nick does not find it annoying him.

Mr. Mimms said that he said he is aggravating.

Mr. Tompeck said ok aggravating, he was not sure, and thought Mr. Mimms said annoying. He said he would be glad to do it and it was a suggestion after talking a little bit with Jerimiah Johnson. They had a discussion about the budget meeting and the rate meeting. It occurred to Mr. Tompeck that he did not necessarily have the input or the background and that may have caused some problems during those meeting. He suggested it to Mr. Johnson and would be glad to do it.

Mr. Bey said he thinks that is a good idea and is glad Mr. Tompeck is a willing participant.

Mr. Tompeck said he may regret the decision, but he will give it a try.

Mr. Matthews said he does not think it needs to be a motion, Mr. Tompeck can do it as a professional courtesy.

There being no further business, the meeting was adjourned.

ATTEST: _____
SECRETARY

_____
CHAIRMAN