MINUTES OF A REGULAR MEETING OF THE FORT PIERCE UTILITIES AUTHORITY, TUESDAY, NOVEMBER 7, 2017, 4:00 P.M., CITY COMMISSION CHAMBERS.

Members Present: Chairman Daniel M. DeIulio; Vice Chairman Darryl Thomas-Bey; Secretary Michael A. Perri, Jr.; Deputy Secretary Glynda Cavalcanti; and Linda Cox, Acting Ex-Officio Member/City Manager.

Excused Mayor Linda Hudson.

Others present: John K. Tompeck, Director of Utilities; Rupert N. Koblegard, III, FPUA Attorney; Nina B. Penick, Director of Financial Services; Paul Jakubczak, Director of Electric & Gas Systems; Bowdoin G. Hutchinson, Director of Water/Wastewater Systems; Lois A. Wolfe, Human Resources Manager; and Judith A. Widmayer, Acting Community Relations Manager.

The meeting was called to order by Chairman Daniel DeIulio.

Opening Prayer was by Carol Johnson of Human Resources.

The Pledge of Allegiance was recited.

The roll was called and a quorum declared.

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

A motion was made by Mr. Bey to approve the October 17, 2017 regular meeting minutes, and Mr. DeIulio passed the gavel and seconded the motion. Those voting approval were Mr. Bey, Mr. Perri, and Mr. DeIulio. Ms. Cavalcanti abstained because she was not at the meeting.

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

1. Excuse Mayor Linda Hudson from this meeting, she is out of town.

2. Approve the payment to Lowell Power & Light of Lowell, Michigan in the amount of $28,018.22 for Mutual Aid assistance after Hurricane Irma.

3. Approve Post Budgeted Project/Budget Request for the Lawnwood Regional Medical Center Upgrade and Expansion in the amount of $238,000 for FY 2018.

4. Approve Post Budgeted Project/Budget Request for Precast Specialties in the amount of $84,000 for FY 2018.

5. Approve the purchase of 13,000 feet of conduit, 6" schedule 80 PVC 10 foot LG belled end (ELC0229) in an amount not to exceed $77,610 from Electric Supply of Tampa, Inc., dba Electric Supply, Inc., of Tampa, Florida, through the Florida Municipal Power Agency Joint Purchasing Project IB# 2015-007.

6. Approve the payment to Zeeland Board of Public Works, of Zeeland, Michigan in the amount of $28,680.22 for Mutual Aid assistance after Hurricane Irma.

7. POA No. 18-19: Approve the purchase of a 2018 Ford F-250 Super Cab XL 4wd Bi-Fuel CNG Truck in the amount of $49,537.50 and a 2018 Ford F-150 Crew Cab XL 4wd Bi-Fuel CNG Truck in the amount of $46,079.50, totaling $95,617, from Alan Jay Ford Lincoln Mercury, Inc., of Sebring, Florida, under the National Joint Powers Alliance Contract No. 2018-120716-NAF.

8. POA 18-22: Approve the purchase of a new Kubota tractor loader backhoe with a bush hog mower in an amount not to exceed $45,382.36 from Florida Coast Equipment, Inc., of West Palm Beach, Florida, under the State of Florida Department of Management Services contract No. 22101000-15-1.

9. Approve the purchase of 20,000 feet of cable, 15KV, 4/0 ALUM, JKTD, 133% (ELC2615), in an amount not to exceed $40,400 from American Wire Group, Inc., of Aventura, Florida, through the Florida Municipal Power Agency Joint Purchasing Project ITB # 2015-006.

10. Approve payment of vision insurance premiums to Fidelity Security Life Insurance Company, of Kansas City, Missouri, in an amount not to exceed $27,000 annually.

Paul Jakubczak, Director of Electric & Gas Systems, said he will be presenting the Lessons Learned of the happenings during Hurricane Irma and what FPUA is looking at doing for the future to help improve FPUA's recovery and restoration as well as improve communication internally and as well as externally. He said before the storm FPUA puts up storm shutters, makes sure vehicles and generators are maintained and fueled, secures mutual aid based on what estimates are for outages, and sets up the war room with telephones and staffing to make sure we are prepared for the restoration efforts. We also secure hotels and meals and then go home and take care of our families so we can come back and provide great service for our customers. During the storm, we monitor the activities of the storm, where it is tracking, and how it is going to impact us. We constantly monitor our system so we know where to deploy restoration efforts as soon as the storm is over. The final preparations are done for coordinated recovery and keep open the

communications with the Emergency Operation Center (EOC), the Governor's office, and our employees. Mr. Jakubczak said during Irma, we had 20+ inches of rain, 100+ MPH winds, and wind gusts. He said after the storm is when all the fun happens. FPUA ended up with 23,774 or 83% of our system without power, 24 of 34 distribution feeders were locked open, and the Island Reclamation Facility was without power. We also observed salt tracking on our system and that is basically the combination of salt air blowing in and stacking up on our insulators and our facilities. He showed a video of what salt tracking was out at the King Substation that showed the flashes of power tracking down to the ground over the salt spray. The chart displayed is according to numbers as reported to the Governor's office and the EOC with the blue showing what started at 5 a.m. and the red is what we saw at 8 p.m. The first day 24,000 customers were out and by the end of the day, we were roughly at 16,000. We were doing a lot of damage assessment on the first day. The reason the numbers jumped up the next day was because of the salt tracking. After the salt tracking, we lost a transmission line and two substations. You can see the great job we did on Tuesday where we went from a little under 20,000 customers out to a little under 5,000 out and then it trailed off as shown on the chart. Mr. Jakubczak said what we did as a company is started looking at the individual departments for the lessons learned and what we can improve on, what we did good, and how can be provide a better service to the customers. He said after we went to the department level, we looked at it as a company overall. There were five areas where staff sees we can do some improvement for the next time, communications, training, logistics and operations, priority customers, and policies and rules. Communications is always the key and we looked at ways to improve our internal communication by having a single point of contact to provide communications to our customer pods or sections. For instance, the Customer Service Reps who were inside the War Room there will be a single point of contact so we do not get misinformation that they would provide to the customers. We are also going to be working with the Customer Service Reps regarding "can" messages so they can better give us the information we are looking for when they talk to the customers, such as a line is arcing or is down. Staff can walk them through a couple of steps or questions just to see if we can get some more specific information to provide better service. We are also going to be doing some management coordination meetings just to make sure everyone is all on the same page when it comes to restoration. Some of the things seen with Irma with external communication is making sure our customers know what to do ahead of time. We ran into issues with generators and we need to make sure customers know they need to be maintained prior to the storm, start them up, and make sure they operate under load. Staff is going to do some PR stuff on restoration guidelines like how FPUA restores its power. Think of it as a tree where you cannot fix a branch if the trunk is broken. FPUA starts at the trunk and works its way out. Our customers need to know there are medical needs and shelters out there for them and we can give them exact locations, put some more information on our website, and work with the County to make sure the customers know this. Mr. Jakubczak said one of the things that happened during Irma and happened during Mathew as well, is there was some miscommunication in the media. He said the media was putting out there that the beach was getting its water shut off. It was not FPUA water that was getting shut off, it was being shut off in Martin County. We are going to be doing a little bit better job with PR that FPUA does not shut off water and we are also

going to do is to make sure the EOC knows that FPUA does not shut off water to the island when the hurricane is approaching. Staff is going to be working with our Innovative Voice Response (IVR) system, which is what people hear when they call in when they do not get a live voice just to make sure people know we are experiencing outages and are working to restore them. There will be some enhanced social media posting more on twitter as well as Facebook. Training is the key for our internal staff and we will continue our training and enhance it. There will be more basic electric material, training for those not in the electric department, but assist in the restoration. There will also be some restoration guidelines so we can better assist our customers as the ever changing FEMA comes across, there is always a change in the form, kind of like taxes. If you don't like it, wait it is going to change. We will stay up to date and make sure our employees know the requirements for filling out FEMA forms, continue working on the outage training internally to make sure our Customer Service Reps who do not deal with our outage management system on a daily basis, know what to expect and what the actual outage management tells them. We are also going to make sure we do our yearly training, which comes up in May before storm season starts. Some things staff is looking at specific to the different departments on the logistics and operations and he knows Mr. Hutchinson has been talking and looking at the backup generation to the Island Reclamation Facility so that is something we are looking at. Also looking at the possibility of providing laptops and MiFi's, which is basically just a mobile hotspot for those employees that are not going to be hunkered down at ESC so they can get in remotely to the system to fix problems on the fly to make FPUA more efficient. Staff is also going to be looking at delivering material in the fields just to make sure our mutual aid crews and our own crews can continue working and not have to come back to ESC to pick up material. We are going to be sure there is CPU, which is basically the hard drive and the computer is going to run as fast as it can. We will pull some things off there that are not necessary during that time. The picture shown shows the fire truck and it is really cool to get a picture of water and electricity because normally those two do not mix. One of the things staff is going to look at is to come up with a game plan to eliminate salt spray in the substation so we do not have to go from 16,000 in the evening to 20,000 the next day. Also looking at some attachments to our current equipment to help us with storm debris pick up and also to move things out of the way when we need to get in for restoration. The last thing we are going to be doing is looking at the possibility of some portable AC units to keep the deep injection wells at the IWRF cool, to make sure the flow is there, and we did find out the fish at the MOEC do not like warm water. Mr. Jakubczak said priority customers as we have all heard with the issues that happened in Fort Lauderdale is something that has been brought to the forefront. He said staff is working with the EOC and internally to develop, redevelop, and redefine our priority customer lists. We already have one, but we want to redefine it to make sure those customers that are on there are actually priorities. It will be tiered with tier one being the hospital, tier two might be our nursing homes, and it will be done so all the tier ones are first and work our way down. Once we get our list put together, we will start working with the City to be sure they are aware of who those priority customers are as well as the EOC and the County. We are also going to be flagging these in our billing system so we know those customers and we can easily run a report to make sure we are up to date with everything. There will be a priority restoration map that basically means if you take the hospital,

we have different branches that go off the hospital feeder. We are going to look at that feeder, eliminate all those branches, and make sure that feed goes straight to that priority customer and is our only priority at that time during restoration. We are going to make sure that any policy and rule change gets made before storm season and is communicated properly to the employees. He will be working with FEMA to make sure their requirements are completed and our employees know what to do as well as Finance because they are the ones that have to collect the money. Mr. Jakubczak said he is going to be look at essential staffing so we know who needs to be where and when to provide better service to our customers. This is an information only item and he said he would be happy to answer any questions.

Ms. Cavalcanti said she would like to know who did not lose power. She said Mr. Jakubczak had that graph and wondered what criteria there was for people that did not lose power.

Mr. Jakubczak said there was really no criteria for who did not lose power.

Ms. Cavalcanti asked if it was mainly underground utilities or does that matter.

Mr. Jakubczak said it was a combination of both. He said for instance when we lost the King substation, a lot of that is underground through the downtown area and all that underground was out. It is really dependent on what took out the circuit, a lot of trees, wind, a variety of things during the hurricane. There really was no set area that was taken out or that wasn't taken out, but we are working on plans for overhead to underground that will be discussed at strategic planning.

Attorney Koblegard asked how far off the river was salt the problem.

Mr. Jakubczak said they ran into salt spray issues all the way out by the Savanah substation where it comes in by the City complex and then the transmission turns to the north to go down by the golf course. He said that little section tripped out and we had a previous section trip out so that is why those two substations dropped. We also had issues so we tried to reenergize those subs. What happens with salt spray is it sprays on there as the winds are blowing in and it cakes and builds up. We did not know about it until the next day when we start getting dew and the moisture up on the insulators and that enhances the tracking as you saw in the video.

Attorney Koblegard asked if it is on the transmission line going along Savanah Road or inside the substation.

Mr. Jakubczak said it was going alongside Savanah Road, it was not just inside the substation.

Attorney Koblegard said that is quite a way from the river.

Mr. Jakubczak said it is quite a way and there is quite a bit of salt spray as you can see by the easterly facing trees that have the dead spots on them.

Ms. Cavalcanti said she wanted to voice a complaint she heard over and over and that was that people calling in got the canned message. She said it would say if you are having a power outage, please contact whatever. She knows Mr. Jakubczak kind of addressed that and she thinks a live person would really have been helpful.

Mr. Jakubczak said they are really going to address and find out what actually happened and that is why we are going to change some of the messages. He said maybe right after the storm they may put out a message that says we are experiencing widespread power outages.

Ms. Cavalcanti said don't call.

Mr. Jakubczak said we always want them to call, but the biggest thing is being patient. He said he understands their frustration.

Ms. Cavalcanti said she was joking.

Mr. Bey said he thinks it is a really good idea to map the areas of priority because a lot of our rate payers do not really understand that. He said sometimes it is easy to understand because when you do not have power, you do not have power and some people do not care who has power if they do not. He thinks it might help with the understanding if we can get people to understand there is a priority and hospitals and nursing homes get it first and you are next. He thinks it is a good idea to get that information out.

Mr. Jakubczak said he will make notes of that and be sure when we start doing our PR and talk to people about hurricane preparedness they understand that is how we do power restoration.

Mr. DeIulio asked if the backup generators and heavy equipment that we are going to be buying over the next couple of years, is there any advantage on expediting that. He said making the purchases sooner than later.

Mr. Jakubczak said there is always the possibility and everyone is happy to expedite things quicker than later and this is up to Bo, but there is engineering and work that needs to be done first. He said it is a little more than heading down to Home Depot and picking up a generator and hooking it up, there is some internal things in the plant that Bo and his staff are going to be looking at.

Mr. DeIulio said if you have a 5-year plan, you may be able to push into a 3-year plan.

Mr. Jakubczak said it all comes down to money and time.

Mr. Perri asked what the cure is for the salt spray and could they put overhead sprinkler systems on it permanently to take care of that. He said the biggest problem is it builds up on the insulators.

Mr. Jakubczak said that is the biggest problem they have and he has talked to other utilities. He said the issue we had with the fire truck is it provides too much water and is not concentrated. We ended up having to get a pressure washer and use that because the insulators have skirts and they are stacked on top of it. We had to spray underneath those skirts to get it off and we have talked to some of the manufactures and there is not a whole lot out there. Mr. Jakubczak said he has posed the question to our trade association to see what other utilities are doing, if there is another product out there or different types of insulators out there that are a little slicker that do not deal as much with salt spray. He said they are looking at other options other than to have the fire truck come in to spray the substations.

Mr. Perri said on the Emergency Operations Center when there was power and the TV was working, he saw the other communities' directors of the utilities were very visible. He said the Mayors were very visible, the City and County Commissioners were very visible. It seemed like Fort Pierce and the Fort Pierce Utilities were not very visible and he thinks that needs to be addressed. Mr. Perri said he gives that challenge to the Director.

Mr. Jakubczak said duly noted.

Mr. Perri thanked Mr. Jakubczak for his report.

Mr. Tompeck said he attended a presentation today on FPL's restoration from Hurricane Irma and what he was listening for is to see if they were doing anything different than what FPUA did. He said the only thing he could pick up on was they stage some of their restoration crews in different spots in Florida before the storm, which allowed them to get those crews out a little bit quicker than we did, but not much quicker. We had our crews in South Georgia and they were here the next day, it was not a big delay. Of course FPL's scope of work was gigantic as opposed to ours. That may be one thing we might want to consider in the future and other than that there was not any earth shaking revelations on how they were handling it versus the way FPUA handled this kind of an emergency.

Mr. Jakubczak said one of the things they looked at during staging because we did it during Mathew, is we do not want to put our mutual aid crews or our own crews in harm's way. He said unfortunately with Irma it traveled up the length of the state so getting people down to a peninsula, which is Florida was difficult. We did work tiredly on Friday and Saturday to make sure our crews were staged and ready to go and they came from Michigan, which is not a one day drive. Some of the issues we did run into was gas and fuel and we also did divert the Michigan crews from coming down the Turnpike because of all the issues the Turnpike was having.

Unfortunately what we found out is a lot of the government in the State of Florida efforts were using the turnpike and I10 so we ran into a couple of issues with fuel. We did send one of our other departments up to bring fuel to the Michigan crews so they could get here. They were here by midafternoon on Monday, which gave staff a chance to get out and do damage assessment and get them moving as soon as they checked in.

Mr. Tompeck said the next item is an opportunity for FPUA to be a part of FMPA's solar project.

Mr. Jakubczak presented the FMPA Solar opportunity that FPUA might consider or it is for the Board's consideration. He put up a chart and said it was provided by FMPA showing the anticipated solar growth over the next ten years. They are looking at going from 500MW up to 5,000 MW so solar is coming into Florida. Finally we are the sunshine state and should embrace it as the technology improves. As we talk about technology improving, you can see by the chart on the left hand side, the percentage of efficiency that these units has have increased tremendously. Just the eleven years shown went from 15% to 30% so it doubled in capacity or the availability to produce power. In addition to that the chart on the right shows the trend as we are getting more and more solar out there, the price of the solar is coming down.

Mr. DeIulio said on the right hand side corner it shows 2017 shown four times.

Mr. Jakubczak apologized and said he got the information from FMPA and he believes what they were doing is based on 2017 numbers as you increase the size and the different sizes you come up with you will see the price of them coming down. If you look back five years, solar was over $100/MH and now it is down into the $30 to $40 range. The more you put out there the more you get.

Mr. DeIulio said he thought it was supposed to be 2016 and 2017.

Mr. Jakubczak said he looked at that also and if you look at some of the things, it could have been the different price levels they put in there.

Mr. Perri said it could be in quarters, 1st quarter, 2nd quarter, 3rd quarter, etc. because it does not go all the way out to the end.

Mr. Jakubczak showed a chart that shows how the solar FMPA is showing based on the size of the array that FMPA will be looking for and how it compares to the ARP price and how that price is affected by future gas pricing since FMPA is pretty dependent on gas. If you pick 2024 as a start date, the orange line shows the price of power buying from a 25MW array to a 75MW array. He apologized and said the yellow is the 25MW and the orange is the 75MW, so the more you buy, the lower the pricing is. The solar pricing in the future is projected to be cheaper than our costs from FMPA. The issue we all have and all know is the sun does not shine at night, so we

still need to rely on gas for other generation and other means of generation to provide power to FPUA. This leaves FPUA with an opportunity. Last year FMPA started this process and surveyed customers, surveyed the municipalities to find out what the customers wanted, what the municipalities wanted, and what the price point was. Some of the survey questions had to do with how your utility is doing and tell us what you like or do not like to better give us direction. FPUA redrew before the survey actually was sent out and that was about Christmas time last year. Mr. Jakubczak said currently with what FMPA is telling FPUA is there is enough interest for a 75MW array. He said there has also been talk that because of some of the big utilities we could increase that up to 150MW. Some of the cities that have already signed on are: KUA has signed on at a 20MW level, the Keys 5MW, Beaches Energy 10MW, Ocala 10MW, Homestead 10MW, Lake Worth is 10MW, and Winter Park 10MW. FMPA has pulled together Bartow, Wauchula, Alachua, Green Cove Springs and Fort Meade to come up with 25MW. From what FMPA is telling FPUA is the results are excellent on the RFP's they sent out and they are seeing pricing from $30 to $40 per MWH and this over a 20 to 30-year period. The next step is for the legal team at FMPA to develop the ARP agreements because not all ARP members want to participate so they need to make sure that those that do not participate are not harmed by anything that those that are participating are doing. You may ask how this affects FPUA and our ratepayers. The first example shown is if FPUA decides to get in at a 1% level, which is 1MW of solar capacity. The solar energy costs is shown on the left hand side and Mr. Jakubczak said he put it at a $25 cost all the way to a $40 cost. He said FPUA's current average energy rate with FMPA is $29 and that is not the overall rate, just the energy portion of our rate. If you look in the third column, that is what the yearly increase or savings from FMPA would be to FPUA's bills. For instances, if the solar energy purchase power agreement was at $25 and our rates are at $29 from FMPA, we would see roughly a $10,000 savings on our overall energy bill. The last column equates to per customer, per 1,000KW customer a savings of $0.02. It is no longer a $2 to $3 per month that was told when solar first came out, we are looking at pennies now. On this example, if you look at the $40, you are talking about a $0.05 increase per month for an average customer. Our average customer is about 700KWH, so it would be less than $0.05 per customer, per month. The second example is if our rates from FMPA went up to $30 is the same logic moving through. As our average energy rate increases from FMPA with the purchase power from the solar being a constant, you will see a greater credit or a slighter increase. This is also if our ARP costs go up to $35 and some of the long term projections that FMPA puts out, which are 12-18-month projections show our energy costs going up and down. This gives an average of the potential savings or the potential increase in cost would be to FPUA and its customers. The pros and cons looking at this and going forward with it, is it is a fixed price for 20 to 30 years depending on the contract FMPA signs. This is very similar to what we do when we buy gas. We buy strips of gas for a year at a time so we are buying 12 months at a fixed price. This is very similar just over a longer period of time. Mr. Jakubczak said FPUA can start as low as 1%, which is one MW. He said after looking at it from a staff level, our thought process would be a 3MW buy in, which is about 3%. Based on projections of our load growth, which is projected to be over 110MW over the next two to three years so our load is getting up there. The cost would be divided over more customers and cost per customer would be less. As we all know the environmental benefits is

there are no emissions with solar. The other benefit that is not listed on this, is we would have no maintenance costs because it is all built into the contract. So those guys that go out there with the squeegees and clean them once a year and make sure everything is good, we do not have to anything about that. It is put into one section of the contract. The potential of the credit, it is a fixed price for a 20 to 30-year contract.

Mr. DeIulio asked if that could be to our disadvantage. He said what if the cost of solar goes way down and we are in a fixed price at a higher price.

Mr. Jakubczak said it is the same thing we do with gas, we do not put all of our eggs in one basket so we can blend it. He said if the costs decide they want to take another 10% to 30% decrease, we can always buy in at a lower costs as well. We can always buy more to offset our costs if we need to. There is some risks to it, if the price of gas goes down any further, which John keeps telling him it does not look like it can get any lower. If the price of gas keeps going down, then the average price from FMPA would be lower, which means your credit could potentially be an increase and added to the bill.

Mr. Perri asked Mr. Jakubczak if he said the load in two or three years is expected to be 100MW.

Mr. Jakubczak said currently our load for last month if he remembers correctly was 110MW and based on projections we are seeing from the consultant that did some work for us and as well as FMPA projections, we are looking at getting close to the 120MW size in probably five to six years. That is why system planning is a big part of what we are looking at currently. He said 3MW if you want to base it on 100MW, it is roughly 3% of our total load from FMPA.

Mr. Jakubczak said some of the next steps we would be looking at is consensus to move forward with this process with FMPA, give them what we anticipate our buy-in would be, and that is determining what we feel comfortable with. As said he mentioned earlier that they have been talking internally staff-wise and feel 3MW would be a comfortable portion of FPUA's portfolio to be able to buy fixed price power from Solar Energy. FMPA is currently working on the agreements for the ARP and are anticipating at the FMPA December Board meeting they are going to present them to us. They present it the month before and then vote on them the next month so it will be finalized in January. Once they have a finalized agreement he will present that to this Board as a contract for you to determine if you want to do it or not. Mr. Jakubczak said he was talking with Michele Jackson earlier today from FMPA who is heading up this project and some of the Boards have set price caps. He said for instance they are negotiating pricing right now, but they have some of the utilities mentioned earlier say if the price of power in that solar PPA gets above $40, they are out. We have that option as well too to say we are comfortable at the 3MW level, but we do not want to see the price go above "x" when the negotiated contract is completed because it will not benefit us or the risk is too great for the benefit to be there for us to get involved. He asked for questions and wanted to get a feel for how the Board would like to see staff to move forward with purchasing a strip of solar power for our customers.

Ms. Cavalcanti asked what percent Kissimmee was buying.

Mr. Jakubczak said Kissimmee is 20MW and they are a larger load than FPUA and he does not know what their actual load is, percentage wise he is not sure.

Ms. Cavalcanti said she would be interested in finding out what their percentage is.

Mr. Jakubczak said he will get her a percentage for all of them.

Ms. Cavalcanti said if that represented 10% or something like that, it would be interesting to know what risk they were willing to take on.

Mr. Jakubczak said he does know with OUC Orlando, they are looking at either participating at the 25MW or 75MW level. He said they may even be looking at bumping up to 100MW level because they are really pushing to get solar into their mix of power.

Mr. Tompeck said if we go back to a number of years the cost of solar power was much higher than it is now. He said he thinks this is a relatively risk free opportunity to carve out a little portion of our portfolio for solar without really risking a whole lot. As Paul mentioned the costs is essentially negligible to our customers. We are hoping the Board will let us go ahead and we will bring back the agreements at a meeting in the future.

Mr. DeIulio asked if the cost of solar goes down tremendously in the next five years, does FPUA benefit in that by locking in now.

Mr. Jakubczak said we would not benefit by locking in now, but we would benefit if we decided to do it at a future date. He said the risk we run is what FMPA's costs are going to be in the future. If we say that FMPA's costs are going to climb gradually as one of the charts has shown they are going to gradually be going to go up over the next 9 to 10 years, then we lock in at a lower level. That will provide FPUA a benefit when that price gets above whatever out level is at. It is hard to predict exactly what they are and Nina can back him up on this, if you look at the really small print that FMPA puts out on a monthly basis when looking at the cost of power and projected out, some of those costs have been in the $30 to $40 range just for the energy portion of it. Do those always hold true, not necessarily, but we track those and trend them. Mr. Jakubczak said one thing he would mention is the standard rate FMPA charges FPUA for energy is at $30.72. He said it is slowly going up and last year it was $29.47. They are trending a little up beyond just gas pricing, but as we all know eventually everything is going to start bumping its way up.

Mr. DeIulio said if the solar costs trend goes down, then how does that benefit FPUA if we lock in now.

Mr. Jakubczak said if we lock in now, it does not benefit us, but is a matter of when that market bottoms out and what FMPA is telling him right now, based on the levels they are negotiating the 100MW to 175MW level, they are not seeing any tremendous drop in pricing. He said if they decided to go to 200MW, they are not seeing a drop in pricing. The pricing they are seeing right now is between $30 and $36/MWH.

Mr. DeIulio said what if five years from now it is at $22/MWH, then what happens.

Mr. Tompeck said he thinks it is the same answer when you buy a strip of gas. He said there is always a possibility you can buy a strip of gas and one hour later it may be less expensive. The key thing here is the number we are talking about is within our current rate structure and it is not going to do anything to increase the rate. It could in fact be an offset to a rate increase in the future. If the price tumbles a lot more, then we would be stuck with more expensive solar power, but it would still be less expensive or close to our current rate and that is the way to look at it. We probably have some opportunity in the future to buy some solar power at the lower rate.

Ms. Cavalcanti said that is what she was thinking is we would be hedging a little bit and if we see it is a downward trend in solar, we can buy in. She said we are only buying a small part of our overall energy consumption.

Mr. Jakubczak said FPUA does not like hedging, we like dipping our little toe in warm water just to see how it is.

Mr. DeIulio said it is kind of like a derivative then if it is not hedging.

Mr. Jakubczak said it is long term planning.

Mr. Bey there has been a point of contingency with the solar idea in terms of buy back when a customer sells the energy he cannot use back to the utility. He asked how we have worked with that idea.

Mr. Jakubczak said we currently have policies and procedures in place for that, but unfortunately because we are an All Requirements customer of FMPA, we have to buy back the power at a wholesale rate. He said the last one he saw was $0.03 per KW and unfortunately we are bound by the contracts FPUA has signed with FMPA of what we can actually pay a customer for the power and excess of what their needs are.

Mr. Bey asked if Mr. Jakubczak sees any future movement changing it will it will be more beneficial to the customer.

Mr. Jakubczak said it has not been, but he can bring that up to FMPA staff to see what their thought process is. He knows there has been movement in the industry as battery technology improves to use battery storage so you are not really selling the excess back to the utility, you are storing it for future use when the sun is not shining. That is another technology that is still in the toddler stage right now because those technologies are out there and improving. You may have heard about the micro grids, which is kind of that technology where you store a lot of energy and right now it is only in batteries and then you use it as you need it. There is movement towards that way, but it is one way for a customer to avoid having to get the lower wholesale cost paid back to them. What that cost break point is compared to what FPUA credits would be compared to what the infrastructure would be for them, he does not know that off the top of his head. He said he could find that out for them, if they would like.

Mr. Bey said he would be interested in knowing that.

Mr. Tompeck said Paul could correct him if he is wrong, but he believes the IOU's are responsible for full retail as opposed to the municipals only have to pay the avoided cost, essentially the wholesale. He thinks there is nothing that prevents FPUA from doing more if we so desire.

Mr. Bey said we are not regulated.

Mr. Tompeck said we are not regulated to the point where we couldn't, we only have about one dozen solar customers.

Mr. Jakubczak said we have about a half dozen customers.

Mr. Tompeck said we only have about 12 or 14 customers that fit into this category.

Mr. Bey said he thinks if we can look at that it might be an incentive to have more people want to partake in solar.

Mr. Tompeck said one of the problems he has had with this over the years, if you are paying the full retail then it does not take into account for the costs of transmission distribution. He said there should be a fair amount that should be added to just the cost of power to account for those costs. The IOUs do not have a choice because the Public Service Commission has told them they are paying retail. We do it out of choice and we may at some point want to look at what those T&D costs on top of that would be fair for them to pay below retail.

Mr. Jakubczak said just so you know in the industry, we call that the wheeling costs, the cost to get from point A to point B over our infrastructure. He said it is kind of like the toll booths on the turnpike.

Mr. Perri asked if all of this is predicated on FMPA building a solar facility.

Mr. Jakubczak said no it is not. He said FMPA has looked at different options such as building, purchasing through a PPA, and the cheapest option for them because of maintenance and everything else is to partner with a third party and purchase the power from that facility for its members. At one point when FMPA first started looking at that, they started looking at if each of the utilities want to see it, do they want to have a portion of it, and that gets very costly. As you can imagine, a thirty-acre site of solar panels is going to be a whole lot less expensive than 30 10-acre sites for solar panels. There will be tours and presentations to our Board as FMPA moves forward, just like what was done at TCEC, but unfortunately there is not a whole lot of utilities that have the kind of acreage that is required for 150MW of array.

Mr. Perri asked if Stanton had acreage and is thinking about a solar farm.

Mr. Jakubczak said he believes that is one of the things OUC talked about getting in with the project. He said that was an option as well to put it over the top of some the ponds, some of the ash areas, and for laydowns. It is just a matter of who can give up that kind of acreage for a solar array and that is similar to what FPL is doing out west of town in Indian River County.

Mr. Bey asked if we are to make a decision tonight or is this for information only.

Mr. Jakubczak said it is for information, but staff would like to get some kind of consensus if the Board would like us to continue moving forward to purse this. He said you will get an opportunity to vote yes or not based on what the actual price comes out from the negotiations as well as what the contract terms are from FMPA.

Ms. Cavalcanti said she would like to move forward if you want her indication.

Mr. Bey said he would as well.

Mr. DeIulio said yes.

Mr. Perri said he would move forward depending on what the amount is and what the possible impact is to our customers. He thinks it bears exploring.

Mr. DeIulio asked if the time frame was two to three months.

Mr. Jakubczak said yes, he will call Michele tomorrow and let her know what we are looking at for buy in and get the actual timeframe of when it would come back to the Board for your consideration. He said as soon as he knows from FMPA, he will do an update report for the Board to give you a little heads up of what we will produce or if we want to drop it at that point and time and not continue.

Barbara Mika, Finance Controller, presented the monthly update on the bill comparison for the month of September 2017. She said the graph before you displays the comparison of Florida Residential Electric Rates for the month of September for the 33 municipal utilities that operate in the State if Florida. Thirteen of these municipal utilities, including FPUA, are members of the "All-Requirements Project". These participants are colored in red on this graph except FPUA which is shown in yellow. The All-Requirements Power supply project provides its participants the benefits of lower operating costs, economies of scale, and lower risk with more cities working together. The Florida Municipal Electric Association compiles these billing rates each month from the utilities around the state. This graph shows all the municipal electric bills in the State of Florida for the average residential usage of 1,000kWh. FPUA's September bill for 1,000kWh of consumption comes in at $120.84 and is identified in yellow. This rate reflects the $1.00 increase in the Power Cost Adjustments implemented on September 1st. FPUA ranks in the 6th positon from the right in this comparison and when we are looking at the utilities amongst the All Requirements Participants, Kissimmee in particular and Havana, which are kind of in the middle of the spectrum, the difference in our total utility bill is about $8 from the ARPs that sit in the middle. Of those utilities, Havana had a big rate decrease as well as Starke who is all the way in the first position.

Mr. DeIulio said Mrs. Mika said an $8 difference and asked if she meant a $2 difference between the average ARP and FPUA.

Mrs. Mika said she is not talking about the average, she is talking about the Havana bill being $112.19 versus FPUA being $120.84 so it is about $8.65.

Mr. DeIulio said for the average we are roughly $2 more above the ARP.

Mrs. Mika said we fall below the IOU average by about $6. She was trying to make a point of the difference to the middle of the range is not that much considering the amount of the decreases and jumps in some of the rates from some of the cities. A few notes on the billing rate changes that have occurred since this was last presented, of the 33 municipal utilities, 13 have experienced changes for September. The net effect of the changes was a decrease of about $21 and these rate decreases impact the average rates for both the All Requirements Participants average and combined for the municipal utilities. There were three main contributors to the overall rate decrease were Havana with a $10.38 rate decrease, Green Cove Springs had a $7.00 rate decrease, and the City of Starke with a $6.73 decrease since last month. Mrs. Mika said the next graph displays a similar comparison for the usage of 2,500kWh. In this comparison, FPUA's September bill at $304.80 has fallen two positions since August, and now sits in the 9th position from the right. FPUA's billing for the 2,500kWh for September was above those averages for the ARP and for the Municipal Utilities, but falls below that of the IOU average by $21.25. She said displayed now is the September comparison of the local Treasure Coast residential utility bills. Included in this comparison are the of total utility bills that an average residential customer would

experience if they resided in the cities of Fort Pierce, Port St. Lucie, and Vero Beach or if they lived in the area serviced by the County Utility services of St. Lucie County or Martin County. The bill totals include all applicable taxes and fees and have been verified to actual bills. Since this comparison was last presented for the month of August, the only change in the comparative electric bill was with the Fort Pierce Utilities Authority bill with the $1/1,000kWh adjustment to fuel costs. There were no changes to any of these areas for the water and wastewater billings. FPUA's current overall bill for all three services remains the lowest in St Lucie County. On a more positive note there have been no changes to rates or power costs scheduled for Fort Pierce Utilities. Mrs. Mika said the last table has a more detailed comparison of the local residential bills with, a breakdown of the fees for services, taxes and other charges to the customers in these different service territories. She said this item is for information only and requires no action on the Board's part.

James Carnes, W/WW Engineering Environmental Engineer said on December 21, 2004, Fort Pierce Utilities Authority entered into a Water and Wastewater Supply Agreement with two entities, Palm Breezes Club, LLC and Sunnyland Farms, LLC. He said due to the contiguous nature of the properties and the lack of nearby offsite utilities, both entities entered into a supply agreement with FPUA in order to participate equally in the construction of the required offsite utility extensions needed to serve the proposed developments. Once construction was complete and final costs were determined, each entity received capacity credits in the format delineated in the Joint Notice Document Execution attached as Exhibit C for both agreement amendments. Since that time, the Morningside development has changed hands three times with the final owner being Renar Homes (Morningside), LLC. They would like to continue the development, but before they do that, they must rectify the outstanding Guaranteed Revenue Charges (GRCs) that is presently owed. Since the original agreement is with two entities, we contacted Sunnyland Farms and they agreed as well to utilize the capacity reduction option to satisfy the GRC debt that is owed by each pursuit to the agreement. Therefore, the present revenue debt will be offset by the initial capacity credits allocated to the projects pursuant to the Exhibit B, delineated in Exhibit C, and proposed in Exhibit D of each amendment. Mr. Carnes said he thinks it is a good time to explain what some of these terms mean. He said sometimes we take for granted that we know what these terms mean, but the people in attendance and at home may not know. A Capital Improvement Charges (CIC) is an impact fee and a onetime charge for capacity, which is designed to recover the direct capital costs for the construction or expansion for treatment, disposal, and backbone transmission systems. The Guaranteed Revenue Charge (GRC) are the charges that cover the utilities costs including, but not limited to the costs of operation, maintenance, depreciation, and any taxes. They provide a reasonable return to the utility for facilities, a portion of which may not be used and useful to the utility or its existing customers. Guaranteed Revenues are designed to help the utility recover a portion of its cost from the time capacity is reserved until a customer begins to pay the monthly service rates. This can typically be seen in two charges, the presonnel cost and the fixed operating expenses. Presently, a GRC for water is $8.77 per month and wastewater is $13.41 per month. As shown on the attached

spreadsheet, an ERC for water is $105.24 and $160.92 for an ERC of wastewater.

Mr. DeIulio asked if there is a true debt out there that they owe the utility now.

Mr. Carnes said yes.

Mr. DeIulio asked what the amount is.

Mr. Carnes said it has been accumulating since the one year anniversary of the agreement, so 2005. He said some agreements are different and he thinks this is the first one where GRCs were not imposed until after all the offsetting improvements were done, which you may see in the spreadsheet since 2009. He believes this is one of the first Supply Agreements we entered into since then and we fine tune it and the most recent ones have been one year. Due to the extensive nature of the off sight improvements, we afford them an extra year before they have to pay those.

Mr. DeIulio asked if there is an amount like for accounting purposes, is there an asset on the books that states “due from”.

Mr. Carnes said yes that the $877 has be changed over time and he believes in 2007 the GRC actual amount changed. He said the actual fixed costs have to deal with the costs associated with a person doing a couple of different things. Locating utilities, some utilities built utilities that did not connect to anybody and some did. There are actual hard costs associated to a person going out there to check facilities, testing the facilities, operating them, making sure they have not been vandalized, and those are direct costs that are encompassed under the GRC label.

Mr. DeIulio said so Renar wants to swap the GRCs to ERCs, is that a good read on this?

Mr. Carnes said that’s exactly right.

Mr. DeIulio asked what the GRCs are on this, is there is an amount like $200,000.

Mr. Carnes said it accumulates based on the capacity they reserved, which is based upon if we look at an impact fee study, a rate comparison is done with many different facets. He said it is the fixed costs and personal costs associated with maintaining the capacity whether excess capacity is available to sell or not. This is the entitlement that is used for recovering this costs until everybody connects and we actually get a meter costs to fund the cost the people are spending maintaining the facility that are not being used.

Mr. DeIulio asked if as of today, is there an amount they owe FPUA that they are going to swap that with the ERCs.

Mr. Carnes said that is on the spreadsheet the Board has is.

Mr. DeIulio asked if there is a total on there and are you doing it unit by unit.

Mr. Carnes said it is an ERC to GRC equivalency, so if you reserve 1 ERC of water and 1 ERC of wastewater, it has an annual cost associated with that reserve amount until you connect. He said presently it is $105.24 for water and $160.92 for wastewater per house.

Mr. DeIulio asked how many houses were involved.

Mr. Carnes said it depends on the development, this one received capacity credits for it so in the beginning they received 100.5 for water and 882 for wastewater for Renar. He said for Sunnyland they reserved 468 ERCs of wastewater, which is credits they received for all the offsite improvements.

Mr. DeIulio said he is just asking these questions and asked if this is a budget item.

Mr. Carnes said yes.

Mr. DeIulio said usually when there is a budget item there is a monetary number attached to it.

Mr. Carnes said if you look at the spreadsheet, it talks about what the GRC's bill totals are.

Mr. DeIulio asked if he could pull that up on the screen or what page it is in his Board packet.

Mr. Carnes said if you look at the capacity reduction option for Palm Breezes, which is Exhibit D.

Mr. DeIulio asked what page and said he was looking through it earlier and there are not really many numbers.

Ms. Cavalcanti said it says Exhibit D.

Mr. Carnes held up a copy of the table and said if you look at the sixth column to the right, it talks about the amount of GRCs that have been billed and at the bottom, it talks about the dollar amount of GRCs that are owed. He said for water, Palm Breezes is $79,999.77 and it changes for each development based upon the capacity and the length of time they have been accumulating the debt.

Mr. DeIulio asked then they are going to have the ERCs to offset that as they build out the project.

Mr. Carnes said yes.

Mr. DeIulio said so there is not going to be and net cost to FPUA on that.

Mr. Carnes said they are just swapping from and he will ask Nina to clarify what the fund references are, but yes we are transferring from the CIC to the GRCs to offset that debt. He said he believes the CICs are in a restricted fund, and GRCs are in a revenue fund.

Mr. DeIulio said then it would not have any impact on the budget at the end of the day when the project is done.

Mrs. Penick said we are collecting a lot of money they owed us if you look at Exhibit D, it is about $80,000 in water GRCs and $647,000 in wastewater GRCs that have gone uncollected over all of those years. She said for Sunnyland Farms it is $411,000.

Mr. DeIulio asked if they are going to pay us that in cash or are they going to swap the ERCs for that.

Mrs. Penick said they are going to swap one for the other.

Mr. DeIulio said those are the numbers he was trying to reach.

Mrs. Penick said the CICs are restricted so it is going from a restricted fund to an unrestricted. She said there is no cost impact to FPUA and it is a win/win for us and the developer.

Mr. DeIulio said if another developer comes in a month from now and wants to do something else, they are going to get the same kind of rates and deals. He asked to be sure this is not any kind of favoritism shown towards them over some other developer.

Mrs. Penick said these are developers that have expressed an interest of coming back in and exercising this option that has been available to them for years. She said now they are interested in it.

Mr. Carnes said that is correct and it is attributed to the developments that stopped after the housing bubble occurred. He said newer developments are not anticipating they are going to stop development in three years. This is not something that is normally scribed into your supply agreement, this is something that was Board approved in 2012, the capacity reduction option, and it is now they are looking to exercise it with the housing market that has come back.

Mr. DeIulio asked for a motion.

Mr. Bey made a motion to approve.

Attorney Koblegard said you will need to approve these separately.

Ms. Cavalcanti asked if Mr. Bey wanted to restate his motion.

A motion was made by Mr. Bey, seconded by Ms. Cavalcanti, and unanimously carried to approve the Water and Wastewater Supply Agreement Amendment with Renar Homes (Morningside), LLC, of Stuart, Florida.

A motion was made by Ms. Cavalcanti, seconded by Mr. Bey, and unanimously carried to approve the Water and Wastewater Supply Agreement Amendment with Sunnyland Farms, LLC, of North Palm Beach, Florida.

Mr. Tompeck said he had a chance to meet with the members of the Charter Review Commission individually to understand their views and positions on some of the items being discussed. He said he has met with a couple of the Board Members and will meet with the rest of you in the next couple of days. He has offered them any assistance or information they need and staff has sent them information so far on the City transfer in terms of what is included and what is not included. We sent them information on utility taxes collected and information on transfer rates for other municipal utilities. The next meeting is scheduled for November 14th at 4:00 p.m. Mr. Tompeck said one of the things we did discuss and each one of the members talked about is how do we get FPUA more involved in building the City and he has some ideas on that and will be talking to you individually on those ideas just to get a flavor on how you feel about them.

He said he has received the FMPA resolutions for the FPL/Vero Beach sale. The schedule was to discuss and approve those resolutions at the November 21st FPUA Board meeting. He has not distributed the resolutions to you yet because they are complicated and to be honest he needs to be able to understand them better so he can answer your questions. We will probably push off the FMPA presentation to at least late December. There is essentially four agreements here for Stanton, Stanton II, St. Lucie, and the ARP and each one of them is about one inch thick with multiple resolutions in each one of them. Mr. Tompeck said he needs to understand them before he gives it to the Board so he can at least answer your questions. He said if we need to, we can get Jody Finklea of FMPA to come down and also address the Board. He said he will try to get them out to the Board next week or so and hopefully he will know enough by then to be able to answer your questions.

Mr. Tompeck said the last item is a couple of meetings ago, the Board requested that they be included in the outage notification system. He said we have your cell phone numbers, but we need your service provider so we can make sure the messages are being delivered properly. Send a note to Florinda who your service provider is for your cell phone and we can hook you up in the outage notification system.

Mrs. Cox said she wanted to reference Mr. Tompeck's comments about the Charter Review Commission, she added all of you to the email distribution list so whenever the Charter Review Commission receives their agenda packets with all the information being provided you are getting the information at the same time as the City Commission.

Mr. DeIulio said thank you.

There being no further business, the meeting was adjourned.

ATTEST:

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SECRETARY CHAIRMAN

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Mr. DeIulio said thank you.

There being no further business, the meeting was adjourned.

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SECRETARY

CHAIRMAN