MINUTES OF A REGULAR MEETING OF THE FORT PIERCE UTILITIES AUTHORITY, TUESDAY, JANUARY 7, 2020, 4:00 P.M., CITY COMMISSION CHAMBERS.

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

Others present: John K. Tompeck, Director of Utilities; Rupert N. Koblegard, III, FPUA Attorney; Barbara A. Mika, Director of Financial Services; Nina B. Penick, Director of Financial Services; Paul A. Jakubczak, Director of Electric & Gas Systems; Bowdoin G. Hutchinson, Director of W/WW Systems, Javier Cisneros, Director of Utility Support Services, and Joshua P. Gang, Director of Regulatory Affairs.

The meeting was called to order by Chairman Cavalcanti.

Opening Prayer was by Alice Ladomirak of TCEC.

The Pledge of Allegiance was recited.

The roll was called and a quorum declared.

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. Matthews, seconded by Mr. Bey, and unanimously carried to approve the Minutes of the Regular Meeting of December 3, 2019.

Mr. Mathews said on Consent Item 4 he thinks we made a good choice for the new positon and certainly we want to recognize that. He said if Mr. Josh sticks with us, he will be a good person.

Mayor Hudson said congratulations.

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

1. RFP No. 20-02: Accept proposals and approve contract for Lawn and Grounds Maintenance at various FPUA sites with Mow 4 Less Lawn Care LLC, of Fort Pierce, Florida, in an amount not to exceed $92,360 annually. The initial term of this Contract will be from December 7, 2019, to December 6, 2020, with four one-year renewal options, contingent on receiving the required Certificate(s) of Insurance.

2. Approve POA 14-68: The purchase of 50 desktop computers in an amount not to exceed $59,500, from Dell Marketing L.P., of Round Rock, Texas, under Florida State Contract Number 43211500-WSCA-15-ACS and WSCA-NASPO Master Agreement MNWNC-101, for purchases through March 31, 2020.

3. Approve POA 20-09: The piggyback of Utilities Commission, City of New Smyrna Beach, Florida ITB 11-18 and Contract with Synagro South, LLC, of Baltimore, Maryland, for Emergency Biosolids Disposal in an amount not to exceed $50,000 annually. The initial term of this Contract will be from January 7, 2020 through January 6, 2021 with four one-year renewal options, contingent on receiving the required Certificate(s) of Insurance.

4. Confirm appointment of Josh Gang to the new position of Director of Regulatory Affairs.

Mr. Tompeck said the first item is an information presentation by Bo Hutchinson on the WRF relocation strategy.

Bo Hutchinson, Director of Water/Wastewater Systems, presented the Island Water Reclamation Facility Relocation Strategies update. He said today's presentation is on some of the initiatives we have been working on in order to move the wastewater plant off the island. All of these slides you have seen before in strategic planning and there are a few of them staff is working on now. There are a couple of other initiatives we would like to put out there informally and see if it is something the Board is interested in and if so we will come back with a more formal submittal on those items as well. Mr. Hutchinson said the slide displayed shows some annually supporting projects such as the 16" force main along Orange Avenue that is under construction. He said this specific area is from Jenkins Road to 39th Street and is about 80% to 85% done with the construction and we will move on to testing and certification. Right on its heels is the downtown force main and our plan is to start on the survey this year and if we are able to move forward with the engineering, we will. This is going to be a very challenging project, there is a lot of conflicts downtown. We have to cross the railroad tracks and have to make it work with the new Kings Landing development. We will be going right through the edge of that property as well. The project will take a little bit of time to get through the design phase for sure.

Mr. Hutchinson said an update on the joint venture we have with St. Lucie County is to do a new planning study for the MRWF. He said the first and probably the most important item to look at is the cost. The original study was done back in 2008 and we have been working off those numbers ever since. There is a cost escalator in there that should keep us pretty close, but the further from the premise we get, the further off we could potentially be. We need to update the study which will include looking at our existing service territories and also the future service territories. We will look at the planning areas and the land uses and try to extrapolate the amount of flow we will be getting from those, also the times we will be getting those flows, and how many years into the future. That is a bit of a crystal ball, but we have to have a baseline to

start with. This will help us size the plant because there has been some discussion anywhere from as small as a 5 mgd all the way up to a 15 mgd, depending on how fast the growth comes at us. Mr. Hutchinson said he has a very strong feeling we will end up dead smack in the middle of those two numbers. He said the location has been discussed quite a bit, as we know FPUA has a site where we have a substantial investment. St. Lucie County also has a site at the airport, which is more centralized to the overall service territory as well. We have also tasked our consultant with, forget about both of those sites and just see what makes the most sense. Of course however what washes out has to do with the economics of it as well. The reuse is the big component of that, the irrigation water, currently all of the water goes down in a deep injection well after it is treated. If we can sell that as irrigation water, it is a good revenue source that can help offset the cost of the plant and also our simple O&M costs as well. Technology is always changing, but not so fast in this particular industry, we want to make sure we are designing a plant that is on the cutting edge and not designing something that is from 1940. We will take the information we get from the sizing of the plant and the type of plant and compare it to other similar facilities around the state, some that are managed by municipalities and other ones managed by private contractors to get a good idea of what the O&M costs will be for that facility. That can start the discussion on potentially how the cost share can work with our St. Lucie County partner as well.

Mr. Hutchinson said FPUA is also looking into future regulatory requirements. He said a month or two ago, we started shipping our biosolids to a different facility as opposed to land applying it. That is not in the regulations as of yet, but is definitely coming and we like to stay a little ahead of the curve and demonstrate our environmental stewardship as well. We would like to do this with this plant as well. This is a fairly big undertaking that our consultant has taken on and we are passing information back and forth continually, at least a couple times a week between us, the County, and the Consultant. We are hoping to have a draft of this to look at perhaps by strategic planning. Mr. Tompeck is shooting for that sometime around March and hopefully we will have something to give the Board a more specific update at that time.

Mr. Hutchison said one of another of our ongoing initiatives is the Capital Improvement Charge (CIC) fund designation. He said this is where FPUA takes 10% of all of the wastewater impact fees and sets them aside for projects that specifically support the relocation of the plant. To date we have about $100,000 in there and it is not a lot of money, but keep in mind most of the growth we are seeing right now is mostly the new meters, which is substantial. The Water Operations Department is installing between 30 and 50 meters per month, which is a very good number for FPUA. Most of those meters are in developments that are covered under the Capacity Reduction Option so they still have a significant amount of capacity they purchased years ago to work off before they would start paying impact fees again and start contributing to this fund. We are expecting over the next year or year and a half for this to ramp up rapidly.

Mr. Hutchinson said we are now moving into some other items the Board has seen from strategic planning, but have not moved forward with. He said we are just looking to informally present

this to the Board and if interested, then we could potentially move forward with it. The slide displays a surcharge and the first question is, a surcharge versus just tacking it onto the rate. There is a value to creating the public awareness and showing them where that extra dollar or extra change whatever the amount happens to be, it would specifically show it on the bill as a surcharge. The public awareness adds a lot of value to our effort. We also have to consider the timing of this, it is the first year and Mr. Hutchinson said he knows of since he has been here that we have not had a rate increase on the wastewater side or have not needed one. There may be an opportunity there, but that is a decision for the Board. The table displayed is an example chart that was put together by our rate consultant Raftelis and the numbers, dollar amounts, and percentages are just for discussion purposes. There is nothing in stone, it is completely up to us if we want to do anything with it. The very first option was just tack on an extra dollar on every meter, which is where we started. There are some problems with that being someone that has a single family home is paying the same amount as a single meter that services an entire condo with maybe a couple hundred residents. So that is probably not the best way to do it. We looked at it on a per ERC bases and that has some difficulty in calculating the fees. Do we charge it on the initial fees they purchased or on what they are using today or what they have used over the last five year average. We would have to decide on that and there is also a lot of tracking there as well. The percent of revenues is a simple way to do it and also the per 1,000 gallons is the initiative staff is looking at the most. If you were at $0.15 per 1,000 gallons and in five years based on interest rate of about 3% rate of return, we would have about $1.2 million. If you go down to the upper end that we have a $0.30 per 1,000 gallons that would put us at about $2.4 million. This is just something with a little bit more detail to see if the Board is interested in it. If you are then you can let us know and we can bring it back as a more formal proposal. If there is any specific numbers or scenarios you would like staff to run, let us know that as well.

Mr. Hutchinson said the next item is another idea from strategic planning. He said this is to collaborate with St. Lucie County, City of Fort Pierce, and FPUA to create a realistic site plan for the Causeway. We are calling that a holistic view because we are including the FPUA plant site, Mr. DePeyster's property immediately to the east, and St. Lucie County's property on the north side of the bridge. This would start with a marketing analysis where we would try to find the highest and best use for the property. We have heard a lot of discussions for hotels, restaurants, and that type of usage including retail. We will need some experts in that field that can tell us what is the best way to redevelop the property, which will also include a traffic study and very high level drainage as well. Back in the 2012 charrette, these were two concerns the residents brought up and rightly so. You come across south bridge, it pinches down into two lanes and even with today's density sometimes there is back up so he can understand their concern. On the traffic side, it is not just on A1A, it is also the egress and ingress into and out of this development we are talking about that has to be considered. All of that takes up land just like the drainage takes up space so that has to be included in the conceptual site plan as well, just to make sure we are not throwing our numbers off. St. Lucie County has their historical museum on the north side of the property which is proposed to be relocated. They would like to take a look at that and look into some other good options so if this happens to not be very popular with

the public, they will at least have something we can present to the public. If we move it off the beach, look at the great little place in historic downtown Fort Pierce. We use all of this to create our conceptual site plan, which is the big pretty picture we can frame and put up here in City Hall or use it as a sales tool going forward, but something realistic would be very beneficial. Hopefully everybody understands that FPUA does not own our site plan, which has been mentioned many times. We have to buy it out from the State. The cost of that is dependent on what we want to build on there, the more public use, the less it is going to cost and vice versa, the less public use, the more it is going to cost. Tallahassee will not talk to us until we have some kind of ratified site plan, which is something the City and the County have signed off on that we can take up there. Then Mr. Mimms can go talk to the politicians and find out exactly what that will cost. From there we start to get into the real value of this. We can use the conceptual site plan to determine the value of this area when we have an idea of what we have per square footage available for restaurants and hotels. There is plenty of empirical data on what income per room hotels have and seats in restaurants and all of that good stuff. We can use that to try and determine what the end result value of this property is, that would include property taxes and all of the other items listed on this slide. Job creation is very big with the Department of Economic Development right now that can open us for potentially for some grants in the future. This is not going to build out overnight, there is going to be some period of time where we start from nothing and then build on up. It may be ten years, fifteen years, or twenty years, he does not know. It is something the experts will have to tell us, but that becomes very important when we start looking at the potential debt service on the new plant. We are not going to want our payments front-loaded, we want to have them more end-loaded something in line with the projected uptake rates for this site as well to offset some of those costs. Item 8 on the slide displayed is probably the most important part of this, we want to demonstrate the long term value of the Causeway. Now we have the cost of $110 million to $120 million to move the plant, which is a tremendous financial burden, that is the way it is perceived. The goal is to demonstrate the overall value of this site with all of these things mentioned such as the taxes and spinoff fees and actually switch the paradigm from this being a cost to actually being an investment. That is what is going to get people behind this, in our opinion.

Mr. Hutchinson said staff has been talking with Kimley Horn putting together a scope to do this work for us and the game plan is to share cost among all three entities, City of Fort Pierce, St. Lucie County, and FPUA as a joint venture. That is the end of the presentation and he said he would be happy to answer any questions.

Mr. Bey asked back in 2008 what the cost was to build the plant at that time.

Mr. Hutchinson said he thinks at that time it goes up a few percent every year, but he thinks it was somewhere around $98 million. He said a couple of things have happened such as the cost is escalated and we have also been constructing other infrastructure that has been coming off that as well. The further from the initial estimate we get, the less accurate it is.

Mr. Bey asked if this part of town is in the CRA District.

Mayor Hudson said it is.

Mr. Bey said he was having such a wonderful time listening to the City Commission meeting.

Mayor Hudson said we aim to please.

Mr. Bey said the discussion of A1A/Seaway Drive was a lengthy discussion. He asked what kind of impact will the plant being moved and will any funds from that whole transaction go toward helping to make Seaway Drive legitimate, up to code.

Mr. Hutchinson said typically when a developer comes in, not to say we would be a typical developer, there is contributions or cost share or sometimes depending all on them or depending on how it is. He said there are too many variables to answer the question accurately right now, depending on what happens with the site and how it is developed. If the City kept a portion of that property they owned and leased out, that is a different scenario than if you sold off a specific site to a developer. You will have a different outcome there and you also have to look at the timing. If this is sometime soon, he would assume it would have to cover some of its own impact anyway. However, if it is far enough down the road it might be something that is already being handled by the City ahead of time. At least we will have the concept we would be able to present to the City in that particular scenario or this is what we are looking at and this is the egress and ingress and see if we can make the whole plan work together.

Mr. Bey said the reason he raised that question is because when he was listening to the meeting last night and it seemed to him the thoughts of doing all this building came first and then they thought about Seaway Drive, what about A1A and how are people going to get in and out of Harbor Isle. He is raising that question now so that maybe hopefully somebody might remember it ten years down the road when he is dead and gone.

Ms. Cavalcanti asked if this site is considered a Brownfield.

Mr. Tompeck said we could certainly apply to the Brownfield Program. He said we may have to do it in a similar fashion like we did for the King Plant. Have the FPRA make the application because it could be said that the City and FPUA were responsible for the contamination, if there is any. He suspects there probably is some.

Ms. Cavalcanti said she would guess too.

Mr. Tompeck said he is hoping there are not PCBs and that kind of thing, but he is certain there is some contamination, it has been there a long time.

Mayor Hudson said Kimley Horne did a study for the City of Fort Pierce and presented it last night in connection with the Cumberland Farms. She said they were not the original ones who did the traffic study for the applicant. Kimley Horn is pretty much up to speed on what is happening on Seaway Drive currently, for right now. There was a lot of discussion about Seaway Drive and what could come in the future, the developer, and the impact on what is going to happen right now to that tiny little road from Binney to the base of the bridge. Mr. Mimms and she were talking earlier today that it has more lead way from Binney to the ocean, which you cannot do a whole lot with that. Mayor Hudson said Seaway Drive is going to be impacted by a lot, more than this in the future probably so that has to be looked at. She said maybe Kimley Horn already has a jump start on it because they certainly had some good figures for the Commission last night. She asked if the study for the site plan is separate from the study that is going to be done in March.

Mr. Hutchison said that is correct.

Mayor Hudson said in March we are going to have some ideas about locations of the plant and this is beyond that and what can happen in the future. She asked if we spent roughly $20 million already in preparation of moving.

Mr. Hutchinson said that is right.

Mayor Hudson said she thinks that is really important to emphasize when we are talking to people because she does not know how often she hears it, but she hears it all the time "you guys talk about moving that, but you do not do anything, nobody has done anything, it is just conversation, you are not really interested in it". She said this shows what FPUA reports and what we are doing with St. Lucie County and what we hope to do in terms of the site conception shows we are serious about this. Legislators want to know that beyond Fort Pierce, people want to know that as you know when we met with Senator Harrell. Nobody wants the plant on the island, everybody wants it off, and everybody wants to know we are serious about doing it. Mayor Hudson said she appreciates this and the efforts we are making because right now we are the only ones that have skin in the game in terms of actually putting up money to move the plant. She said the force main, the public may not know why that is important, but it is important in preparation. All those kinds of things we need to tell our story that we are indeed interested and doing it in a practical and efficient manner and hope not to have our customers to bear the whole burden.

Mr. Hutchison said those are very good points and all of the initiatives we have already taken including the money we spent here. He said the other initiatives presented today are all demonstrating that effort.

Attorney Koblegard asked if the pictures displayed are Jenkins Road.

Mr. Hutchinson said yes it is. He said it is Orange Avenue very close to Jenkins Road.

Attorney Koblegard asked if it is the Jenkins to 39th Street.

Mr. Hutchinson said yes it is.

Attorney Koblegard asked if once that is completed to get to our plan assuming it is the location that is picked, is there any other pipe laid or do we still have to go all the way.

Mr. Hutchinson said on the displayed bonus slide there is already quite a bit that is in place. He said there is a significant amount of 16" force main that is already constructed on Moore's Creek and we have the section being constructed now that will get us to Jenkins Road from there. We still have the downtown force main that has to be put in for the flows to be rerouted in the opposite direction. This particular piece and the other pieces we have already in place allow us to support the growth we have now and still bring it east. We would still be able to turn the flow around in the future to go west. In answer to Mr. Koblegard's question specifically, at Jenkins Road we have a 24" force main that would then go south from there and it goes all the way to Okeechobee Road as of now. There are a couple other small pieces that are south of there and the next phase of that would be to pick up construction from Okeechobee and start moving south down the end of Jenkins Road to potentially cross the Creek.

Mayor Hudson said they are eventually going to connect Jenkins to Midway.

Mr. Hutchinson said yes, which would save us a tremendous amount of money in clearing if that is done before we get there.

Mayor Hudson said it is on the TPO list to do in the next 5-10 years.

Attorney Koblegard asked if the same thing would apply if we were going to go north to the airport.

Mr. Hutchinson said if you look at either one of those two options. He said either you would hit Jenkins Road and Orange Avenue and you would go south to the FPUA location or you would start constructing force main and go north to the north extension of Jenkins Road, you could work your way back around to the airport. If that is the scenario, the only significant loss is we would not need a 24" force main on Jenkins Road, just for collections. That is major transmission, so there would be some loss capital there, but it is not a complete loss. It is still going to be a very centralized hub that needs to be there to collect everything to either send north or south.

Mr. Tompeck said the next items is an information item by Javy Cisneros on the Identity Theft Detection and Prevention Program.

Javy Cisneros, Director of Utility Support Services, said he was going to review FPUA's Identity Theft Detection and Prevention Program and provide some highlights from 2019. The agenda today will be similar to previous years, review the history and purpose of the program and identify members of the committee and their responsibilities, look at some types of theft and fraud that we consistently deal with every day, and use red flags to identify those. We will also look at some key performance indicators to get an insider look into FPUA. The Federal Fair and Accurate Credit Transactions Act of 2003 (FACTAct) or Red Flags Rule, the purpose of the act was to provide protection to creditors to include utilities to develop a program to help protect consumer accounts from any reasonable risk of identity theft. Even though the Act was approved in 2003, it did not become effective until January 1, 2008. There were provisions for utilities to have a program approved by their Board by November 1, 2008 and FPUA did in fact approve the program on October 21, 2008. There is a current version of that program included in your packet and is about 80 to 90 pages.

Mr. Cisneros said the Privacy Committee is a team effort to prevent theft and identity at FPUA. He said the Privacy Committee's primary objective is to provide the leadership and the appropriate resources allocated to ensure a successful program. The team members include the Director of Utilities who provides the overall leadership for the committee, Director of Utility Support Services is the privacy officer and provides oversight of the program, Director of Financial Services provides the oversight of FPUA funds, Customer Service Manager oversees the day to day operation for existing and new accounts to include billing and collections, ITS Manager oversees the day to day operation of the data and network security systems, Community Relations Manager oversee the distribution of critical information to our customers and employees, and Human Resources Manager oversees all critical employee related information. The timing could not be better because we are always looking for new blood on the Committee and Mr. Cisneros said he is going to add the Director of Regulatory Affairs to the committee, congratulations to Josh.

Mayor Hudson said welcome to the world of meetings.

Mr. Cisneros said Red Flags is defined as an activity that looks suspicious and a couple of examples are shown on the screen. He will go through them quickly, a discrepancy in an address is very common, a discrepancy in a customer report, altered or forged identification to include lease agreements and we have personally seen that. Other examples are social security discrepancies and the addition or subtraction of authorized signatories which is a big deal, we want to make sure the people making changes to their accounts are authorized to do so. Dishonored payments is a big one which he will talk about a little bit later. A full list of Red Flags are provided in the Program on pages 7-11. This year in 2019, we did not have any fraudulent voucher payments, but in 2018 we had two. One of those was a medical voucher that was obviously not valid and we did not accept and there was a promissory note from a local church, which was fraudulent. In 2019, we did receive fake money, there were two $100 bills and one $5 bill. All money is turned

over to the Secret Service for investigation and as you can see the displayed, it was from last year. The money shown on the screen is only valid for overpriced popcorn and candy at your local theatre, you are not able to use that.

Mr. Cisneros said last but certainly not least especially in today's world, we have cyber security. He said the dots shown on the map indicate the originating location of an attempts on our system that thankfully were blocked. There are attempts from all over the world especially from Europe and Asia. The only cyber incident was in 2014 which we resolved without issue, but it is really important to protect our system. We had three incidents of currency fraud this year and last year we had five. We had five employee unemployment claims, which are claims against an employee who was either still working at FPUA or someone that was not eligible for it, last year we had five and this year we had zero. This year there were twelve attempts to change checking account information where someone tried to get one of our employee's accounts routed to a different account and last year we had only three. Luckily we did not have any known customer fraud incidents in 2019.

Mr. Cisneros said he would like to close with a couple of "Did You Know" items. He said did you know FPUA would not call you to collect payments, we have customers that will receive a call to let them know their payment is due, but FPUA will not call you to collect payment. Some of FPUA's approved payment locations that are important for customers that may be watching today are FPUA's main lobby which is a very popular location at 206 South 6th Street and in the next couple of months there will be a Kiosk outside so customers can make payments after hours. That will be coming in the first quarter of 2020. A couple of offsite locations are Fort Pierce Discount Pharmacy on Delaware Avenue, Seacoast Bank on US 1 Fort Pierce location only, Dixon Cash Checking on Avenue D and 25th Street, Down South Beverage Cash Checking on US 1 and Avenue D, and Pay Near Me which gives customers the opportunity to pay at any CVS, 7-11, or Family Dollar, you can pay at these three locations throughout the country. Mr. Cisneros said it is important to note FPUA does not process payments, we take payment at locations, but we do not process them. We use a 3rd party vendor for payment processing so FPUA does not store any customer payment information. We use a 3rd party vendor to comply with the Payment Card Industry Data Security Standard and the compliance falls on them and it really is quite a bit of work. We use a third party vendor for that which is Invoice Cloud.

Mr. Cisneros said he talked to a couple of Board Members this year about phone scams and our area does get quite a bit of phone scams. He said if there is any doubt whatsoever, if a customer is concerned about being disconnected or an issue with their account, they can hang up from that phone scam and call FPUA at 466-1600. This is an information item only and he would be happy to answer any questions.

Mayor Hudson asked if on the fraud does FPUA report it to law enforcement.

Mr. Cisneros said currency frauds we do and we do work with law enforcement if we were to have a breach.

Mayor Hudson said so the people that are trying to do it, she asked if they are prosecuted.

Mr. Cisneros said if we catch them and he is pretty sure in 2014, we dealt with law enforcement and he confirmed that with Tom Fryar.

Mr. Fryar said we reported it to law enforcement, but there was no further investigation.

Mr. Cisneros said it is really hard to catch some of the cyber concerns. He said he has had identity theft himself and it went nowhere. He was number 2000 for his incident.

Mayor Hudson said she was wondering how aggressive they pursue that. She said it is hard to find and catch them.

Mr. Cisneros said he thinks the Sheriff's Department only has two employee detectives and their job is identity theft. He does not know if the Police Department has anybody on identity theft, it takes a lot of time and resources.

Mr. Bey said with the new kiosk that is coming in October, he asked if there are any security measures planned since it is going to be outdoors. He said people will probably have access to it 24 hours.

Mr. Cisneros said it will be in a well-lit area, secured to the ground, and there will be cameras pointing at the kiosk. He said one camera will be looking over the kiosk to see the money going in so if there is an issue with the customer we can address it. We have cameras throughout the building so we can see people coming in and out of the area where the kiosk will be and cameras looking directly at the kiosk. We will be able to see people's faces and what they are wearing. We will have security measures in place.

Mr. Bey said thank you.

Mr. Cisneros said we are actually going to have the outside kiosk in the first quarter of 2020, we already have a kiosk inside the main lobby.

Mr. Tompeck said the next item requests approval of the disposition of obsolete inventory and Nina Penick will make the presentation.

Nina Penick, Director of Financial Services, said she is here today to request the Board's approval of our disposition of obsolete inventory. She said the Board has been provided a detailed list of

every piece of inventory staff is requesting the disposal of. The amount totals $222,060.35 and the Board may recall back on October 15th of this past year we did also bring to the Board the disposition of 23 vault transformers and on pole mounted transformer, which was an additional $70,856.43 and approved by the Board. Mrs. Penick said what is a little bit unique about Fort Pierce Utilities Authority is the inventory that sits in our warehouse, sits in our warehouse. She said in many cases, it sits there for just in case and the inventory is recorded as an asset in our financial statements. Over time, those pieces of inventory deteriorate, become obsolete over time, and there are other items that turn fairly often and we are using them regularly. We did light a fire under staff this past year and tried to get them to initiate the disposition of some of these assets. Some of them came off the shelf and went to the departments so they would be closer at hand and staff would know the items were available for use at no costs because it has already been charged out to them. Mrs. Penick said some of the stuff went into the dumpster. She said when there are items that have rubber gaskets on them and are that old, you would have to basically rebuild those items in order to bring them back up to the original value anyway. It is not beneficial to and we do not want to put good money after bad. These were items identified throughout the organization, all the departments are pretty much represented here and this is really just a tip of the iceberg. There are still many more items in our inventory that are extremely old and you should see more of this moving in the future. If we are not using it, we should not be housing it, we do not want to count it every year. It is just something we need to keep up to date. Mrs. Penick said it is something our external auditors have encouraged us to do in year's past and we are very pleased to do now. She said the Board will need to approve the disposition of the obsolete inventory in the amount of $222,060.35.

Ms. Cavalcanti said it is just essentially an accounting item, correct.

Mrs. Penick said it is, the items have already been purchased, but it does hit expense.

Ms. Cavalcanti said it will hit expense and these are items of no use. She is assuming the shirts have been given away.

Mrs. Penick said some cases we do not want to give them away. She said we do not want to throw them in a dumpster because we do not want someone to assume the identity of an FPUA employee.

Ms. Cavalcanti said when she said given away, she meant employees and are they using them at all or burning them.

Mrs. Penick said they are generally being given to the departments that were using them in the first place and they are used when the employee may have a dirty job to do where they may get dirty or stained.

A motion was made by Mayor Hudson, seconded by Mr. Matthews, and unanimously carried to approve disposition of obsolete inventory, in the amount of $222,060.35.

Mr. Tompeck said the next item is the bill comparison for the month of October 2019 and Barbara Mika will make the presentation.

Barbara Mika, Director of Utilities, said she is presenting to the monthly update on the comparisons of municipal electric rates in the State of Florida, and of the local Treasure Coast utility bills for the month October 2019. She said in the first graph is the comparison of residential electric rates for 1,000 kWh of consumption for the month of October for the 13 municipal utilities, in the State of Florida, which are members of the "All-Requirements Project" (ARP) and are displayed and ranked based upon their base bill for 1,000 kWh of consumption. As members of the All-Requirements Power supply project, these municipalities benefit through the economies of scale, operating as part of a larger group of cities. In the graph we can see where FPUA ranks among the 13 ARP participants. Our October rates at $108.84, depicted with the yellow bar, ranks FPUA with the 6th lowest rate of this group. Also presented in this comparison, by the blue bar, is the relative position that FPUA would hold with the additional $2 per kWh approved PCA decrease which went into effect on December 1st. The next graph displays the October comparison of Florida residential electric rates for that same level of consumption and includes all of the municipal utilities in the state. The data for all of the graphs has been compiled by Florida Municipal Electric Association (FMEA). FPUA's October bill for this level of consumption, at $108.84, has maintained its standing since last month among the other municipalities in this graph, our position has not changed. October brought rate decreases for seven of the 13 ARP participants. Two significant decreases were with the cities of Jacksonville Beach and Newberry, both with decreases in the $25.00 range per 1,000 kWh. The overall impact on the averages shown in this graph was a decrease of $4.39 for the ARP and $1.64 for all of the Municipal Utilities. For the 1,000-kWh comparison, FPUA is just below the municipal average of $108.95. Mrs. Mika said she would also like to point out in this full residential comparison, which includes all 32 municipal utilities and FPUA's position in blue, which includes the approved December 1st PCA decrease.

Mrs. Mika said the next graph presents a similar comparison of municipal utility bills within the State of Florida for the consumption of 2,500 kWh. She said in this comparison, FPUA's October bill at $274.80 has fallen back by just one position. The averages for this level of consumption for all three of these groups were impacted by the same changes that were noted on the 1,000-kWh bill. The average for the ARP bill fell $11.20 for this level of consumption and the Municipal average decreased by $4.67. The table displayed is the October comparison of the average residential utility bills on the Treasure Coast. The comparison includes the bills for electric, water, and wastewater services that a residential customer with average consumption would have experienced if they resided in one of these service territories. These figures include all of the applicable taxes and fees and have been verified to actual or historical bills. In this comparison,

FPUA's utility bill for services provided inside city limits for FPUA is shown in the first column. All other bills represent electric services provided by FP&L and water and wastewater services by the locality's provider. There were no changes on any of the local utility bills since September. This item is for information only and requires no action on your part; however, if you have any questions she would be happy to address them.

Mr. Tompeck said he would like to add something and said at the last meeting we talked a little bit about the chart for 1,000 kWh and the fact it appeared most of the ARP Members were on the right hand side of the chart versus the left hand side of the chart. You can see that has swung around a little bit and some of these numbers are fairly volatile. He went back and talked to some of the FMPA folks about this and he thinks the reason for some of these in brown, the non ARP Members, a lot of those have short term power contracts. In other words they do not have the same contract or buying power from ARP like FPUA does. Right now there is a lot of surplus power on the market so they are actually getting a little bit better deal. As a matter of fact, FMPA ARP is selling power at less than what they are charging their Members because is excess power and they can make some money on it, which will eventually go back to reducing our bills. It is a little bit less than we are paying just so they can use the power. A lot of people have a problem with that, but it makes since to do that. Mr. Tompeck said he thinks that is why you see some of these other ones are a little bit lower than you expect for the ARP. He said he knows he did not make that clear last time and hopes it is a little clearer this time.

Ms. Cavalcanti said she remembers it was pretty complicated last time
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Mr. Tompeck said the next item is the status report on the power cost adjustment for November 2019 and Barbara Mika will continue.

Mrs. Mika said she will be providing information about November's power cost and updated projections through November 2020. She said as the Board is aware, the Power Cost Adjustment, or PCA, is the mechanism by which FPUA recovers power costs that are in excess of the $79.52 base power cost, which is included in the base rate. The cost of power purchased from FMPA for the month of November was billed to FPUA at the rate of $72.43 for 1,000kWh, this is an increase of $9.07 as compared to the billing for October. The over-recovery from the customer for the month of November totaled $434,174. The cumulative over-recovery as of November 30th was $5.2 million. In the chart displayed, the bars depict the balance of the PCA over-recovery and the dark blue line represents the PCA. The PCA for November is negative $8.00 falling off to negative $10.00 per kWh effective December 1st. The blue bars represent the actual amount over-recovered while the orange bars depict what the over-recovery would be if the projections are correct. These projections have been prepared by Raftelis Financial Consultants, which in turn were based on projections prepared by Florida Municipal Power Agency. Since the October forecast, FMPA's estimate of the cost of purchased power for the upcoming 12 months has decreased by 2.8%. This graph takes a look at the PCA trending through September 2021. While

this a long range look, we can see that in the shorter term, in June, the upcoming 7 months, the PCA comes closer to the $4 million mark and summer months that will ensue. While natural gas prices are down, the uncertainty of the impact on pricing for the impending winter months, staff is suggesting to wait another month for updated February cost estimates and recommends no change to the Power Cost Adjustment at this time. This item is for information only and requires no action on your part.

Mr. Tompeck said the next item is an award of bid for replacement of electric distribution poles and Larry Lammers will make the presentation.

Larry Lammers, Electric Supervising Engineer, said before he asks for the Board to award the bid to replace poles, he would like to take a moment to describe how we use information to try to make the best decisions possible and ensure we have a very reliable electric distribution system. It all starts when we are talking about poles specifically with inspection of our poles. We try to make sure we are at the very least inspecting every pole at least once every eight years. That is a requirement placed on us by the Public Service Commission that we inspect these poles. The main reason for that is wooden poles rot and we actually live in an area where wood rots pretty rapidly so it is even more important for us here in Florida to stay on top of what condition our poles are in. To that end, we hire a contractor to inspect the poles and they go through a process called sound boring and excavation. During that process, they hit the pole with a hammer, see where it sounds a little bit hollow, then they drill it to see how much solid material is there. They then excavate to see how deep that rot might go. After they do all of that inspection, they compile a report and send to it FPUA the estimated remaining strength of that pole. Mr. Lammers said staff looks at the report and some of our field personnel who are very familiar with indicators of what shape a pole is in, they take that information and say yes we should replace this one or we can consider bracing it and get additional life out of the pole. He said FPUA has a long list of poles that is increasingly shrinking as we attack this issue and part of that list contains these 222 poles that we put out for bid. We would like to award the bid and contract for replacement of 222 electric distribution poles to SPE Utility Contractors FD, L.L.C., in an amount not to exceed $487,734.

Mr. Matthews asked how long it takes for a poles to arrive after they are ordered.

Mr. Lammers said as soon as we award this bid, he believes SPE said they could be ready to start replacing these poles within one month. He said they estimate it will take them between 40 and 60 days to replace them, if he remembers correctly. We already have the poles in stock to be replaced.

Mr. Matthews said that cuts his second question out because we have some on hand.

Mr. Bey said that is an interesting process, he went out with a company when he was a newbie on the Board, he believes it was Osmose.

Mr. Lammers said that is correct.

Mr. Bey said he went out and saw the process and he is wondering since wood rots fast especially in this environment, he asked if we are replacing wooden poles with concrete poles or just replacing wooded poles with new wooden poles.

Mr. Lammers said for all of our feeder poles, which are by far the most important poles we are replacing with concrete and in some instances depending on the location of the pole, ductile iron. He said ductile iron is lighter which means we do not need as big of equipment to lift it and it will probably last longer. He says probably because it is a new material for the electric distribution industry, but it is more expensive. If it was not more expensive than concrete, then we would probably only use ductile iron for our feeder poles. Concrete or ductile iron for our feeder poles, to answer Mr. Bey's question, and then in scenarios where we have non-feeder poles either secondary or lateral poles we are replacing them with wood poles. If we find a location where Osmose goes and does those inspections and we identify a lot of lateral or secondary poles that are rotten, we will strongly consider undergrounding that portion. It is economical to underground lateral lines.

Mayor Hudson asked if most of this is operational or is this labor.

Mr. Lammers said the whole contract is for labor.

Mayor Hudson said we have the poles.

Mr. Lammers said we provide the materials.

Mayor Hudson asked if they remove the old ones and put in the new ones.

Mr. Lammers said they install the new one, get it all framed up, do the transfers, then they will top the old pole, and eventually come back and remove the old pole.

Mayor Hudson asked what happens to the old pole.

Mr. Lammers said it goes to landfill at some point.

Mayor Hudson said it would not make good firewood.

Mr. Lammers said they treat it with a preservative so it does not rot as quickly as it would otherwise. He said just like if you build an outdoor deck, you are going to use treated lumber, but you do not want to burn that stuff.

A motion was made by Mayor Hudson, seconded by Mr. Bey, and unanimously carried to approve Bid No. 18-36B: Award of Bid to and Contract for the replacement of 222 Electric Distribution Poles with SPE Utility Contractors FD, L.L.C., of Port Huron, Michigan, in an amount not to exceed $487,734. The contract will commence upon written Notice to Proceed and end upon completion and acceptance by FPUA, contingent on receiving required Certificate(s) of Insurance.

Mr. Tompeck said On December 18th, FPUA Staff and Mayor Hudson met with Representative Johnson and Senator Harrell on an appropriations request we made for septic to sewer funding for our expansion project at Fleetwood Acres. He said he thinks the meetings went well because the topic is an environmental issue that has widespread bi-partisan support. We are hopeful the funding, or at least a portion of the funding, will be approved. The money will be used for infrastructure and to off-set the cost of individual customers hooking into the system. It will be several months before we know the status of that.

Mr. Tompeck said work on the installation of the new backup generator at the Water Reclamation Facility has been completed, which will close out the DEP Consent Order. He said we will give the Board a full information presentation on the project at the 21st Board meeting.

Mr. Tompeck said a quick update he would call a sad update on FEMA reimbursements for hurricanes. He said for Hurricane Matthew, we anticipate reimbursement of $560,000 total, of which we received $72,000 so far. On Hurricane Irma, we anticipate reimbursement of ~$1.1 million of which we have received ~$58,000 so far and on Dorian we anticipate $200,000 of which we have received nothing so far. In total we have ~$1.7 million outstanding with FEMA for these three hurricanes. It is a slow process which we will continue to press to recoup the outstanding expenses.

Mr. Tompeck said on December 30th, he sent the Board a note on strategic planning and is interested in the Board's input prior to setting up the agenda and preparing for the session. He asked them to let him know their thoughts on the key result areas and goals they would like to see emphasized at our next strategic planning session. We are trying to think of some ways to make it a little more interesting and interactive because we recognize that being bombarded with hours of PowerPoint presentations is a difficult way to spend the day. If you have any suggestions about that as well, we will be glad to entertain them.

Attorney Koblegard thanked FPUA for his nice warm jacket.

Mayor Hudson asked how FPUA arrives at the date for the strategic planning in March so she can plan.

Mr. Tompeck said we are looking similar to the way we try to schedule the budget and are looking at the dates associated with other activities. He said he will send out a note with some potential dates before it is set up, we will not just tell you what the date is. We will get the Board's input on that. He said staff is thinking about maybe an all-day session in which he has not discussed with Mr. Mimms yet. Maybe we could do the joint part with the City in the morning and in the afternoon do some of the more detailed parts that are more important to our Board rather than torture the City Commission with all that detail.

Mayor Hudson said unless they want to be tortured.

Mr. Tompeck said they are welcome to stay, of course.

Mayor Hudson said she would like to thank all the efforts of the staff during the holidays with all the different activities they were involved in terms of charity and doing things for people who are less fortunate. She thinks it is a great thing for the staff to do and she really appreciates it.

Mr. Bey thanked Javy for the jacket and said it comes in real handy.

Ms. Cavalcanti said for today in this meeting.

There being no further business, the meeting was adjourned.

ATTEST:

SECRETARY

CHAIRMAN