MINUTES OF A REGULAR MEETING OF THE FORT PIERCE UTILITIES AUTHORITY, TUESDAY, MARCH 2, 2021 AT 4:00 P.M., 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; Rupert N. Koblegard, III, FPUA Attorney, 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.

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

The Pledge of Allegiance was recited.

The roll was called and a quorum declared.

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

A motion was made by Mayor Hudson, seconded by Ms. Cavalcanti, and unanimously carried to approve the Minutes of the Regular Meeting of February 16, 2021.

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

1. POA 20-48: Approve Amendment No. 1 to the RO Chemical Building Roof Remodel at WTP with Anglers Contracting Inc., of Fort Pierce, Florida, to include additional scope of work and increase the not-to-exceed amount by $4,200 from $75,466 to $79,666, contingent upon receipt of the required Certificates of Insurance.
2. Bid No. ITB21-25: Approve 1) the award of PO Contracts for the purchase of Traffic Hydrants (aka Fire Hydrants) and Flange Repair Kits with three vendors: i) Ferguson US Holdings dba Ferguson Enterprises LLC, of Newport News, Virginia; ii) Core & Main LP, of St Louis, Missouri; and iii) Fortiline, Inc. dba Fortiline Waterworks, of Concord, North Carolina in an amount not to exceed $30,000 each, annually, for the period of March 3, 2021 through March 2, 2022 with four one-year renewal options, and 2) award the initial order in an amount not to exceed $2,984 to Ferguson US Holdings dba Ferguson Enterprises LLC who had the lowest bid.
3. POA 19-01: Approve Amendment No. 1 to the Janitorial Services Contract with Heveron Group, Inc. dba Beachland Cleaning Service, of Vero Beach, Florida, to 1) update the scope

of work to include the new WTP Maintenance Offices, 2) accept the Vendor's requested increase in the annual cost for supplies, and 3) increase the not-to-exceed contract amount by $11,663.36, from $131,224.00 to $142,887.36 annually.

4. RFQu No. 20-10: Approve the contract for Professional Engineering and Design-Build Services Continuing Contract related to Electric and Gas Systems, effective March 3, 2021 through June 30, 2025, with unlimited five-year renewal options, with SEL Engineering Services, Inc. of Pullman, WA.

Mr. Matthews said Madam Secretary are there any letters of recognition or appreciation?

Ms. Sabota said no.

Mr. Matthews said with no letters of recognition, appreciation or old business at this time we'll do new business....Mr. Tompeck.

Mr. Tompeck said thank you Mr. Chairman. We've had a couple of events national and statewide that we would like to fill you in on since they've been in the news and are relevant to our operations. The first event is the cold weather outages in Texas and Paul Jakubczak will make the presentation.

Mr. Jakubczak said thank you Mr. Tompeck, Mr. Chairman, and Members of the Board. I'm here to present to you some factual information regarding what happened the day the lights went out in Texas. If there's any type of opinions that get injected in here they are mine and mine alone. Just to put that little legal disclaimer out there.

I want to start by talking a little bit about the balance and what it takes to balance an electric system. Some of you have seen this before when you came and we talked. Power supply is basically like a big bucket. If the power coming in equals the power going out you're good. If either one of those are out of balance we run into problems. Especially when the power going out doesn't come close to equal what the power coming in is.

Let's talk about fuel diversity in Texas. As most of you probably heard, originally the governor was talking about how it's all due to renewables or renewable shutdown, that's part of it. As you can see from here, renewables are only about 25% of the total output that Texas has. The rest of it (75%) is all by fossil fuels, natural gas or nuclear. The under 2% is biomass and hydro. Those are inconsequential, those are renewables, but they're not high enough to be concerned about.

So let's talk a little bit about what actually happened. As we know, cold weather hit Texas around February 14th. Temperatures in Dallas dropped to minus two which broke an 88-year record. The demand for electricity increased. Why do we look at why the demand increased? One, being a southern state our insulation isn't as good as what they have in the northern states and a lot of

the heat that we have for our homes is electric heat. Where up in the northern Midwest they also have a lot of gas heat and Texas has a lot of electric heat and it creates a lot of demand on the system.

Multiple generators were out for maintenance. The reason this is important is we'll see that the supply has got to equal the demand or the power in has to equal the power out. A lot of generators go off-line in the winter months because the demand is less and it's the best time to do some of the maintenance out there. There's also some price escalation/price issues as far as why some of the generators were out as well. The biggest thing is the generation could not keep up with the demand that was falling in on the grid itself. As you can see here by this map, you see the entire state of Texas is in the pink and that just means it's cold.

So what happened? What did that do? It resulted in power outages. This chart here shows about 3.5 million people out of power, and there's also another half a million people that were out of power due to the storms themselves. If you remember, it wasn't just cold it also precipitated in snow, ice and wind. Which is never a good combination when you talk about power lines.

Why did this all happen? We talked a little bit about the demands out pacing the generation. One of the things that happened as well was the grid was on the verge of collapse. What that means is that if you continue to increase your demand or you don't have the generation, your generators will start tripping off-line and sequence. As they continue to trip off-line and sequence, pretty soon you're in the dark completely and the whole state would be out. Texas is similar to Florida. We'll get into that in a little bit. They do have some ties with states around them, however it's very limited on the amount of supply that they can bring in. Some of the issues they had is their generation was not equipped to run in these type of temperatures. They talked about how the wind turbines weren't blowing anymore, they weren't spinning. That is because they were never winterized. They don't have the equipment or were not installed with the equipment needed. Think of it as antifreeze for your car. You can put water in there to keep it cool, but antifreeze is better because it won't freeze.

Up in the Midwest, the north and in the Dakotas the wind turbines continue to run fine without problems. That shows you the difference between the two types of turbines. They also had some of the controls inside the plants start freezing up. It takes a lot to freeze up when you're inside the power plant because it generates a lot of heat, but there's outside controls as well that need to be maintained. They don't have heat tracing which keeps the pipes warm. That caused problems as well. They also had some natural gas pipeline issues. Natural gas itself didn't freeze. That's one of the reports that you may have heard. The control valves and some of the compressors and stuff inside of the pipeline froze up.

As you know, we talk about fuel cost supply and demand we know how that works. Look at what our gasoline prices are right now and that's partly due to the refineries and stuff being down in Texas. Their normal cost per resident is about ten cents a kilowatt hour. They shot up to $9 a

kilowatt hour. Think about getting that bill! There was one lady that I heard on the news that her normal monthly bill was about $200-$300 for her electric bill. In the two-week period she got a bill for over $1300 just for those two weeks. The utility was automatically withdrawn until she stopped and said there is no more. I'm not paying that until something gets done. They are also investigating some of that as well. We'll get into that in a second as well.

The grid operator, the overseer of everything ERCOT, issued mandatory rolling blackouts to protect the grid. As we said before, if they didn't do that the grid would have collapsed and it would have taken weeks to months to restore all that power. One of the things I want to make sure everyone understands is that when you do lose that much power you just can't flip the switch and turn it all back on. It has to be strategically staged to make sure you don't blow anything up. One of the things that I looked at too is if you want to run water through a garden straw you really can't just turn on the fire hose because it will blow the straw away. You have to trickle it through until you get a bigger and bigger straw to run all that water through a fire hose. Once again, it's all about balancing that bucket.

We talked about ERCOT. The Electric Reliability Council of Texas. This was put into place when Texas decided to deregulate. It has oversight by the Texas Public Utility Commission. They manage and schedule power without the ability to enforce penalties. That's one of the things that are being looked at right now. They regulate the grid in a deregulated market. That means that you can buy power from whoever you want and your neighbors can generate power as long as they sign up online. That was some of the issues that I've read. Some articles are saying that the generators look at if I have a fixed price and I only can charge $3 a kilowatt hour, but my gas costs are more than that I'm just going to shut down. That is some of what happened as well too. We went off-line because of the control issues or whatever. Then they never came back on.

The ERCOT Board is made up of a diverse group of Board Members. You have investor-owned utilities, municipals, co-ops, independent power producers, which are those who throw generators up to be able to produce into the grid. They also had nonaffiliated Board Members. The nonaffiliated Board Members, five of them have which resigned, didn't reside in the state. Can you imagine having an oversight Board that makes decisions in state when they are out of state? That's one of those opinion things we can just disregard. One of the things that the governor of Texas has done so far is he told the Texas Public Utility Commission to suspend disconnects as they continue to look into this problem to find out what was going on. There's so far been multiple lawsuits from consumers, utilities, suppliers, you name it there's going to be a lot more lawsuits pending the outcome of all of this.

What are some of the next steps? Well, the thing that you have to remember is this is not the first time this happened in Texas. This happened in 2011. Where a storm rolled through and knocked off a bunch of power plants and they started having to do rolling blackouts. In 2014 they had a similar situation not as bad. They had a cold snap come through. They had some of the same thing. They forced some plants offline, some plants were already offline for maintenance

and they started running into the supply verses demand power in verses power out. There's an investigation going on right now on ERCOT and their oversight and what they can do and didn't do according to the rules and regulations. I can guarantee there's going be changes to the makeup of ERCOT and the way that their Board has the oversight of what actually happens.

Regulatory agencies and the federal government are looking into this to make sure there was no price gouging. Also, that the gas supply wasn't restricted to drive up pricing. The one reference that was made in one of the articles I read had to do with Enron. If you remember right, that's what got Enron in trouble. They were limiting supply to create the higher demand.

One of the things that we talk about is spinning reserves. Texas has a very low spinning reserve, 2% to 5% is what I was reading. If you want to know what a spinning reserve is, it's a generated unit that is online, but unload. It can respond quickly. I look at it from this standpoint, if you have a 100 megawatt generator that is running at 90% (90 megawatts) it has a 10 megawatt spinning reserve. It wouldn't take much for the plant operators, if they had enough fuel, to turn that generator up to get those 10 megawatts. That's a 10% spinning reserve margin. Texas has a 2% to 5% spinning reserves and then also think about their 25% renewables. If all the wind suddenly shuts off now you don't have any back up for that generation.

How was Florida? How does this effect Florida and how are we? If you look at this map here Florida is very similar to Texas. We have very limited ability to provide power into the state. If you see there's four tie lines coming in from the north. That's not a lot of tie lines coming in to power the entire state. That's one of the restrictions, it's one of the ways that we are similar to Texas. Florida has a 15%-20% spinning reserve margin. That means we have the ability to pick up if a generator trips off-line.

Let's just say TCEC has a problem, they trip off-line, there's other generators in the state that have the spinning reserve availability to pick up that load and our balancing authority would go ahead and do that as well. Currently, we only have 2% renewables in the state. That is growing; however, we're cautious to make sure that if we do put more renewables in there, that there's more generation to back that up as well. If we lost all of our sun, clouds came over the entire state, we'd be able to pick up whatever output was coming out of that by our generation. We also have a regulated market with an emphasis on reliability. That's one of the things we pride ourselves on as a utility as well as a state that we try to be as reliable as possible. That's why we have programs in place with the spinning reserves and the backing up with renewable energy. I want to let you know that Florida is not exempt from having this happen. Some of you may remember it. I don't as I wasn't in the state at that time. In Christmas of 1989, they had a cold spell that came down into Florida. Some of the temperatures I saw was Fort Lauderdale was at 30 degrees, Miami was at 31, West Palm was 28 and Tallahassee was 11. Think about when its 50 degrees here people turn on their heat. If it's that cold people will turn on heat and it will be on for a while. We also had the same type of issues with generators being off-line during the winter months for maintenance. The supply was under what the demand was. The demand

outpaced the supply and we had to institute rolling blackouts. It wasn't as severe as Texas with the amount of time they had to bring all this generation and customers back in. My understanding is it was anywhere from 12 to 24 hours for some customers to be able to be brought back on.

I would be happy to answer any questions that you may have regarding what happened in Texas and what we're doing here to prevent it.

Mr. Matthews said any Board Members?

Ms. Cavalcanti said I have a question. We have a lot of new people moving into the state. I'm assuming a lot more demand. Is our state ready for that? Is Fort Pierce Utilities ready for that?

Mr. Jakubczak said we are ready for that. Fort Pierce Utilities is ready. Our total load right now is about 100 megawatts. In our substations themselves, we double that capacity so we have the capacity to feed about 200 megawatts. That would be residential, commercial, industrial, whatever it was Fort Pierce is ready. A lot of planning goes into that. Every year FMPA gets with the Members and does a load study. Just to see what are we projecting for load growth and where is the state going so they can go to the next step, which is FRCC, to be able to balance the load vs the generation.

One of the things that we're continually working with is do we need additional generation. Can we get away with maybe doing some type of demand side management? Can we talk with our customers about making sure that their energy efficient going to energy building standards? We are continually looking to make sure we don't have a shortfall. The balancing authority, which is FRCC, would have the plan for emergencies. Let's say, for whatever reason, St. Lucie nuclear plant shuts down. They would have to make sure they've got the reserve at their fingerprints to say, hey you need to be up to 100% by 10 minutes or an hour depending on the type of generation you've got. That is their responsibility to make sure that the power going in is equal to the power going out.

Ms. Cavalcanti said I have another question. Our biggest concerns are usually hurricanes verses cold. I realize we do have cold once in a while. Do the hurricanes have the same kind of effect on power production?

Mr. Jakubczak said they have the same effect on power production depending on where the plant is located.

Ms. Cavalcanti said the nuclear plant.

Mr. Jakubczak said if you can think of nuclear regulatory commission. They will have so many regulations above and beyond what we could imagine for that so they are very prepared. At Treasure Coast Energy Center, we're prepared as they have a storm plan similar to the utilities.

They start going through checking all the boxes. Is everything locked down and ready to go. One of the things that they have, and this may answer part of your question, is when the winds get above 35 to 40 miles per hour sustained they have to shut the plant down because of the fans on top of the cooling towers. They shut down there, but another plant in the state picks up that load going forward. One of the things that you may look at is half our system gets wiped out or gets knocked off. We can't just turn a switch and put that half back on. It has to strategically be placed back on and if we had to we would work with the balancing authority to make sure there was generation available. One of if things I looked at after we started looking at all this Texas stuff is do we have a rolling blackout plan. We do. We have reviewed that and all the numbers are still good with the circuits and we make sure we communicate that with the public, customers and you as well. Just to make sure that you knew we'd have to implement that as well through our SCADA system or through our people going out in the field and doing that.

Mayor Hudson said I have a question. Texas is deregulated, but regulated by ERCOT. Wasn't there a proposal for ballot initiative that would have mirrored what Texas now has in Florida that didn't make it to the ballot?

Mr. Jakubczak said yes, that actually failed last year. It's not the first time that it's come up. It's all about sales. If you have a generator, and an independent generator comes up to you and says Mayor, I can sell you power for 8 cents and FPUA charges 10 cents. You're going to think about it and say it sounds like a good idea until you read the bottom line. When you start reading all the details in the contracts they have the ability to shut you off, they have the ability to increase your rates without you knowing about it. There's a long list of things.

Mayor Hudson said they promoted it as a choice and as a free market. But in effect, it has some adverse effects in situations like this.

Mr. Jakubczak said definitely. It did. It definitely did. That's why the real big push is to not deregulate a state.

Mayor Hudson said I have a follow up question. You said early in the presentation that some generation was out. Was that before the cold hit and they had taken them off-line to maintain them or something?

Mr. Jakubczak said what happens is when your plant operators look at historically what your loads are they plan those outages around the loads, but they also will only schedule those, at least in Florida, with the balancing authority to make sure there's another plant that can pick up that load while you're out on an outage. Ed Leongomez, at Treasure Coast Energy Center, will normally plan for a two or three week outage, but get it done in 10 days. Only because he knows the priority to get the plant back on line for the system as well as for FMPA.

Mayor Hudson said so they had that out and then the cold took some others out. It kind of compounded the problem. I would think, I'm just thinking out loud here, it's a worse situation with cold than we have in Florida in a hurricane because you're not going to die of the heat necessarily, but you could freeze to death. You could die. In terms of human cost.

Mr. Jakubczak said definitely. My wife had made that comment. She goes, you know, I'd much rather lose my power in the summer in Florida than in the dead of winter in the Midwest. You get cold and that's one of the lawsuits too. I believe an 11 year old boy who died of hypothermia and his family are now suing everyone and anyone they can. They are suing ERCOT, the state, the generating companies. They couldn't stay warm enough. If you looked at some of the pictures and followed some of the news stories people were burning their cribs just because they needed wood to stay warm. People were in their cars to stay warm. There was one picture of people actually grilling out and sitting around the grill trying to stay warm.

Mayor Hudson said thank you.

Mr. Matthews said Paul you did a very good job explaining. I have a concern with what I heard. They did kind of a recommendation or something that they didn't pay much attention to two or three years back.

Mr. Jakubczak said in 2011 and 2014 they had similar situations. There was another one recently too and I didn't find that information. All of a sudden the wind stopped blowing in Texas and they had to scramble to get generation online because all the windmills shut down.

Mr. Tompeck said let me add a couple of items. My perception and understanding of this situation is that it's a market structure problem. There's a perfect storm here in terms of the wind turbines not working because it was so cold. Gas supply being hurt by frozen regulators and frozen valves. It's a market structure problem in that in an unregulated market it makes no sense for the marketers to have excess power. They can't sell it. There's no point in keeping it up-to-date. They had no reserve to go back to. We're not in that situation.

There's a couple of other things that are interesting. Gas prices have spiked, but we were very fortunate here in Florida we did not have to buy gas on the spot market. Spot market price was extremely high. We did well there. Most of our gas is bought before the beginning of the month/last week of the month. We can manipulate/maneuver between all the FGU Members so we don't have to buy a lot of gas on the spot market.

The other thing we looked at FMPA, we had a generation meeting last week. We talked about is there anything that we have to look at here. We did come up with something. I think it's an important issue since most of our generation comes from natural gas. What happens if you have a compressor station blowup or something like that along the way? Most of our units have dual fuel capability. It's something that since we don't use it very often we need to test a little more

often. Mechanical equipment likes to run. The plant managers don't like to run on oil because it kinds of craps up the nozzles and natural gas burns a lot cleaner so they don't have to clean it up as much. I think they will work on a program to make sure that we're testing the dual fuel capabilities a little bit more often. I think at least for the natural gas problem.

Mayor Hudson said could I ask one more question? The Board Members who were out of state did they have a connection with anything in the state. Was it a corporation? Were they corporate Members?

Mr. Jakubczak said they were just on the Board. Unaffiliated Board Members is the way that it was described on the web site? Some in Illinois, New England and a couple other ones as well. The other thing that I didn't mention, and it's a side subject, is there's another southeast power pool which runs up Oklahoma and Nebraska. They had similar issue, but were able to compensate. They had to do some rolling blackouts; however, they were able to balance it quicker because they had the ability to important power in from other utilities. We talk about the costs and one of the utilities, I believe in Nebraska, spent their entire year's fuel bill in two weeks. There's going to be a lot of lawsuits. A lot of stuff coming up shortly. A lot of customers that have really high bills.

Mayor Hudson said your presentation title reminds me of Georgia. Because it's really when the lights go out in Georgia. Aren't they building a nuclear plant in Georgia? A new one?

Mr. Jakubczak said there's one that's still under construction.

Mr. Tompeck said Vogle, I think it's fairly close. I think they are about to load fuel in the not too distance future. That's a giant plant with a giant price tag. I think it's up to 6 or 8 billion dollars. It's almost finished.

Mr. Jakubczak said it's great to have the plant, but if there's no roadway to get into the state then it kind of puts you at a disadvantage. It's similar to Puerto Rico when they lost their generation. The complete island was down until they were able to get the generation back up because it is an island itself.

Mr. Matthews said my final question is would the citizens/rate payers be available for some of the stimulus package?

Mr. Jakubczak said I'm not sure if they've thought that far in advance yet. I know it's up in the federal level. Some of the things that was talked about before. My opinion is they want to be the crowning star on everything and they want to be independent and do things themselves. That would be my personal opinion as far as what they are looking at doing. It's one of those "hey don't help me, I can do it all myself. " It's kind of like your kids. They all want to be independent and do it themselves, but at some point in time they learn they have to ask for some help.

Mr. Tompeck said I think the surrounding states were struggling as well. They didn't have a whole lot of power to export to Texas.

Ms. Cavalcanti said I do have a question when you mention Nebraska and Kansas. Aren't they accustomed to this kind of cold?

Mr. Jakubczak said they are, but it had to do with ice storms and everything else that came through the area. They are a little bit more accustomed and Texas should be. It was extremely cold for a long period of time. You think about it down here in Florida you could probably last one day in the 50s, but if it's two or three days continually in the 50s you start thinking about turning that switch on to put heat in the house.

Mrs. Gibbons said is there a discussion about them restructuring and changing the method of ERCOT or getting rid of de-regularization.

Mr. Jakubczak said the Texas senate grilled the CEO of ERCOT for 6.5 hours yesterday going over some of these same questions. Why didn't you do your job? Do you feel it's your obligation? I'm sure there's going to be more to come about what they will do. I wouldn't be surprised if they reevaluate the way they deregulate.

Mr. Tompeck said they also said those hearings may go on throughout the summer. I don't think it will be anything quick.

Mr. Jakubczak said I wouldn't be surprised if they got called up to Washington as well.

Mr. Matthews said it would be nice to keep us updated on what's going on. Thank you. Mr. Tompeck next.

Mr. Tompeck said the next event happened at the Oldsmar water treatment plant and Tom Fryar and Keith Stevens will bring us up-to-date on that.

Mr. Fryar said thank you Mr. Tompeck, Chairman and Board Members. Before I start here; this is somewhat a high level because of the sensitivity of the information. We're talking about the security of FPUA and the water plant. We try to prevent too much information leaking out to basically give them ideas on how to get into our system. I don't want to challenge anyone out there that would want to get into our system either. On Friday, February 5th around 8:00am an unlawful intrusion at Oldsmar Water Treatment Plant occurred. It was not a physical intrusion, but a cyber intrusion. They came through a remote controlled software called Teamviewer and is usually used to support, collaborate and basically assist. Someone can actually connect into the computers without anyone actually being there. This was useful especially with COVID going on at the time. Basically people needed to be able to access the computer system, see what's on there, and do their normal work. This was tied directly to the internet. No secondary security on

it. The Teamviewer password was very simple, easy to crack and overall allowed them to get into multiple machines. This wasn't just a single machine. They got into the control system, but they actually got into multiple machines. They found the right machine that had access to the control system to modify the sodium hydroxide. They were able to go in there and change the sodium hydroxide levels from 100 million parts per million to 11,100 parts per million. Luckily, the operator on duty at the time was able to see the mouse move, but at first thought it's another employee connecting in. They kind of ignored it, but then as soon as they saw that the person was going into the actual control system making the modifications the person actually reacted quickly. Now the question is, is this a person that they know? Is it a state actor? They don't know at this present point. A lot of this information is based off of public information we have. There's an ongoing investigation of this and they are continuing to try to find information of how they actually got in. Was it by accident? Was it what they call a zero day attack? A lot will come out later down the road. At this point, they look at it as one possibility as someone came in whether a disgruntled employee or disgruntled vendor. Down the road we may find out more information.

Let's talk about the security.

Mr. Stephens said thank you Mr. Tompeck, Mr. Chairman, and Board Members. As Tom said, we have a SCADA system, but we also have physical security at the plant. One of the things we have is 24/7 coverage. There's operators there 24/7, Christmas, Thanksgiving all those days. There's always a person monitoring the SCADA system and the set point that would have seen the mouse move just like they did. Also, we have security gates as all of you know, that limits the access to the facility. You can't just drive in. If the gates are open they are open for a reason. There's many people monitoring the gates. On top of that, we have security cameras that monitor the facilities that we have and that's monitored by the operators that are there 24/7. The water treatment process is continually monitored by the staff. As I just mentioned, we have a SCADA system, yes they can automatically change set points. Yes, they can monitor what's going on. On top of that, we pull over 150 manual samples a day. Our operators are out on the facility property unlimited amounts of time in a normal day of work in a 24-hour time period. One thing I would like to say is we take our water safety and our water quality very serious. A lot of people don't realize water is used for dialysis machines, for food processing and we drink it. It's something we put in our body. Most importantly, they use it at the breweries here locally. It's very important. It's very important to the community.

I would like to give credit to the operators and to my maintenance staff. The staff is licensed through Florida Department of Environmental Protection. Every one of the operators are licensed. Every one of the maintenance staff are licensed through FDEP. It's not someone we pulled off the street. They are very qualified to be where they are and they are there for that reason. They do a very good job.

We are going to go back to Tom. He will talk about how we are protected from outside in. Obviously, I've explained how our SCADA system controls the inside and he'll explain how his department protects us from the outside.

Mr. Fryar said again, this is high-level. I'm trying to keep it very tight. We're not just simply protecting the water. We're protecting the electric, water, gas and FPUAnet. That's the operational side, but we also have the administrative side that we have to protect whether it's the people coming in making payments by their credit cards, and employee's information on the computers. We're working with multiple teams. Whether it's working close to the SCADA groups of the water and electric or all the different committees. We're all looking at trying to make sure the system is secure and by having it secure we hopefully will maintain operations on it. We don't want someone coming in and going back like the Oldsmar incident. The person got in by luck. We want to make sure the systems continue to be operational.

We constantly are dedicated to keeping the system secure and monitoring the systems. Constantly looking at what's going on out there. The old saying is the criminals never sleep. This is even bigger because this is worldwide. We're dealing with criminals that are in China, Sweden, France, Spain, Germany, you name it they are all around the world. It could be a small island in the middle of the Pacific that they try to hack inside the systems. It could be your disgruntled employees that we're trying to protect against or disgruntled vendors. It could also be domesticated terrorists that we're dealing with or a state actor actually paid by other countries to hack into systems and cause chaos. There are many times that we're going through this process and the biggest problem is we're trying to find that balance of usability and security. A lot of times we have to make it tougher and harder for security and sometimes that causes problems. We have to tweak it to allow you in. We have to look at it the other way around. Tweak it and make it more secure. We're constantly looking at seeing what needs to be done and how we can do it.

One of the biggest things is making sure all of the staff understands this. We constantly do regular cybersecurity training. Whether it's going through e-mails and understanding what could occur and can occur. Working with different departments talking about how they are actually installing this. What vendors can come in? When the vendors can come in and have access. There are times when a vendor may need to come into a certain aspect of it and we would go ahead and allow them in, but only as long as staff is there to monitor what's going on. We don't like to have anything coming in without the knowledge on it even to the point there's certain pieces of equipment that may get unplugged. There's a lot of training that goes into it.

There are levels of understanding cybersecurity, but the IT staff and the different SCADA departments have to learn how to secure the systems, what to look for, what to accept. This could be where someone is calling up and saying this is so and so from some company, no you are not. They should question that or verify the two layers of security.

At FPUA we work closely with the federal, state and local partners and this could be with FMPA. A lot of times we get information from FBI to indicate there's a possible issue in the area. Sometimes, depending how this comes out, we are looking at and analyzing our system for the same concepts of what was attacked at other places. In this case, since we heard about it, we had FMPA calling us saying look for these things. Turn these things off. Make sure you don't have these programs running in your system and we usually try to get ahead of the curve. Again, criminals never sleep. We're trying to make sure we're there and trying to investigate and see if there's anything that's out there. These are basically following best practices. We're learning and understanding how they got around things. What's the best practice on securing it? Trying to mitigate it and make sure we get the systems back up and running if they are ever hacked. It's a cat-and-mouse concept where they're always looking at how to get into the system and we're trying to protect the system.

I tried to give you an idea at a high level of what we're trying to do to protect the systems whether it's water, gas, electric and FPUAnet. If there are any questions, I will try my best to answer it. If your question needs more description I may have to do it off-line or one-on-one.

Mr. Fee said how often do you test your security protocols?

Mr. Fryar said that's a little tough to answer, but we test it quite often.

Mayor Hudson said early on you said that it might have been enabled by the fact that people were working, because of COVID, people were working remotely? I mean you sort of alluded to that. You didn't say that, you speculated that. I'm asking you, not for a definitive about that, but when we went into that mode at FPUA did you think that through in terms of if people were working from home and trying to get into the system, where there safety protocols put in place?

Mr. Fryar said again, they may have thought of it as a thing before COVID. It's been around for years.

Mayor Hudson said I know you don't know. I just wondered if that was more of a possibility because people were working from home.

Mr. Fryar said it was definitely a high possibility. It's basically allowing them to access remotely, you control it. A lot of times, especially in this case, Oldsmar is a small area and the resources are very small. They have to sometime do what they needed to do to get the systems and maintain the systems.

Mayor Hudson said you had that happen here. You had people working from home. I'm asking you did you think through that in terms of how we could be more vulnerable.

Mr. Fryar said we definitely thought through all that. In fact, we actually have a couple of layers to protect the system. It's not a single layer. We separate the operational side from the administrative side. That's best practices.

Mayor Hudson said okay, thank you.

Mr. Matthews said do you get an alert system if someone is tapping in?

Mr. Fryar said we get alerts so many times throughout the night. Whether it's a system that fails or something that's questionable that may alert us on it. It's one of those types of things like what type of alert it is. Who is looking at it? The different operations are staffed at different places. We work with the staff to say if you get this type of alert read through it, look at the logs and contact us if we need to.

Mr. Matthews said I know cyber is getting to be a large topic. They're (schools/colleges) are including it in their curriculum to get a degree in cybersecurity.

Mr. Fryar said this is not going to go away by no means. This is only going to get bigger and one of the articles I was reading indicated that from 2020-2021 it grew almost 24%.

Mr. Tompeck said Tom you mentioned we've assigned one of our ITS folks, strictly to cybersecurity.

Mr. Fryar said it's gotten to the point where we had to determine that we need it. It's just a lot of work to maintain and staying up on it. Our staff is constantly reading, tweaking and understanding how to secure. Like I said that balance between usability and security.

Mr. Matthews said all right. Thank you both.

Mr. Tompeck said the next item is an information presentation by Barbara Mika on the PCA.

Mrs. Mika said thank you Mr. Tompeck, Chairman Matthews and Board Members. Good afternoon. I'm here today to provide you information about the status of the January power cost adjustment and the updated 12-month projections through January of 2022.

Fort Pierce Utilities recovers our costs of purchase power through our customer billings. Power costs recovered that are in excess of our $79.52 base power cost are accumulated and credited back to the customer through the PCA adjustment. The cost of power purchased for the month of January was billed to FPUA at a rate of $71.40 for 1,000 kilowatt hours. This was a decrease of just about 48 cents as compared to the previous billing from FMPA. In January, FMPA experienced an under recovery of power cost from the customer of $359,000, bringing our over recovery to $3.5 million as of January 31st. This chart tracks the cumulative monthly balance of the PCA over

recovery in relation to the approved power cost adjustment levels going back to January of 2019 and projections forward for 12 months to January of '22. The PCA is represented by the darker blue line on the bottom here with the last approved adjustment implemented in November. The PCA is currently negative $8 for 1,000 kilowatt hours. On the top of the chart, the blue bars represent the actual amounts of the over recovery while the orange bars represent the over recovery what would it would be if our projections are correct. These projections have been prepared by Raftelis Consultants and are based upon data prepared by FMPA. Since December's forecast, FMPA's estimate of the cost of purchase power for upcoming 12 months has decreased 4.8%. In this graph, we can see a comparison of 3 projections of the power cost recovery trending through January of 2022. Based upon the current forecast from FMPA all three projection scenarios are very favorable. The gray line on the top here is the current recommendation of making no change to the PCA and the impact would have making no change on the power cost recovery over the next 12 months. For comparison, we have two additional scenarios which include potential changes in the upcoming months both represent deceases beginning in June with increases coming later on in October. The green line shows a $2 decrease in June with it going with an increase in October by the same $2 and of course trending on the red line is a $4 adjustment in the back up in October.

If you recall, when this was last presented back in December, the projections for the over recovery were up by the $4 million dollar mark or over. The current forecast with the lower cost of purchase of power at the 4.8% over the next 12 months, give FPUA a stable outlook moving forward. You can see, from one month to the next, the fluctuations can vary greatly and with three more months coming until the summer months, we would prefer to wait and see. We continue and will always evaluate the projections as we receive from FMPA and report to you.

The items provided here are the most updated information. Based upon these assessments it's the recommendation of staff to make no adjustment to the PCA to this time.

Mr. Matthews said any questions?

Ms. Cavalcanti said I have one for Mr. Tompeck. It's interesting to have this giant freeze in Texas and all these places and yet our cost of power is expected to go down by 4.8%.

Mr. Tompeck said the gas market recovered very, very quickly in terms of future prices. What did happen and I'm sure Mr. Crawford will show this in one of his presentations in the near future, is it sucked all the gas out of storage. I think the storage went down to a billion and a half cubic feet. They dropped about 13% of their storage in like two weeks. That's where it was effected. It didn't affect the future prices.

Ms. Cavalcanti said okay. Thank you.

Mayor Hudson said do they get the 3.5% also?

Mrs. Wolfe said it really involves mostly those new employees who are still within their introductory period and would not be eligible for this COLA, but would have to be brought up to those new minimums. That amounts to somewhere in the vicinity of $3,000.

Mayor Hudson said you were talking about minimum wage. How many people do we have working for us below the minimum wage?

Mrs. Wolfe said we have no one right now at the $10/hr. Pretty much the standard the lowest comes in at just below $14/hr at around $13.87/hr.

Mayor Hudson said so we don't have anyone in that category?

Mrs. Wolfe said by keeping pace over the years with the small adjustments along the way by 2026 we will be in good shape to be in compliance with the minimum wage.

Mayor Hudson said I think the staff has worked really, really hard and made huge changes in their schedule and rose to the occasion for the pandemic and Mr. Chairman, I would be willing to make the motion to approve.

Mr. Matthews said yes ma'am.

A motion was made by Mayor Hudson, seconded by Ms. Cavalcanti, and unanimously carried to approve an overall 3.5% cost of living adjustment (COLA) for employees in the amount not to exceed $335,988 for Fiscal Year 2021, effective March 1, 2021.

Mr. Matthews said it has been approved and seconded that we honor the recommendation of giving the employees a raise. Any questions?

Mr. Matthews said I want to say thank you to the employees on behalf of the Board. I think it's well deserved.

Mr. Tompeck said the last item for your consideration is the compensation for the Director and the Attorney. There's no recommendation and I will open up to the Board for discussion and possible action.

Mr. Fee said this is just to increase by 3.5%?

Mr. Tompeck said at the Board's discretion.

Mr. Fee said I will make the motion to approve.

Mayor Hudson said let's talk about it one second because we have to vote separately for the Director and the Attorney.

Mr. Matthews said I will reserve the motion for a minute. We're on the discussion. I have three recommendations for consideration. It has nothing to do with who is in the position now. First, I think the Utilities Director should have an annual evaluation in the future. It gives the Director the opportunity to improve themselves whether female or male in that position. Secondly, it would give us as a Board the opportunity to set standards for improvement. The Attorney should not be combined with this situation. It's not like a marriage situation it should be different. I think it gives us a chance to look at the Attorneys update on any performance or legal performance or anything that we are satisfied with or not. Thirdly, we have a situation here with a conflict of interest. Mayor Hudson would be able to excuse herself if she wishes to do so. That's why the two shouldn't be combined.

Lastly, the Board should take into consideration that we start talking about retirement. Retirement for the Director, or any other person in that position, would give us a chance to advertise. It would give us a chance to make adjustments with pay, etc. or talk about anything related to the criteria of what we want to do with a new Director. In my footnote, to me as the Board, I would be willing to have those things in place and to focus the 4% or 5% for the Director. It's just coming into line with reality. I'm certainly in agreement now to make any recommendation and vote with the group to give raises. I'm talking about in the future, this Board ought to be setting up criteria to give an evaluation to the Director. I think he's done a good job, but we're talking about protecting ourselves. That's why it can go up to 4% or 5%. Maybe one day 6% if we have the funds. Other than just rubber stamping the same protocol that we've been doing. I hope that in the future anything about the Attorney would not be in the same category with the Director. There's basically two. We might not ever have a conflict of interest any more on this Board. It's just a coincidence this time. Those are the kinds of things we're looking out for, the betterment of this organization as a utility. Thank you.

A motion was made by Mr. Fee, seconded by Ms. Cavalcanti, and unanimously carried to approve an overall 3.5% cost of living adjustment (COLA) for the Director of Utilities.

Mr. Matthews said that was for the Director. It's clear we are talking about the Director. We're not talking about the Attorney. Okay. Any questions?

A motion was made by Mr. Fee, seconded by Mrs. Gibbons, and unanimously carried to approve an overall 3.5% cost of living adjustment (COLA) for the Attorney.

Mr. Matthews said it's been moved and seconded that we entertain the Attorney, Mr. Koblegard. Any questions? Now Mayor when they call the roll.....

Mayor Hudson said I'm ready. I'm used to this now.

Those voting for approval were Mr. Matthews, Mr. Fee, Ms. Cavalcanti and Mrs. Gibbons. Mayor Hudson abstained because she has a conflict of interest due to Mr. Koblegard is her brother-in-law. The motion passed.

Mr. Matthews said call the roll Madam Secretary.

Ms. Sabota said Ms. Cavalcanti, Mr. Fee, Mrs. Gibbons, Mayor Hudson.....

Mayor Hudson said I cannot vote. I'm recusing myself because I am related to the City Attorney.

Ms. Sabota said Mr. Matthews.

Mr. Koblegard said don't forget to fill out the form.

Mayor Hudson said I was very pleased that Jill knew exactly what to do when I asked her. There you are, Jill.

Ms. Sabota said thank you.

Mr. Matthews said you have your new pay on the way. Mr. Tompeck do you have anything to say?

Mr. Tompeck said let me start off with a correction. I was thinking after you asked about the natural gas that I had the wrong units. We're talking storage, we're talking trillions of cubic feet not billions of cubic feet.

Next item on behalf of the FPUA employees, I would like to thank the Board for their approval of the salary increases. We really do appreciate it.

Bo Hutchinson and I along with county staff will be meeting with the City Commission next Monday during the conference agenda for the presentation of the WRF relocation. I'm sorry Mayor you will have to listen to it again. The whole thing.

Mayor Hudson said it helps me. I will not be bored.

Mrs. Gibbons said Mr. Tompeck is that Monday or Tuesday? I was told they moved it to Tuesday.

Mr. Tompeck said Monday at the conference agenda 9:00 a.m.

Mayor Hudson said the City Commission meets on Monday mornings. The second Monday.

Mrs. Gibbons said Shyanne told me something different. She was telling me that it was on Tuesday. I said are you sure?

Mr. Matthews said it's Monday.

Mayor Hudson said the FPRA meeting. Aren't you on the CRA Advisory Board? That's the meeting. I think she's talking about the FPRA meeting.

Mr. Matthews said this will be Monday morning at 9:00.

Mr. Tompeck said we're the second item on the agenda. We'll be giving a similar presentation to the county on the 16th of March. I think their informal meeting starts at 9:00 in the morning. Good news, we recently received $176,000 from FEMA for hurricane Matthew. That completes the reimbursements requested for Matthew and Matthew was only in 2016. They are picking up some steam. It took us 18 years, but close to it. We're continuing and Matthew is finished now so we have all the money back from that. We're continuing the work on the reimbursements for hurricanes Erma and Dorian and they will still be a ways off I suspect. That's all I have Mr. Chairman.

Mr. Matthews said so you're telling us there's no more outstanding collections on hurricanes.

Mayor Hudson said for that hurricane.

Mr. Tompeck said I think we still have a little less than a million dollars from Irma. I don't recall how much we have for Dorian, it's quite a bit less.

Mr. Matthews said Attorney do you have anything?

Mr. Koblegard said I'd like to thank the Board for your consideration on my raise.

Mr. Matthews said any Board Members? Do you have anything else?

There being no further business, the meeting was adjourned at 5:10 p.m.

ATTEST:

SECRETARY

CHAIRMAN