MINUTES OF A REGULAR MEETING OF THE FORT PIERCE UTILITIES AUTHORITY, TUESDAY, OCTOBER 18, 2016 4:00 P.M., CITY COMMISSION CHAMBERS.

Members Present: Chairman Michael A. Perri, Jr.; Secretary Daniel M. Delulio; Deputy Secretary Darryl Thomas-Bey; and Mayor Linda Hudson.

Excused Absence: Vice Chairman Glynda Cavalcanti.

Others present: Clayton W. Lindstrom, Director of Utilities; Rupert N. Koblegard, III, FPUA Attorney; Nina B. Penick, Director of Financial Services; Paul Jakubczak, Director of Electric & Gas Systems; Valerie A. Schulte, Acting Director of Water/Wastewater Systems; Thomas A. Fryar, Acting Director of Shared Services; and Jason Hoffman, Customer Solutions Manager.

The meeting was called to order by Chairman Perri.

Opening Prayer by Christelle Myrick, of FPUA Water Distribution.

The Pledge of Allegiance was recited.

The roll was called and a quorum declared.

Mr. Perri asked to set the agenda.

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

A motion was made by Mayor Hudson, seconded by Mr. Delulio, and unanimously carried to approve the September 20, 2016 minutes.

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

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

2. Approve no change to the Purchased Gas Adjustment.

3. POA 17-17: Approve piggyback of City of Port St. Lucie Bid #20080048-JS and Contract with Accurate Septic Services, Inc., of Fort Pierce, Florida for wet lime residuals hauling in an amount not to exceed $107,820 annually. The Contact will be from October 18, 2016 through October 17, 2019 with two one-year renewal options.

4. POA 17-21: Approve reimbursement in the amount of $43,927.48, to the City of Port St. Lucie, for the construction of the Easy Street Water Main Interconnect and an associated $25,000 budget transfer.

5. POA 5726: Approve Amendment No. 1 to Specific Authorization GT 15-01 at an increased cost of $19,000 and an associated budget transfer of $60,000, using $41,000 Contingency funding, to complete the Sand Filters 6-10 project.

A letter was received from the Boys and Girls Club thanking Jason Hoffman, FPUA, and FPUA employees for their support for the "Day for Kids" event.

A letter was received from the Treasure Coast Food Bank thanking Jason Hoffman and FPUA employees that volunteered for their second annual "Pack the House" event.

Javy Cisneros, Supervising Engineer for Electric and Gas Engineering gave a presentation on the electric system restoration after Hurricane Matthew. He said it will be a quick overview of how Hurricane Matthew affected our electric customers. Most graphs created by engineers will undoubtedly raise some questions so please feel free to stop him at any point. This graph shows the timeline of Hurricane Matthew to the City of Fort Pierce, specifically, this board room. Around 23:00 on Thursday, there is a slight shift from a WNW to a NW movement. You can see that shift at the 73.3 mile marker on the screen and this is important to note because it kept the storm from coming closer to Fort Pierce. Mr. Cisneros said as we follow the path of the storm, the closest distance to Fort Pierce was approximately just under 40 miles around 02:00 on Friday morning. He said the next graph shows the percentage of our customers affected by the hurricane. The big picture, as Matthew approaches Fort Pierce, we began to see more and more customers lose power. As the storm moves away from Fort Pierce, we can see that 56% of our customers have lost power. The flashing star highlights the beginning of our restoration efforts at 07:00 on Friday, the same morning following Hurricane Matthew. FPUA had approximately 56% of 28,000 customers out of power and within 24 hours, staff restored 50% of the affected customers. The following morning on Saturday, mutual aid crews from Tallahassee, the Keys, and Hopkinsville, Kentucky arrived and began tackling the replacement of damaged poles, which affected large pockets of customers while our crews tackled everything else. Three additional important milestones to note are 90% restoration of the affected customers was achieved within 36 hours, 99% restored within 56 hours, and after three well-coordinated and very long days, 100% restoration was achieved late Monday evening. This presentation is for information only and no action is required of the Board.

Mr. Delulio asked if the red line that shows 30% means 80% of the customers had electricity.

Mr. Cisneros said that is correct and 56% is the affected customers.

Mayor Hudson said this is excellent and she appreciates the hard work from everybody and knows they worked through the weekend. She appreciates the communication from the Director so they could tell people what was going on.

Mr. Cisneros said it was very long days.

Mr. Delulio said he understands the safety of the workers was not impacted at all during the whole time and nobody got hurt.

Mr. Cisneros said nobody got hurt and FPUA has very good safety practices.

Mr. Perri said they did a terrific job and he went to the Energy Center a couple of times and witness firsthand the efforts everybody was putting in. He said everybody is to be commended in the organization for the stellar job.

Mr. Mimms said on behalf of the Fort Pierce staff he believes the camaraderie the FPUA staff showed the City of Fort Pierce, the Sherriff of St. Lucie County, and Fire District was a fantastic job. He said FPUA's response time and the mutual aid agreements that were in place with folks coming down and in position and ready to get the City restored was great. This was the most prepared everyone has ever been and the response time was just spectacular. Mr. Mimms said he is very happy to say he is a partner with FPUA and the City of Fort Pierce because of it.

Mr. Bey thanked the City because they were involved in that as well. He said post hurricane, the City helped in reestablishing and picking up debris very early.

Mayor Hudson said the collaboration according to Mr. Lindstrom of the Police Department, Public Works, and FPUA was apparently excellent.

Mr. Lindstrom said it was. He said staff is working with FEMA to establish the potential refunding of the cost of this. FPUA has worked with the EOC very closely and had that staffed as well. FPUA was perhaps the only utility along the entire east coast that when the customer called they talked to a real live person.

Mr. Bey asked in comparison to FPL how did FPUA score.

Mr. Lindstrom said FPUA scored pretty well. He said FPUA does not have their final numbers, but our Fort Pierce customers were totally restored prior to the customers to the north and south of us.

Mr. Perri said that having live people on the telephone went a long way with the customers. He said FPUA employees worked long hours and it is not an easy job answering some of those calls.

Mayor Hudson said it means a lot to the rate payers to get a person on the phone.

Mr. Perri said they did very well.

Mr. Lindstrom said staff is putting together a more detailed report that we would like to present to the City Commission at the next meeting.

Barbara Mika, Finance Controller, presented the Bill Comparisons for the month of August 2016. She said the first graph displays the comparison of Florida Residential Electric Rates for the month of August. The data has been compiled by the Florida Municipal Electric Association and the graph shows municipal electric bills in the state of Florida for usage of 1,000kWh. FPUA is identified in yellow, so that we can see our relative position compared to the other municipal electric utilities. FPUA, with our rates unchanged and still in the top ten lowest electric bills, has fallen back in the standing by one position since July. FPUA's electric bill for August still holding at $107.84, remains below all three averages shown in this graph for the All Requirements participants, for all Municipal Utilities, and for the Investor Owned Utilities. Since July, twelve of the municipal utilities have had changes to their bills. The most significant dollar change that has occurred this past month was with the City of Moore Haven with their bill reflecting a decrease in fuel cost adjustment since July of $10.60. The most dramatic change and the one that has affected our standing in August was a $5.00 decrease in the fuel cost for Leesburg which shifted them from 14th position to 6th pushing FPUA back. The next graph displays a similar comparison for usage of 2,500kWh. On this comparison, FPUA standing has slipped one position since last month to 13th from the left. Rate decreases for Quincy and Chattahoochee and a rate increase for Newberry has affected this change for FPUA. It is important to note is that FPUA's 2,500kWh bill for the month of August at $272.30 still remains below all of the same three averages shown in this comparison. Mrs. Mika said the display before you is the August Comparison of local Residential Electric, Water, and Wastewater bills that has been compiled by Finance staff. She said the table displays the comparison of utility bills between Fort Pierce, Port St. Lucie, St. Lucie County, Vero Beach, and Martin County. All calculated bills include all applicable taxes and fees and have been verified to actual bills. The only change to this comparison since last month's presentation is in the water rates for St. Lucie County has an increase of $0.10 per 1,000 gallons, which has a total effect of $0.60. FPUA's electric services remain lower than Vero Beach by 9.5% and FPUA's total bill shown here is the lowest overall of all other utilities in St. Lucie County. The next table is a more detailed comparison of the local residential bills with fees for services and a breakdown of the taxes and other charges to the customers in these different service territories. An explanation of the fees charged was also included in your packets. For the benefit of everyone listening, Fort Pierce Utilities Authority does not charge a separate franchise fee to customers inside city limits; however, a distribution of 6% on the revenues billed are paid to the City each year. The 6% distribution is built into the base rate for all services billed. This item is for information only and requires no action from the Board.

Valerie Schulte, Acting Director of Water/Wastewater Systems, presented the Unit Price Contract (UPC) for MasTec North America for installation of water/wastewater underground utilities. She said staff is requesting award of the UPC to the lowest and best bid MasTec. There were four bids received and out of the four bids, three were from local contractors, two had local Fort Pierce offices. The second lowest bid was very close to the first lowest bid and was only $69,000 over the low bid. The contract also allows for annual increases up to 3% for labor increases, material costs can also be increased annually based on current market values of parts and materials, and certain volatile materials in the contract can be raised if the increases are over 5%. Mrs. Schulte said that one year there were a lot of gas price increases that made PVC prices go way up, so that is why the provision is in there. She said the contract covers budgeted capital improvements throughout FPUA's water/wastewater facilities. It also has two other purchase orders associated, Wastewater Collections and Water Distribution Departments so they can use this contract for either planned work or emergency repairs. This award is for a $2.5 million contract annually, $2 million is for Water and Wastewater Engineering and $250,000 each is for the Collection System and the Distribution System. Mrs. Schulte said additionally, staff is requesting the waiver of the bond for projects under $200,000. She said anything under that amount, if we were to ask them to bond those then FPUA would have to pay the direct cost of those bonds. The State Law allows that waiver.

Mr. DeIulio asked how long FPUA has been doing business with these guys.

Mrs. Schulte said MasTec took over the contract when our last Unit Price Contractor went under and they had it for two years. She said they hired a lot of the local employees that were laid off when that contractor went under and their crews are well versed in FPUA's type of utility work.

Mayor Hudson asked if we have been using them recently.

Mrs. Schulte said yes we have. She said we can tell by the prices that this was a very competitive bid.

Mr. Perri asked if Blue Goose is actually home-based in St. Lucie County.

Mrs. Schulte said that is correct.

Mr. Perri said he is not familiar with them and knows they have some equipment and do a lot of grove work, but is not familiar if they are doing underground utility work.

Mrs. Schulte said they did an MSBU project Jenkins/Starcher for us as the low bidder and she believes they are the UPC for Port St. Lucie right now.

Mr. Perri said that is interesting. He said MasTec's home office is in Coral Gables.

Mrs. Schulte said they have an office located on Totten Road.

Mr. Perri knows where they are and where their local yard is. He said they took over Burnup and Sims yard.

Mayor Hudson asked if it is for one year and then automatic renewals.

Mrs. Schulte said it is for one year, but not automatic renewals.

Mayor Hudson asked if it will come back to the Board for the renewals or will it just happen.

Mrs. Schulte said normally that just happens and we are allowing three one-year renewals in the contract.

Mayor Hudson said if FPUA is dissatisfied with anything they do at some point they can just not renew the contract.

Mr. Perri said then we do not anticipate rebidding it before renewals.

Mrs. Schulte said she hopes not because it is a very long process to get through our purchasing system to get it out there on the street.

Mr. Perri said he watches them daily because they are working on Sunrise Boulevard and they seem like they are very competent people.

A motion was made by Mayor Hudson, seconded by Mr. Delulio, and unanimously carried to approve Bid No. 16-01: (a) Award of bid and Agreement for Unit Price Contract for Installation of Water/Wastewater Underground Utilities to and with MasTec North America, Inc. of Coral Gables, Florida, in an amount not to exceed of $2,500,000 annually. The initial term of this agreement will be from October 19, 2016 to October 18, 2017, with three one-year renewal options. (b) Waive the bond requirements for projects under $200,000.

Mr. Lindstrom said with pleasure he announced Darryl Bey has been reappointed for a second term to the Board.

Mr. Lindstrom presented the draft copy of FPUA Board Policies/Procedures. He said it is for the Board to discuss and make any comments, changes, or additions. It can be addressed at the next meeting for approval, if that is the Board's desire.

Mr. Delulio said he may have questions between now and then.

Mr. Lindstrom said that is okay.

Mr. Perri said on page three it says "Special meetings may be called upon six hours written notice by the Chairman or any three Board members" and asked how that can be done with any three Board Members without violating the Sunshine Law.

Mr. Lindstrom said that is right out of the Charter.

Mrs. Mazzarella said she calls each Board Member individually to schedule a special meeting.

Mr. Perri asked if a Board Member wants a special meeting, what he does.

Mrs. Mazzarella said they would let Mr. Lindstrom know of the need for a special meeting and she would contact each Board Member individually. She will then send out a public notice once the meeting date is set.

Mr. Bey said maybe that paragraph should be amended to reflect the procedure to be followed. He said the Board Member would contact the Director with a request for a Special Meeting and that way we have it in writing.

Mayor Hudson said Mr. Lindstrom is correct that the language is right out of the Charter. She said if we want to make it clear, the procedure would have to state the process.

Mr. Bey said instead of changing the Charter, we could change the paragraph in these Policies/Procedures.

Mr. Koblegard said the Charter cannot be changed without a referendum. He said within the framework of the Charter, we can make changes to the Policies/Procedures.

Mr. Perri said if we have questions between now and the next meeting, should we address them with Mr. Lindstrom?

Mr. Lindstrom said you can email or call him with any revisions.

Mayor Hudson said she read it and does not have any questions. She went back and read the Charter for that section to refresh her memory. She asked Mr. Lindstrom about the strategic planning, which is the last page and asked if we were doing that. This is something we will plan to do in the future while following this policy. Mayor Hudson asked if this was going to roll over to the next meeting to be approved.

Mr. Lindstrom said that is at the Board's pleasure. He said it is a living document that can be added to or subtracted as needed.

Mr. Delulio asked if changes can be made between now and the next meeting.

Mr. Lindstrom said yes they can.

Mr. Perri said not if we approve it today or are we going to approve it at the next meeting?

Mayor Hudson said we would consider it on the next meeting.

Mr. Delulio said he has a question on page 7 that he was going to talk to Mr. Lindstrom about personally. He said at the bottom of page 7 "Division Directors reporting directly to the Director of Utilities shall be appointed or removed by the Director of Utilities subject to confirmation by the Board. All other employees shall be appointed and removed by the Director of Utilities." Mr. Delulio said the wording in the By Laws includes some wording for Department Heads in regards to confirmation to the Board. He assumes if there is any conflict between these Policies/Procedures and the Charter, the Charter would have precedence.

Attorney Koblegard said the Charter controls.

Mr. Delulio said perhaps the wording of this paragraph should be more in line with the Charter.

Attorney Koblegard said that should be changed mirroring the Charter.

Mr. Lindstrom said there were notes in the file that this was taken out of and referenced former titles that have since been changed. He said that is where this came from and it was copied from the prior document.

Mayor Hudson said she noticed this Board does not have to take the four hours of ethics like elected officials.

Mr. Lindstrom said it is not required.

Mr. Perri said it would not be a bad idea and he does not think it would have to be a Charter change to attend the ethics training.

Attorney Koblegard said it is voluntary if the Board wants to do it.

Mr. Perri said he believes it is a good idea and the Board may learn something by it.

Mayor Hudson said the Florida League of Cities offers it on line as well as one offered in April in St. Lucie County.

Mr. Perri asked if this Board could get in on that.

Mayor Hudson said she would make sure the Board gets the invitation. She said we cannot mandate it, but could strongly encourage it.

Mr. Lindstrom said that is the reason he wrote it the way he did.

Mr. Bey said he would be interested in attending.

Mr. Delulio said on page 12 under Travel, the second paragraph where it reads: "it is recommended one Board member attend out-of-state meetings and report to the Board a summary of the activities". He said when he was first appointed to the Board about five years ago, they would attend the national conference meetings and found them to be very helpful. Back then when they went to the meetings, it would be three or four Board Members there in addition to the Director of Utilities. Mr. Delulio said he felt it was a little bit constraining that we have fallen into only sending one Board Member because he found them very helpful. He said if a meeting comes up and more than one Board Member thinks it is important they attend, then they should be allowed to attend and not be constrained by what is written here.

Attorney Koblegard said it could say one or more Board Members and then it would be covered.

Mr. Delulio said that is fine with him.

Attorney Koblegard said he does not believe it was meant to limit it to just one.

Mr. Perri asked if the Board is going to take action on it or wait and make the changes to approve next week.

Mr. Lindstrom suggested that we wait until the next time.

Mr. Perri said if anybody else has any suggestions before the next meeting they can contact Mr. Lindstrom.

Mr. Lindstrom said that is correct.

Mr. Perri said any of the questions can be run by Mr. Koblegard.

Mr. Lindstrom said that would happen and he would get a clean copy of the changes discussed today. He said if there are any other changes, he will have them emailed to the Board in advance.

Mayor Hudson said that is acceptable.

Mr. Delulio said that sounds good to him and that the Board has been without written Policies and Procedures for quite a while.

Mr. Lindstrom said the FPRA last night approved the Voluntary Cleanup Tax Credits (VCTC) sales to go towards the next loan application in the amount of $500,000. He said it has been clarified with the City Attorney that this Board does not have to take any additional action. The resolution that was presented initially last year covers the entire process.

Mr. Lindstrom said the next item is a request for FPUA to cooperate with St. Lucie County. He said he was given direction from this Board to seek an acquisition of the County's utility system. After several discussions he feels it is proper to evaluate each system, FPUA's and the County's and then drill down into the actual financial aspects of each and ultimately into the operation aspect. This is a good starting point. The County has offered PRMG as their preferred consultant to look at the evaluation process and asked if FPUA would share the cost with that. Mr. Lindstrom said the cost from PRMG is $73,350, with FPUA's contribution of one-half being the not to exceed amount of $36,675. He is requesting this Board authorize FPUA to reimburse the County one-half of the actual expenses up to that amount for the study.

Mr. Delulio asked if this is Phase I of the study.

Mr. Lindstrom said this is Phase 1 of the study and without this piece of the study we would not go any further.

Mr. Delulio asked if there may not be a Phase 2 depending on how Phase 1 turns out.

Mr. Lindstrom said that is correct. He said if this tells us what we think it will, then we will get into more detail on the engineering aspect on the joint utility or other paths to explore.

Mayor Hudson said she knows this is essential for going forward in terms of economic development when developers come to town. She said we need to have this conversation no matter how it turns out, we need to have exhausted this possibility.

Mr. Delulio said we get to do it with an independent voice instead of us.

Mayor Hudson said that is correct, it is an independent voice that the County picked and that voice is very familiar with our company.

A motion was made by Mr. Delulio, seconded by Mayor Hudson, and unanimously carried to approve POA 16-60: (a) FPUA's contribution of one-half of the total cost of a proposed Regionalization Study to be performed by Public Resources Management Group, Inc., of Maitland, Florida, in an amount not to exceed $36,675, contingent upon St. Lucie County agreeing to pay the other half. (b) Budget Transfer Request in the amount of $36,675.

Mr. Mimms said a couple of weeks ago a member of the FPUA staff presented the results of the Weatherization Program along with the City's Urban Redevelopment Manager to the City Commission. He said it was received very well and with a desire to do more. The Weatherization Program is helping several residents in our area and it is one of the very best things we can do for our residents. He urged this Board to consider additional funding to go toward that program and he is going to do the same with his Commission as well. Mr. Mimms said if we can continue to help people realize how to become more energy efficient, then we can help the entire community. He said the complaints they have been seeing about FPUA have gone down dramatically and by the FPUA continued investment to the areas that folks may not have the educational knowledge of knowing what to do and how to improve their lives, that investment will definitely help our community. Mr. Mimms urged this Board to consider that.

Mr. Perri said he has no problem considering that and perhaps we will have to get our finance manager to look into maybe what kind of funds she can make available. He thinks it is a very good idea.

Mayor Hudson said it provides a very personal touch from the Company. She said the Commission was impressed with the pictures as well as the personalization that Mr. Winterstein showed for what he was doing and he basically helped the customers. It goes beyond just helping individual customers, it gives FPUA a personal face with the customer.

Mr. Lindstrom said it is a great cooperative effort with the City from a personnel standpoint as well as a funding standpoint.

Mr. Delulio said he understands that Darryl Bey was the one that got this whole thing going a couple of years ago.

Mayor Hudson said that is correct and not that we were reluctant, but he kept bringing it up gently and we did it.

Mr. Bey said needless to say he welcomes this opportunity to expand the program. He said it is very difficult for someone to call you a bad guy if you are helping them. They may say they do not necessarily like the guy, but he is helping me today so he is not that bad after all and that is a positon we could be in. If we look, there probably is state and federal money out there to help with this so FPUA does not have to foot the bill themselves. Mr. Bey thanked Mr. Mimms and said he hopes we can move forward with this.

Mr. Mimms said he has one more thing now that everyone is in a good mood, he wanted to ask this Board to continue to work with the City of Fort Pierce. He said this particular year, the City of Fort Pierce is finally seeing hope and seeing our situation turn around. He believes this upcoming holiday season, the City is going to intensify their efforts to brighten up this community. They are going to be decorating more and more, having contests, and having more

interest in humanizing the City to bring in the holiday spirit. Mr. Mimms asked if there is anything this Board can do to contribute to the improved or enhanced decorations of our community, he would definitely appreciate if that could be considered.

Mr. Perri requested Mr. Lindstrom to look into that.

Mr. Lindstrom said that almost sounds like a setup, but he is happy to note that Commissioner Alexander's comments struck a chord with him about lighting the bridge. He said staff is checking into that.

Mr. Perri said he failed to mention that during the hurricane, he also went to the Wastewater Treatment Plant and the Water Treatment Plant and those fellows had their hands full on certain issues. He said they did a terrific job, so he wanted to bring that to everybody's attention.

Mr. Perri said tomorrow he will be attending and chairing a meeting for the Policy Makers Liaison Committee in Ocala. He said at that meeting they will have the new CEO of FMPA address and give a report. There will also be updates from our Lobbyist about what is going on in Tallahassee and roundtable discussions about what is important to our utility board business. He will be bringing back any information he gets from that meeting at our next meeting.

There being no further business, the meeting was adjourned.

ATTEST:

SECRETARY

CHAIRMAN