MINUTES OF A REGULAR MEETING OF THE FORT PIERCE UTILITIES AUTHORITY, TUESDAY, NOVEMBER 1, 2016 4:00 P.M., CITY COMMISSION CHAMBERS.

Members Present: Chairman Michael A. Perri, Jr.; Vice Chairman Glynda Cavalcanti; Secretary Daniel M. Delulio; Deputy Secretary Darryl Thomas-Bey; Mayor Linda Hudson; and Nick Mimms, Ex-Officio Member/City Manager.

Others present: Clayton W. Lindstrom, Director of Utilities; Amy Shevlin, Acting 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; Evelyn I. Walker, Director of Shared Services; and Jason Hoffman, Customer Solutions Manager.

The meeting was called to order by Chairman Perri.

Opening Prayer by Carol Johnson of Human Resources.

The Pledge of Allegiance was recited.

The roll was called and a quorum declared.

Paula Nicoletti, Florida Ombudsman of the Department of Defense and Employer Support of the Guard and Reserve in Washington, DC, presented the Patriot Award to Fort Pierce Utilities Authority Director, Clayton Lindstrom and to Fort Pierce Utilities Authority (FPUA). She said Master Sergeant Keith Stephens of the US Airforce thought enough of FPUA and of Clay Lindstrom that he nominated him for a very special national award. This award can only be given by someone who serves in the Military and choses to write for this award and ask for it. It cannot be gained by anyone else. Ms. Nicoletti said she believes it is important for everyone to hear what was said about FPUA and about Mr. Lindstrom. She read as follows: "Mr. Lindstrom, Director and FPUA are great supporters of the United States Military Guard and Reserve members. The company provides 30 days of paid leave for military training and active duty. The first thirty work days of any such leave of absence, based on a forty hour workweek, will be with full pay. Following this period of required full pay continuation, FPUA will supplement the employee's base military pay up to the employee's rate of pay in effect at the time of military activation. As you are aware, this removes any financial hardship from those being deployed or in training status. FPUA employees have also been sending care packages to Iraq and Afghanistan since the deployments started back in 2003. While I was deployed to Iraq in 2009 and Afghanistan in 2014, I received care packages and supportive emails. Coworkers and supervisors checked on my family regularly. FPUA also had a military recognition wall of all veterans and active members posted in our Customer Solutions Lobby. Every Friday is Military Appreciation Day and employees wear red shirts in recognition of our military. Mr. Clayton Lindstrom started this tradition when he arrived and reinforced the company's commitment to our military by renewing the additional pay policy for employees that are deployed more than 30 days, which had expired. He also has two sons that have served and are serving in the military." Ms. Nicoletti said she is honored to present the award to FPUA that reads "Office of the Secretary of Defense

in full support of the Guard and Reserve recognizes Clayton Lindstrom, Fort Pierce Utility Authority, as a patriot employer for contributing to National Security, Protecting Liberty and Freedom by supporting employee participation in America's National Guard and Reserve Force".

Mr. Lindstrom said it may be his name written on the plaque; however, it is in recognition of the entire FPUA organization. He said there are so many that have done so much more deserving of this recognition, he cannot begin to lists them all. It humbles him to think a simple prayer, sending of a care package, or wearing a red shirt means so much to someone who is sacrificing their lifestyle so we can enjoy the security and lifestyle we have come to expect. Mr. Lindstrom said he certainly hopes when we pledge allegiance to our Flag, it is more than just words and when we stand for our national anthem being sung it is indeed an honor for those who have gone before us and those who continue to go before for us. He thanked everyone.

Mr. Stephens thanked the Board for their support and thanked the City for the policies we have for the military. He asked that they continue to support because it goes up and down with public support of the military. People are getting tired of all the deployments with family members being away so he asked for continued support and to not forget them. He is doing this for the younger troops because he is coming near the end of his time, but there are a lot of people over there and does not want us to forget all the military members still serving every day.

Mr. Perri said he is sure he speaks for the rest of the Board and thanked Mr. Stephens for his service.

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

A motion was made by Mayor Hudson and seconded by Mr. Bey to approve the October 18, 2016 minutes. Those voting in approval were Mr. Bey, Mr. Delulio, Mayor Hudson, and Mr. Perri. Ms. Cavalcanti abstained because she was not at the meeting.

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

1. To maintain an orderly progression of officers in future years, the following nominations are recommended for approval: Ms. Glynda W. Cavalcanti, Chairman; Mr. Daniel M. Delulio, Vice Chairman; Mr. Darryl T. Bey, Secretary; Mr. Michael A. Perri, Jr., Deputy Secretary; and Mrs. Linda Hudson, Mayor/Member.

2. POA 14-68: Approve the purchase of desktop and laptop computers in an amount not to exceed $101,048.48, from Dell Computer Marketing Limited Partnership (Dell), of

Round Rock, Texas, under Florida State Contract Number 43211500-WSCA-15-ACS, for purchases through September 30, 2017.

The gavel was passed to the newly elected Chairman Ms. Cavalcanti.

Eve Walker introduced Kathleen Meola, Senior Consultant/Executive Account Manager, Ascension Benefits & Insurance Solutions to present FPUA's Employee Insurance Renewal for FY 2017. Eve said the she and Lois Wolfe of Human Resources are available to answer any questions.

Ms. Meola said there was a Board Workshop on October 10 and a lot of this information was presented then. She said it is being recommended the funding be increased by 10%, which was due to medical trend coupled with the increases in utilization and frequency and severity of high claimants. It also includes the associated fixed cost increases for the stop loss coverage, which is coming off seven years of flat premiums for FPUA's self-insured medical plan. Given that funding increase, staff is looking to add an employee single coverage cost that would be payroll deducted and equates to $25 a month for single coverage or $11.54 per pay period. The current split will be continued between FPUA at 71% and the employee at 29% for the dependent tiers. Ms. Meola said the last item on that is plan design changes that are required for House Bill 221 and the Sex Discrimination Act. She said staff is looking to increase the non-generic prescription copayments by $5 each, with generic staying the same.

Mayor Hudson asked if these items are the same information that was presented to the Board at the workshop.

Ms. Meola said that is correct.

A motion was made by Mayor Hudson, seconded by Mr. Delulio, and unanimously carried to approve: (a) increase to all medical benefit funding tiers by 10%, (b) increase in employee contribution toward the cost of single coverage from $0 to $25 per month, and (c) medical benefit plan design change increasing non-generic prescription copayments by $5. All medical benefit coverage and plan design changes are for the period from January 1, 2017 through December 31, 2017.

Ms. Meola presented the Stop Loss Proposal from Florida Blue administered by HM Life Insurance Company. She said they received competitive proposals from other companies. Based on the premiums offered with HM their value adds, the recommendation is to approve the renewal with them for 2017. Fixed costs will increase approximately 7.8% and the premium would be $614,897. Staff is also seeking approval to remain with Florida Blue for the claims administration, utilization, and disease management which are within the program. Their cost is not changing for 2017 and will still be $60 per employee per month. The approximate annual cost is $199,440.

A motion was made by Mr. Delulio, seconded by Mayor Hudson, and unanimously carried to accept POA 5847: (a) The Stop Loss Proposal from Florida Blue of Jacksonville, Florida, and administered by HM Life Insurance Company of Pittsburgh, Pennsylvania, for stop loss insurance coverage effective January 1, 2017 through December 31, 2017, and approve premium funding of $614,897. (b) Approve payment of administrative fees to Blue Cross and Blue Shield of Florida, Inc. of Jacksonville, Florida, in an amount not to exceed $199,440, for the period from January 1, 2017 through December 31, 2017.

Ms. Meola said Blue Cross/Blue Shield Association is the parent association of Florida Blue and they are asking for all of their self-insured customers to sign an amendment. She said this will allow changes to their Blue Card Program, which is the program that is accessed when claims are incurred outside the State of Florida. It also has language in the agreement to allow for value based reimbursements. Right now everything is set up on a fee for service where you go to the doctor for a service, the doctor gets paid a certain amount for that procedure. Value based medicine is incentive for providers for good outcome, good results, keeping people outside the hospital, etc. Staff is seeking approval of the amendment Florida Blue has put forth as a requirement effective November 1, 2016.

Mayor Hudson asked how this affects the employee.

Ms. Meola said the employee is not affected at all. She said the members will seek care in the same way and there will be no additional cost to the member. It is how the provider is reimbursed for the care they deliver to those members. This the way the health care delivery system is moving with time and it is supposed to incentivize the providers for better outcomes, keeping people outside the healthcare delivery system, and hopefully save costs down the road for the plan.

Mr. Delulio asked if we talked about this during the workshop in detail.

Ms. Meola said we did not. She said this actually came forth after that workshop and it has gone through staff and come to the Board from that way.

Mrs. Walker said it was reviewed by our Siver Consultant.

Mr. Delulio asked if Mrs. Walker was okay with it.

Mrs. Walker said she is and it is no cost to FPUA.

A motion was made by Mayor Hudson, seconded by Mr. Bey, and unanimously carried to approve POA 5847: Amendment to Administrative Services Agreement with Blue Cross and Blue Shield of Florida, Inc. d/b/a Florida Blue, of Jacksonville, Florida, which revises the duties and responsibilities of Florida Blue. The term of this Amendment will be from January 1, 2017 to December 31, 2017.

Nina Penick presented the Financial Operating Results for August 2016. She said the year-to-date decrease in net position was $4.1 million and is down from last year, but is nothing to be alarmed about. Operating Revenues were up more than our Operating Expenses so our operating income is up slightly. There is a decrease in interest expensed as a result of the refunding of the 2002 bonds we did in March. Depreciation expense has been up about 6% as a result of capitalizing projects completed in recent years. Although Capital Contributions are down, they are really not down as much as they are less than they were last year. Mrs. Penick said the electric operating revenues, less power cost, there have been increases in both revenues as well as consumption. She said the revenues were up 2% from FY 14 to FY 15 and 1% from FY 15 to FY 16. It is good to see some steady growth that is a result of the increases in consumption between FY 14 and FY 15 of 3% and 3% again between FY 15 and FY 16. Water operating revenues increased steadily and consumption was a bit more flat. Operating revenues are up 3% from FY 14 to FY 15 and up 3% FY 15 to FY 16. Water consumption is flat FY 14 to FY 15 and up 2% from FY 15 to FY 16. Mrs. Penick said the wastewater operating revenues were flat from FY 14 to FY 15, but the revenues from FY 15 to FY 16 were up 1%. The gallons billed were flat from FY 14 to FY 15 and up 1% from FY 15 to FY 16. Natural Gas operating revenues less gas cost and consumption, the revenues were up 3% from FY 2014 to FY 15 and revenues down 5% from FY 15 to FY 16. The consumption was up 2% FY 14 to FY 15 and down 5% from FY 15 to FY 16. The month of August was a very good month for the gas contract customers as was the month of September. Although the gas consumption for the contract customers was year to date down 7% and it resulted in the 6% in contract revenue, they are doing better. FPUA's debt service coverage ratio for the 12 months ended in August 31, 2016 was 2.63, which is well above the 1.25 required by FPUA's bond covenants. This is an information-only item and requires no action from the Board.

Ms. Cavalcanti asked the affect the hurricane had on the expenses of FPUA and our bottom line.

Mrs. Penick said we incurred some expenses, but nowhere near like Hurricane Frances and Jean. She said we are in the process of applying for Federal Aid and she is not sure if it will be 90% reimbursement or more. Most of the expenses FPUA incurred will be reimbursable, but not all of them, primarily related to restoration of the electric system. Some of the emergency protective measurements we incurred before the storm will be filed also.

Mrs. Penick presented the status report on Electric Power Cost Adjustment (PCA) for September 2016 with updated projections through September 2017. She said PCA is the method by which FPUA recovers the cost of power from our customers that is in excess of the $79.52 base power cost, which is included in the base rate. The cost of power purchased from Florida Municipal Power Agency (FMPA) for the month of September was billed to FPUA at the rate of $68.85 for 1,000kWh, a decrease of $6.51 as compared to August. The cumulative over-recovery from the customer at the end of September totaled approximately $3.3 million. Over the last eight months, FPUA returned $3.4 million back to our customers. The chart displayed, the dark blue

line represents the PCA and colored bars represent the amounts collected, with the blue bars representing the actual monthly collections through September and the orange bars representing the projection for over or under collections if the projections are correct and assuming no change to the -$9 PCA. The projection of FPUA's power cost was prepared by Public Resources Management Group (PRMG), which in turn are based on projections prepared by FMPA. Since August, FMPA's estimation of the price of purchased power for the next 12 months has decreased by 2.7%. Projections still indicate the balance of the over recovery is expected to fall below the $1 million floor in the month of March 2017. Because of the amount of the current over recovery and the upcoming couple of months we are expecting to be flat, staff is not recommending a change in the PCA. We will continue to monitor and present to the Board actual and projected costs and sales levels and recommend changes only when necessary. This item is for information only and no action is required from the Board.

Ms. Cavalcanti said she would really like to watch this carefully because the last thing she would like to see is FPUA reducing the negative $9 PCA in May or June. She would rather see it go earlier than later.

Mr. Lindstrom said staff has had extensive discussions about that and are of the same thought process.

Mayor Hudson said she does not want to do it at all.

Mr. Bey said he knows this is not a weather forecast, but asked if there are any thoughts about this winter when the gas consumption lowers and controls the price. He asked if there are any projections because he is looking to lower the PCA to -$10.

Mrs. Penick said the projections are not consistent and all over the board. She said they do not know of any polar vortex, but the weather up north does impact the cost of gas down here. Hopefully there will be a mild winter up north and we will have a good winter.

Mr. Lindstrom said the other two impacts to that are the Saber Trails pipeline and the pipelines from North Dakota that will bring natural gas into the Midwest. He said they are both under protest at this time so the longer they are delayed, the less volume of gas we have available to us. The loss of supply and demand will indicate the demand will remain high and the supply lower, which will drive the price up.

Mr. Perri said we have returned $3 million back to our customers and he wished there was a way we communicate to our customers we have done that.

Mrs. Penick said the customer does see a line of credit on their bill each month that reduces what they owe and she understands what Mr. Perri is saying.

Mr. Perri said unfortunately the only line they read is the bottom line.

Mayor Hudson said to put the -$9 in red.

Mr. Delulio said that is part of it and the other part is the deduction and we cannot write them all checks.

Paul Jakubczak, Director of Electric & Gas Systems presented FPUA's Quarterly Electric Reliability Update Ending August 2016. He said it is a little less than a quarterly update because we do not have the September numbers, but it is through a 12-month rolling average ending August 2016. FPUA's SAIFI numbers, which are the average number of interruptions a customer could experience on our system in any given year and we ticked up a little bit at 0.67. You will see when we do the overall, FPUA is performing better than all the municipals in the State as well as the IOUs, which do not record on a yearly basis. The CAIDI numbers show the customers that experience an outage saw that average outage for about 85 minutes. Those that did not see an outage can expect an outage of about 56.7 minutes of outage time per year. This is good to do when we do economic development as well because reliability is something customers look for when they come in to the area. The next chart shows FPUA is below the majority of the municipalities in the State as well as how FPUA compares to the small, medium, and large municipalities.

Mr. Delulio asked what he means by below.

Mr. Jakubczak said FPUA's numbers are below like on the SAIFI numbers, FPUA is 0.67 outages per customer and all the other averages down below on the chart are one outage per customer.

Mr. Delulio said that means we are above.

Mr. Jakubczak said that means FPUA is doing better.

Mr. Delulio said there may be a better way to define it.

Mr. Lindstrom said low score wins.

Mr. Delulio said when he looks at the chart, with the 24 different utilities this analysis has been done, FPUA is #7 in the SAFI category so we are kind of near the top on how well we do the work.

Mr. Jakubczak said it is like a golf score and not a bowling score. He said the next chart is the same chart that was presented last time and it shows how FPUA performed in 2015 compared to the municipalities as well as the large IOUs in the State of Florida. The next report will include the hurricane; however, the hurricane numbers according to the PSC are not required to be put into the numbers and that is statewide. All the investor owned and the co-ops will not have that, but he will have the numbers available. FPUA's average availability for our customers is 99.98%

and in the month of October alone it was 98.06%. You can see the difference there compared to what a major storm will do to our numbers. This is an information only item and no action is required of the Board.

Mr. DeIulio said our SAIFI and SAIDI numbers that have to do with the number of customers that are interrupted during the month, we do better overall than our competitors and the other utilities. He said our CAIDI, which is how quickly we respond to the fewer customers who have the service interruptions, FPUA's performance is worse than the average. Mr. DeIulio asked if that is because FPUA's territory is larger.

Mr. Jakubczak said there are a variety of reasons. He said it could be the extent of the outage such as if it was a car that hit a pole, it would be 4 to 6 hours to replace that pole. All those customers downstream of that pole, if they cannot be switched to another circuit will be affected by that and it will affect the numbers. The number of municipalities as a whole as well as FPUA has a very quick response time so in a matter of 15 to 20 minutes FPUA is on site to evaluate the situation.

Mr. DeIulio asked if there is a difference between FPUA's area and other areas like Gainesville having a different dynamic where their numbers are better.

Mr. Jakubczak said it is all based on density of service. He said the cooperatives will usually have longer because their average length of line is one mile per customer and FPUA's is a lot shorter. On the beach there is a lot of dense area and if you take Windsong, which is a long way away from anything for FPUA to get to that plays into it as well.

Mr. Lindstrom said another factor is as you get better on one end, your denominator changes so you lose all those quick outages to make the average lower. He said FPUA has really improved in that area. FPUA has fewer outages that can be repaired quickly so the outages FPUA has now are more of the major outage incidents like poles hit by cars or trees in wires. The numbers can go up because of that factor.

Mr. Jakubczak said staff reviews this on a daily basis to determine where FPUA can improve and what needs to be done to get the numbers lower. He said the Liedos study will help to improve the numbers as well.

Tom Fryar, ITS Services Manager gave the ITS September Quarterly Update. He said this will be an overview of FPUA software. When talking about the Core Business System it is Microsoft Dynamics GP and also Cogsdale. There are applications like Microsoft Office. Invoice Cloud is a web-based invoice presentment company that uses Sage for credit card processing. This replaced our Authorize.net, which used Bank of America for processing credit cards, replaced Speed Chex, which handles check processing, replaced our AutoPay system, which did not allow for credit card payments, and is now used to take customer deposits. Invoice Cloud benefits are that it allows

FPUA to send notifications of outstanding bills via e-mail or text, allows for scheduled payments one-time or continuous, and allows for checking account or credit cards to be processed. One of the big benefits is the customer can access it through their tablet, phone, or computer. This allows the customer to go paperless, which has an environmental savings. If the customer goes through the cloud, it is real-time payments and goes through our system in about one minute. Mr. Fryar said FPUA has about 12,500+ customers that are using Invoice Cloud online services monthly. He said there are 16,900 customers that are registered with Invoice Cloud, and 5,985 customers are using Invoice Cloud Auto-Pay. There are 417 customers using Invoice Cloud Pay by Text and 2,115 customers are using Invoice Cloud paperless services. FPUA was expecting 1,850 customers and it may start slowing down. This provides FPUA an estimated cost savings for $423 per month. Vocantas is FPUA's IVR system and allows customers to call in to make payments, get information about their bills, and provide information about FPUA hours. It interacts with our Core Business System, which part of it is Cogsdale for customer information. This was placed in production at the end of April and started producing a lot of calls to Vocantas for payments. There was 6,930 customers that have used Vocantas to make their payments in September. That may fluctuate from month to month because some of the customers will make their payment through the IVR System, some through the paperless system, and others through the on-line services.

Mr. Perri asked how the customer accesses the Interactive Voice Response system or how he would access it on the phone.

Mr. Fryar said call 466-1600 and it will come up to a menu and one of the menu options is the IVR system.

Mr. Perri asked if it says IVR system.

Mr. Fryar said he does not know the exact statement, but he can get it for him, but it is more of an invoice active payment in the system. He said staff just changed the menus a couple of months ago so he has not heard the actual new saying on it. If you call and get the operator you can ask them to send you to the IVR system.

Mr. Perri said that is if you know we have it.

Mayor Hudson said the customer does not know we have it.

Mr. Perri asked how a customer would know we have it. He asked if they just accidently find out.

Mr. Fryar said when they go through the call center, they can pass them to the IVR system and they can pay through there.

Mr. Bey said he believes what they are getting to is are we advertising to our customers that we have these options available.

Mr. Fryar said as far as on the website, he is not sure what is displayed on that. He said that is under Customer Solutions Manager to advertise that information.

Mr. Delulio asked if it is on the bill.

Mr. Fryar said he believes so. He said the VistaPoint is what the call center uses to handle the calls so when the customer calls in. It is a queuing system. About eight months ago a queuing system was very hard to get updates installed, replace the system, or get another system up and running, so we looked for a replacement to it. VistaPoint was up and running in December for our switchboard system and they liked it so much, we installed it in the calling center. Part of that service allowed us to move from the call center to ESC war room quickly and easily during the Matthew Hurricane. Because of that it allowed us to expand the number of Customer Solution representatives from six to eleven to be able to answer calls during the storm and they were able to handle 11,500 incoming calls. The technical staff was able to set it up easily and quickly. Mr. Fryar said we have a backup server, which is responsible for backing up all our systems on site and is not a cloud base. He said it is for the speed so if we have to restore something quickly, this will allow us to restore it quickly. Onsite allows us to back up and store at different systems. FPUA was infected by a virus a while back and that virus started to go through our system, we located it, removed it, and restored our service within four hours. If it was a cloud service, that would not have been able to be done that quickly. The VMHost Server is part of a virtual system and each host can support multiple servers. The purpose of that is to allow us to move from one server to another server and bring up service quickly. This has a cost effectiveness and a cost savings instead of buying individual servers. We have a strong powerful server that can run 20 or 30 systems for the core of the cost of a regular server. There is the software behind it, but it allows us to move things back and forth from one server to another server. If we have a server that goes down, all the servers on the virtual server moved over to another server and nobody notices it. Mr. Fryar said it is a backup system and there is one over at ESC and one at the Admn building allowing the system to recover quickly. He said the Manatee Observation and Education Center has a new website that is being developed. It goes along with the point sale system that will make it easier for the Manatee to display the services they offer and products they are selling. SharePoint came in back in April and again back in June. Our consultant finished their work and now it is going into our next phase. He gave us a viable production server so we can go ahead and start moving towards internal services we would like to have and get the functionality and the features we want for each department.

Mr. Perri said the last time you talked about SharePoint you said it was not functional at that point and asked if Mr. Fryar is saying it is up and functional now.

Mr. Fryar said from the last point it was still being developed so it was not functional, it was still in development. He said now we have a viable production server, which is the consultants job was to get us to that point so we can now expand upon it to utilize as we work with each department and find out what functions and features they need in their departments and start moving off a different service to the SharePoint service.

Mr. Perri said reading from the minutes of the last meeting Mr. Fryar said "It is not completed and it is not functional at this point" and he asked if it is still that way.

Mr. Fryar said it is not in production, they have to put the contents into it.

Mr. Perri asked how we are doing on the hiring situation and asked if we have a complete staff.

Mr. Fryar said that is TalentLinc and they were able to give us the two staff members we have and they are both great. He said right before the storm came through one of them got a better offer and he resigned within thirty days. There is an option to go back to TalentLinc and find a replacement at their cost and that is what we are currently doing.

Mr. Perri said then we are still short one person.

Mr. Fryar said we are still short one person for the System's Group and short one person for the Network Group.

Mr. Perri asked if we have been short since the hurricane.

Mr. Fryar said on October 3, when his thirty days were up, he resigned.

Mr. Perri asked if they have a time frame where they will replace this person.

Mr. Fryar said they have already started the interviewing process and have interviewed one candidate already and are going to interview a few others to make the correct choice.

Mr. Delulio asked to back up to the virus and asked Mr. Fryar to explain how all of that went and provide assurances that customer information was not impacted from the virus.

Mr. Fryar said the type of virus FPUA was infected by was a ransomware type of virus. He said they went through cyber training at FPUA and a couple of departments still need to complete the training. The problem with viruses and malware is they can infect a system no matter how many layers of protection you. FPUA has four layers for protection and this particular virus called ransomware only cares about encrypting that information and then require you to pay to decrypted it. That particular virus is not interested in stealing anything. We started detecting something was wrong with our system and then it was searched down to see what occurred. Everything was locked down at that point and the infected machine was shut down. Within half an hour staff knew what kind of virus it was and the restoring process was started.

Mr. Delulio asked if any customer's private information was taken.

Mr. Fryar said that is part of the red flags to make sure if a customer's information does get stolen, it is part of the protocol we follow.

Ms. Cavalcanti asked if FPUA had to pay to get up and running.

Mr. Fryar said no and that is part of the process of making sure we have good backups and staff tests them to verify they are updated. He said we were able to restore everything.

Mayor Hudson said when there is technology that interfaces with the customer, does it get tested and if the customer is getting frustrated at some point, is there a way to detect that so the issue can be addressed.

Mr. Fryar said most of the customers if they have a problem they call and let staff know. He said there is no way of knowing if the customer is frustrated without that step. If there is a customer that has a problem with the website, staff can reach out to them. Sometimes it is a misunderstanding and sometimes it is their own services. The customer may be running an older version of a browser, explorer, or chrome and staff will explain that to them. Unfortunately the technology they are using versus FPUA's may not be compatible.

Mayor Hudson asked if when they call in and they get the IVR, which is code for FPUA staff, but means nothing to the customer. She wants to be sure it is being tested with someone pretending they are a customer and she is going to do it herself to see if she can figure out the menu. Mayor Hudson wants to be sure it is customer friendly.

Mr. Fryar said when Customer Solutions put the menus together they test them and verify by going through the process to make sure they are okay. He said based on the previous ones that were there in June were slightly confusing and Dispatch was getting too many calls. A slight modification was made and helped relieve the Dispatch group and helped the customers out. The system is always being tweaked to perfect it. This is for information only and no action is required from the board.

Dewey Hudman, Water Distribution Projects Administrator, presented the Mancil's Tractor Service Award of Bid and Contract for asphalt repairs. He said the award of the contract will not exceed $500,000 annually and it is a one year contract from November 2, 2016 to November 1, 2017, with four, one-year renewal options. This is contingent on obtaining the Certificate of Insurance. Mr. Hudman said this company is working with FPUA now so there is no anticipation of problems with their insurance. He said last year FPUA incurred requirements to start overlays and more patches than we have done in the past so we had to replace old patch contract with terms that would allow for the overlay. This contract is for that and it is the reason the amount is so much greater than before.

Mr. Perri said the disparity in the minimum charge for one square yard, he does not understand that. He said Precision Paving is at $775 and his quote is $421,055. He does not understand that and asked for an explanation.

Mr. Hudman said on the minimum charge he asked for a situation where FPUA has a hole in the road that needs to be fixed. He said that is the minimum charge and he has no additional holes to patch where they get any economy of scale and that is what that minimum charge is. Then the other rates staff asked for was if FPUA gives them several patches, what would their rate per square yard be to go do that. There was a slight problem with their numbers and left it blank for the total out there. When staff did reverse math, there was 300 yards into a big number that came to $995 square yard where the other two venders were in the $98 to $99 per square yard. Mr. Hudman said he believes that is what made his overall bid totals higher than the other bidders.

Mr. Perri said it was kind of confusing to him.

Mr. Hudman said there was quite a bit of discussion with staff trying to evaluate that and make sure the best recommendation was made to the Board.

Mr. Perri said it appears to him the totals are what the Board needs to worry about.

Mr. Delulio asked if the square yard is a typical way to filling in the road and why staff is using that number.

Mr. Hudman said they were requested by the contractors to reference all our numbers to square yards. He said prior to this he has always used square feet, such as a 3' x 3' patch, what does it cost for a 2" layer.

Mr. Perri said none of this makes since to a layman like himself. He said when buying asphalt, you do not buy by the square yard, you buy it by the cubic yard.

Mr. Hudman said they buy it by the ton and they convert it in their numbers and their calculation. He said what staff asked for in this patch was labor, materials, MOT, and all the functions that are required for the contractor to go and make the patch in the roadway.

Ms. Cavalcanti asked what the amount was last year FPUA paid.

Mr. Hudman said FPUA was paying $8.50/square foot and it went up to $10 on the renewal that was done last year and is good through December of this year. He said when he converted the $10 to square yards, it was $99/square yard and their new bid is $98/square yard.

Mayor Hudson said the total we have done in years past was around $200,000.

Mr. Hudman said the last contract was for $50,000 and it was supposed to be for a short term. He said the one prior to that was a contract amount not to exceed $120,000 per year.

Mayor Hudson asked if there is a budget line item for this kind of work.

Mr. Hudman said not specific, it is part of our capital costs or O&M costs depending on our work function. He said we build money into the budget for that. This year we did raise our budgets and we raised attention to the Board that we were going to have expensive overlays this year. It is a guesstimate, but staff asked for quite a bit more in the capital and the O&M to cover those proposed overlay costs.

Mayor Hudson said presumably people can expect their streets to be smoother.

Mr. Hudman said around the patch area only. He said some of the City streets were too many patches, but with what FPUA has planned now, it is one patch that will be much smoother and less inconvenience to our citizens.

Mayor Hudson said if someone is watching this, they can expect smoother patches that last longer.

Mr. Hudman said that is correct.

Mr. Delulio said when we look at the three bids that came in, when this was put out for bid, did staff say they needed 5,000 square yards during one year. He asked if there was some kind of number other than coming up with a dollar amount.

Mr. Hudman said staff explained to them that last year there was approximately 50 locations, not square footage, that needed to be patched. He said staff put together a minimum of one square yard, which is 3x3 and some of the patches would exceed that. This is why we asked them to give us a multi yard rate that would help them with their economy of scale. He could not guarantee them a minimum number, but could only tell them he would not give them one patch unless it was a true emergency where we could not leave a hole. Staff does use the cold patch now for a temporary patch, which is good for two months. There is some time to schedule a group of patches to help the contractor save money on their end. They were not given a finite number.

Mr. Delulio said if he is working for Pav-Co, he may be working with another set of numbers than if he was working for Mancil's. He said if you put yourself in the vendor's position, what are they basing the numbers on? Mancil's quote says they are going to bill FPUA $290,000, are they basing it on 50 locations during the year at an average of one cubic foot or square yard or per patch. Is it consistent for the three different vendors because the numbers they have given are way different?

Mr. Hudman said in the bid response form, staff gave them what is one square yard, which is just the patch. He said they then gave them the estimated 30 locations of overlay. They did get an estimate in number to work with. That estimated overlay was for 15' long x 11' wide x 1" thick.

Mr. Delulio said for 30 locations.

Mr. Hudman said it was for 30 locations.

Mr. Delulio said we did 50 last year.

Mr. Hudman said we also have in addition to the 30 locations of only one overlay, we said some of those pot holes may be close together where we can do two overlays in a day. He said we gave them an additional 20 overlays assuming they could do two a day and save money since they are out there with their equipment. This was discussed in the pre-bid meeting to make sure FPUA was presenting to them a fair way to ask for the cost of the work they would be performing.

Mr. Perri asked who did the overlay at Oleander and Antilles Avenue that was done recently.

Mr. Hudman said he does not recall that one.

Mr. Perri asked who would patch the road right now.

Mr. Hudman said he has Precision Paving that was doing some overlays for us in the month of October. He said they were a subcontractor to Mastec.

Mr. Perri said it was Mastec that was doing the work.

Mr. Hudman said if Mastec does the work in the field for the water or wastewater departments, they hire their own contractor. He said most of the time they are using Precision Paving and they have used other pavers before.

Mr. Perri said whoever did it, did a pretty good job.

Mayor Hudson asked if Mr. Perri was supervising.

Mr. Perri said he was not supervising, but he went by it several times a day.

Mr. Hudman said all of these vendors could do a great job and staff is not trying to rate them on that. He said staff just looked at the costs and there was no objection to the work performance. Staff did talk to their contractors and they talked to different departments at FPUA to see if they had any negative experiences. This was a judgement for the Board based on the costs.

Mayor Hudson said it sounds to her that what they have here is that every year there is a learning curve. She said staff is having to make assumptions based on last year and FPUA is trying to make projections about something that we can only go on history we have.

Mr. Hudman said that is true and after working for this company for ten years and overseeing the patching part those ten years, last year was the first time they got into increase in overlays. He said FPUA has had problems on Okeechobee Road in front of the Firestone place at Orange Blossom they had a line that was replaced and ended up with 135' long place that needed to be repaired. The FDOT was out there so they were able to get all the bids and do the repairs to their specifications because that road was still under warranty. That sometimes drives FPUA's costs and that was just one overlay. There was another one in front of the Airport on St. Lucie Boulevard. Those are the limited overlays FPUA has had to perform in the past.

Ms. Cavalcanti said she is still confused. She asked how a minimum charge of one square yard is $1,200 versus $775 and the overall total is so different.

Mr. Hudman said the minimum charge was a situation where FPUA would incur by asking the contractor to come out immediately to do a location. He said they would have to drop what they are doing and come right out and that always costs more, but we did not include it in the total costs. It was a line item for FPUA's information if that contractor was selected and we incurred that situation.

Ms. Cavalcanti said the $421,055 from Precision Paving had nothing to do with the 1 square yard patch of $775 that was a totally different set of numbers to calculate that.

Mr. Hudman said that is correct. He said what they did is staff gave them eight line items that were used to total up the number you see. The ninth item was the minimum charge that would not be included in their total cost, it was just used for emergency situations.

Ms. Cavalcanti asked if we have a lot of emergency situations do those get billed separately.

Mr. Hudman said they do. He said if he can add to them and go with the cheaper price that they quoted under the multiple patches, it is to FPUA's advantage.

A motion was made by Mayor Hudson, seconded by Mr. Bey, and unanimously carried to approve Bid No. 16-33: Award of bid and contract for Asphalt Repairs, to and with Mancil's Tractor Service, Inc., of Palm City, Florida, in an amount not to exceed $500,000 annually. The initial term of this contract will be from November 2, 2016 to November 1, 2017, with four, one-year renewal options, contingent on receiving required Certificate(s) of Insurance.

Mr. Lindstrom said he would like to recognize Lois as FPUA for the second year in a row has won the Best Places to Work Award. He said that is very commendable on Lois's part as she was the

prime mover in that award and wanted to thank her publicly. Mr. Lindstrom said November 15, the City has graciously invited FPUA employees to the Employee Appreciation and Thanksgiving Luncheon. He said it will be held at the Riverwalk Center and he wanted to invite FPUA Board Members as well. There are four or five time slots for lunch. It speaks highly of the cooperation FPUA has had this past year. Mr. Lindstrom said the Board has before them a chart that talks about the St. Lucie County percentage of customers that lost power and remained without power. He said this is sort of a backwards way of answering the question that was asked at the last meeting of a comparison of how well FPUA did versus our neighbors. On the chart, assuming just the customers that were impacted, the 100% in FPUA's case was 16,000 customers. After the first day FPUA had 65% of their customers restored and our neighbors to the south had approximately 22% of their customers restored. Mr. Lindstrom said on day two, FPUA had 99.9% of our customers restored and our neighbors to the south still had 22% of their customers out of lights. FPUA staff will be presenting a more complete restoration and storm history at the next City Commission meeting a week from Monday. Mr. Lindstrom said FPUA is invited to participate in the APPA's annual Legislative Rally in Washington DC February 27 through March 1. He said he will be going this year as the President of FMEA and Mike Perri will be going as our Policy Liaison with APPA. It is open to anyone that would like to attend, but we probably need to take action on that very soon so we can make reservations.

Mr. Perri said he has given everybody a Policy Maker's Liaison Committee pamphlet that was Wednesday two weeks ago in Ocala. He said the new General Manager and CEO of FMPA presented an overview of his background in the business and outlined what his strategies are for FMPA to lower prices and give better service. Mr. Perri said he thinks he is on the right track and is slated to go before the City Commission.

Mr. Lindstrom said he has already gone before the City Commission and they were the first Board he met with. He said he was here on a Monday and not able to stay Tuesday for the FPUA Board meeting, but is willing to come to this Board.

Mr. Perri said at the Liaison meeting they talked about the Advanced Metering Infrastructure and it may be something FPUA should look into. He said he is not familiar with it, but it seemed to him that it is something that may benefit our customers. Ocala is big in it.

Mr. Lindstrom said it is a fancy way of saying Smart Meters.

Mr. Perri said oh then I guess we are not interested in it and that the public would not be interested in either.

Mr. Bey asked if it is because the technology is not there yet.

Mr. Perri said the customers as a whole turned down the Smart Meters. He gets the American Public Power email daily and generally the public at large is against the Smart Meters. They say it causes heath issues and intrudes into their lives.

Mayor Hudson said they think it is spying on them.

Mr. Perri said it can tell how much electricity is used when the washing machine is on. He said the public is really against them from what he has read. APPA is for it, but is having a hard time convincing the general public it is a good thing. Mr. Perri said FPL had a lot of controversy about it when they started their Smart Meters and had to remove some of them.

Mr. Bey said from what he has read and understood from some of the conferences he has been to, the public does have a negative opinion of it. He said a lot of that is misinformation and just technology. Mr. Bey said it may not be time for it yet. He said a lot of work is going to need to be done to convince the public that it is the way to go.

Mr. Perri said apparently the people in Ocala are very pleased with it because it is a successful program. He said it identifies the peak usage, redistributes automatically, and supposedly leads to lower power bills for the customer.

Mr. Bey said one of the larger issues would be the displacement of meter readers and how would it play out.

Mr. Perri said that is one of their biggest savings is the fact they reduced meter readers by 28 or 29 people. He said they found places for them within the organization doing something else, but their jobs would eventually phase out. Mr. Perri thought he would bring it up, but now he has some clarification from Mr. Lindstrom of what it really is. He had not heard that term before.

Mr. Lindstrom said that is because there was negative connotations associated with it.

Ms. Cavalcanti asked if Mr. Lindstrom has any experience with Smart Meters.

Mr. Lindstrom said he does, but it is not good experience. He said Smart Metering has come a long way since its inception and the prices have come down. The connotations of spying and the fear of health issues have been proven wrong by studies, but that does not mean the general public accepts that proof.

Mr. Perri said that is because of who made the study.

Mr. Lindstrom said it depends on who made the study. He said the benefits to a utility are the savings on reading meters. If we install a remote disconnect along with the smart meter, we can turn customer's power on and off without making a trip to the site.

Mr. Perri said that was another point they made was their delinquent late payments almost disappeared because they can wait right to the last minute and make their payment to keep it from getting cut off. If they do not make their payment the meter is turned off. They use that to entice the people to pay on time and they know when they get that note on their phone or computer they may only have two hours to pay their bill or their electricity will be cut off. Mr. Perri said they say the manpower of cutting it off manually and reconnecting manually is a big savings.

Mr. Lindstrom said the other option to the customer is to prepay and forgo a deposit and they can pay ahead instead in our case which is about 72 days behind of usage before you get disconnected. He said the collection of data is also stated as a great benefit, but he has always been taught there is a price for data. If you do not use it, it is zero value to you. Mr. Lindstrom said he does not know what FPUA would use that data for in this utility. He said currently the vendors are diminishing and there are not as many people out there making Smart Meters. It is kind of like LED lighting where in the next few years we will get down to the people that are really good at it and we will not have to deal with it.

Mr. Perri said maybe it is something we can put on the back burner and look at it down the line. He said he was impressed because it seemed to have a lot of advantages when they made the presentation.

Mr. Lindstrom said that so far the Cities that have implemented it have not seen the financial gains they anticipated. He said they were early in so they paid a lot for their systems.

Mayor Hudson said when it is time Mr. Lindstrom can bring it to the Board.

Mr. Mimms wanted to complement FPUA's Executive Director of Utilities. He said often people wander into City Hall because they do not know what else to do or where else to turn for help. Mr. Mimms said he had the opportunity to meet a couple of our citizens that were very confused about what to do about their utility bill, who to speak to, or where to turn. He sent Mr. Lindstrom and email communication and within a matter of hours the customer had been satisfied with the response time of the customer service that has been exhibited since Mr. Lindstrom has allowed has been excellent. Mr. Mimms wanted to tell this Board that Mr. Lindstrom is doing a fantastic job as well as his staff.

There being no further business, the meeting was adjourned.

ATTEST:

SECRETARY

CHAIRMAN