MINUTES OF A REGULAR MEETING OF THE FORT PIERCE UTILITIES AUTHORITY, TUESDAY, DECEMBER 6, 2016 4:00 P.M., CITY COMMISSION CHAMBERS.

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

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

The meeting was called to order by Chairman Cavalcanti.

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

The Pledge of Allegiance was recited.

The roll was called and a quorum declared.

Presentation of the St. Lucie Soars Awareness Program by Kerry Padrick, Chief Communication Officer and Jane Whitaker, Coordinator of Curriculum of SL Public Schools.

Ms. Padrick thanked the Board for them being able to present to this Board and said there are so many things going on with the students and staff in St. Lucie Public Schools to share with the community. The graduation rates are escalating and they are looking forward to share with the community over the next couple of months some historical leaps in graduation and preparing the students for the success they will experience in college and careers. She said they know they are a system that supports students in VBK through grade 12 and must prepare the students for success at the very early ages. We are looking at what needs to be done to insure there is a solid literacy foundation program, which is very important to them, and what they can do to partner with members of the community is even more important. Ms. Padrick said the St. Lucie Soars Program is a way to soar into the future for the children and for the community and Jane Whitaker is going to explain the program that she leads.

Ms. Whitaker said St. Lucie Soars is a literacy initiative that focuses on grades K to 3 and there is a very easy pathway for the community members who are interested in being a part of this program. She said they would help them feel comfortable in being a part of a child's life and making a difference in the area of literacy and make the process very simple and easy to understand. Ms. Whitaker said if you are interested in participating in the St. Lucie Soars, you can go to the website: www.stlucieschools.org and on the lower left side you will see the logo. She said you can go to that site to learn more about the program and how to set up. It will give the ability to register as an intern, which is a 30-minute time period per week with a student. Many of the partners are from the City of Port St. Lucie, City of Fort Pierce, and community

members that have allowed their employees to have one hour access a week to the students. That is equivalent to allowing 15 minutes for the person to arrive to the destination of the particular school they have been assigned, 30 minutes with the student reading two books, and 15 minutes to return to work. They would help guide the location and it is based on as an example, Ms. Whitaker said she is going to serve as a mentor, and she is going to mentor a student to CA Moore because it is a 5 to 10-minute ride from where she works. If you live or work in Fort Pierce, you may want to go to St. Lucie Elementary or Samuel A. Gaines Academy. Once someone registers at the St. Lucie Public School website they can select a school location and a time that is available that fits your schedule. The form goes to Big Brothers Big Sisters and the intake specialist starts the process. There is a very in-depth background check on everyone that signs up as a mentor and that includes district school personnel. Ms. Whitaker said she is very excited about this program and every child is in good hands regardless of the capacity of the person that is with the child. She said a brief look at what happens for someone that may not have been in the class room, they have created a booklet of a step by step process of the program. The mentoring program is broke down with 5 minutes of Mentor Moments or conversations with your student, 5 minutes of reading for success, 10 minutes of skills challenge/literacy activities, and 10 minutes for the stretch book. Little conversation pieces are included in the booklet for those that may be anxious when they start. When the child reads with you, there are two books the school will provide: Reading for Success and the Stretch Book to expand their skills. Literacy activities like sight words are to make sure they understand what they read and the school has included questions in the booklet. There are 140 people that have signed up, which means 140 children's lives will change. Without strong literacy in our community, it affects the growth of our economics, success in graduation, and everything done as a community. Ms. Whitaker's phone number is on the website if there are any questions, please call.

Mayor Hudson said she has attended several presentations and has signed up to be a mentor and has been through the interview. She said the real thrust of this is if a child does not learn to read by the time they are out of the 3rd grade, they are not likely to lead a successful life, graduate from high school, and are liable to be in trouble. Mayor Hudson said someone told her they build incarceration rates based on the number of people that cannot read out of 3rd grade. She said it is critical and there are so many children in our schools who need the extra help for whatever reason. In many homes of lower economic children, there are no books or encouragement in the home and this may be the only encouragement the child may get from an adult to be a reader. It is so critical to spend one hour of your time to make a difference in this community and in a child's life. The City of Fort Pierce is allowing the employees the one hour of time off per week to be a mentor and she is hoping FPUA staff will encourage this for their staff and for the Board Members.

Mr. Lindstrom said that is exactly what this presentation is about to encourage the Board Members and FPUA employees to participate in the success of this organization and this county. He said FPUA will be encouraging that.

Mayor Hudson thanked Mr. Lindstrom and said she believes it will make a difference.

Mr. Mimms said on behalf of the City of Fort Pierce employees have been engaged in this process and are very excited about the initiative. He said there are some schools they are trying to focus on like CA Moore, St. Lucie Elementary, and have already established relationships with Big Brothers Big Sisters. It is a fantastic program and anything the City of Fort Pierce can do to help, please let us know. The City is trying to sign up as many employees as possible because community outreach and getting into the schools is what they want to do. Mr. Mimms said he knows the FPUA Board is going to do the same thing because they are partners in our community and will push this to get as many employees as possible to help your program.

Presentation of the STAR Scholars & Workforce Readiness Program by Thom Jones, President of the Education Foundation of St Lucie and Will Armstead, President of Boys & Girls Club.

Mr. Jones said the STAR Scholars & Workforce Readiness Program was created to help struggling students in High School at the junior and senior level to graduate work ready. He said it works with the Florida Prepaid College Foundation. When there is a struggling student at the junior level, the Boys and Girls Club and the Foundation will reach out to the private sector and ask for volunteers to be mentors at the business level. For an example, if we have struggling students in the pre-engineering program at Lincoln Park, we would ask a volunteer at FPUA to mentor a group of students and help them graduate work ready. They would help them graduate and perhaps live and work here in the County or the City of Fort Pierce. Mr. Jones said the program is just starting off and they have five sponsors and 27 students sponsored right now.

Mr. Armstead said they are gearing up their youth department specialists to be good mentors in conjunction with the Education Foundation as well as the school district. He said over the last year, the Boys and Girls Clubs had a big initiative in growing the youth population to get them in a safe environment and give them opportunities. This was like a perfect marriage for them to look at how they can work with the teens in the 11th and 12th grade. One of the things they found out when asking some of the out teens about the CT Program, a lot of them did not realize they were eligible to get into these programs. Mr. Armstead said they are working with those teens and Mr. Jones and his group to figure out the best approach to make sure these teens are getting the opportunities in whatever field they would like to get in. He said there is a lot of interest, they are building their teen base, and it is going to be a great partnership.

Mr. Jones said each year the mentors will meet four times in the junior year and four times in the senior year. He said the other component of the program next year is the Florida Prepaid College Foundation will offer a match to a mentor that offers a pre-paid scholarship. As an example, if they had a student that wanted to graduate, work, and go to IRSC part time with a cost of $8,000 for a 2-year program, Florida Prepaid Foundation would put up $4,000. So as a foundation and a club, they would try to raise the other $4,000, the Star Scholar would graduate and could have a full pre-paid scholarship. This could also be for a 4-year scholarship and would be a great way to help the students. There is a cost to the Star Business Mentorship that is used to offset the

cost of the program and is a fund raising opportunity for the Boys and Girls Club and the Foundation.

Mayor Hudson asked if the CTE fields are the ones listed in the program.

Mr. Jones said those are samples and he believes the CTE programs are over 40 or 50 topics. He said they would focus on topics of need. They are working with Mr. Tesch of the EDC who has a group to get names of the businesses and types of industries that have a need or skill in the marketplace.

Ms. Cavalcanti said Mr. Jones mentioned that someone would match a Florida pre-paid college that someone did. She asked if someone wanted to do a Florida pre-paid college and it was matched, how would they get their charitable deduction and who do they write the check to.

Mr. Jones said the check would be written to the St. Lucie Education Foundation, which is a 501C.

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

A motion was made by Mr. Delulio, seconded by Mayor Hudson, and unanimously carried to approve the November 1, 2016 minutes.

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

1. Approve Post Budgeted Project/Budget Request for Causeway Cove Redevelopment in the amount of $58,800.

2. Approve the Fra Mar/Wagner potable water Municipal Service Benefit Unit Interlocal Agreement between St. Lucie County, Fort Pierce Utilities Authority and the City of Fort Pierce, and a monetary contribution to the project in an amount not to exceed $57,899.45.

3. RFQu 14-53: Approve Amendment Number 1 to Specific Authorization HCE 16-01 with Holtz Consulting Engineers, Inc. of Jupiter, Florida at an increased cost of $3,236.

4. POA 14-53: Approve Specific Authorization No. CHE 16-02 with CH2M Hill Engineers, Inc., of Englewood, Colorado, in the amount of $75,146 to renew the Fort Pierce Utilities Authority Island Water Reclamation Facility operating permit and associated budget transfer of $64,000.

5. Bid No. 17-04: Approve award of Bid and Contract for Lawn and Grounds Maintenance at various FPUA sites, to and with Mow 4 Less Lawn Care LLC, of Fort Pierce, Florida, in an amount not to exceed $74,960 annually. The initial term of this Contract will be from December 7, 2016, to December 6, 2017, with two one-year renewal options.

6. POA 6034: Approve Specific Authorization MHC 16-04 with McNabb Hydrogeologic Consulting, Inc., of Jupiter, Florida, in the amount of $76,600 to provide engineering, well testing, and reporting services in support of the Mechanical Integrity Testing of the Henry A. Gahn Water Treatment Plant Deep Injection Well.

7. POA 6103: Approve Contract extension with Evoqua Water Technologies, LLC, of Warrendale, Pennsylvania, for odor control materials and services in an amount not to exceed $75,000, for the period from November 21, 2016 to April 19, 2017.

8. Approve Post Budgeted Project/Budget Request in the amount of $25,000 for the insurance deductible for the replacement of GT-2 Transformer at the Garden City Substation.

Mr. Lindstrom said the Board has before them the Policies and Procedures that were presented to the Board on October 18 for discussion. He said at this point we are bringing it back to you to go through one by one and you may accept or make revisions as needed.

Mayor Hudson said she read the whole document and has no objection to any of it because we have already looked at it and made some suggestions.

Mr. Lindstrom said that is correct and the Board has the red line and clean copy of the suggestions that have been made.

Mr. Perri said he would like to go through them one by one because he has a few issues. He said the first issue he has is on page 2 concerning the election of officers. According to our Charter, it says we will elect officers following the appointment of a new member of the Board and we have not been following that the way he reads the Charter.

Attorney Koblegard said he does not have a copy of the Charter with him.

Mr. Delulio handed a copy of the Charter to Mr. Koblegard to review.

Attorney Koblegard, after reviewing that section of the Charter, said Mr. Perri is correct it states a new member and page two of the Policies & Procedures states "a member to a full term". He said in his opinion the intent of it is the same thing and we have elected officers the same way for 25 years. He has not checked the Charter that closely as he inherited it the way we have done

it in the past. If we are going to match the Charter it should say a "new" member on page 2 of the Policy & Procedures, but does not know if that is the desire of the Board.

Mr. Perri wanted to point out we are not following what the Charter says and asked if it needs to be addressed or changed. He said just because we have been doing it wrong for 25 years, does not mean we should continue to do it wrong. We should make a change.

Attorney Koblegard said he understands what Mr. Perri is saying. He said the next time it comes up we should follow the Charter and for the time being we do not have to redo it unless the Board decides to.

Mr. Perri said he is satisfied with that.

Mr. DeIulio asked if we are going to approve these page by page.

Mr. Perri said he has one other concern.

Mr. DeIulio said we should do it page by page to keep with the flow of the document.

Mr. Lindstrom suggested we accept them one at a time. His understanding is that on page 2, we should insert the word "new".

Ms. Cavalcanti said that is what she understood.

Mr. Lindstrom said we can discuss this or accept it as it is.

Mayor Hudson said for clarification that would mean a reappointment would not apply.

Mr. Lindstrom said that is the way he understands it, but as Mr. Perri pointed out that is not the way it has been done.

Mayor Hudson said it would mean a reappointment is not operative there.

Ms. Cavalcanti asked if we are not going to accept this document, does that mean it will come back to the Board again for approval.

Mr. Lindstrom said this wording could be considered a Scribner's error and just insert the word new.

Attorney Koblegard said the Board can go ahead and approve it tonight.

Ms. Cavalcanti said we could approve it with the changes.

Attorney Koblegard said that is correct.

Ms. Cavalcanti said we are going to insert the word new on page 2.

The Board agreed with that revision.

Ms. Cavalcanti asked if there were any revisions to page 3 and there were no suggested revisions by any Board Member.

Attorney Koblegard said we could go through each page and if someone has a question, it can be addressed and the document can be approved at the end.

Ms. Cavalcanti asked if there were any revisions to page 4 and there were no suggested revisions by any Board Member. She asked if there were any revisions to page 5 and there were no suggested revisions by any Board Member. There were any revisions to page 6 and there were no suggested revisions by any Board Member.

Mr. Delulio said on page 7, he has one suggestion for clarification in the last sentence on that page. He said it reads: "Department Heads shall be appointed by the Director subject to the approval of the authority." He suggested it be more consistent with the first sentence in that paragraph and should read: "Department Heads shall be appointed by the Director of Utilities subject to confirmation by the Board", just a Scribner's error so to speak. Mr. Delulio wanted to make it clear that it was the Director of Utilities was making the appointment of the Department Heads. All of the Board Members agreed with this revisions.

Ms. Cavalcanti asked about any revisions on pages 8 through 11 and there were no suggested revisions from Board Members.

Mr. Perri said he would like to discuss page 12. He is still of the opinion that we would send only one Board Member across the country for conferences or workshops and is a prudent thing to do. A lot of people have voiced their concerns to Mr. Perri that they consider some of these conferences a paid vacation or a junket when we send more than one. The policy states one or more Board Members, which means four Board Members could go. He believes it sends the wrong message to people or our ratepayers and is in favor of keeping it one Board Member and everyone take a turn.

Ms. Cavalcanti said she is fine with that.

Mr. Delulio said he is not fine with it. He said he has attended several of the cross the country functions, has found them very informative, and has learned a lot. We get to have a lot of discussions with other Board Members and Mayors throughout the Country. We learn about what affects other utilities in other parts of the Country. Mr. Delulio said he does not look at it as a cost to the utility, but an investment. He said if the Board's wishes is that only one member

attend, he will go along with it, but to further that, if someone else choses to go have Mrs. Mazzarella make the same arrangements so other Board Members can attend at the discounted cost provided for the functions and we could reimburse the Authority for the costs. It is a learning experience and not a junket. When Mr. Delulio attended the functions, he did not spend much time with the other Board Members because he was spending time talking with other people from California, Washington State, Illinois, and everywhere in the Country and it is a good experience.

Mr. Perri agreed it is a good experience, but does not know of any experience he has encountered in going to these has made a difference in the way he votes on this Board. He said he does learn things and he learns things everyday by getting the APPA emails daily about what is going on around the Country. The wish of the Board is his opinion and he believes it guilds the lily when we send two or three people across the Country. It is an expense and we are supposed to try and keep expenses down and that is the way to do it.

Mr. Bey said he thinks when he goes to the conferences or seminars, it is actually work. He said when he is in sessions, conferences, and classes from breakfast until dinner, with breaks for lunch, so it is not like he is going out of town to party. The Authority is paying for it and as a result of going to these sessions, it makes us better Board Members in terms of being educated and being able to make better decisions on our business. The rate payers and those concerned about it, need to know we are not partying on FPUA's dime, it is strictly educational. Mr. Bey said at night when the sessions are over, we are free to do what we want and that is expected. He said it is a benefit for a couple of the Board Members to go on to these seminars.

Attorney Koblegard said there may be occasions when there may be a reason to send more than one person and if you take that out, you may limit yourselves with this policy. He said you cannot do that without coming back and amending the policy. A Board member cannot say on their own that they will go too because the last sentence states the Board members will determine who is designated to attend. The Board can have a discussion on each occasion that comes up and decide what the appropriate number to attend is. If you make it one then you can have discussions.

Ms. Cavalcanti said that is a good point and asked if there is a consensus that we will leave this as it is with one or more Board members can attend.

Mr. Bey said he would like for it to stay as it is written.

Mr. Delulio agree to leave it that way also.

Mayor Hudson said she appreciates what Mr. Perri is saying and we need to be very mindful of that too. She said it is our own responsibility of what we spend on travel and asked if it has happened lately where two people have attended the same national meeting.

Mr. Perri said he believes there was an instance where we had three Board members go to Washington State.

Mayor Hudson said that must have happened before she was on it.

Mr. Delulio said that was a very good conference and very informative.

Ms. Cavalcanti said she could not imagine wanting to go to Washington State for a vacation because it is so cold.

Mr. Lindstrom said that is work.

Mr. Bey said he understands where Mr. Perri is going with that in terms of the expense and trying to keep expenses down, but he looks at it is an investment and makes us better able to serve our constituents.

Mr. Perri wants to go on record that he is opposed to more than one.

A motion was made by Mayor Hudson and seconded by Mr. Delulio to adopt the Fort Pierce Utilities Authority Board Policies/Procedures with the suggested revisions. Those voting approval were: Mr. Bey, Mr. Delulio, Mayor Hudson, and Ms. Cavalcanti. Mr. Perri voted not to approve. The motion passed.

Mr. Lindstrom said the next item is a joint presentation put together by our electric, water/wastewater, and customer solutions group. Valerie Schulte is going to head the presentation, Paul Jakubczak will assist her, and Jason Hoffman is available for any questions on fee structures and on how we compare with other utilities.

Valerie Schulte, Acting Director of Water/Wastewater Systems presented the revised Utility Fee Cost Comparison. She said staff was asked quite a while ago to put this presentation together and have finally gathered all the information for the Board. The data was compiled by a lot of website research, by going to other utilities and a lot of phone and email conversations with other utilities. Mrs. Schulte said she learned through this process that it is not as easy as you would think to get these answers. She said the comparison for the commercial, each utility was told it was a certain size restaurant and a certain number of seats so it would be an equal comparison. We assumed the water/wastewater, gas, and electric were available adjacent to the site so there was no infrastructure that had to be installed to get it there. A slide was presented showing what they went through going through everybody's different charges. They have different terms for all different types of fees, meter placements, plant capacity, and installation fees to give an idea to make sure all the costs are incorporated. One of the major costs are the Capital Improvement Charges (CIC) and the definition is to supply funding for growth. It is a front end charge required by new customers and most of the other fees are to

cover material and labor costs, which some of the actual labor cost is for the utility to bring that service to the development. Mrs. Schulte said the table displayed is color coded to show the cost and this is what FPUA charges for each of these. She said a single family cost would be $4,840.50. For the commercial we used the Square Grouper since it was recent information and we had the number of seats and square footage so we were able to develop the estimates. The resolutions are listed where those fees are indicated in and that would be up for discussion with the Board at some point on those fees. The deposits are based on resolutions.

Mayor Hudson asked if this is a one-time fee.

Mrs. Schulte said it was a one-time fee.

Mayor Hudson asked if a commercial establishment would pay $29, 276 for wastewater.

Ms. Cavalcanti said that is for new construction and asked if it is for remodeling a building.

Mrs. Schulte said that generally the CICs will only increase on the water and wastewater side if they ask for additional capacity. She said if they ask for another meter or a bigger meter, then they would have increased their CIC. If they can do everything in their remodel with the same size water meter, they do not get charged. As an example, the Galleria had a 2" meter to serve the TD Bank building and he anticipates having maybe four or five different other types of businesses or restaurants. He can continue to get smaller meters until he gets to the capacity of the 2" and then he would be subject to additional capacity charges.

Mr. Bey asked why the multi-family is charged less than the single-family costs.

Mrs. Schulte said the multi-family is assumed the 0.7 factor, which is typical with other utilities because they generally do not have a lot of landscaping or outside uses. She said they have a lower factor for water and wastewater consumption.

Ms. Cavalcanti said it is per unit and you may have almost $8,000 on two units.

Mayor Hudson said the deposit charges are always the subject of discussion at the City Commission especially for the commercial.

Mrs. Schulte said there are different ways to pay for the deposit. She said commercial can be surety bonds or bank letter of credit and residential can be waived if they have a good credit rating.

Ms. Cavalcanti asked if that is based on a credit score for residential.

Mr. Lindstrom said we do not see their credit score, we get a red light, orange light, green light.

Mayor Hudson asked if that is commercial or residential.

Mr. Lindstrom said that is for residential.

Mr. Delulio asked if FPUA anticipates any waive in the deposits for commercial customers.

Mr. Lindstrom said no.

Mayor Hudson said it was explained to her at one time that it was based on what the previous customer's bill was.

Mr. Lindstrom said that is correct. He said if it is an existing facility, it is based on projected cost to serve that facility historically.

Mayor Hudson asked if it was for different uses, would it be taken into consideration.

Mr. Lindstrom said he was pretty abrupt when saying no on the commercial because when General Motors, which is a big organization went bankrupt, they DTE holding the bag with quite a bit of money. We cannot allow a customer of such magnitude to impact every resident of the utility.

Mr. Delulio said we would like for them to move to our community and give it a shot.

Mrs. Schulte said another thing on the commercial is we will ask them if they have another location and can give us their water and wastewater consumption and electric would do the same, we will try and base their fees on what they actually do use. The next slide shows how FPUA compares to the other utilities. The black line shows what the total cost would be for a single family of it was at its full rate. Right now we are still at the 50% for the CIC. The City of Vero tends to be low on all of these and she is not too sure why that is.

Mr. Delulio said the City of Vero utilities are a part of the City.

Mrs. Schulte said she believes they are.

Mr. Delulio said FPUA is independent in that regard and it could explain why the difference.

Mrs. Schulte said she believes the City of Stuart has their utilities as a part of the City. She said FPUA falls in between on the multi-family. Looking at Martin County's fee structure if it is a large condo type development with a master meter, they have a lot lower rate than if it was an individual condo unit or duplex. The commercial example-restaurant shows where FPUA would be at the full rate versus where we are now.

Mayor Hudson said this is good information because the Economic Development Council is actually studying these very things in St. Lucie County trying to approach the different governments to get them to be more business friendly.

Mr. Delulio asked Mrs. Schulte to back up to the commercial restaurant slide and said the reason he brought up Vero Beach is because for FPUA, what we charge is what we charge. He said what we collect is what we collect. For the City of Vero Beach if the utility is a part of the City maybe what they charge may not be the full amount that is collected. They could use ad valorem taxes or other monies, or co-mingle the money, which FPUA does not do. Mr. Delulio said in the past when we have had these comparisons with other cities in the rates, sometimes it is a little difficult to do a comparison. He said we do not know their true costs. We might know what they charge the ratepayer, but we do not know what they may charge the taxpayer. For FPUA it is strictly what we charge the ratepayer and no co-mingling with the City.

Ms. Cavalcanti said that is true.

Mayor Hudson asked if Mrs. Schulte talked to them.

Mrs. Schulte said her assistant called them and she had a very difficult time getting information from Vero Beach and a couple of the other utilities. She said we tried to search their resolutions and charges they had on their websites. A lot of time for the commercial example it was very difficult to get the information. On the electric side for the comparison and adding the electric costs in, Mr. Jakubczak and Mr. Cisneros were very helpful because she was not able to get the right information because they did not know the questions to ask. Mrs. Schulte said they do not have the detail breakout here, but FPUA is very competitive for electric and gas with the other two they compared us to. She said some of the utilities did not have the option of having gas.

Mayor Hudson said St. Lucie County wins the prize for the highest with these numbers.

Attorney Koblegard said that is why they do not need to be in the utility business.

Mr. Bey said hopefully they will not be much longer.

Mrs. Schulte said the main thing she found out in the summary is the water and wastewater as far as CICs those are the biggest impact to the developer. She said as you go down the road it is electric and gas as far as your bill is going to hit the customer harder than the water/wastewater bill. As a single family resident they do not feel as much as they feel the electric.

Mr. Lindstrom said a few reasons we brought this to the Board is the 50% reduction in the water charge has expired so we will bring it back to the Board for approval. He said if the Board would like to change any of the other fee structures, we could crunch some numbers to tell you what that would do. Another reason is we want to partner with the building department so when someone comes in for a building permit, they will have FPUA's fee structure associated with that

so they are not surprised later when they think they have paid for all their building permits. They will understand there is a utility cost as well. Staff will be working with Mr. Mimms on that.

Mayor Hudson asked what the FPUA water at 50% is.

Mrs. Schulte said the Capital Improvement Charge for water now is $920.50 and it is typically $1,841. She said in 2013 or 2014, the Board reduced it and every March it came back to the Board and it was kept at the 50%, but we missed bringing it to the Board in March 2016. The resolution expired each year, but we are still using the 50% decrease.

Mayor Hudson asked if the $1,841 is calculated based on something or if there was a justification.

Mrs. Schulte said it is calculated by the rate study that was done in 2007 or 2008. She said when the rate study was done, the CICs got put at $1,841 for water and the $2,815 for wastewater. At that time they were looking at the growth and what was coming up with capital projects.

Mr. Delulio said so basically 50% CIC on that means we may get more homes built at a lesser rate, but would have more customers in the long term. He said the money is made up over time and it makes it more affordable for someone to build a home.

Mrs. Schulte said it is really been helpful when we converted those three Miramar properties and right now we are somewhat close to getting three more condos; Seaway, Ocean Towers, and Island Villages. She said it probably would have broken the deal if we were at the full price. They paid for extending the water main and FPUA is reimbursing some of the CIC costs to them, but it was a great deal for FPUA and for them.

Mr. Delulio asked if the pay pack is about five years on the difference.

Mrs. Schulte said it was three to four years at the most.

Mr. Lindstrom said looking at the water system, with the capacity factor of our plant roughly at 50%, you could make the argument we do not have any investment to a customer on the plant side. He said the tipping point is that we can only hope that is the case when we have to construct.

Mayor Hudson said not now.

Mr. Lindstrom said the other piece to that is there is capital improvement to our distribution system as well that is buried and nobody sees it, none the less, it is impacted by a new customer over a long haul. He said he is comfortable with a reduced fee, but not comfortable with a waived fee.

Mr. Bey said his question was going to be if we need to bring it back to where it was. He said it seems like it was an incentive for the customers and asked if FPUA needs the money.

Mr. Lindstrom said he is not sure where we sit on our capital fund and would say no without further investigation.

Mayor Hudson said this going to come back to the Board and then we can talk about it and Mr. Lindstrom could have that information.

Ms. Cavalcanti asked if there would be a new resolution brought to the Board.

Mr. Lindstrom said that is correct and staff will have a recommendation at that time. He said we are looking for some feedback and want to sell our story that FPUA is pretty easy to get along with in this City.

Ms. Cavalcanti agreed and said she would think we should keep the incentive.

Mr. Lindstrom said there is a lot of perception out there that FPUA is high price, but we are not.

Javy Cisneros, Electric & Gas Engineering Supervising Engineer, presented the 2016 Electric Regulatory Compliance update. He said the presentation is similar to years past and asked that the Board bear with him. There have been major outages that has driven the electric industry to stricter regulations specifically three major outages shown on the screen. The largest was in August 2003 affecting 50 million customers. The three main causes of these type of outages was a lack of vegetation management, relay protection maintenance, and dispatch operator training. The stricter regulations have forced the electric industry to focus on these items and unfortunately we need other items as well. When we talk about the electric system, it is the bulk electric system (BES), which is lines and equipment operating at or above 100,000 volts. Mr. Cisneros said there are three major players starting with the Federal Energy Regulatory Commission (FERC), which regulates the interstate transmission of natural gas, oil, and electricity. The North American Electric Reliability Corporation (NERC), which is not a government agency, but is a private company governed by FERC and they focus on the regulations for the electric system. Florida Reliability Coordinating Council (FRCC), which is the regional entities and they oversee the utilities in Florida specifically for FPUA. The slide presented is the overview of the regional boundaries for each entity and the FRCC is in the bottom right hand corner in red. Mr. Cisneros said what this means for FPUA is there are over 20 designations and fortunately FPUA is only registered as a Distribution Provider and Transmission Owner. He said the only reason FPUA is registered as a transmission owner is because we own the line from Garden City to County Line Sub that operates at 138,000 volts. FPUA has had two self-certifications in 2016 CIP-002-5 and CIP-014-2. The CIP stands for Critical Infrastructure Protection. In addition, FPUA worked with FRCC to develop an Inherent Risk Assessment, which identifies the standards that would affect FPUA the most based on our impact rating and luckily for us, we are low impact.

We have identified those standards and the probability of violating those standards is in the Inherent Risk Assessment. As a follow up, FPUA and FRCC has developed the Compliance Oversight Plan, which lays out a 3-year schedule for auditing these standards. Mr. Cisneros said the next slide helps FPUA satisfy some of the standards, which requires us to identify to this Board the members involved in FPUA's compliance program. FPUA is required to identify a Senior Manager ultimately responsible for FPUA and that is the Director of Electric & Gas Systems. The primary members of the compliance team are the Supervising Engineer, Superintendent of T&D, Superintendent of Operations, and alternate members are the Electric Engineer and the Communication Officer. The Compliance Team meets on a quarterly basis to review any upcoming standards and changes to existing standards. There are several items we should essentially be doing that help prepare FPUA for the last item, which is the audit. FPUA should spot check, which is what the compliance team does internally; self-reports, which are required by FRCC; self-certifications; and periodic data submittals to FMPA and other utilities if and when it is asked for. If we do not submit then they can tell FRCC is not working for us and could lead to an audit. Those are things we should be doing so FPUA is prepared for an audit. On an average there is a change or a revision to a standard at least every other week so it requires constant engagement. Luckily for FPUA, we are a low impact DPTO registered entity so the exposure to us is manageable.

Mayor Hudson asked if we would know if we are not good with the NERC and FERC.

Mr. Cisneros said we would know.

Mr. Lindstrom said there is a cost for compliance and as the compliance orders become more constringent sometimes we fall under a more stringent rule. He said that means it hits our pocket book.

Mayor Hudson asked if that is staff time.

Mr. Lindstrom said it is actual dollars.

Mr. Cisneros said there are a couple of standards coming up that may likely increase our cost, but as they go through the vetting process we have the opportunity to prepare for those standards.

Mr. Lindstrom said FPUA is pursuing every alternative possible, some probably not feasible, but we will pursue them to make sure we do not fall under some of those standards.

Mr. Cisneros presented the Florida Department of Transportation (FDOT) Utility Work Agreements for utility work and reimbursements associated with the FDOT Kings Highway widening. He said on February 15, 2016, the Board subordinated utility easements to FDOT to facilitate roadway reconstruction for Kings Highway. As a follow up to that subordination, FPUA

is required to sign Utility Work Agreements in order to be compensated for the relocation of those utilities within the easements to the new right of way. Staff is recommending the Board sign the Agreements in order to be reimbursed for these relocations.

Mayor Hudson asked Attorney Koblegard if these are standard agreements.

Attorney Koblegard said they are pretty much the agreements FPUA enters into during work with FDOT.

Mr. Delulio asked if it is any cost to FPUA.

Mr. Cisneros said there is no cost to FPUA for the utilities within the easement. He said there is cost to FPUA for relocating utilities located within the right of way.

Mr. Delulio asked if FPUA has budgeted for this.

Mr. Cisneros said it is budgeted.

A motion was made by Mayor Hudson, seconded by Mr. Bey, and unanimously carried to approve three Florida Department of Transportation (FDOT) Utility Work Agreements for utility work and reimbursements associated with the FDOT Kings Highway widening project in the amounts of $50,238.63 for the Water system, $11,940.63 for the Gas system and $5,612.05 for the Electric system.

John Tompeck, Gas OPS & Energy Services Manager, presented the Purchased Gas Adjustment (PGA) update for December 2016 and an update of the Rate Stabilization Fund (RSF). He said staff is requesting approval increase to the Purchased Gas Adjustment (PGA) of $0.05 per ccf from -$0.10 per ccf to -$0.05 per ccf, effective January 1, 2017. Staff has rerun the sensitivity analysis, which now includes September actuals and October preliminary numbers. The price of gas although still low has begun to rise. The graph presented is different than the one in the Board packet that ended November 29. This graph shows today's pricing and it has gone up even more to $3.65. The price spike affects future pricing, which is the basis for the analysis. The other market indicators are very good, production is still robust between 70 and 72 Bcf/day, and storage has reached an all-time high in November of 4,047 Bcf. It has never been that high before. The industry is well positioned for any unusual weather events this winter. The settle price on our swing gas has gone up almost $1 since May and we expect the price to further increase during the volatile winter heating season. This increase has affected the RSF as shown on the next chart that shows the curves for the last three months and shows we will be below the operating range of the RSF in the next few months, maybe February or March. Based on the expected pricing from the NYMEX futures, staff feels the need to make an adjustment to the PGA to bring us back into the operating range of the fund. Mr. Tompeck said the next slide shows the effect of a -$0.05/ccf in the PGA, which is the dotted line. He said that will quickly bring us back

in the operating rage of the fund and if the price of gas stabilizes or decreases, we will be able to go back and decrease the PGA in April or May. April and May is a good time to look at the PGA because it is after the winter and the prices are less volatile and more stable.

Mayor Hudson asked how FPUA notifies the customer of these rate changes and is it a significant difference in change.

Mr. Tompeck said the average residential customer is using 13 therms so it is about a $0.65 adjustment. He said the bill will show a different number on the PGA.

Mayor Hudson asked if it is like the PCA.

Mr. Tompeck said yes.

A motion was made by Mr. Perri, seconded by Mayor Hudson, and unanimously carried to approve an increase to the Purchased Gas Adjustment (PGA) of $0.05 per ccf from -$0.10 per ccf to -$0.05 per ccf, effective January 1, 2017.

Barbara Mika, Finance Controller, presented the Bill Comparisons for the month of September 2016. She said the first graph displays the comparison of Florida Residential Electric Rates for the month of September. The data has been compiled by the Florida Municipal Electric Association and the graph shows municipal electric bills in the State of Florida for usage of 1,000kWh. FPUA is identified in yellow, so that we can see our relative position compared to the other municipal electric utilities. FPUA, with our rates unchanged, has improved by one position to the ninth position from the left since August. FPUA's electric bill for September is still holding at $107.84 and remains below all three averages shown in this graph for the All Requirements participants, all Municipal Utilities, and the Investor Owned Utilities. Since August, there have been ten utilities that have had changes to their bills. Five of those changes were the All Requirements participants with a combined decrease of $22.62. This has pushed the average for this grouping down to $113.44. The other five adjustments were in the non-All Requirements cities and they had a combined increase in that group of $23.23 from August to September. The change that took place that has affected FPUA's standing in September was Kissimmee with a slight increase that shifted them one position to the right. The next graph displays a similar comparison for usage of 2,500kWh. On this comparison, FPUA's standing has improved two positions since last month to 11th position from the left. Rate increases for the Cities for Quincy and Chattahoochee have affected this change for FPUA. It is important to note FPUA's 2,500kWh bill for the month of September at $272.30 still remains below all of the same three averages shown in this comparison. Mrs. Mika said the table before you is the September Comparison of local residential Electric, Water, and Wastewater bills that has been compiled by Finance staff. She said the table displays the comparison of the local Treasure Coast utility bills between Fort Pierce, Port St. Lucie, St. Lucie County Utilities, Vero Beach, and Martin County. All calculated bills include all applicable taxes and fees and have been verified to actual bills. The only change to

this comparison since last month's presentation in regard to electric rates was a decrease in the storm charge on FPL's bill, which affected the totals for Port St. Lucie, St. Lucie County, and Martin of about $0.23. Vero Beach had a slight increase in their water and sewer service charge, which was about a 0.5% increase on their water and wastewater total bill. FPUA's electric services remain lower than Vero Beach by 9.5% and FPUA's total bill shown here is the lowest overall of all other utilities in St. Lucie County. The next table is a more detailed comparison of the local residential bills with fees for services and a breakdown of the taxes and other charges to the customers in these different service territories. An explanation of the fees charged was also included in your packets. This item is for information only and requires no action from the Board.

Mayor Hudson said the news reports state FPL is going to have a rate increase in January and asked if that is correct.

Mr. Lindstrom said it is correct. He said the Public Service Commission just approved a 3-year package for rate increases for FPL. They initially asked for $1.3 billion over that period of time and settled for an $850 million rate increase. Ultimately, their 1,000kWh base rate will be $103.70 and if you add on the typical 6% franchise fee on top of that, they will be in the $110 range. In addition to that, Gulf Power has also sought a rate increase that has not yet been approved. Their 1,000kWh will go to $158.86 so FPUA is in pretty good shape.

Mrs. Penick presented the status report on Electric Power Cost Adjustment (PCA) for October 2016 with updated projections through October 2017. She said the PCA is the method by which FPUA recovers the cost of power from our customers that is in excess of the $79.52 base power cost, which is included in the base rate. The cost of power purchased from Florida Municipal Power Agency (FMPA) for the month of October was billed to FPUA at the rate of $68.44 for 1,000kWh, a decrease of $0.41 as compared to September. The over-recovery from the customer at the end of October totaled approximately $626,631 and the cumulative over-recovery was about $3.9 million as of October 31, 2016. Over the last nine months, FPUA returned $2.8 million back to our customers. On the chart displayed, the dark blue line represents the PCA, which is at -$9 and colored bars represent the amounts collected, with the blue bars representing the actual monthly collections through October and the orange bars representing the projection for over or under collections if the projections are correct and assuming no change to the -$9 PCA. Mrs. Penick called attention to the huge decrease in the over collection that has occurred of $2.8 million over the last nine months. She said the projection of FPUA's power cost was prepared by Public Resources Management Group (PRMG), which in turn are based on projections prepared by FMPA. Since September, FMPA's estimation of the price of purchased power for the upcoming 12 months has decreased by 2.1%. Projections indicate the balance of the over recovery is expected to fall below the $1 million minimum in the month of May 2017. The last presentation we did, we fell over that line in March so that is very good news. Because of the amount of the current over recovery, staff is not recommending a change in the PCA. As shown on the slide, there appears to be a small increase in the month of November and a small decrease in the month of December. It does not start to drop off till January or February. We will continue

to monitor that trend and recommend changes to the Board only when necessary. This item is for information only and no action is required from the Board.

Ms. Cavalcanti said it is a nice surprise to have FMPA bring our rate low.

Mr. Lindstrom said street lights are a hot topic in the City and once again he would like to emphasize FPUA only supplies the energy to those lights. He said Paul Jakubczak put together a group meeting with City and FPUA people, along with the Contractor that installed those lights. We pointed out some of the perceived issues as far as workmanship and quality of material and equipment, so we are heading in the right direction. We will try to get to the root of this cause and hopefully have the product that was envisioned.

Mr. Lindstrom said one of the consent items approved today was for $25,000 for an insurance deductible for a transformer at Garden City. He said that is one of our major transformers and it has faulted internally and is still under investigation as to the cause. At this point we are thinking it is beyond repair, but we are okay system-wise. Mr. Jakubczak has taken the initiative to switching the system around so exposure and load-wise, FPUA is okay. There is another spare transformer we will be moving on to that site and the Board needs to know there is a large piece of equipment out of service at this point.

Mr. Lindstrom said the City loan that is due FPUA in 2019, the City is paying that off in lump sum so we will be expecting that check in hand for a Merry Christmas.

Mr. Lindstrom said our FMEA Executive Director, Barry Moline, who has been with FMEA for 19 years has announced his resignation and will be taking a similar position in California. He said FMEA is in the throes of leadership changes and recruiting for that position as we speak. With the Legislative Session coming up, the timing could not be worse. Mr. Moline has done a good job and there is a good staff available on an interim basis.

Mr. Lindstrom said FPUA won first place in the parade again, but that is old business. He congratulated everyone that put the float together and participated. It was a great parade and thanked the City and Kiwanis for sponsoring it. Mr. Lindstrom thanked Javy Cisneros for directing traffic during the parade and being an engineer to keep us out of jail with the regulatory issues.

Mr. Lindstrom said there will not be an FPUA Board meeting on December 20 or January 3 unless you are notified otherwise. He wished everyone a Merry Christmas.

Attorney Koblegard said two weeks from today, he, Mr. Lindstrom, Mr. Mimms, and Mr. Messer, have a conference call planned with FDEP staff concerning the wastewater treatment plant and the reverter clause or the public purpose clause on the deed when that property was acquired way back in the 1950's. Tim Atkins, who is our attorney, will be in Tallahassee and will be there

with the FDEP staff. We decided we did not need to drive all the way up there to speak to the FDEP staff, they are far removed from that Cabinet who will make the call on this. Attorney Koblegard said we can discuss with the FDEP to see what they are looking for and how we can continue to proceed and whether or not we can get the Cabinet to consider that before we really know what we are going to do. We do not know, but it is a starting point. He will let the Board know the outcome at the next meeting.

Mr. Perri asked where staff is on the Strategic Planning session.

Mr. Lindstrom said he is trying to get three weeks' worth of work done in three days so it should be coming in the February time frame.

Mr. Bey said several meetings ago the Board discussed the possibility of expanding the weatherization program. He said Mr. Mimms expressed an interest in the City doing that with us if we could put something together. Mr. Lindstrom, one of FPUA's employees, and I met and explored some possibilities and wondered what the status is.

Mr. Lindstrom said he will have Jason Hoffman come and give an update. He said we are in the throes of somewhat of reorganization within that group.

Mr. Hoffman said the WEOP application has to be re-written because originally items were taken from different areas. He said we have been looking at grants through APPA and DOE that can help supplement the program. Mr. Hoffman said he is not a grant-writer, so finding his way through that is challenging.

Mr. Bey asked if there is a timetable Mr. Hoffman expects to get back to the Board with information.

Mr. Hoffman said he would love to say January, but that is not going to happen. He can put the pieces together and send them out, but then it is a waiting game to see if we get approved for a grant for more funding.

Mr. Delulio asked if there are any grant writers within the City Mr. Hoffman can talk with.

Mr. Hoffman said Libby is swamped and is doing a fantastic job with everything else. He said to pull her away would be a hardship for the City.

Mr. Mimms said the City of Fort Pierce would be happy to work with FPUA staff or administration on identifying funding whether grant sources, internal funding through CDBG or SHIP programs. He said we have community partners out there that are doing the same thing we are trying to do. If we start to bring all of these resources together, hopefully we can accomplish what we are

trying to accomplish for the community. Mr. Mimms said he would be happy to work with Mr. Hoffman, Mr. Lindstrom, or anybody else.

Mr. Lindstrom said we took this as an opportunity to look at the entire program and we are considering an auditor, not necessarily a full time position, but someone that is capable of doing the residential audits and managing the projects as well. He said funding is a big part of that so it is a matter of creating the organization and finding the funds or finding the funds and creating the organization. Consequently, we have stepped back to take a look at this as a big picture item.

Mayor Hudson said she has been told Habitat for Humanity is now not only going to build houses for people, but they are also going to be in the same kind of business. She said Bob Calhoun should be somebody we could talk to because there may be potential partnerships with them.

Mr. Lindstrom said he has touched base with Mr. Calhoun.

Mayor Hudson said since we just repaid the loan, FPUA has more money.

Mr. Bey said the reason he brought this is up is because he does not want the WEOP to die and he will bring it up every few months to see where we are. He said when the City wanted to partner with us, Mr. Bey would like to keep it on the front burner.

Mayor Hudson said it is a great program.

Mr. Bey said he wanted the Board to be able to decide if they wanted to expand it. He said if we can get all the information in front of us to look at, we can see what we can do.

Mr. Hoffman congratulated Mr. Mimms on 3rd place in the parade contest.

Ms. Cavalcanti said when she tried to go on line on her phone to look at her bill, it says to view bill or pay on line. She said when she clicks on it, she can see pay on line, but she cannot see where to view bill.

Mayor Hudson said you need assistance.

Ms. Cavalcanti said there may be other customers that have the same frustration. She said they came over once and she used to be able to do it on her phone and now she cannot.

There being no further business, the meeting was adjourned.

ATTEST:

SECRETARY

CHAIRMAN