MINUTES OF A REGULAR MEETING OF THE FORT PIERCE UTILITIES AUTHORITY, TUESDAY, JULY 2, 2019, 4:00 P.M., CITY COMMISSION CHAMBERS.

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

Others present: John K. Tompeck, Director of Utilities; Amy Shevlin, Acting FPUA Attorney; Nina B. Penick, Director of Financial Services; Bo Hutchinson, Director of Water/Wastewater Systems; Paul A. Jakubczak, Director of Electric & Gas Systems; and Javy Cisneros, Director of Utility Support Services.

The meeting was called to order by Chairman Bey.

Opening Prayer was by Christelle Myrick of the Water Distribution Department.

The Pledge of Allegiance was recited.

The roll was called and a quorum declared.

Chairman Bey asked if anyone would like to add or remove anything from the agenda.

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

A motion was made by Mr. Matthews, seconded by Mr. DeIulio, and unanimously carried to approve the Minutes of the Regular Meeting of June 4, 2019.

Mike Perri of 1135 Antilles Avenue, Fort Pierce said he has some concerns with agenda item G1. He said the first thing that hit him was the $600,000. Next is the fact FPUA funds can only be spent on electric, gas, water, and wastewater, as per a letter from our Bond Attorney's letter dated December 4, 2017. Ratepayers should not be subsidizing the City's projects especially the ratepayers living outside the City. Mr. Perri said he has heard surveillance cameras are to be used by the Police Department as part of this project, and if so who will be on the hook for the upkeep and maintenance of the equipment? He believes each utility is required to be self-supporting and finds it hard to believe that FPUAnet has that kind of money. The Utility Authority was created to "have exclusive jurisdiction, control, and management of the utilities of the City of Fort Pierce and all of its operations and facilities." Also, "The Authority shall operate as a separate unit of the city government, the authority shall be free from the jurisdiction, direction, and control of the City Officers and of the City Commission." Mr. Perri said now all Board Members have a fiduciary responsibility, and is sure they are aware of that fact. He said as he found in the

minutes of some past meetings, and quoted a statement from Ms. Cavalcanti "she backtracked seven months, she was concerned because as a CPA, going back to Generally Accepted Accounting Principles and her responsibility as a Board Member, her fiduciary responsibility, she became very concerned." Minutes from another meeting Mayor Hudson said, "the fact of the matter is we all have a fiscal responsibility of accountability and the Board needs to know everything that is going on so that we all can do our duty". The Internet is not a utility, a cable TV is not a utility, surveillance cameras are not a utility. He said he does not know what ramifications would happen if the Bond Holders looked on this move as unfavorable. Could they call the bonds? Could they raise the rates? Could it hinder acquiring new bonds as needed? Any one of these scenarios could be very costly to the Utility and its ratepayers. The prudent action may be to table this item and ask the Bond Attorneys for an opinion on this matter.

Mr. Matthews said he has raised a couple of questions and he would like to further tell the Board out loud. He said the Consent Agenda Item D8 became his concern. He said it talks about annually and if you keep on reading in other documents it doesn't say annually, it has how many years such as three or five years. He asked if someone from administration or someone could bring up an explanation.

Mr. Bey asked if Mr. Matthews is asking this be pulled for discussion.

Mr. Matthews said yes.

Mr. Bey said we should approve the remaining and then go back and discuss that.

Mr. Matthews said he disagrees. He said it needs to be explained, a simple explanation why the word annually and how many terms annually will be. He said it will ease the explanation and then we can move on with the agenda.

Mr. Bey asked Acting Attorney Shevlin how this should be handled.

Acting Attorney Shevlin asked if Mr. Matthews is looking for an explanation specifically for the word annually on number D8.

Mr. Matthews said each document if you go into one under new business, it says annually, but he wants to know how long annually is going to be. He knows in terms of annually we talk about one year, but how long are we going to be involved in this particular project. Will it be three years or five years?

Acting Attorney Shevlin said if the Board is prepared to discuss that she does not see any harm necessarily bringing that forward. She said if it is not something that was contemplated for discussion today, it may need to be tabled and then be discussed at the next meeting. She does

not see any reason on the consent agenda if number D8 the particular concern if the rest of the consent agenda is accepted, and D8 is pulled for a later period that is appropriate.

Mr. Bey said then other words we can approve the other items and say table that for another meeting.

Acting Attorney Shevlin said that is her understanding and does not think there would be any issue with that unless the Board is prepared to discuss it today.

Ms. Cavalcanti asked if Mr. Matthews is saying he felt like there would be an explanation for this and maybe what we need is Mr. Tompeck to help us out on this.

Acting Attorney Shevlin said if that satisfies everybody, she is perfectly happy with that.

Mr. Tompeck said this item D8 is very similar to G2 and these are both items where we are working together with FMPA's Joint Purchasing Project. He said because of the way it is set up, six or seven utilities are involved and they go out and get bids from the manufacturers. Those bids are usually better than we can get based on the number of items the group would be buying. Mr. Tompeck said we look at that and if there is any problem we can certainly go out and get bids. He said we look at it every year when we are buying whether it is transformers, cable, or other electrical commodities.

Ms. Cavalcanti said she believes she also asked him about this and the one in G because her concern was it was in inventory. She said Mr. Tompeck explained to her that FPUA has to have this stuff on hand for when they are going to need it during the year. This is why they are saying it will not exceed $200,000 annually in this case, but it does need to be in inventory in case we have a breakdown or something like that.

Mr. Tompeck said it is consumable items essentially so we may or may not buy these all at once. He said we may buy them throughout the year to make sure we have enough in inventory.

Mr. DeIulio said then a year from now he will not be here, but the others will be, will this same item come on the agenda again.

Mr. Tompeck said it will.

Ms. Cavalcanti said it is like supplies.

Mr. DeIulio said then annually means just for this year.

Mr. Tompeck said it does, but we probably will not go out for bid next year, we will probably continue to use the FMPA Joint Purchasing Project to buy these. He said our history tells us it has been the least expensive way buy this kind of equipment.

Mr. DeIulio said so we are not locking ourselves in a 10-year contract.

Mr. Tompeck said no.

Mr. Bey asked if there is any other discussion on this or questions. He asked Mr. Matthews his pleasure on this item, would he like to pull it for further discussion.

Mr. Matthews said he is going to do the smartest thing here today and table Item D8 and he made a motion to approve the remaining consent agenda.

A motion was made by Mr. Matthews, seconded by Ms. Cavalcanti, and unanimously carried to approve the remaining Consent Agenda items minus D8.

1. Approve the Avenue A Sewer Main Rehabilitation Project and associated budget transfer in an amount of $70,000.

2. Approve the Avenue B Sewer Main Replacement Project and associated budget transfer in an amount not to exceed $63,000.

3. Approve POA 18-40A: Amendment No. 1 to the Elster/Honeywell General Terms and Conditions of Sale (the Amendment) with Elster Solutions, LLC, of Raleigh, North Carolina, which will be effective June 5, 2019 and apply to all purchases of Honeywell Advanced Metering Infrastructure (AMI) meters through Elster.

4. Approve RFP 14-84: Amendment No. 1 to the Service Agreement with Windstream Services, LLC, of Little Rock, Arkansas, to upgrade the Dedicated Internet Access for Resale speed from 500 to 1,000 Megabits per second, in the amount of $2,710.34 per month, not to exceed $97,572.24 for the term of 36 months from July 1, 2019 to June 30, 2022, with unlimited month-to-month renewal options at $2,710.34 per month thereafter.

5. Approve Budget Transfer Request and Post Budgeted Project/Budget Request for Utility Relocations for the Florida Department of Transportation roadway project along Kings Highway from SR-70 to White Road in the amount of $50,000 for the Electric System and $25,000 for the FPUAnet Communications Fiber System.

6. Accept RFP 19-20: Proposal and approve Contract for floor coating removal and resurfacing for the Reverse Osmosis Membrane Building at the Water Treatment Plant, located at 715 South 25th Street with Southland Painting Corp. of Fort Lauderdale, Florida, in an amount not to exceed $67,175. This Contract will commence upon written Notice to Proceed and end on or before 90 calendar days from the Notice to Proceed and acceptance by FPUA, contingent upon receipt of the required Certificate(s) of Insurance.

7. Approve the Post Budgeted Project/Budget Request of $23,000 and Budget Transfer Request in the amount of $10,000 for the South 30th Street Water Main Replacement Project between Orange Avenue and Boston Avenue.

9. Approve Bid No. 19-04: Award of Bid and Contract for the exterior painting of various buildings at the Energy Services Center (ESC) located at 1701 South 37th Street, Fort Pierce, Florida, to and with Tubito Painting of South Florida, LLC, of Fort Pierce, Florida, in an amount not to exceed $59,070. This Contract will commence upon written Notice to Proceed and end 90 calendar days from date of the Notice to Proceed and acceptance by FPUA, contingent on receiving required Certificate(s) of Insurance.

10. Approve RFQu No. 14-56: a) Budget Transfer Request in the amount of $108,729 and b) Specific Authorization No. Leidos 19-02, with Leidos Engineering, LLC, of Reston, Virginia, for engineering design services for the replacement of three 69kV breakers, in an amount not to exceed $107,200. This Specific Authorization will commence upon written Notice to Proceed and end upon completion and acceptance by FPUA.

11. Approve POA 16-40: Amendment No. 1 to the PLC and SCADA Network Services Contract with Membrane Treatment Services LLC (MTS), of Fort Pierce, Florida, to increase the not to exceed contract amount from $105,000 to $150,000, for the three year period of October 3, 2018 to October 2, 2021, and to add one three-year renewal option, contingent on receiving the required Certificate(s) of Insurance.

Mr. Tompeck said he is trying to figure out exactly what further information he can give Mr. Matthews to make him feel comfortable here. He asked Mr. Matthews if there is anything he can give him or would he like a written email with a better explanation.

Mr. Matthews asked Mr. Tompeck if he had a staff member that is directly responsible for that particular project.

Mr. Tompeck said he does and he is here.

Mr. Matthews asked if he could get a report from him.

Mr. Tompeck asked if he would like to hear from him now.

Mr. Matthews said it would be out of order now. He said he can hear from him at the next meeting.

Mayor Hudson said so we table this for a time certain and the time certain is the next meeting.

Mr. Matthews said yes.

Mayor Hudson asked if there needs to be a special motion.

Mr. Tompeck said he does not think so.

Acting Attorney Shevlin asked, for the record, the date of the next Board meeting.

Mrs. Mazzarella said the first Tuesday in August and that she did not have a calendar.

Ms. Cavalcanti said she believes it is August 6.

Mr. Bey said August 6.

Acting Attorney Shevlin said it will be tabled until August 6.

An email was received from Phil Capen of St. Lucie Boulevard, Fort Pierce thanking Seddrick Dixon of the Water Distribution Department. He was thankful for Seddrick's quick response in repairing his low water pressure problem.

Josh Gang, Risk Program Manager, presented the Memorandum of Understanding (MOU) for the Smart Neighborhood Initiative. He said staff is seeking approval of the Memorandum of Understanding for the Smart Neighborhood Initiative for Lincoln Park. The Board may recall, David Green gave a presentation on April 16th to the Board about that project. This is simply the Memorandum of Understanding to bring forward and put it into action. The goal of the Smart Neighborhood Initiative is to provide high speed internet connectivity for business and residential customers in the Lincoln Park community. The project includes the installation of high speed fiber loop and wireless connectivity in the Lincoln Park area bordered by Avenue D to the north, Orange Avenue to the south, 7th Street to the east, and 25th Street to the west. Mr. Gang said the project will be a phased development over three years at a total project cost of $1,250,000. He said Phase 1 will be the installation of the fiber loop, Phase 2 is the business wireless which is in the corridor around the perimeter of the project area, and Phase 3 will bring residential wireless to the project area. FPUA will be the administrator of the project and will be responsible for the planning, installation, bid, and rollout of the wireless and internet services. Funding for the project will come from the four parties to the MOU. FPUA is contributing $600,000 or approximately 48% of the total project cost, Allegany Franciscan Ministries will be contributing $400,000, City of Fort Pierce $200,000, and the County $50,000 towards the project. The parties have agreed to the terms of the MOU and it was approved by the City at the June 17th City Commission meeting. The Allegany Franciscan Ministries Board of Directors approved it last week and we expect the County to approve the MOU at an upcoming meeting. Once that is done all four parties would have signed and the project will be ready to go. Mr. Gang said he would be happy to answer any questions the Board may have about the MOU.

Mayor Hudson said this initiative fits in with our Key Result of having the Smart City developing the city and asked if that is correct.

Mr. Gang said that is correct.

Mr. DeIulio asked if he is correct in his understanding that FPUA will own the infrastructure when everything is said and done.

Mr. Tompeck said that is correct.

Mr. Matthews asked if there are leading cities on this particular project. He asked if other cities have one up and running.

Mr. Tompeck said yes there are a lot of other cities. He said we did our initial review of some of the Smart City Initiatives and one of the ones they looked at was Chattanooga and a few others that have started this kind of Smart Neighborhood and Smart City Initiative and has been very successful. Mr. Tompeck said we were approached by the Lincoln Park Revitalization Group and we thought this initiative, based on the participation of all the members, was a real positive thing to do as a group. He said that is why we are pursuing it and think it is going to be a great project.

Ms. Cavalcanti said she would like to make a couple of comments on Mr. Perri's remarks. She said her understanding is that cable is a utility and there is a utility tax on this as she understands on these services given to us. We are in the business of supplying the FPUA.net to businesses, is that correct.

Mr. Tompeck said this is one of our utility businesses and is one in which the revenue is shared with the city based on the distribution. He said we went back and evaluated and Counsel agrees that this was in accordance with our Charter in terms of using our money for utility purposes. That is why we feel comfortable going ahead with this.

Ms. Cavalcanti said it may not be as traditional as water or sewer and there may have been a time when sewer did not exist either, but this is a newer utility, which is internet supply utility, correct?

Mr. Tompeck said correct.

Mayor Hudson said she considers this economic development as part of helping grow our FPUAnet and our City.

Mr. Bey said he thinks it is a great program and we talked about it expanding the business potential for that area in terms of economic development. He said we also talked about it being like a test situation where we can eventually make the entire City a Smart City in terms of the results we get from what we do in that area. He thinks it is a great program.

A motion was made by Mayor Hudson, seconded by Ms. Cavalcanti, and unanimously carried to approve Memorandum of Understanding (MOU) between Allegany Franciscan Ministries, Inc., of Palm Harbor, Florida, City of Fort Pierce, St. Lucie County, and FPUA for the Smart Neighborhood Initiative to provide high speed connectivity in the Lincoln Park community of Fort Pierce. FPUA's contribution to this project is not expected to exceed $600,000, or 48% of the total $1,250,000. The effective date of this MOU will be the date of final approval by all parties and is anticipated to be completed within 36 months of the effective date.

Eric Winterstein, Facilities Superintendent, presented the padmounted transformers purchase. He said staff is seeking approval for the purchase of three-phase padmounted transformers for inventory in an amount not to exceed $645,000 annually. The padmounted transformers will be purchased from WEG Transformers USA, Inc. of Washington, Missouri. This purchase is through the Florida Municipal Power Agency (FMPA) through its Joint Purchasing Project (JPP). This provides for bulk purchasing, co-op purchasing, or economies of scale by the members of it. The FMPA JPP provides purchasing services for the purchase of electrical materials for members at no cost. FMPA awarded the padmounted transformers Bid No 2014-001, based on Colectric's Request for Proposal MPA-0099, to CG Power (now WEG) on April 1, 2014 for a three-year period with the option to extend on a year-to-year basis at the end of the three-year term. Mr. Winterstein said prices are adjusted quarterly up or down according to documented changes in the price of commodity, which is steel, copper, aluminum, stainless steel, oil, and labor. He said in the event an awarded bidder and the Participating Members cannot agree on the amount of the change, the Participating Member may elect to terminate their participation. The terms and conditions and the bidding procedures of the FMPA JPP meet all requirements of State Law. The cost of $645,000 includes both the not-to-exceed amount of $605,000 to be paid to WEG Transformers USA Inc. for the purchase of the transformers plus an estimated $40,000 for taxes paid directly to the Florida Department of Revenue. Since these transformers will be going into inventory he wanted to let the Board know that we have 46 padmounted transformers in inventory right now. They range in size from 75 KVA to 1000 KVA and the 75 KVA costs $10,700 each so there is about $42,801.94 for these four. The most expensive transformer in stock is a padmounted 1000 KVA and it cost $25,037.82 each. From last year, August 17, 2018 until June 11, 2019 eleven padmounted transformers have been issued out of inventory. The costs of these 11 transformers was $210,881.41. The most expensive of these was two 2000 KVAs that cost $40,587.18 or a total of $81,174.

A motion was made by Ms. Cavalcanti, seconded by Mayor Hudson, and unanimously carried to approve the purchase of three-phase padmounted transformers for inventory in an amount not to exceed $645,000 annually, from WEG Transformers USA Inc. of Washington, Missouri, through the Florida Municipal Power Agency Joint Purchasing Project.

Richard Mutterback, Water/Wastewater Environmental Engineer, presented the contract with Johnson-Davis for the Kings Highway utility improvements and relocations. He said the Kings

Highway utility improvements and relocation project is being performed in conjunction with the Florida Department of Transportation's widening and drainage improvements along Kings Highway from Okeechobee Road to the I-95 overpass just north of Orange Avenue. The project consists of constructing approximately 14,000 feet of 8" and 12" water main and almost 12,000 feet of 4" and 6" force main. These improvements include relocations of existing mains as required by the DOT, along with the installation of a new 12" water main to complete a master planned loop between Orange Avenue and Okeechobee Road. With a project of this magnitude, staff is proposing to divide the construction activities between one of FPUA's unit price contractors, and Johnson Davis, who is already performing drainage work for the roadway contractor. Mr. Mutterback said the portion of the project to be assigned to Johnson Davis includes the more heavily congested areas just south and north of Orange Avenue, as well as the areas with subordinated easements that will be reimbursed by the DOT for work in those areas. He said the selection of Johnson Davis was based on both the value and efficiency of having the onsite contractor responsible for the utility work in these areas. This should eliminate the need for separate maintenance of traffic, reduce the potential for delay claims, and minimize some costs when work on FPUA utilities is occurring in the same area as the drainage improvements. This project is already budgeted for FYs 19 and 20 for a total estimated project cost of $1,855,000. This includes the $519,467.50 for the contract with Johnson Davis and an additional $1,335,532.50 for work performed by the unit price contractor as well as our in-house costs. Approximately $231,000 of the contract amount to Johnson Davis will be reimbursed by the DOT, as previously mentioned, for work performed in the subordinated easement areas. With all of this being said, Staff is recommending the approval of the contract with Johnson Davis in an amount not to exceed $519,467.50 for utility improvements and relocations.

Mayor Hudson said this is a really important project and needs to be done quickly and she knows because if you have been on Kings Highway lately, the traffic is absolutely terrible. She said they are widening it and it has to do with connecting the airport with the interstate.

A motion was made by Mayor Hudson, seconded by Mr. Matthews, and unanimously carried to approve POA 19-64: Contract with Johnson-Davis Incorporated (JD), of Lantana, Florida, as a single source, in an amount not to exceed $519,467.50 for Kings Highway Utility Improvements and Relocations. This Contract will commence upon written Notice to Proceed and end upon final acceptance by FPUA, contingent on receiving the required Certificate(s) of Insurance.

Nina Penick, Director of Financial Services, presented the Annual Budget. She said we are almost to the end of the budget process. The flow chart displayed shows the amount of work that has gone into this lovely document the Board has copies of which will also be available on FPUA.com after the meeting. The flow chart is on page 35 of the Annual Budget and staff has been compiling this information for four months. It all started with a kick-off and all the information was compiled, reviewed before putting together, revised it as needed, had the budget workshop on May 17th, and we have moved down to it being presented to the Board in a Resolution. We did present both the O&M and the Capital Improvement Program budget about one month ago. We

have included a lot of additional information in this document that includes a huge wealth of information about FPUA. It has both historical information as well as prospective looking forward. Although most of the document contains two years of actuals and two budget years, the appendix E, F, G, and H contains ten years of historical information. Our CAFR is also a wealth of ten-year information.

Mrs. Penick said there have been no changes to these budgets since they were presented to the FPUA Board on June 4th. She said the O&M budget is formerly amended twice a year; it is amended at this time of the year and then as a true up to the actuals which is done at the end of March. The calculation of funds available for Capital is found on page 41, if you would like to look at that. The amount for FY 2019 is $11 million and $8.7 million for FY 2020. FPUA will use operating cash to cover any shortfalls and as you can see, the math does not work with what you are seeing on the screen. The $2 million decrease in the FY 2020 projected revenues is $1 million of power cost adjustment and $1 million reduction in FY 2020 Wastewater Capital Contributions and Guaranteed Revenue Charges. When you are comparing it to 2019, she wanted to explain the differences between the numbers shown on the screen. Mrs. Penick said the $1 million increase in the FY 2020 Operations and Maintenance costs is attributed to higher salaries and wages. She said the $7 million decrease in FY 2020 Capital will be offset to some extent by amounts carried over from FY 2019 and the FY 2020 for partially completed projects.

Mrs. Penick said the revenues by system are somewhat steadily increasing, but not significantly different from year to year. She said the chart displayed represents the total budget and is the summarization of that which is in the document. The amounts include all funding sources and not just the rate based, but is all funding sources. The item of note is that 43% of the total FY 2020 O&M budget will go towards purchases for resale and the cost of that is not controlled by FPUA. We rely on FMPA for that and they have been doing a fairly good job so we are okay with it. Shown is a tabular presentation of where we have been in recent years in terms of rate-funded budget. This is what is most critical because that is what our customers have to pay for. There are other costs that are paid for in other ways, but this is what we are most sensitive to. As you can see, purchases for resale have only gone up cumulatively 3% over the four years and that is tremendous. FMPA is doing a great job there. The rate funded O&M at 12% is about 4% a year and is not too bad either. This is not too bad in this day and age with some of the changes we have been making recently. The rate-funded capital is quite a significant increase, but what you are looking at is we are budgeting for items that we know we have to do and put on our radar so there are no surprises. We have to prioritize those items in our capital budget. The next chart is the same information and shows graphically that although the budgets have gone up slightly, they are still fairly steady over quite a long period of time.

Mrs. Penick said before she goes too much further, she has a small correction she would like to make from the June 4th meeting. She said the percentage increase for the employee's insurance in FY 2020 over the original FY 2019 is 14%, it was quoted to the Board at 4.9%, that was on the line just above. She wanted to make sure for the record, employee insurance is projected to go up 14% and quite honestly we had a really bad month in March. We received an update today

and it has not continued, which is a very good thing. However, the average for the calendar year is still above what it was in year's past. We still do an unbelievable job in terms of keeping our health insurance costs low because we are self-insured. It is a little bit extra administration, but it well worth it in the long term. We may have to pay more when we have higher claims, but if we have low claims, we can participate in those benefits.

Mrs. Penick said the next slide is pretty consistent from year to year where you see the actuals are not as much as the budgets. She said that is just kind of how budgets are designed. The amount of the distribution to the City of Fort Pierce is steadily increasing over the years. The calculation estimates for FY 2020 and FY 2021 are found on page 42 of the Annual Budget. An item to note, in addition to paying the distribution to the City of Fort Pierce, FPUA also collects and remits the City's 10% utility tax of approximately of $2.5 million each year.

Mayor Hudson said in FY 2021 it is going to be less than FY 2020.

Mrs. Penick said yes and in reality FY 2019 was slightly less than FY 2018 also. She said this past year it was $6,125,000 and the year before it was $6,138,000.

Mayor Hudson asked how that projection is calculated.

Mrs. Penick said the details are on page 42 of the Annual Budget. She said we take the total revenue, all of the revenue and there are a few items we remove from the calculation like the power cost adjustment and contributed capital and it is 6% of gross revenue.

Mayor Hudson said she is wondering what will happen in FY 2021 that Mrs. Penick knows will make it less.

Mrs. Penick said the two things she told her that were going down in revenues are two items that are not subject to distribution so that is a really good question. She said she will make sure to get an answer to the Mayor on that, but is not going to answer it right now because she does not want to tell her wrong.

Mayor Hudson said she understands it being conservative, but is curious how Mrs. Penick knew it would be less in FY 2021 than she would know in FY 2020.

Mrs. Penick said we do have our customers trying to conserve more, but we are also trying to bring on more customers. She will get the correct answer to the Mayor and does not want to guess.

Mayor Hudson said that is fine, she is just curious.

Mrs. Penick said the Capital Budget over the years we have budgeted substantially more than we have spent over the years. She said the FY 2020 funding sources are displayed and this does not

show the rate-funded 5-year Capital Improvement Plan over the past three years of five years has increased 25%, it has gone up from $54 million to $68 million. This is the result of adding costly projects for the out years that really needs to be done. Some examples include substation transformer replacements and electric storm hardening. Nevertheless, the number of projects and the amount able to be spent realistically is limited by staffing, the quantity of emergency work and other unanticipated scheduling changes. We can only do so much in the course of one year. It is unlikely, in Mrs. Penick's opinion, that these amounts will be spent in the years indicated. The rate sufficiency study has begun and we have gotten some early information and will address that situation at a not too distant future meeting. It is expected, as in prior years, staff will apply a percentage to the total budget to more accurately reflect the amount expected to be spent each year. She did a quick look today and it looks like we are about on a pace to spend about $11 million or $12 million this year at current spending rates. That can change at any time without notice, but we really tend to spend about the same amount of money every year regardless of how much we budget.

Mrs. Penick said FPUA anticipates the need to use operating cash to cover any shortfalls when we get there, if we get there, which we have not. She said in conclusion, we are requesting the Board adopt Resolution No. U.A. 2019-02 and she requested Mrs. Mazzarella read the resolution title into the record.

Florinda Mazzarella read the title into the record as follows: "Resolution No. U.A. 2019-02, a resolution adopting a budget for the fiscal year beginning October 1, 2019 and ending September 30, 2020 and amending the budget for the fiscal year beginning October 1, 2018 and ending September 30, 2019, for Fort Pierce Utilities Authority of the City of Fort Pierce, Florida."

A motion was made by Ms. Cavalcanti, seconded by Mr. DeIulio, and unanimously carried to adopt Resolution No. U.A. 2019-02, a resolution adopting a budget for the fiscal year beginning October 1, 2019 and ending September 30, 2020 and amending the budget for the fiscal year beginning October 1, 2018 and ending September 30, 2019, for Fort Pierce Utilities Authority of the City of Fort Pierce, Florida.

Mr. Tompeck said there will not be a FPUA Board meeting July 16th because of the annual FMEA/FMPA Conference. He said FPUA has received $212,813.18 from FEMA recently which brings up the total to approximately $1.3 million and closes out reimbursements for Hurricane Wilma. Hurricanes Frances, Jeanne, and Wilma are now closed and he gets to torture our Finance Department on Hurricanes Matthew and Irma.

Mr. Tompeck said he wanted to thank the Board for their participation of the Strategic Planning session last Friday. He said we will schedule the two new items on electric reliability and storm hardening and the transformer replacement as information items during the August Board meetings.

Mr. Matthews asked in one meeting to have the Director bring us up to date on outstanding money from FEMA so they can be a little bit more informed. He has forgotten some of them and some were in existence before he come on the Board. That could be a project he can work on and bring it to the Board to see exactly what money we have still available out there.

Mr. Tompeck said he could do that.

There being no further business, the meeting was adjourned.

ATTEST:

SECRETARY

CHAIRMAN