MINUTES OF A REGULAR MEETING OF THE FORT PIERCE UTILITIES AUTHORITY, TUESDAY, JANUARY, 5, 2021, 4:00PM, CITY COMMISSION CHAMBERS.

Members Present: Chairman Charlie Frank Matthews; Vice Chairman Frank H. Fee, IV; Secretary Glynda Cavalcanti; Deputy Secretary; Kristina Gibbons; and Mayor Linda Hudson.

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

The meeting was called to order by Chairman Charlie Frank Matthews.

Opening Prayer was by Alice Ladomirak of Treasure Coast Energy Center.

The Pledge of Allegiance was recited.

The roll was called and a quorum declared.

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

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A motion was made by Mayor Hudson, seconded by Ms. Cavalcanti, and unanimously carried to approve the Minutes of the Regular Meeting of December 15, 2020.

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Mr. Matthews said at this time we recognize any member of the public have any comments if you do come up, you have three minutes. Seeing no one, we close the time for public hearing.

A motion was made by Mrs. Gibbons, seconded by Ms. Cavalcanti, and unanimously carried to approve the Consent Agenda.

1. Approve appointment of Eric Meyer to the position of Supervising Engineer of Electric & Gas Systems.

2. POA 21-07: Approve piggyback of City of Port Saint Lucie Bid No. 20150054 and contract with AApex Electric, Inc. (AApex) of Port St. Lucie, Florida, for E-one Low Pressure Sewer Grinder System Electrical Services, in an amount not to exceed $45,000 annually. The initial term of this Contract will be from January 6, 2021 and end on January 5, 2023, with three one-year renewal options with an annual price increase not to exceed 3% of the previous year's amount, contingent on receiving the required Certificate(s) of Insurance.

only. On commercial accounts, the County is still working on distributing the funds for those commercial accounts. Commercial accounts will resume normal operation on January 18th.

If I go to the next slide here, we talked about the two columns in gray to the right. I want to summarize the orange and green columns. If you look at the orange column, the second and third row, we have 207 people who originally on the list to be disconnected who are eligible for disconnect. If we compare to a year ago, we were 352 accounts that were eligible. We actually only made 40 cuts the week of the 15th, 16th and 17th and if you compare that to a year ago we were at 153 cuts. Reconnects, we were able to reconnect 34 of those accounts, because they've made payment and we've written off 12. I realize that 40 minus 34 is 6, the difference is some of those accounts are from the previous week of scheduled cuts from either the first or the tenth of December. That's why some of those numbers don't add up. We had about $8,800 of write off.

To finish off that column, if you notice there's 645 people who were eligible for cuts who received some type of notice and they paid their bill prior to being cut. I think that really highlights that information for that week.

Moving on to the green column. We actually have three days up there 29th, 30th and 31st. We didn't do cuts on the 31st. We had 151 customers that were scheduled to be cut during that week. We actually only cut 32 customers. We reconnected all 32 customers and ideally because we reconnected customers that were disconnected. The write off numbers would be none or any kind of carryover from the previous week. Again, we had 566 customers who were eligible for cuts who received a notice they were past due and eligible and they made a payment on their account. That number is a moving target. I think the really important thing here to emphasize is to focus on a number of actual cuts. As you can see, those numbers have gone down every week as we made efforts to work with the customers to help them avoid interruption of service.

I will go back to the second flyer for a second here. I want to provide a little bit of clarity in case I missed it here. January 11th, which is next Monday, will resume normal operations for residential customers and January 18th will be normal operation for our commercial customers for disconnects. Again, the difference in the date is because we're still waiting on the county to distribute the funding for those customers. I would be happy to answer any questions you may have.

Mr. Matthews said I have two questions of a concern. The first one is pink slips. Those persons who say were three months behind, did they get a notice like the old days....you still do them, but I'm talking about normal customer where every thirty days they don't pay on the 30th day they get a pink sleep. Those that were chronically three months behind did they get a pink slip?

Mr. Cisneros said yes sir they do. They actually get a pink slip every month and if they are one or two months behind the pink slip will include the amount that's past due. So whatever amount is

Duane Draper said I'm with Bryant, Miller, Olive and I've had the privilege to work with the authority for over 15 years on your prior bond issues. We serve as bond counsel. Which is a role that ultimately, in consultation with your general council, provides the legal opinions necessary to sell the bonds (plural) in a public offering or the bonds (singular) in a privately placed bank loan. When you do a public offering there's also the need for disclosure council and we have served in that role as well in the past where you prepare an official statement, institutional and retail investors can invest in the utility authorities bonds. Those are the two legal roles that we specialize in. At our firm and again we work shoulder to shoulder with the general counsel in delivering the legal work in connection with the bond issues.

Ms. Santamaria said the financial advisor, RBC Capital Markets, has served as municipal financial advisor to the authority for many years. We help develop the structure of the debt working with administration and finance looking at operating needs and how those can be effected by additional to annual debt service. We assist with the selection of financial team. Help with document review, and also coordinate the rating process and advise on the pricing of the bonds once we get to that stage.

The underwriter for publicly offered bonds acts as liaison between investors and the authority. They price the bond. We advise the authority on the pricing to ensure that it's fair and reasonable and the underwriter purchases the bonds and resales them to investors which could be banks insurance companies, individuals, mutual funds and trust departments.

A bank loan as Duane mentioned, at times depending on the length and the size of the financing may be more cost effective. We may do an RFP for a bank loan and send that out to institutions who are very active in the market and also local banks who often want to invest in their communities and then there's also state resolving fund loans which are subsidized by the federal and state governments for drinking water, wastewater, and storm water projects only. Not refinancing, but they have very low interest rates although there are administrative issues.

Duane Draper said when you do a public offering, and the last time the authority did a public offering was in 2009, oftentimes you get involved in independent consulting engineer and independent financial feasibility consultant, so you can explain what the needs of the authority are in terms of capital. Over the next five years and what type of revenues and expenses are going to be generated from the authority taking into account rates and additional expansions and some of the revenue generating assets. Let's say to paint of picture of what it's going to look like over the next five years from a standpoint of debt coverage and the ability to meet its needs. Those append to the official statement which we prepare so that again the institutional retail investors can understand the credit and oftentimes that is utilized by the financial advisor during the rating agency process in terms of updating the ratings based upon your borrowing plans.

Insurance is not used as much today as it was prior to the credit crisis of '09. Back then there were a lot of triple-a bond insurers. Now there's less insurers and their ratings are closer to the

With a bank loan it's a quicker process. There's no official statement the final maturity is more limited. For example up to 20 years. You don't have the requirements of a rating or bond insurance or ongoing continuing disclosure to the market. The SRF loan as we mentioned it is not available for electric and it's only for new money. You have less flexibility to structure around your existing debt. It's typically 20-year level debt service. There's American Steel and Davis Bacon requirements that can increase the cost of the project, but the Department of Environmental Protection does take advantage or they adjust the interest rate because they know of that increase cost compared.

FPUA currently has a little over $55 million in outstanding debt. There are three issues.

1. 1999-B, which is a bank loan.
2. The Series 2009 which was a publicly offered bond.
3. The Series 2016.

This outstanding debt is relatively short with the final maturity in 2029. This is the annual debt service for each of the issues. You see you are currently paying approximately $7.6 million in annual debt that drops down a little bit in 2027 and then picks back up through 2029. So there's a refinancing opportunity for the series 2009 bonds. Those have higher interest rates ranging from 4% to 5%. They are currently callable which means that FPUA has the option to redeem them from investors without any prepayment penalty. COVID and the reduction in the fed funds rates, in reaction to the economy difficulties, have caused rates to decrease to near historical lows. The opportunity here to refinance these bonds at lower interest rates not extending the final maturity simply having lower annual interest rate could save $6.8 million which is 23% of bonds refunded that's quite high as the GFOA typically recommends a minimum threshold of 3.25% of bonds refunded, so this is at 23% so it's a great opportunity. In the column on the right, you see the annual savings which are approximately $1.2 million.

We discussed a potential new money issuance that could be combined so you could take advantage of the current low interest rates. We just utilized an example amount of $30 million. As we know, there are projects again that were not on the CIP. You do have to spend the funds within three years, or reasonably expect to for tax exempt proceeds.

This is an example structure where because of those savings that we just looked at, you could borrow $30 million in new money and defer the principle such that you would not be paying higher interest costs in these earlier years because of this savings.

Mr. Matthews asked what would the average interest be if a situation like that occurred?

Ms. Santamaria said currently the average rate is less than 2%. Based on current market conditions.

perhaps your debt service payments are lower. The disadvantage is you may pay more interest over the course of the loan. Those two need to be balanced off because sometimes having the longer debt creates less pressure on the customer in terms of rates. It also increases the amount of interest that you pay on the debt. Those are the types of issues you have to think about from policy standpoint.

Mrs. Gibbons said the rates we're discussing are under 2%. Are they adjustable or is this going to be static.

Ms. Santamaria said this would be a fixed rate, a long-term fixed rate bond. After pricing that rate is locked in through the final maturity.

Mr. Draper said and that 2% is an indicator, so it could be by the time we fix that rate it could be higher or lower a little bit in two or three months when the transaction was completed. It'll variable between now and then but then it will be fixed for 20 years for example.

Mr. Matthews said, it will be fixed for 20 years but there's a situation in the hidden agenda if we paid it off quicker we would save.

Ms. Santamaria said yes.

Mr. Matthews said I'm talking about in 20 years. I'm not talking about coming back in one year.

Ms. Santamaria said the new money portion.

Mr. Matthews said okay.

Mr. Draper said we do a public offering like we did in 1998 and again in 2009. Because you are not borrowing from resourceful sophisticated lending institution, where you are on equal bargaining power, you're actually selling bonds and denominations as low as $5,000. In theory somebody could invest in FPUA their entire $5000 retirement account in a bond. The SEC requires full and fair disclosure through an official statement. That's why we do an official state on the public offerings. So we are required the authority to tell the potential investors everything about the utility including bond holder risks, and things of that nature. That's what we refer to on this page the official statement in accordance with Securities and Exchange Commission rules in a public offering context which is one of the tools in your toolbox that's being considered for your financing plan. Once the bonds are issued for the 20 years, each year you have to provide what's called continuing disclosure, which the authority already does with regard to 98' and '09 and update the status of coverage and certain financial metrics and that provides an update to those investors because those bonds (plural) trade on the secondary market and that would be based on the original official statement as updated by the continuing disclosure.

in case you have a problem paying your debt service. So subtracting that out of the savings because those were borrowed proceeds, your net savings are $7.4 million.

Mr. Draper said that also takes into account the costs.

Ms. Cavalcanti said ok I think within our packet it's different from the one you're showing there. Because it's showing whereas you have all-inclusive true interest cost its 2.03 vs 1. Net present value savings $4,995,000.00. You're showing $6,840,000.00. Net present value savings 16.8% vs 23%.

Ms. Santamaria said so page 17 is standalone refunding. That's not including any new money and so if you just did that as a public offering, the estimated interest rate would be around 1%.

Ms. Cavalcanti said okay. I don't that's in our packet.

Various voices heard saying there was an updated version.

Mayor Hudson said there's two pages on it. So that page 17 on the corrected sheet matches what you have.

Ms. Cavalcanti said okay. So let me ask something else. So the way this is looking, first of all it doesn't seem like it takes much to say we ought to refinance on the 2009. But also it looks like if we continue with our current way, we're debt free by 2029.

Ms. Santamaria said yes, ma'am.

Ms. Cavalcanti said okay. That would be pretty nice.

Mr. Tompeck said yes, that would be delightful. At the same time, we really need to do some expansion.

Ms. Cavalcanti said I'm not saying yes. I realize that. There might be other projects.

Mr. Tompeck said I think one of the next steps here is that for the staff to come back and discuss the types of projects that we want to do. We've got some good projects in FPUAnet, water wastewater and natural gas and finishing up AMI as part of this. We can expedite the completion of that. I think those would be some good projects and we're continuing to be in a squeeze between revenue and expenses. The only way we can break that squeeze is to have a few more people rowing the boat. We need more customers and that's what we're intending to do with this money. We haven't done any kind of a decent size expansion that I can remember in the last 15 years.

enjoying the use of the system asset. That's the intergenerational equity concept which kind of goes against being debt free.

Ms. Santamaria said particularly when you have an interest rate environment like this where the rates are.....we had new historic lows earlier this summer over the past 30 years.

Mayor Hudson said you don't want debt free necessarily. But you don't want to be also debt burdened.

Mr. Draper said correct. You've been on the conservative side. You only have 7 years of debt left and you have a 30-year system or more.

Mr. Tompeck said we wanted to make sure any additional debt would be within our current debt ratio. We're comfortable with that amount because we've been paying that amount. That's important to us.

Mayor Hudson said we watch that all the time. And you report that all the time.

Ms. Santamaria said, we'd like to be respectful of your time. I think we walked through the main aspects of the public offering verses a bank loan. The rest the slides are more procedural and you have those that you can review. I know you have a lot on the agenda. Unless you would like for to us keep going.

Mayor Hudson said I appreciate the presentation. Thank you very much.

Mr. Tompeck said the next item is an update on FPUAnet. Jason Mittler will make the presentation.

Mr. Mittler said good afternoon. Happy New Year. I'm excited to present to you the FPUAnet this update. In October of 2019 I was brought on as the FPUAnet manager with 17 years of experience from FPUA electric and gas engineering department. FPUA net has always been predominately been sales and marketing department. The importance of communication has been increasing over the last decade, but the pandemic has showed us that broadband is an essential utility.

With the new vision of Ft. Pierce becoming a smart city. A new approach is needed. FPUAnet now operate from five pillars:

1. Engineering and planning
2. Network and system operations
3. Construction and maintenance
4. Sales and marketing
5. Business operations

Mr. Mittler said Adtran. What we did with Fujitsu is they did an evaluation of all the different vendors that were providers. There were top three (Calix, Adtran and Nokia). We worked with them to look at the total cost, different types of technologies, and we chose Adtran.

Ms. Cavalcanti said good choice.

Mr. Mittler said are you familiar with them?

Ms. Cavalcanti said my uncle the cofounder. He and Mark Smith and I go to Alabama about every eight weeks up there.

Mr. Mittler said that's really neat. One of the other things that we're really excited about is currently some our sister utilities that we're walking this path together with also used them. The idea of us walking this path together. When one falls the other can be there to help. That's great to know.

The last project is the Lincoln Park smart neighborhood. It was approved on August 13th of 2019. FPUA partnered with Alleghany Frances Ministry's, City of Ft. Pierce, and St. Lucie County to fund the $1.25 million project. This project bring significant positive impact to the Lincoln Park area by positioning Lincoln Park to be smart neighborhood ready. We will begin to offer free public wifi while the new fiber infrastructure will encourage redevelopment of business corridors. The Lincoln Park broadband adoption rate in the lowest in St. Lucie County. The hope of the project will begin to bridge the digital divide by increasing digital equity within the Lincoln Park area.

The project has five phases. We have completed the first phase which is the high-level design and wireless evaluation. We're currently working with Fujitsu on the specific authorization to move forward the second phase. The project is scheduled to be completed by August of 2022.

This is an information only item. If you have any questions, I would be happy to listen or discuss with you.

Mayor Hudson said I have a question. So at the end of February you will be able to offer residential customers broadband services?

Mr. Mittler said I wouldn't say that. Understanding our current network is designs for municipals. A lot of municipals in the city and county. We provide service to them, as well as FPUA, and large businesses. The way the architecture is designed it's not scalable to small businesses and residents. What we will be doing is we'll have that piece of equipment in. That's going to allow us to start moving toward that realm. We've got a lot of testing to do. You know businesses are 8:00am to 5:00pm. Residential when do you want your internet on. You want it when you get home. It's a little bit different environment. I would expect that in the second quarter of 2021 that we would start deploying in the small business market. I wouldn't expect us to really start

an office of broadband which we're excited about, we've got a chance to talk with him and work with him to say hey look, municipals are here. We want to enter the arena and we want to provide the service to communities because the incumbents aren't.

Mayor Hudson said Mr. Tompeck I'll get that information to you and for Jason too. I would like for our story to be told to her and so she knows that what we are doing.

Mr. Mittler said I think we're positioned really proper, because the few things one Lincoln Park we're going to be providing service to a much underserved underprivileged area. The smart city idea of us providing the kiosks and public wifi. There's a lot of grant funding and federal money that got released. We received an e-mail from Gray Robinson, which was a firm we were dealing with for legal counsel, and so we've talked with them about some of these options and availability. If we're doing it, it's much easier to get the money. It's kind of hard to get money when you're talking about it, but when you're actually doing it people say hey they've took the initiative. They are invested. We want to give it to them.

Mayor Hudson said they look favorably on it when you have skin in the game. They're willing to do that.

Mr. Mittler said so we do feel like we're in a great position to move that forward. Any other questions?

Mr. Matthews said we're all excited.

Mr. Mittler said well I'm all excited that you're excited.

Mrs. Gibbons said I have a question about Lincoln Park. So downtown you're going to have these kiosks that you will be able to boost out your broadband wifi. What's the plan in Lincoln Park? How will that look like in the neighborhood?

Mr. Mittler said as part of the Lincoln Park project we did the evaluation and we found out with $1.25 million we can't build out fiber to every premise and we can't provide public wifi to the whole area. We had to scale back that project. We're working with the city to find specific locations. So what I've got here are some potential locations I'm talking with. One is the Means Court Center. I don't know if you're familiar with it. The City of Ft. Pierce just acquired the Means Court School St. Lucie County. Great location to be the hub for the smart neighborhood within Lincoln Park. We already have fiber there. It would be great location to put public wifi there in the plaza, at the park on the North 10th Street, the Moors Linear Creek Park. Maybe the St. Lucie County transit facility. Maybe the Lindsey School of Arts location where the old Anastasia Building is. Public wifi is not typically sold as a service. It's really provided for free service.

Natural gas construction started in mid-June 2020 and was completed in late September 2020. The project consisted of five phases. Phase 1, install 2" PE gas line from Orange Avenue to Avenue B. Phase 2, was installation from Avenue B to Avenue C. Phase 3 was from Avenue C to Canal Terrace. Phase 4 was from Canal Terrace to Avenue D. Phase 5 was the PE gas line across Avenue D.

The old 2" steel gas main was removed by the city contractor. Two thousand linear feet of gas main was installed and 2100 linear feet of old gas main were removed. Electric construction started in mid-September 2020. It's projected to be complete around May or June of 2021. The city's contractor installed a pvc line from Orange Ave. to Avenue D. For the north side of the project electric conduit work between Canal Terrace and Avenue D is about 85% complete. The remaining work along the north end is the placement of the secondary conduits on the east site of North 17th Street and the cable handles and decorative street lights are left to be installed.

For the south side of the project electric conduit work between Orange Ave. and Avenue C is about 80% complete. Six of the seven pad mounted transformers have been set. The remaining conduits to be installed are on Avenue C and the east side of North 17th street. The cable handles and the decorative street lights are remaining to be installed.

Crews have completed a 2" conduit installation for future FPUA underground fiber along the west side of west side of North 17$^{th}$ St. Crews have also completed approximately 70% of the conduit work for the new decorative street lights. FPUA owned poles will be removed when the decorative lights are installed and energized. Also, it will be contingent upon the removal of the communication facilities from those poles.

We're looking to have the new underground system in place by late January and early February of 2021 for the north and south sides of the project. We can begin the actual service line conversion soon thereafter.

Some services will need to be coordinated with the city electrical contractor as well. Existing overhead distribution lines will be removed when the new underground system in place and energized. It's important to know FPUA has been working hand-in-hand with the city of Ft. Pierce to underground electric services to increase reliability for FPUA's electric customers. Overall we are about 48% complete with the electric work.

Water and wastewater construction started in early June of 2020. It was completed in early December of 2020. Among the construction activities, water main, sewer main and force main replacement. Drainage infrastructure, sidewalk and driveway improvements and roadway reconstructions. For specifics 1900 linear feet of 6" water main along with 42 services, 1500 linear feet of 8" gravity sewer main, six man holes and services and 467 linear feet of 10" force main from Orange Avenue to Avenue B were installed.

know or realize -- never really looked it up that we are -- we actually own property two-thirds of the fill property. The city owns a portion of the fill and most of the submerged land that's their deed. It's something to be sorted out in the future. And I, again, I'm somewhat shocked that, that's the situation but it appears that's what it is. I will try to -- although I think they have that. A sketch of the survey for you all to have to look at and I will try to get it to you by this Thursday. I will see what I can do about putting something together to give you, but at least we'll have that when we meet with the city and county. Just thought it was important for the board to consider the fact that we are a player in the disposition of the property. In addition to the cost of relocating the plant you know, here in near future. If you have any questions I will be happy to answer.

All said thank you.

Mr. Matthews said any members of the board have anything?

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There being no further business, the meeting was adjourned.

ATTEST:

SECRETARY

CHAIRMAN