MINUTES OF A REGULAR MEETING OF THE FORT PIERCE UTILITIES AUTHORITY, TUESDAY, NOVEMBER 5, 2019, 4:00 P.M., CITY COMMISSION CHAMBERS.

Members Present: Chairman Glynda Cavalcanti; Vice Chairman Charlie Frank Matthews; Deputy Secretary Frank H. Fee, IV; Mayor Linda Hudson; and Nick Mimms, Ex-Officio Member/City Manager.

Secretary Darryl Thomas-Bey excused.

Others present: John K. Tompeck, Director of Utilities; Rupert N. Koblegard, III, FPUA Attorney; Nina B. Penick, Director of Financial Services; Paul A. Jakubczak, Director of Electric & Gas Systems; Bo Hutchinson, Director of W/WW Systems, and Javy Cisneros, Director of Utility Support Services.

The meeting was called to order by Chairman Cavalcanti.

Opening Prayer was by Larry Lammers of Electric & Gas Engineering.

The Pledge of Allegiance was recited.

The roll was called and a quorum declared.

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Ms. Cavalcanti asked for a motion to excuse Darryl Bey because he is ill.

A motion was made by Mayor Hudson, seconded by Mr. Matthews, and unanimously carried to approve excusing Darryl Bey from the meeting because he was ill.

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Lois Wolfe said she was pleased to be here to present our "Best Places to Work" award for 2019. She said on October 24, she and Mr. Tompeck attended the ceremony where 15 employers out of a pool of over 40 applicants, FPUA was selected to receive the Best Places to Work award and this is our fourth time receiving the award. The award is based on a host of criteria: benefits related, along with other HR metrics, it gives an opportunity to respond to some narrative questions to outline special programs that sets FPUA apart from other employers within the community. We are very pleased to get this award once again and on behalf of all our employees who make FPUA a really great place to work.

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

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A motion was made by Mr. Matthews, seconded by Mayor Hudson, and unanimously carried to approve the Minutes of the Regular Meeting of October 15, 2019.

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

1. Approve Post Budgeted Project/Budget Request and Budget Transfer Request in the total amount of $63,000 for the US 1 Fiber Replacement Project, for the emergency replacement of Fiber along US 1 from 25th Street to Harbor Branch.

2. Approve Bid 19-04: Amendment No. 1 to the Exterior Painting at Energy Services Center Contract, with Tubito Painting of South Florida, LLC, of Fort Pierce, Florida, to increase the not-to-exceed contract amount form $59,070 to $61,570.

3. Approve the payment to Riviera Utilities, of Foley, Alabama, in the amount of $63,902.48 for Mutual Aid Assistance for Hurricane Dorian.

4. Approve POA 17-14: Change Order No. FPUA-02 with CityBase, Inc., of Chicago, Illinois, as a single source, to provide an additional outdoor kiosk for customer payments, and electronically process and record each payment transaction. The cost to FPUA will be $1.50 per transaction, with a minimum of 2,500 transactions per month total for both kiosks, for an initial term of thirty-six months from date of delivery, with unlimited, automatic one-year renewal options, contingent on receiving the required Certificate(s) of Insurance.

5. Approve POA 14-53: Amendment No. 2 to Specific Authorization GT 18-02, with Globaltech, Inc., of Boca Raton, Florida, to add to the scope of work, increase the Contract amount by $134,221.71 from $2,945,770.57 to $3,079,992.28, and to extend the Contract end date from December 31, 2019 to February 26, 2020, contingent on receiving required Certificate(s) of Insurance.

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Javy Cisneros, Director of Utility Support Services, presented the Globaltech Specific Authorization for replacement of the automatic transfer switch for the emergency generator power at the Energy Services Center (ESC). He said he was here to request the approval of Specific Authorization GT 20-02 with Globaltech, Inc. in the amount of $394,240 for the replacement of the Automatic Transfer Switch located at the Energy Service Center and to accompany also a request to approve the budget transfer in the amount of $82,700. The Energy Service Center is FPUA's primary command center for daily operation of our Electric SCADA, Corporate Services, and Communication Services for FPUAnet. Also, the ESC serves as Emergency Operations Center (EOC) for FPUA for storm restorations. This requires 24/7 emergency standby power in the event of an outage specifically during and after a major storm. Mr. Cisneros said

the ESC does have a natural gas generator and an ATS that were installed in 1996. He said starting late last year, we ran into some generator maintenance issues that resulted in an extend outage and lasted over 10 months. During the extended period of time, we had to operate the original ATS multiple times. We have some of the toughest guys at FPUA, but you know there is a problem when they do not want to operate it. Luckily, we were able to restore remotely and operate the ATS. Fortunately, the generator maintenance is now complete and we expect to get another 5-10 years from the generator, but we do not have that luck with the ATS as pieces, parts, and expertise to repair the unit are hard to find. Mr. Cisneros said he is requesting the Board's approval and is happy to answer any questions.

A motion was made by Mr. Matthews, seconded by Mayor Hudson, and unanimously carried to approve POA 14-53: Budget Transfer Request in the amount of $82,700 and Specific Authorization No. GT 20-02 with Globaltech, Inc., of Boca Raton, Florida, in the amount of $394,240 for replacement of the Automatic Transfer Switch for emergency generator power at the Energy Service Center. This Specific Authorization shall commence upon Notice to Proceed and end on or before September 30, 2020, contingent on receiving required Certificate(s) of Insurance.

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Eric Winterstein, Facilities and Fleet Superintendent, presented the truck purchase agenda item. He said he is seeking approval for the purchase of ten vehicles as part of FPUA's five-year capital improvement plan, POA No. 20-12. They will be purchased under Sourcewell, formerly National Joint Powers Alliance (NJPA). The vehicles being purchased are to replace existing vehicles in the fleet that are approaching the end of their life cycles. The end of the life cycle is determined by age, mileage, and the amount of capital spent over the last few years repairing the vehicles. The capital spent does not include normal maintenance. We believe this purchase is part of the "reliable" in FPUA's mission statement. Mr. Winterstein said for the new Board Members, FPUA has a cradle to grave approach for purchasing, maintenance, and disposition of FPUA vehicles. He said Centralized Fleet Services purchases the vehicles, repairs, maintains, and the disposition of the vehicles at the end of their life cycle through FPUA's vehicle and surplus equipment auction every two years. The total cost of the 10 vehicles is $459,261, two of the vehicles are gasoline powered, the Ford Escape and the Ford Ranger. One of them is a diesel powered Chevrolet 5-yard dump truck, diesel engines are optimal in this application, and the other seven vehicles are Compressed Natural Gas (CNG) or bi-fuel. Right now FPUA has eleven bi-fuel vehicles in the fleet and the first Board purchase was February 21, 2017 with the vehicle delivery of August 3, 2017, so we have had two years with the bi-fuel vehicles. Mr. Winterstein said he thinks it is important to have a little bit of history with them. He said after this purchase, we will have 18 vehicles in the fleet and that will put us around 10% of our vehicles being bi-fuel vehicles. They will be clean, efficient, and burning CNG. Out of the seven bi-fuel vehicles FPUA is purchasing, three are going to Water Distribution, one is going to the Water Reclamation Facility, two are going to Wastewater Collection, and one is going to the Gas Department, which already has four of the

CNG vehicles. On another note, FPUA's CNG station went into effect December 2017 so we are fueling our own vehicles.

A motion was made by Mayor Hudson, seconded by Mr. Matthews, and unanimously carried to approve POA No. 20-12: The purchase of a 2020 Ford Escape 2wd in the amount of $22,578, a 2020 Ford Ranger Super Cab 2wd truck in the amount of $27,909, a 2020 Chevrolet Silverado 3500 Diesel dump truck in the amount of $54,839, two 2020 Ford F-250 Regular Cab XL 4wd trucks, each in the amount of $52,051, a Ford F-150 Crew Cab XL 4wd Bi-Fuel CNG truck in the amount of $49,464, a Ford F-150 Super Cab XL 4wd Bi-Fuel CNG in the amount of $46,710, two Ford F-150 Super Cab XL 4wd Bi-Fuel CNG trucks each in the amount of $46,710, and a Ford F-350 Regular Cab XL 2wd Bi-Fuel CNG in the amount of $60,239 from Alan Jay Fleet Sales, Inc., of Sebring, Florida, totaling $459,261, under the Sourcewell, formerly National Joint Powers Alliance, Contract No. 2019-120716-NAF.

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Bill Crawford, Electric T&D Superintendent, presented the Altec Industries contract for purchasing two articulating telescopic aerial device material handlers. He said he is asking for approval to purchase two 48' material handle bucket trucks from Altec Industries from Birmingham, Alabama in the amount of $346,538 under the Sourcewell-NJPA contract. These two trucks will replace two 2011 material handler bucket trucks with almost 100,000 miles on them. The vehicles are part of the FY 2020 budget.

Mayor Hudson said the last trucks were bought in 2011 and asked if Mr. Crawford expected these to last about the same amount of time.

Mr. Crawford said yes.

Mayor Hudson asked if the others had 100,000 miles on them.

Mr. Crawford said yes.

Mayor Hudson said she had to look up what an articulating telescopic aerial device material handler was.

Ms. Cavalcanti said a bucket truck.

Mr. Matthews asked if the operators have to be trained.

Mr. Crawford said they are pretty much trained already.

A motion was made by Mayor Hudson, seconded by Mr. Matthews, and unanimously carried to approve POA 20-13: The purchase of two Articulating Telescopic Aerial Device Material Handlers

in the amount of $346,538 from Altec Industries, Inc., of Birmingham, Alabama, under Sourcewell-NJPA Contract No. 012418-ALT.

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Eric Myer, Electrical Engineer, presented the contract for replacement of six substation transformers. He said this is the Substation Transformer Replacement Program under POA 19-11A and our Vendor Selection Crews Program. This program is part of the strategic planning 2019 initiative as presented to the Board on August 6, 2019. As part of our grid modernization efforts, this is a budgeted program along with our storm hardening program as well. As a recap of this presentation, FPUA has several existing power transformers which are exhibiting signs of physical degradation and oil deterioration. As part of the Electric Department's response to these problems, we are proposing an infrastructure replacement procuring one unit annually for a 6-year period. The installation of the first year is planned for November 2020 and subsequent units will be installed annually in November 2021 through 2025.

Mr. Myer said as part of the Vendor Selection Process, FPUA received ten proposal under RFP 19-11A. He said the proposals were evaluated on several factors, but among them the most important ones were total cost, how much were each transformer units, and how much was the labor to install the transformer on an FPUA pad. Also evaluated was the compliance with the technical specifications and how well each vendor would adhere to FPUA's technical specifications proposed, the experience and qualifications of each vendor, how experienced is the vendor with making solutions of this magnitude, and how qualified are they to do as well. The vendor reputation and how well has the product been received by customer references provided from a vendor was important. Throughout the ten proposals, staff believes the award should go to ABB because they believe they have provided a solution that best meets FPUA's needs and will provide a reliable product for FPUA and FPUA's customers.

Mr. Myer said their recommendation under RFP 19-11A is to accept the proposal and approve two separate contracts with ABB. He said the first contract is the procurement of the power transformer units with ABB, one annually over six years for a total of $2,635,976. The second contract is the labor for the installation of the transformer units onto the FPUA pad, one annually over a six-year period for $322,132. The total for two contracts over a six-year period in total is $2,958,108.

A motion was made by Mayor Hudson, seconded by Mr. Matthews, and unanimously carried to accept proposal and approve RFP No. 19-11A: 1) Contract for the replacements of six Substation Transformers at various locations within FPUA's service territory, one annually for a period of six years, in an amount not to exceed $2,635,976 and 2) Contract for Installation and commissioning services, annually for a period of six years, in an amount not to exceed $322,132 with ABB DE Inc., of Cary, North Carolina, for a total not to exceed amount of $2,958,108. This Contract will commence upon written Notice to Proceed and end on written acceptance by FPUA, contingent on receiving the required Certificate(s) of Insurance and Payment and Performance Bonds.

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Bo Hutchinson, Director of Water/Wastewater Systems, presented the Cape Canaveral Scientific Agreement for grant writing and administration services. He said Cape Canaveral Scientific has been successful in obtaining grants for septic to sewer conversions projects such as the recent award to the Sewell's Point neighborhood down south to us. FPUA also has similar projects in the works including the Fleetwood Acres water/wastewater expansion project. Staff is recommending FPUA also contract with Cape Canaveral Scientific to apply for similar grants on our behalf. If this is successful, we will utilize Cape Canaveral Scientific for future projects in the future, hopefully on a much larger scale. Mr. Hutchinson said the cost to apply for a particular grant is $9,720 that will be funded by FPUA. He said the cost to manage the grant will be up to $63,180, which is based on an hourly rate that is extrapolated out over one year. According to Cape Canaveral, the granting agency will typically tack the $63,000 administration cost on top of the grant, which would give FPUA a net cost of zero for the management of these grants. It is possible a grant could be awarded without the management fees being included and at that point we would have to make a business decision to see if we wanted to move forward with accepting. Staff recommends the Board approve the piggyback contract with Cape Canaveral Scientific in a not to exceed amount of $251,641 annually. That is an outside number that is anticipating we will be applying for several grants each year over the next five years.

Mr. Matthews asked if we have had a contract with them before.

Mr. Hutchinson said no we have not.

Mayor Hudson said Sewall's Point has been successful and she knows they have because they are grappling with the same issue of septic to sewer. She said this is very environmentally advantageous if we can be successful.

Mr. Hutchinson said absolutely and it is also very financially advantageous as well.

Ms. Cavalcanti said we will have new customers.

Mr. Hutchinson said there is another whole side to this. He said this particular project we are using as our first pilot project to see if we are successful. The FPUA estimated cost is around $150,000 to $160,000 for our part of the infrastructure, but there is already another $6,500 without the impact fees the customer has to come up with as well for the infrastructure and the grinder pump station, etc. There is an opportunity to apply for grants on behalf of those people as well with these programs of Cape Canaveral. It is a much more substantial piece of this particular project if you figure 90 homes at $6,500, that is approximately $590,000, which a significant amount of money.

Mayor Hudson said it is a pilot project and we will see how it works.

Mr. Hutchison said yes, we will roll the dice, but they do have a very good track record. He said when they were speaking with Amy from Cape Canaveral, she said there is a point in the year when she will get a call from her contacts in the State saying there is extra grant money available, do you have anything we can use it for. A project may be underfunded and there is extra money that is available and then she can point to the direction of FPUA's project. Hopefully we will be successful with this. This was one of Mr. Tompeck's initiatives.

A motion was made by Mayor Hudson, seconded by Mr. Matthews, and unanimously carried to approve POA 19-66: The piggyback of The Town of Sewall's Point Request for Proposal No. 19-001 and Contract with Cape Canaveral Scientific, Inc., of Melbourne Beach, Florida, for grant writing and administration services in an amount not to exceed $251,641, for the period from November 6, 2019 to November 5, 2020, with four one-year renewal options, contingent on receiving required Certificate(s) of Insurance.

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James Carnes, W/WW Supervising Engineer, presented the Unit Price Contract with Blue Goose Construction. He said on September 18, 2018, the Board approved the unit price contract with Blue Goose for the installation of water/wastewater underground utilities in an amount not to exceed $1,024,000 annually with one year renewal option. The contract was based on the prices submitted in 2016, however the material and labor pricings are insufficient to support the current material and labor expenditures. Staff and Blue Goose have agreed the most fair and efficient solution is to harmonize the pricing between both of our Unit Price Contractors Blue Goose and Mastec North America, Inc. The net change is an overall increase of 0.34% on Blue Goose's current unit pricing and would only apply to FY 2020 as the unit price contract is up for renewal in FY 2020. Mr. Carnes said FPUA currently has two projects for Blue Goose to complete, the Fleetwood Acres Expansion Project and the Orange Avenue 16-inch force main. He said that presently, these two projects combined total approximately $1.6 million, but FPUA is presently limited to a contract amount with Blue Goose for $1,024,000. Therefore, staff is requesting approval to increase the not to exceed contract by $576,000 annually to cover the additional project costs.

Ms. Cavalcanti said she needs to understand something and said when we did this in 2016, was it at $1,024,000.

Mr. Carnes said when FPUA initially awarded the Unit Price Contract, it was only rewarded to Mastec North America because they were the lowest bidder. He said due to some of the strategic planning, growing the City and growing the Utility, we came up with expansion projects and other capital projects that were outside the capabilities of Mastec to perform. FPUA contacted the second lowest bidder, Blue Goose, and asked if they would like to be our second unit price contractor and they said yes and they would honor the prices. Unfortunately, we did one project with them and they essentially broke even with no profit, we got some benefit to some now

existing ratepayers, but they are unable to continue with some of the work we have with the existing prices. Most efficient way was to harmonize the prices between both the present contractors. Mr. Carnes said if you remember 2016 was three years ago and they are working with numbers based on 2016. He said those labor and material prices are lower than what their expenditures are this year. This is the most least intrusive way to try and get them to be profitable and FPUA to get our expanded capital projects completed.

Mr. Fee asked how many jobs FPUA has engaged Blue Goose to do.

Mr. Carnes said they have done one for us. He said we originally had them start with the Fleetwood Acres project and we ran into some permitting issues so we moved them into the Iroquois MSBU. This was the project that exposed these price deficiencies. FPUA estimated that project to cost about $350,000 and we paid Blue Goose $240,000. They honored the contract and the prices because they agreed to, but they came to us and said if we were to move forward we needed to try to do something different and this is what we proposed.

Mr. Fee asked if their contract is up for renewal in 2020.

Mr. Carnes said both of them are.

Mr. Fee said he does not see where we have much of a choice if their contract is up, they may choose not to do business with FPUA.

Mayor Hudson said Blue Goose is local.

Ms. Cavalcanti said she is still confused. She understands there have not been any price increases since 2016 and asked if we missed it by 50%.

Mr. Carnes asked about the 50%.

Ms. Cavalcanti said if we are going from $1,024,000 to $1,600,000.

Mr. Carnes said that is different. He said the agenda item really has two request as we read into it. He said the first request is to increase the contractual prices that have been delineated in the unit price grid, that is one. The other one is to increase the purchase order to complete two projects we have. Although there is one recommendation, there should be two. It is one to increase their material and labor prices to match those of Mastec so they can make a profit and complete the projects and part two is to increase the purchase order that we have with them. Right now it is only $1,024,000 and we need $1,600,000 in order to complete the two projects he stated earlier. Without the increasing the prices, they are not going to be able to perform the work and with the increase in the purchase order, we will be unable to complete the two projects.

Mayor Hudson said it sounds like you are making the best of an iffy situation.

Mr. Carnes said that is correct, especially with the time that we have.

A motion was made by Mr. Matthews, seconded by Mayor Hudson, and unanimously carried to approve Bid No. 16-01: Amendment No. 1 to the Unit Price Contract for Installation of Water/Wastewater Underground Utilities with Blue Goose Construction LLC, of Fort Pierce, Florida, to increase the not-to-exceed contract amount from $1,024,000 to $1,600,000 annually.
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Mr. Tompeck said the next item is an amendment to the BCR Environmental Corporation contract for Residuals Management. He said our new Operations Superintendent at the WRF, Mike Martin will make the presentation. He will also give the Board a little primer on biosolids, which he is sure everybody was hoping for today.

Mike Martin, Water Reclamation Operations Supervisor, presented the Residuals Management Services contract with BCR Environmental Corporation. He said he is requesting approval of POA 14-11, which is a contract amendment with BCR Environmental to approve a new total of not-to-exceed $650,000 as it relates to our biosolids disposal process. The U.S. EPA defines biosolids as "nutrient-rich organic materials resulting from the treatment of domestic sewage in a treatment facility that can be recycled and applied as fertilizer to improve and maintain productive soils and stimulate plant growth". Biosolids are more specifically the end product of our waste activated sludge process control at the plant. The Water Reclamation Facility wastes a calculated amount that our operators determine daily and we have to actually remove some of the solids from the system to maintain efficient plant conditions. That waste flow is chemically disinfected for pathogen removal and for odor control before our mechanical dewatering takes place. The chemical and dewatering process makes what we call a Class B biosolids cake, which is our affectionate term for it. This cake is then loaded into trailers and hauled away to land application sites mostly in central Florida.

Mr. Martin said he is going to give the Board a little more background on FPUA's plant and process. He said as shown in the picture displayed, it is the Clean B chemical train and storage tanks and on the right is the truck, trailer, and centrifuge. This system was designed, engineered, and installed by BCR Environmental and has been in service since November 2014, so we just hit five years. Waste sludge is pumped into the chemical reactor where chlorine dioxide is given a minimum ten minute hold time to properly disinfect the lower pathogen levels to almost non-detectible levels and to reduce odor. The treated sludge is directly sent to the centrifuge where a thickening polymer agent is injected to help facilitate the solids removal process. The cake is deposited in the empty trailers. We usually fill a full trailer in about two days on a normal plant condition situation.

Mr. Martin said the next pictures show our centrifuge unit, polymer feed system, the main conveyor chute, and the empty trailer. On the bottom picture is the Clean B control room where you would find the chemical pumps and metering equipment, safety equipment and you will actually see the brains of the operation. This system was designed to be a one button operation, everything else is fully automated. Once it is all complete, it is hauled off to land application sites mostly in Osceola County where it is spread out over the ground in a thin layer and allowed to be treated as fertilizer. As you have probably heard lately in the media, this has become a practice that is under a pretty intense political scrutiny as of late, regulatory and political scrutiny. Mr. Martin said lawmakers and experts point to nutrient runoff from biosolids application as one of the major contributors for the green algae and the red tide crisis that have been affecting south Florida for the last few years. He said Governor Ron Desantis recently announced a clean water initiative which he specifically targeted biosolids management and even last week the Florida DEP proposed a new rule. It would severely limit the amount of permitted application sites. The walls are closing in on our current practice of biosolids disposal.

Mr. Martin said some land usage restrictions to further make his point, according to the United States EPA, food crops shall not be harvested within 30 days after biosolids application, cattle and livestock shall not be grazed on this land until 30 days after biosolids application, turf and sod grown on the land where biosolids were applied shall not be harvested for at least one year especially if it has a high potential for public exposure like a ball field or public park or lawn. He said this is not a very sustainable solution moving forward, FPUA proposes taking proactive steps to be out in front of this regulation by amending our contract with BCR to start rerouting our solids to a new composting facility up in Fellsmere. The biosolids composting is a simple and effective way to transform and recycle our Class B product into something a lot more beneficial, usually a dry Class A fertilizer-like material that can be used immediately without further treatment. Mr. Martin said he, Mark Kobbe, and Bo Hutchinson were actually able to tour the facility back in September and were very impressed. He said the site manager took them through the whole process and they were pretty happy with the end result overall. The site manager was also kind enough to send a few pictures our way so Mr. Martin said he will give a brief rundown of the composting process so you can see what is involved. He said the first picture shows the truck and trailer coming in from a wastewater facility just like ours. The biosolids are immediately mixed in a 3:1 ratio with fresh wood chip mulch and the bi product of the compost process that has been recycled back to the beginning. These piles are turned frequently during the curing process for proper aerobic conditions and to expose the entire pile to the correct temperature. From here it goes directly into what they call active bays and these are 1,000 cubic yard nuclear bunkers, they are huge. They load the compose into these bays where there are defused aerator pipes built into the floor. The forced air during the aerobic digesting process is actually what recreates the minimum temperatures for a Class A pathogen reduction. Any residual gas or steam that is a bi-product of the process is collected and sent to a bio filter on site for odor scrubbing to keep the smell down. The final process after that digestion composting process is done in the mechanical screening. This is where all the large bi product chunks that are not suitable for the end product are collected and resent to the beginning.

Mr. Martin said the final product he was able to hold some in his hand and examine it and it felt exactly like a fertilizer you would buy at Home Depot today. It is a pretty amazing thing, there was no odor, it was perfectly dry and they were very impressed. The biosolids is obviously considered very safe to use and generally has a high degree of acceptability by the public making it a great alternative to bulk bag products available now to homeowners, ranchers, and farmers. Composting the biosolids in this manner does reduce the bacterial and viral pathogens to non-detectable levels as long as that temperature is maintained at a minimum of 55° C for three days or more. In accordance with Part 503 of the EPA regulations on biosolids, composting poses very little risk to the environment or public health in the application of compost. Mr. Martin said he thinks the most significant impact of composting is the reduced dependence on inorganic fertilizers which are contaminating the ground and surface waters with their nutrient nitrogen and phosphate runoff. As far as our plant concern, our operating permit does allow a transfer to a biosolids facility such as the compost. All FPUA has to do is submit a letter of the agreement between us and the new Nuterra Composting Facility along with giving the FDEP a 30-day notice. That letter was already drafted and submitted on October 18, 2019 so we are ahead of schedule on that.

Mr. Martin said now that we know it is a better solution, let's talk about the costs involved. He said our contract with BCR Environmental covers hauling and disposal fees, required chemicals, and as-needed maintenance or repair costs. These are billed on a monthly basis. Our hauling fee for the last fiscal year was $43.32 per wet ton, up from $40 for the year prior. The new proposed hauling rate to send our solids to the compost facility goes up to $74. The extra cost involved there is the $35 disposal fee, which is directly related to the O&M costs of running that compost facility and further treating our solids into something more beneficial. Mr. Martin showed the cost projects on the next slide. He said in FY 2018, FPUA paid approximately $207,000 in hauling costs based on a total of 5,100 wet tons hauled away. Last year in 2019, FPUA paid $197,000 in hauling costs based on about 4,500 wet tons that were hauled away. Averaging these last two years, he projected FPUA would be processing around 4,800 wet tons for the next year, which will bring our total up around $360,000 at the proposed new rate. The total cost including chemicals, which are easier to predict, should be right around the neighborhood of $558,000. That is a lot of numbers thrown at you, but the bottom line is we plan to spend about $165,000 more for our total price than we did last year over the next year. These costs are justified and worthwhile considering the environment public relations and public health benefits to be realized. The close proximity of the Fellsmere facility will reduce down time and provide a more reliable day to day operation of our facility. Taking these pro-active steps in good faith to reduce our ecological footprint will really display the environmental stewardship of FPUA and we would be part of the solution instead of the problem. Mr. Martin said all this would really serve to reinforce the spirit of our mission statement "To provide customers with economical, reliable and friendly service in a continuous effort to enhance the quality of life in our community". He would be happy to answer any question the Board may have.

Mayor Hudson asked if it reduces the amount of nitrogen and phosphate that goes into the runoff water.

Mr. Martin said the Class B biosolids compost is a Class A product and not an inorganic fertilizer. He said the inorganic fertilizers are what are loaded with the nutrients which is generally blamed for all kinds of groundwater contamination. The green algae crises is the biggest example of that.

Mayor Hudson said she assumes the Fellsmere operation has been in business for a while.

Mr. Martin said he thinks they have been open two years and were built by BCR Environmental originally and then Nuterra Organics currently runs the facility now.

Mayor Hudson asked if that is in Indian River County.

Mr. Martin said yes.

Mayor Hudson said Indian River County is represented by Senator Mayfield and she is very proactive in the whole biosolids.

Mr. Martin said he has read through it and tries his best to read everything, but she is specifically targeting biosolids management and how it is affected.

Mayor Hudson said this is operating in her district so it must fit her standards of excellence.

Mr. Martin said that is correct.

Mayor Hudson said she is glad FPUA is getting out in front of this because this is about to become a big issue. She said Commissioner Johnson at the City of Fort Pierce Commission meeting was talking about going to a meeting at the Treasure Coast Regional Planning Council and does not know if anybody from FPUA went to that on this issue. He was talking about it.

Mr. Tompeck said he is going to reach out to Commissioner Johnson and send him a copy of this presentation so he has the information available.

Mayor Hudson said he is very interested in this topic and very up on it and she told him FPUA was being forward thinking, but she wanted to hear the presentation.

Mr. Matthews said in case we have a maintenance problem, are we prepared to take care of that in a short time.

Mr. Martin said the beauty of the composting facility is it requires no machinery other than the air blowers themselves. He said otherwise it is a large tented football field size building where

they just store the piles. We do not see foresee any major issues that way and if we had to we could structure the BCR agreement to revert back to land application for certain situations. He does not foresee that happening because of the cleverly simple way the composing process works.

Mayor Hudson said she wonders why more people are not in that business.

A motion was made by Mayor Hudson, seconded by Mr. Matthews, and unanimously carried to approve POA No. 14-11: Amendment 1 to the Residuals Management Services Contract with BCR Environmental Corporation, of Jacksonville, Florida, to increase the not-to-exceed amount from $440,000 to $650,000 annually, contingent on receiving required Certificate(s) of Insurance.

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Nina Penick, Director of Financial Services, presented the August 2019 Financial Operating Results and the 11 months then ended. She the operating income is up $138,000 even though our capacity reductions are down $473,000. We do have a year-to-day increase in net positon after distribution adjustment in the amount of $4,624,000, which is up $1.7 million from last year. We are having a fairly good year for many reasons. The increase in operating income when compared to FY 2018, is primarily due to increases in residential and general service sales, offset in part by increases in general and administrative, field operations, and depreciation expenses. Taking a closer look at each individual system, we can see the electric system is having a very good year. The revenues which are the red bars were down 1% from FY 2017 to FY 2018. FY 2018 to FY 2019 revenues are up 3%, consumption which is represented by the black line was down 2% from FY 2017 to FY 2018, but has bounced back 4% from FY 2018 to FY 2019. We are doing really well on the electric side. For the water system, operating revenues are very much affected by the capacity reductions that have taken place this past year and are the same from previous years to date periods. The reason you are seeing the decreases in FY 2018, it is not really a decrease in 2018, it is more of an increase in 2019 because of the capacity reductions we were able to record, guaranteed revenue charges we thought were uncollectable. We are very pleased to have that win/win with our developers. The operating revenues depicted by the blue bars, although they were down 4% from FY 2017 to FY 2018, they bounced back up 9% from FY 2018 to FY 2019. Mrs. Penick said she does not know if that is going to be sustainable because of the one-time capacity reductions, but we will take it while we got it. We also had a 3.0% rate increase in October 2018, which is also partially attributed to the capacity reductions. Consumption, depicted by the black line was down 3% from FY 2017 to FY 2018, but bounced back 5% from FY 2018 to FY 2019. On the wastewater side our Operating Revenues are up 3% from FY 2017 to FY 2018 and up another 2% from FY 2018 to FY 2019, affected by the capacity reductions. The gallons billed was down 1% from FY 2017 to FY 2018 and up 3% from FY 2018 to FY 2019. On the gas side, the revenues were up 1% from FY 2017 to FY 2018, but up 6% from FY 2018 to FY 2019. Very good results as well as the amount of gas consumed was up 3% from FY 2017 to FY 2018 and up 8% from FY 2018 to FY 2019. The gas contract consumption was up 4%, which resulted in a 3% increase in contract revenue.

Mrs. Penick said one of the measures we use to measure our financial health is our debt service coverage, how much revenue do we have to pale for debt. She said we have a minimum in our bond covenant of 1.25. The debt service ratio for the 12 months ended August 2019 was 3.19, which is more than double the 1.25 required by FPUA's bond covenants. That is something we like to continue to see which is a very good indicator of our financial health.
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Mrs. Penick presented the Power Cost Adjustment (PCA) update for September 2019. She said she will provide information about September's power cost and updated projections through September 2020. 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 $59.94 for 1,000kWh, a decrease of $2.99 as compared to August. The over-recovery from the customer for the month of September totaled $1,038,670. The cumulative over-recovery was $4,655,027 as of September 30, 2019. The graph depicts four PCA options. Each line represents what the over-recovery would be if the projections are correct. These projections are prepared by Raftelis Financial Consultants, which in turn are based on projections prepared by Florida Municipal Power Agency. A $2 decrease to the Power Cost Adjustment (PCA), effective December 1, 2019, is recommended at this time, the green line. An option to make no change to the PCA is depicted by the gray line, would create a result that we would continue to over collect more. An option to decrease the PCA by $3 is depicted by the red line and that would mean we would be giving back more and our over collection would be less. Another option is shown to decrease the PCA by $5, which is depicted by the orange line on the very bottom. Mrs. Penick said the blue dotted lines represent the range of the Board-recommended over-recovery, which is where we want to be and are aiming for. She said since August's forecast, FMPA's estimate of the price of purchased power for the upcoming 12 months decreased 0.6%. Due to the cumulative over-recovery from FPUA's customers, staff is recommending the Board approve a decrease to the Power Cost Adjustment of $2 per 1,000kWh, from -$8 to -$10 per 1,000kWh, effective December 1, 2019.

Mayor Hudson said the green line is pretty high up for our over recovery the way she is looking at it. She said if we did $2 now, we might do an additional $1 as we watch it.

Mrs. Penick said that is always an option.

Ms. Cavalcanti said like in May.

Mr. Tompeck said he kind of likes to get over the winter hump to make sure gas prices do not go out of control because of an artic vortex or something like that.

Mayor Hudson said this is looking pretty good right now, but she knows it is a change.

A motion was made by Mayor Hudson, seconded by Mr. Matthews, and unanimously carried to approve a decrease to the Power Cost Adjustment of $2 per 1,000kWh, from -$8 to-$10 per 1,000kWh, effective December 1, 2019.

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Mr. Tompeck said the next item is the contract for AMI and if you recall we gave you a preview of this contract at the September 17th meeting. He said the contract has been finalized and signed by Elster and Paul Jakubczak and Josh Gang will give the presentation.

Paul Jakubczak, Director of Electric & Gas Systems and Josh Gang, Risk Manager, presented the contract for Elster Solutions for the Advanced Metering Infrastructure (AMI). Mr. Jakubczak said he is pleased to let the Board know there is light at the end of the tunnel for this. He said we have been doing this for over 14 months right now between the bids, the evaluations, and the negotiations. We are finally to a point where we can present this to you. He will do a brief presentation similar to what was done at the September 17th meeting, but please ask questions if you feel necessary. Mr. Jakubczak said he would like to recognize Jerry Cooley with Honeywell/Elster who is in the audience in case the Board has any questions for him. Mr. Cooley has been one of our partners in working towards this negotiation. AMI is a two-way communication with our meters in the field and will provide a better customer experience for all of FPUA's customers. We will be able to read meters more often and get more information quicker to be able to respond to potential problems. Listed on the screen are some benefits to FPUA that we went over last time and a couple he would like to highlight is we will be able to do more pro-active maintenance, remote disconnects and reconnects, same day turn on/off, also customer service inspection program to be able to visit all of our meters, and to help our customers out with replacements if necessary on the electric side. We would work with them on the water and gas side as well.

Mr. Jakubczak said some of the benefits to our customers are that FPUA will be more pro-active with our customer service and be able to see the data on a daily basis, be able to work with customers if they have a leak. He said FPUA will be able to let them know before the 30-day bill shows up. We will also be looking at the possibility of doing additional payment options, pay as you go, time of use, and maybe flexible billing schedules. There will be a customer information portal that will be going out to our customers so they will be able to track their own usage to be able to determine how they can actually save money with their usage.

Mr. Jakubczak displayed the FPUA 6-year cost breakdown on the screen and said it is a big number. He said the estimated cost is a little over $7.6 million and the breakdown of $3.7 million for electric, $1.6 million for water, $400,000 for gas, and then there is infrastructure, implementation charges and set up with our system of roughly $2 million. The estimate shown is over a 6-year period and part of the estimate is based on how quickly we can get the meters deployed, but it also has to do with growth. As we grow our system it means we have to purchase

more meters and expand our infrastructure, which means these costs may go up. In the contract itself, it does have a set cost per meter over the 6-year period. Back in February 2018, we sold part of our jointly owned transmission line to FPL for the Vero Beach sale and we are going to use the $2 million from that sale as seed money to help initiate this progress for Fort Pierce. That would leave roughly $5.6 million left which we will look at different options. One is we may be able to absorb that in our current budget the way it is set up through our capital expenditures, through our yearly replacements of meters, or we may have to fund it through a bond issuance. It is yet to be determined, but we have to get to that point of needing all that money first.

Mr. Jakubczak said the next steps are to develop a master schedule. He said after approval tonight, we are looking at 30 to 60 days to put together a master schedule on how we are going to deploy this. We will be doing some public outreach to make sure our customers know what is going on. You would be surprised that most of our customers are used to seeing the meter reader come by once a month. It is kind of like people coming into the billing office to pay cash, some people just like to do that. We will do some public outreach to make sure the customers know we still do care about them and are getting accurate reads for the meters. We will also be installing and ordering material, which we believe to be roughly a 60 to 90-day procurement process and are really looking at installation of infrastructure somewhere in the January or February time frame. One of the things we are also going to be looking at is internal processes within FPUA that need to be changed. Something you may have heard over the years is "It is no longer your father's utility", which is kind of true if you think about cell phones. Cell phones used to be a little bag phone you could carry around or going back even further than that where you see a dial phone. Now you pick up your phone and it automatically dials for you, you do not have to remember anybody's phone number. There is going to be some internal changes within FPUA that we are going to have to tackle as we move forward with this.

Mr. Jakubczak said we plan an advanced deployment and the displayed slide shows the water, electric, and gas advanced deployed areas. He said staff looked at where in our area do we have all three utilities and that is shown up in the shaded area. We want to be sure to test the technology outside of the electric territory and that is where you see some on the bottom middle is in the gas territory near Rio Mar and the water territory out on the beach. We want to make sure all the technology we are looking at in all the areas we are planning deployment will be done. This process will take roughly six to eight months and will be a lot of testing and converging and talking with our vendors as well as internally. If we decide this is the great solution for us and all the test come back, we will move forward with full deployment of the entire system over the next 5 ½ years. Mr. Jakubczak said Josh Gang will now talk about the contract.

Mr. Gang said after some extensive negotiations we have now finalized the contract, which is before the Board for approval and signature. He said the negotiations went well and he believes FPUA got what he would describe as the best deal we could get from Elster-Honeywell. They approach it as a partner and our team did a good job negotiating a contract. A team from FPUA that included Mr. Gang, Mr. Jakubczak, a number of other individuals, Mr. Tompeck, and

especially he would like to thank Nancy Palka. She did a great job in helping out with the pricing to be sure everything worked out perfectly. The initial contract term is a 6-year term and Paul showed the Board earlier the pricing breakdown. It comes out in an advanced deployment and once FPUA has the proof of concept and achieved milestones in the advanced deployment, we would be then looking at advanced testing for the entire project. We would then move on to a full system deployment.

Mr. Gang said the contract components he will discuss in the next few slides break out with a Smart Grid Solution Agreement, which is the overall contract. He said within that is a Statement of Work, System Components for each part of the system, pricing and insurance terms, and then a Service Level Agreement (SLA) which includes the system acceptance and testing. The SLA is how we monitor and make sure they are providing us the services they have agreed to. The general terms and conditions are in the Smart Grid Solution Agreement and that is where you would find the commercial terms. Listed are the heavily negotiated portions of the contract and we fought hard to get FPUA's standard requirements and to include them in the agreement, to have a pilot program with that system acceptance testing, then we moved on to payment and delivery terms, and pricing cap on increases which was very important to protect FPUA to avoid unacceptable risks. Also included is the warranty, limitation of liability and remedies in case there are issues with the SLA and how we ensure they meet those requirements. Insurance and risk allocation was a pretty intensive back and forth between FPUA and Elster. There is a system life cycle so we guarantee future compatibility and we got a 10-year compatibility out of the system so three years down the road we will not have to go back and replace pieces immediately. The data use and retention was an important piece because we are going to be getting a lot of data through the system that we have never had before. Florida has passed some new laws that protect that from privacy issue so individual's data is not out there and available. There is also the Service Level Agreement as mentioned before and system requirements.

Mr. Gang said one of the system components is the HEMS EnergyAxis (Honeywell EnergyAxis Management System). He said it is the core system component that is a cloud based system which is in a secure hosted environment. In that environment there is a utility portal and also a customer portal so the customers can go on line and see their usage day by day. That is good for them to track their usage, know what is coming up, and a good way to estimate their bills. It also supports FPUA client billing integrations and also support, disaster recovery and business continuity in the case of disasters. Another component is the FieldSense/MeterSense and this is the hardware and software components. It includes the system components, the maintenance, mobile applications and configuration tools for when we are setting up the system on the customer and FPUA sites. Also included is the data collection and data communication systems to get the data from the meters back to the HEM system and ultimately to FPUA.

Mr. Gang said the SOW and Service Level Agreements which are also include is where we have our system planning/configuration/functionality, which includes the details on the advanced deployment as Paul discussed. He said there is reporting and compliance for Honeywell to FPUA

and system testing and acceptance. The utility portal outlines exactly what is going to be provided by Honeywell on that portal which is FPUA's side of looking at the customer usage and data. That includes the dashboard system with some meter level data granularity in the system and also has outage reporting. The consumer portal is the customer's online version and what they would see once we set up the system. It is a self-service account access, gives them their consumption, their user information, rate comparison from month to month or year to year, outage information is immediate, and they can check it on their phone or by internet at their home. The Service Level Agreement is designated service levels, system performance, system testing, and validation that will be a monthly process where FPUA will get a monthly report from Elster/Honeywell telling us exactly how they are doing meeting the requirements that are in the contract. It also has a section on the evaluation and corrective steps so if they are not meeting certain steps there is an escalation process where they agree to fix it and/or come visit FPUA to explain how they will improve what they are doing. It escalates there into some repayment if it becomes necessary, but we are not expecting to see, but we have some remedies there.

Mr. Matthews asked Mr. Gang to go to the previous slide. He would like to talk about the life system and asked what he considers the life system requirement.

Mr. Gang said FPUA put in a 10-year system compatibility so as there are incremental upgrades on Honeywell's side, they have guaranteed a 10-year compatibility to the systems FPUA is buying. He said if they make incremental upgrades or even large system upgrades, FPUA's system will still work with what we have purchased in terms of systems, software, and components will work for that 10-year period.

Mr. Matthews asked about the maintenance for that 10-year span. He asked if it is done yearly.

Mr. Gang said the maintenance on the software and their systems is included, it is part of the fee we pay every year.

Mr. Matthews said he has a concern on the customer's portal on the last page. He asked if the customer has access to the website or does FPUA have the website and they have to tap into it on line. How does it work online and having a website?

Mr. Jakubczak said the way FPUA is proposing this is for it to be a mobile app where they will be able to pull it up on their phone or they can log into their account and do it. He said one of the other projects we are working on right now which we hope to roll out at the same time is to be able to bring in everything into one portal. When you log in, you can pay your bill, you can look at your usage, you can do anything else with your account that we have access and set up for. We are kind of looking at that, but the customer portal itself will be available for the customer to come in and look at how much usage and look at the tracking mechanism. If you want to say I used 1,000kWh last month, what am I on track to do this month. You will be able to see if you are close or higher, tracking mechanisms that way. The customer is going to be able to truly see

what their usage is for each of the meters. Once we get this up and rolling, we will do a demo for the Board at a meeting just so the customers know. It will be part of our outreach as well to do some town hall meetings or meeting with civic groups to show them what we are rolling out so the customer is aware of it.

Mayor Hudson said that we can know our usage right now, but you only know it when you get your bill.

Mr. Jakubczak said that is the way it is set up right now. He said it is 30 days past because FPUA reads 28 to 30 days so whatever usage you have prior to that, it is the information we will be able to give you today.

Mayor Hudson said immediately so it will be a much more immediate thing.

Mr. Jakubczak said yes.

Mayor Hudson asked if on the customer's bill will there will be a charge for this meter.

Mr. Jakubczak said no there will not. He said it is all going to be based into the current rates we have set up for the customers.

Mr. Fee said in regard to the system life cycle, when we hit year 11 and things start to become obsolete, what is the plan of action moving forward. He asked if there is something FPUA has to budget at a 10-year reserve or equipment replacement and upgrades.

Mr. Jakubczak said we currently do that now. He said electric meters used to be 25 to 30 years and as they have gone to electronic versions, the life cycle has gotten less and less. He said if you look into the budget, every year we put in on the electric side about $300,000 to $400,000 a year to replace meters. Those are meters that are failing because they are not obsolete, but they are failing because they have gone past their life cycle expectancy. It is similar to what Eric Meyer talked about with the transformers. Those transformers have exceeded their expected life and it would be more expensive to continue to operate them than to just replace them. Those have a 30 to 40-year life, but meters now a days we are talking 10 to 15 years tops and are lucky if you are getting that because of the conditions. We have the sun and UV where some of the meters are hard to read so we would replace them. Some of the technology in there gets old and it is like a phone or a computer. You buy a computer today and it is pretty much obsolete in a week's time because they have come up with something new. You are always going to have to upgrade and do those kinds of upgrade for a system like this. We will budget for that through our normal budgeting processes. In 10 years or 15 years, we cannot guarantee we will not have a capital expenditure to replace some of this equipment, but we are going to see some efficiencies coming through. That is one of the things we are looking at as we are moving forward on how we can

make what we are doing today more efficient to be able to offset some of those costs in the future.

Mr. Fee asked if we expect to have at least a good solid 10 years based on their warranties and that we are not going to have any problems with the software and the components.

Mr. Jakubczak said that is right and we actually have extended warranties on the meters as well to get us to that period of time.

Mr. Gang said the software 10-year compatibility is the key, we do not want to get versioned out as we approach that 6-year expiration of the contract. He said we want the software to be able to be compatible with what we are using so we do not have to make these large system upgrades and stuck behind the eight ball.

Mr. Fee asked if they thought we would have to do a large system upgrade at the end of 10 years by virtue of a software change.

Mr. Gang said that is a tough question to answer and would expect as they roll closer to that time, get through five, six, seven years, we will be advancing so we would not have a 10-year back system. He said that is a long time in the life cycle of what we are talking about. He would expect we would not have many systems that are stuck from that period of time that we are still using. We will be upgrading as we go and as technology improves.

Mr. Matthews said Hank talked about one part, but he is concerned about another part of it. He asked if in five or six years if FPUA would be able to tell if we are holding on good and at some point be able to evaluate it on our own system.

Mr. Jakubczak said we will be doing continuous monitoring on the quality of the equipment as we go through. He said as he told Honeywell when this was first started through the advanced deployment section. He is going to set up a special account and actually try to break it, try to break the meter, try to do different things just to make sure that every aspect that is imaginable out there has been tested in the system. As we go through, we are going to continue as Josh mentioned, we have criteria in the contract that says they have to meet a certain service level. If we start seeing those service levels degrade down, it is going to be time for them to come up with a solution on how to bring them back up to an acceptable levels or there is penalty clauses also in the contract for just that purpose.

Mr. Matthews asked what we are going to do about evaluations of complaints from customers.

Mr. Jakubczak said we are hoping our customer outreach handles a lot of complaints, that sounds good, but we know there is going to customer complaints. He said a lot of the customer complaints are going to be based on education of customers. Educating them exactly with what

FPUA is doing, why we are doing it, how it is a benefit not only to the customer, but also to FPUA. As mentioned with our efficiencies, as we get more and more efficient and get more data and be able to look into the future, we may be able to come up with different programs to be able to potentially lower our rates as we start doing some of these deployments moving into the future. A lot of it is going to be customer education.

Mr. Gang said one of the other pieces is a power quality. He said this system will give us more insight into our power quality on the user end. We will be able to replace systems that are starting to break down and fail in advance before there is literally a power outage or someone's system goes down and they have damage to their appliances or equipment.

Mr. Jakubczak said one of the things we are looking at or going to be employing with this process is we are going to visiting every meter. He said we are going to have to be going in and changing the meters and as we are doing that we are going to be doing a physical inspection of that meter socket. Most of the time customers are not going to call with a power quality issue, a heated lug or burned up wire until they start having problems. We are going to be pro-active as we are changing meters and if we see that, we have worked out a program with the City to be able to help the homeowner to get that changed at little or no cost to the homeowner itself.

Mayor Hudson asked if there are other FMPA companies that are going through this or have gone through this.

Mr. Jakubczak said there are quite a few on both spectrums. He said we have some that have been in deployment for six to ten years like OUC, Lakeland, and Ocala. There are some that are looking at it like Clewiston, Havana, and Newberry are working with FMPA and getting that information out there from utilities like us that have gone through this process of bidding it out and negotiating to those that have already had this deployed for many years.

Mayor Hudson said FPUA can learn from those and what others have done before us.

Mr. Jakubczak said definitely and we have reached out to them as well to get some growing pains to try and avoid.

Mayor Hudson asked how physically different is the new meter.

Mr. Jakubczak said the homeowner will not know the difference, it is going to be the same meter.

Mayor Hudson said that is helpful.

Mr. Jakubczak said the only major difference they will see is on the water side. He said instead of having a metal lid where the water meter is, it will be a composite lid because the radio signal cannot get out of the metal lid it has to be a composite lid. That is the only change anyone is

going to see other than a bright shiny meter on the side of their house either from the gas perspective or electric perspective.

Ms. Cavalcanti asked if it is going to rotate around like it does now.

Mr. Jakubczak said there will be a little digital display and they do not have any meters out there that have a disco light on them.

Mr. Gang said these systems have been out there for a very long time and they have had them out west and in Florida for going on ten years. He said FPL has them and they even have them inside FPUA territory or inside the City.

Mayor Hudson asked if they are acclimated to the salt and moisture.

Mr. Tompeck said one of the reasons we had not pursued this before is because we wanted to make sure the technology was matured. He said it has matured so we do not put ourselves at risk.

Attorney Koblegard said like he said before when this first came out for discussion, you have to give Josh and Craig a lot of credit for this because they have spent a tremendous amount of time. He said he wanted to go over a couple of things and said he did not say the name correct it is Paul not Craig. Mr. Koblegard said just as a matter of correctness on the first page it states it was not reviewed by the attorney, however he did sign the contract on having reviewed it with Josh Gang.

Mr. Gang said yes, numerous times.

Attorney Koblegard said they reviewed it multiple times, six or eight times.

Mr. Gang said absolutely they reviewed all the commercial terms and legal terms as they came up and any issues we were having we talked on the phone or met to talk about it.

Attorney Koblegard said when you say FMPA, some of the other members have gone ahead of us and are doing this at this time.

Mr. Jakubczak said that is correct.

Attorney Koblegard asked if they were using Elster, or Core, or Landis mostly.

Mr. Jakubczak said all three and there is probably a fourth and a fifth out there that has been in the industry as well. He said we are unique from some of the other utilities because we are doing a triple play of water, gas, and electric. Some of them will just have water and electric, some of

them will may just have water. KUA has actually got partial deployment on the water side and are working on the electric side, or vice versa, he forgets exactly what they are. FPUA will be a unique one in the state where we will have all three utilities under one umbrella.

Attorney Koblegard said this is for Josh and that he is assuming all the blackouts on the document were requested by Elster.

Mr. Gang said that is correct, they are confidential and trade secret.

Attorney Koblegard asked if they are proprietary, all of that.

Mr. Gang said that is correct.

Attorney Koblegard said since Elster is here, he referred to Section 13 - Termination and said he has not seen it with all the blackouts.

Mr. Gang said he did not bring a copy.

Mrs. Mazzarella gave him an un-redacted copy.

Attorney Koblegard said if you look at paragraph number one under section 13, it says …."and fails to remedy the breach within" and they blacked that out, he is assuming that is the number of days is all. He said it then states …"days after receipt of" blacked out "written notice", Mr. Koblegard asked how that is proprietary.

Ms. Cavalcanti said it does not have a page number.

Attorney Koblegard said the pages are not numbered, but it is under Termination Section 13. He is not objecting to that, he just wants Elster to know that in his opinion, that would be very hard to claim as proprietary if someone took us to task over that.

Mr. Gang said he thinks what they are getting at is it is negotiated terms and so they do not want their competitors to know what they are agreeing to. He said it is days he believes and they consider as much as the contract as they can proprietary.

Attorney Koblegard said that is fine. He said on number 4 - Payment Terms 4.3, you can read these things so many times you think you have it right, but the last line it says "Airfare will be coach fare with moderate hotel accommodations." He guesses they are referring to what the cost to fly.

Mr. Gang said that is correct, coach as opposed to first class.

Attorney Koblegard said in there it says "Receipts for expenses over blank will be furnished." He asked if they consider that proprietary.

Mr. Gang said he did not review that part and that is FPUA's policy so it is expenses over $25, they may have just been in a rush in redacting.

Attorney Koblegard said just so Elster understands that some of this we can protect and some of it we may not if someone takes us to task.

Mr. Gang said that is correct.

Attorney Koblegard said that is all he has and apologized for mixing your name up Paul and Josh. He said he knows them as well as he knows himself.

Mayor Hudson asked Attorney Koblegard if he was okay with the agreement.

Attorney Koblegard said yes.

Mayor Hudson said this is a really big motion.

A motion was made by Mayor Hudson, seconded by Mr. Matthews, and unanimously carried to accept proposal and approve the negotiated Contract for the implementation of an Advanced Metering Infrastructure network with Elster Solutions, LLC, of Raleigh, North Carolina, over a six-year period, in an estimated amount not to exceed $933,162.45 for the first year, which includes the advance deployment and the year-one system maintenance fee. The total cost of the AMI implementation is not expected to exceed $7,652,211.05. The term of this Contract will be from November 5, 2019 to November 4, 2025, contingent on receiving the required Certificate(s) of Insurance.

Mr. Tompeck said he also would like to mention in addition to Paul, Josh, and Nancy as he looks out in the crowd here, just about everybody got involved in this contract in some way, shape, or form. He said it was a very good team effort.

Attorney Koblegard said so did Mr. Tompeck.

Ms. Cavalcanti said she can imagine.

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Mr. Tompeck said the last item today is to approve the professional services agreement with Mr. Koblegard. He said this kind of an outcropping from the original 1996 letter which identified some of his services and we wanted to formalize that. Josh Gang who developed the document will also make the presentation.

Mr. Gang presented the contract for Attorney Koblegard. He said as Mr. Tompeck explained, we have been working under the original fee arrangement with Mr. Koblegard dating back to 1996 and that was in a letter from May 1996 and at the Board's request we have added a bit more to that and clarified the arrangement that he is working under. We developed this comprehensive agreement and it tracks the existing arrangement largely and we have expanded on it. We have included a well-defined scope of services, clarified the fee arrangement for his legal services and expenses, he acts as FPUA's attorney, and it also includes provisions for the agreement term and termination, benefits, and dispute resolution. The retainer fee for a base annual retainer fee, Mr. Koblegard provides legal services to FPUA that includes representing FPUA and the Board, attending Board meetings, being available on-call on and an as-needed basis, which is the point of the true retainer fee as opposed to a retainer fee where a client would pay an attorney and those fees are subtracted as they do work. Mr. Gang said that is often how it works for individuals, but this is a true retainer fee agreement, which is a different way of arranging these. He said the agreement further provides the Board and staff advice and counsel on legal issues, which includes review of contracts, provides guidance on disputes, guidance on contract negotiations, legal and regulatory compliance, policies and procedures for FPUA, governance, and other general legal matters as well.

Mr. Gang said in addition there is some additional work that is beyond those retainer fees that is contemplated by the agreement. He said if those things are outside that scope or we had additional services we needed that may be more work or attention needed. These services are as requested, but there would be additional fees such as representing FPUA in litigation which obviously would be considerably more work, administrative hearings or other proceedings. This includes advising FPUA on bonds, public policy, and other legal work outside the scope of the basic retainer fee services. It is hard to go into the details of everything that might come up, but we have tried to capture as many of them in the agreement that you have in your packets. The term of the agreement of itself is an ongoing agreement, either party can terminate it, but it keeps on going until terminated. It requires on FPUA's side 30 days' notice and we have asked Mr. Koblegard to give additional notice which will avail FPUA time to find replacement legal counsel if needed. Under the agreement, Mr. Koblegard is not an employee, he is an independent contractor so his compensation does not include unemployment or social security benefits. It does provide provisions for benefits and then he is also required to carry professional liability and malpractice insurance. Mr. Gang said that is it in a nut shell and he would be happy to answer any questions and Mr. Koblegard would be happy to answer any questions as well.

Mr. Matthews said he can say one thing if he has not said anything else today, definitely since 1996 there has been some professional improvement. He is concerned about any benefits that the attorney may get should be noted because if he gets insurance, he may not want to continue his legal services with us, but his insurance would be up to him if he wants to carry it.

Mr. Gang said he is required by the agreement to carry malpractice insurance so that is not an option. He asked if Mr. Matthews is asking about the conflict of interest.

Mr. Matthews said yes.

Mr. Gang said he is precluded by the professional rules of ethics for attorneys of having that type of conflict in representation and he would have to notify the Board and or not represent clients that are in direct conflict.

Mr. Matthews said Mr. Koblegard has been around since 1996 and he may not remember a case he had around 1996, you could not hold him responsible as far as something new coming up at this day in time in 2019. He said as time goes on people change their last names if it is a female and if they come back, how are you going to address it. He said he is concerned about the conflict of interest, but he is concerned that some things are not that valid in a conflict of interest, if he has someone involved in a case 25 years ago and forgot about it altogether.

Mr. Gang said if there is a direct conflict, attorneys are required to keep their historical records and keep track of their conflicts. He said if there is a direct conflict, he would hope Mr. Koblegard and his firm would know and recognize that very quickly and would notify the Board and make arrangements.

Mr. Matthews said in this case he is not questioning to keep him from being involved, he is saying there are things he would be involved with matters dealing with the Utilities Authority. He said something could be a conflict some 20 years ago and Mr. Matthews thinks he should represent the Utilities Authority and not bow out because he has a small conflict of interest.

Mr. Gang said the way the ethics rules work is it would be up to Mr. Koblegard to determine how to resolve that ethics problem, but one way or the other he would have it resolved whether he would stop representing the other client and continue to represent FPUA and the other client would have to seek independent counsel is one way to get it resolved.

Mr. Tompeck said it is Mr. Koblegard's responsibly to identify those conflicts to FPUA.

Mr. Matthews said he does not see that coming up very often in life, maybe one or two things may be somewhere.

Attorney Koblegard said he would never represent anyone against the Utility Authority, he would not be allowed to do that. He said his code of ethics would bar him from doing that and he would be subject to being disbarred if he did something like that so that would never happen. He has always carried a minimum of $1 million of malpractice, not just for the UA, but for everything. He believes all lawyers do that. Attorney Koblegard said he has read it and is happy with it and at one point made some changes, however he had to retire and without cause, you would not want that in there.

A motion was made by Mr. Fee and seconded by Mr. Matthews to approve Professional Services Agreement with R.N. Koblegard III, FPUA Attorney. Those voting for approval were Mr. Fee, Mr. Matthews, and Ms. Cavalcanti. Mayor Hudson abstained because of a conflict that Mr. Koblegard is her brother-in-law.

Attorney Koblegard said Florinda has the form for Mayor Hudson to sign.

Mayor Hudson said she has it now.

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Mr. Tompeck said he did not have any additional comments this afternoon.

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There being no further business, the meeting was adjourned.

ATTEST:

SECRETARY

CHAIRMAN

# FORM 8B MEMORANDUM OF VOTING CONFLICT FOR COUNTY, MUNICIPAL, AND OTHER LOCAL PUBLIC OFFICERS

| LAST NAME—FIRST NAME—MIDDLE NAME | NAME OF BOARD, COUNCIL, COMMISSION, AUTHORITY, OR COMMITTEE |
|---|---|
| Hudson Linda | Fort Pierce Utilities Authority |
| MAILING ADDRESS<br>100 N. US Highway 1 | THE BOARD, COUNCIL, COMMISSION, AUTHORITY OR COMMITTEE ON WHICH I SERVE IS A UNIT OF:<br>☑ CITY ☐ COUNTY ☐ OTHER LOCAL AGENCY |
| CITY<br>Fort Pierce<br>COUNTY<br>St Lucie | NAME OF POLITICAL SUBDIVISION: |
| DATE ON WHICH VOTE OCCURRED<br>Nov. 5, 2019 | MY POSITION IS:<br>☐ ELECTIVE ☑ APPOINTIVE |

## WHO MUST FILE FORM 8B

This form is for use by any person serving at the county, city, or other local level of government on an appointed or elected board, council, commission, authority, or committee. It applies to members of advisory and non-advisory bodies who are presented with a voting conflict of interest under Section 112.3143, Florida Statutes.

Your responsibilities under the law when faced with voting on a measure in which you have a conflict of interest will vary greatly depending on whether you hold an elective or appointive position. For this reason, please pay close attention to the instructions on this form before completing and filing the form.

## INSTRUCTIONS FOR COMPLIANCE WITH SECTION 112.3143, FLORIDA STATUTES

A person holding elective or appointive county, municipal, or other local public office MUST ABSTAIN from voting on a measure which would inure to his or her special private gain or loss. Each elected or appointed local officer also MUST ABSTAIN from knowingly voting on a measure which would inure to the special gain or loss of a principal (other than a government agency) by whom he or she is retained (including the parent, subsidiary, or sibling organization of a principal by which he or she is retained); to the special private gain or loss of a relative; or to the special private gain or loss of a business associate. Commissioners of community redevelopment agencies (CRAs) under Sec. 163.356 or 163.357, F.S., and officers of independent special tax districts elected on a one-acre, one-vote basis are not prohibited from voting in that capacity.

For purposes of this law, a "relative" includes only the officer's father, mother, son, daughter, husband, wife, brother, sister, father-in-law, mother-in-law, son-in-law, and daughter-in-law. A "business associate" means any person or entity engaged in or carrying on a business enterprise with the officer as a partner, joint venturer, coowner of property, or corporate shareholder (where the shares of the corporation are not listed on any national or regional stock exchange).

* * * * * * * * * * * * * * * *

### ELECTED OFFICERS:

In addition to abstaining from voting in the situations described above, you must disclose the conflict:

PRIOR TO THE VOTE BEING TAKEN by publicly stating to the assembly the nature of your interest in the measure on which you are abstaining from voting; *and*

WITHIN 15 DAYS AFTER THE VOTE OCCURS by completing and filing this form with the person responsible for recording the minutes of the meeting, who should incorporate the form in the minutes.

* * * * * * * * * * * * * * * *

### APPOINTED OFFICERS:

Although you must abstain from voting in the situations described above, you are not prohibited by Section 112.3143 from otherwise participating in these matters. However, you must disclose the nature of the conflict before making any attempt to influence the decision, whether orally or in writing and whether made by you or at your direction.

IF YOU INTEND TO MAKE ANY ATTEMPT TO INFLUENCE THE DECISION PRIOR TO THE MEETING AT WHICH THE VOTE WILL BE TAKEN:

- You must complete and file this form (before making any attempt to influence the decision) with the person responsible for recording the minutes of the meeting, who will incorporate the form in the minutes. (Continued on page 2)



CE FORM 8B - EFF. 11/2013
Adopted by reference in Rule 34-7.010(1)(f), F.A.C.

## APPOINTED OFFICERS (continued)

- A copy of the form must be provided immediately to the other members of the agency.
- The form must be read publicly at the next meeting after the form is filed.

IF YOU MAKE NO ATTEMPT TO INFLUENCE THE DECISION EXCEPT BY DISCUSSION AT THE MEETING:

- You must disclose orally the nature of your conflict in the measure before participating.
- You must complete the form and file it within 15 days after the vote occurs with the person responsible for recording the minutes of the meeting, who must incorporate the form in the minutes. A copy of the form must be provided immediately to the other members of the agency, and the form must be read publicly at the next meeting after the form is filed.

## DISCLOSURE OF LOCAL OFFICER'S INTEREST

I, Linda Hudson, hereby disclose that on NOV 5, 20 19:

(a) A measure came or will come before my agency which (check one or more)

___ inured to my special private gain or loss;*

___ inured to the special gain or loss of my business associate, _____;

✓ inured to the special gain or loss of my relative, _____;

___ inured to the special gain or loss of _____, by whom I am retained; or

___ inured to the special gain or loss of _____, which is the parent subsidiary, or sibling organization or subsidiary of a principal which has retained me.

(b) The measure before my agency and the nature of my conflicting interest in the measure is as follows:

FPUA Attorney Contract, He is my brother-in-law, married to my sister.

If disclosure of specific information would violate confidentiality or privilege pursuant to law or rules governing attorneys, a public officer, who is also an attorney, may comply with the disclosure requirements of this section by disclosing the nature of the interest in such a way as to provide the public with notice of the conflict.

NOV 5, 2019
Date Filed

Linda Hudson
Signature

NOTICE: UNDER PROVISIONS OF FLORIDA STATUTES §112.317, A FAILURE TO MAKE ANY REQUIRED DISCLOSURE CONSTITUTES GROUNDS FOR AND MAY BE PUNISHED BY ONE OR MORE OF THE FOLLOWING: IMPEACHMENT, REMOVAL OR SUSPENSION FROM OFFICE OR EMPLOYMENT, DEMOTION, REDUCTION IN SALARY, REPRIMAND, OR A CIVIL PENALTY NOT TO EXCEED $10,000.



CE FORM 8B - EFF. 11/2013
Adopted by reference in Rule 34-7.010(1)(f), F.A.C.