MINUTES OF A REGULAR MEETING OF THE FORT PIERCE UTILITIES AUTHORITY, TUESDAY, APRIL 6, 2021, 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.

Opening Prayer was by Carol Wilson of Human Resources, FPUA.

The Pledge of Allegiance was recited.

The roll was called and a quorum declared.

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

A motion was made by Ms. Cavalcanti, seconded by Mrs. Gibbons, and unanimously carried to approve the Minutes of the Regular Meeting of March 16, 2021.

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

1. RFQu 14-53: Approve Specific Authorization No. GT 64-21-02 with Globaltech, Inc., of Boca Raton, Florida, for Water Treatment Plant Corrosion Control and Treatment Cost Evaluations in an amount not to exceed $113,774.00. This Specific Authorization shall commence upon written Notice to Proceed and end upon final completion of the work and written acceptance by FPUA.
2. POA 21-37: Approve the Contract for the purchase and installation of the Electric Operations Console Furniture Upgrade in an amount not to exceed $63,427, from ErgoFlex Systems, Inc. dba Xybix Systems, of Littleton, Colorado, through participation in the NASPO ValuePoint Cooperative Purchasing Program for Public Safety Communications Equipment-Phase 2 RFP No.05715 through the State of Florida Participating Addendum No. 43190000-18-NASPO-ACS-2. The initial term of this contract shall commence on notice to proceed and end on final completion of the work and acceptance by FPUA, contingent on receiving the required Certificates of Insurance.

3. Approve the Water and Wastewater Supply Agreement with HCA Health Services of Florida, Inc., of Nashville, Tennessee, granting a credit to the Water Capital Improvement Charges in an amount of $111,461.32.
4. Approve Post Budgeted Project/Budget Request for $141,000 to fund the costs of replacing the water main along South 5th Street from Hampton Place to Boston Avenue and the rehabilitation of a gravity sewer manhole at 5th Street and Citrus Avenue.
5. ITB 17-06: Approve Amendment No. 2 to the Electric Underground Unit Price Contract with MasTec North America, Inc., of Coral Gables, Florida, (MasTec) to modify the scope of work to include the installation, maintenance and repair of FPUAnet underground communications facilities.
6. POA No. 21-43: Approve participation in the Sourcewell (formerly National Joint Powers Alliance) RFP No. 120617, and PO contract with Ring Power Corporation of St. Augustine, Florida, for the purchase of a Caterpillar Portable Diesel Generator in an amount not to exceed $70,069.
7. RFP 19-68: Approve Amendment No. 3 to the Mobile Work Order Management Solution Contract with SpryPoint Services, Inc., of Charleston, Prince Edward Island, Canada, to add Meter Switch Functionality to the Scope of Work and increase the not to exceed contract amount by $3,200, from $126,930 to $130,130.

Ms. Sabota read the following letters of appreciation into the record:

An email was received by Renee Snowten, on behalf of one of our senior citizen customers, acknowledging the extraordinary and patient customer service that was received over the phone on 3/12 from Felicia Davis.

A compliment card was received by a customer, John Melo, for Dwayne Callender's excellent service rendered while repairing his water service.

An email was received by Marva Angus, Fort Pierce Seventh-day Adventist Church Food Pantry thanking FPUA for our contributions.

Mr. Matthews said on behalf of the board we certainly appreciate getting information on our employees and thank you to the staff.

Mr. Matthews said Mr. Tompeck, please bring us into New Business.

Mr. Tompeck said thank you Mr. Chairman. The first item this afternoon requests approval for the purchase of decorative concrete poles. Eric Winterstein will make the presentation.

Mr. Winterstein said good afternoon Madam Mayor, Mr. Chairman, FPUA Board and Mr. Tompeck. I'm here today to seek approval for the purchase of the 18 foot black Ameron decorative concrete polls. Invitation to bid number 21-32. FPUA has standardized black 18'

Ameron decorative concrete polls for AMI. The gate keepers and the repeaters are installed on the poles. FPUA has been utilizing the same manufacturer for several years within our electric distribution system. The pole number and FPUA's inventory is ELP0570. We have six in stock and eight on order. We're looking to award the purchase of the concrete poles from multiple vendors, three in all. The vendors are Gresco Supply, Inc. of Wildwood, Florida; Torres Electrical Supply Company, Inc. of Stuart, Florida and City Electric Supply Company of Dallas, Texas. The annual purchases will be made through the three approved vendors in an amount not to exceed $89,400 for the first year. These figures are purchase from all three vendors annually and $156,450 for year two and $149,000 for year three for a three year total not to exceed $394,850. The order will be placed using AURSI spot pricing quotes on a daily market basis. The initial term shall commence on April 7, 2021 and end on April 6, 2024. The Invitation to Bid (ITB) was loaded on Demand Star on March 3, 2021 and advertised on March 6 and 13, 2021 with an opening date of March 23rd at 10:00 a.m.

The ITB was sent to 277 vendors, 12 vendors requested specifications with 5 responding, resulting in a 42% response rate. Of the 5 responding vendors, 20% were local. That means 1 out of 5. A recommendation was received from the Director of Utilities Support Services on March 24, 2021 to request authorization from the Board to accept low bids from Gresco Supply, Torres Electrical Supply and City Electric.

Are there any questions?

Mr. Matthews said are there any questions by a Member of the Board?

Ms. Cavalcanti said I have a question. So these decorative polls. Do we have any in Fort Pierce right now?

Mr. Winterstein said we have six in our yard. Not that I know of specific location(s).

Mr. Jakubczak said we have a few and we have standardized these for the AMI installations and the solar repeaters. There's some right now at High Point. They're going down A1A where we put in the solar repeaters and this is what we will be standardizing on. We're working with the county to make sure they don't want all the wood poles in the right-of-way. We are working with them and this is what we standardized on that project.

Ms. Cavalcanti said I guess what I'm asking about is the decorative part.

Mr. Jakubczak said the reason we use these is they were in stock and they've been sitting there for a while. We decided to take them out and use them on the AMI project instead of using a standard wood pole. What we're looking at as we are getting into some of these gated communities, is where we have to go in and install the repeaters because we don't have electric service out there. We're going to use some more decorative poles instead of the wood poles.

Ms. Cavalcanti said when you say decorative, what do they look like?

Mr. Jakubczak said they're basically just an octagonal pole that's probably six to eight inches in diameter and they go up and have a top that we put our repeater antenna up on or solar array.

Ms. Cavalcanti said okay. So for example on Savannah Road, where we have all the silver posts, I mean do they not look anything like that?

Mr. Jakubczak said no, they don't look anything like that. I'm trying to think if there's anything in the downtown area. They don't look like downtown street lighting. They don't have the decorative heads and all that other stuff, it's basically just a pole.

Mr. Winterstein said I think there's some that look like that on Georgia Avenue? You know the concrete ones on Georgia Avenue?

Ms. Cavalcanti said where on Georgia?

Mr. Winterstein said Georgia and Texas court. There's a run there.

Ms. Cavalcanti said ok I'll drive by.

Mr. Winterstein said there's green ones around town.

Ms. Cavalcanti said I guess I was wondering because we had green ones for a long time and I thought we were going with that whole look.

Mr. Jakubczak said those are mostly for decorative street lighting to match heads we put on top of those poles, as well. This is a completely different installation. Some of those green poles won't work for the type of installation we need to make for the AMI equipment.

Ms. Cavalcanti said green was not an option?

Mr. Jakubczak said green wasn't an option, no.

Mayor Hudson said are you buying it from three different vendors not to put all your eggs in one basket?

Mr. Winterstein said I think what they're try to do is treat them as commodities. Whoever has the best price that day. When they go into the RC System they can see what you have and then send back a price. That's the reasoning behind the three vendors. Keeps them honest.

Mr. Matthews said the Chair will recognize the motion for approval.

A motion was made by Mayor Hudson, seconded by Mrs. Gibbons, and unanimously carried to approve. ITB No. 21-32: Approve 1) award of bid to multiple vendors for the purchase of Ameron Decorative Concrete 18 Foot Black Tenon Top Poles to Gresco Supply, Inc. of Wildwood, Florida; Torres Electrical Supply Company, Inc. of Stuart, Florida; and City Electric Supply Company of Dallas, Texas. 2) Annual funding not to exceed $89,400 for year one, $156,450 for year two and $149,000 for year three for a three-year total of $394,850; orders to be determined thru AURSI

as "Spot pricing" at daily market pricing. The initial term of the PO Contracts shall commence on April 7, 2021 and end on April 6, 2024.

Mr. Tompeck said the next item requests approval of a budget transfer in contract for utility relocation work on Edwards Rd. and John Biggs will make the presentation.

Mr. Biggs said a pleasant afternoon to everyone. Thank you Mr. Tompeck. My presentation today is on Edwards Road utility relocation from Oleander Blvd. to US 1.

The objective of this presentation is to receive approval for a budget transfer request in the amount of $401,453, and also to receive approval for the contractor, Ranger Construction Industries Inc. of West Palm Beach, Florida in an amount not to exceed $370,600. Ranger Construction Inc. is currently the St. Lucie contractor for roadway and drainage. There's value and efficiency in having the same contractor performing the road work to also do the utility work in a heavenly congested work space.

Having the roadway contractor responsible for the utility work in this area will eliminate the need for MOT and reduce the potential for delayed claims. The water and sewer utilities relocation is in conjunction with the St. Lucy County reconstruction and widening of Edwards Road due to damages from hurricane Irma in 2017. The damages have caused several pavement failures resulting in the closure of the outside westbound lane. An overview of the project includes water main replacement, sewer main replacement, drainage infrastructure improvement, sidewalks and roadway reconstruction, as well as electrical and gas work. This is a huge project.

The water portion of this work includes the replacement of 1300 linear feet of 8" water main, water services, as well and the sewer portion includes the replacement of 800 linear feet of gravity sewer including five manholes and related sewer services.

The total estimated cost of this project for the water, sewer and administrative costs is $401,453. The schedule for this project is to start in June of 2021 to April of 2022.

In closing, my recommendation is to receive approval for the budget transfer request in the amount of $401,453 and to receive approval for the contract with Ranger Construction Industries Inc. of West Palm Beach, Florida in an amount not to exceed $370,600. The contract will commence upon written notice to proceed and end upon final completion of the work and acceptance by FPUA.

Thank you. Any questions?

Mayor Hudson said I have a question. On the cover page it's budgeted and doesn't have anything checked. Is that correct?

Mr. Tompeck said it must have been an oversight.

Mayor Hudson said should it be checked, budgeted?

Mr. Tompeck said yes. Otherwise, we'd be asking for contingency money.

Mayor Hudson said okay thanks.

Chairman Matthews said what's the way we need to approve this? We need to approve one and then the second one? Also, who gets the contract?

Mr. Tompeck said I think we can do it at the same time.

Chairman Matthews said the Chair recognizes approval any Members of the Board?

A motion was made by Mayor Hudson, seconded by Mr. Fee, and unanimously carried to approve POA No. 21-34: Approve 1) Budget Transfer Request in the amount of $401,453 and 2) the Contract for the Edwards Road Utilities Relocation from Oleander Boulevard to US 1, with Ranger Construction Industries, Inc., of West Palm Beach, Florida, in an amount not to exceed $370,600. This Contract will commence upon written Notice to Proceed and end upon final completion of the work and acceptance by FPUA.

Mr. Tompeck said the next item is our yearly Identity Theft Protection presentation by Javier Cisneros.

Mr. Cisneros said thank you Mr. Tompeck. Good afternoon Mr. Chairman and Members of the Board. As Mr. Tompeck mentioned, this is the 2020 year review of our Identity Theft Prevention and Detection Program. Also referred to as the Red Flags Program.

This presentation is done every year to the Board so this will look familiar. The agenda for today is to discuss the purpose and history of the program. The Privacy Committee, I don't have a slide for that, but I do want to spend some time identifying who makes it up. It's the Director of Utilities, Director of Support Services, Director of Finance, Director of Regulatory Affairs, Customer Service Manager, ITS Manager, HR Manager, and the Community Relations Manager. The entire team works together to help identify those red flags and notify our customers and employees. Talking about red flags, we'll talk about some of the red flags that we have to deal with on a constant basis and the types of theft and fraud we deal with and then we'll talk about some KPI's that the company experiences and also that our customers experience.

So a little bit of background. The Federal Fair and Accurate Credit Transaction Act of 2003, also known at the FACTAct (Red Flags Act) had an effective day of January 1, 2008 and it applied to

any company that stored a customer's information which included utilities. So the program had to be approved by any utility board, specifically FPUA's utility board, and prior to November 1, 2008. The purpose is again, to identify a prevention program to help protect our customer's information and their accounts from any reasonable foreseeable risk of identity. If you think about 2003 some of the things we experience today are not some of the things we were dealing with in 2003. Reasonable foreseeable risk is just as important to note we'll be dealing with stuff that we're talking about today, we'll be dealing with additional stuff in the near future specifically about things related to cyber.

On October 21, 2008 the FPUA Board did approve FPUA's Identity Theft Prevention Program and part of that requirement that we developed internally is to provide an update to the Board about the program and about some of the key performance indicators we have experienced. We also used this presentation for the FPUA Board and our customers.

So what are red flags? Red flags are identified as a pattern or specific activity that could be identity theft?

Some of the examples that we have dealt with over the years have been:

- Address discrepancies. Someone was trying to use a prison address for a mailing address for the bill and thankfully they did not pull that off.
- Consumer report fraud. We've had people try to use someone that was off on military duty. When someone in the military go off they are able to flag their account so someone else is not using it. It is a common issue with people that are deployed in the military.
- Altered or forged identification is pretty common or a forged lease agreement. That's why it's important for us to do our due diligence when we work on a customer's account.
- Social security discrepancy's is pretty common in identity theft and that happens for all industries and does not exclude FPUA.
- The addition of authorized signatures. That's important. Typically what happens is if there's a married couple and you add an additional person on the account and they're no longer married, it becomes an issue so that's something we've had to address in the past. You can make any changes to the account because you're an authorized person to use the account, but you're not the responsible party.
- Multiple dishonored payments. I'll show you some examples that we have dealt with over the years. If anybody gives us a bad check or fraudulent credit cards that account gets flagged and moved over to a cash only account. If somebody attempts to make multiple dishonored payments, the account must be cash only.

We have a full list of these examples in our identity theft program and it is used as a training manual for specifically those employees in customer service.

A couple of KPI's. This is from a couple of years ago. We had two attempts at a fraudulent voucher and you can see from the Moffit Center and the local church somebody tried to use an altered voucher. We were able to catch it as we do work closely with Mustard Seed and others, so we know who the organizations are that we work with. We were able to verify that it was not a valid voucher and the account was not credited. Luckily, in 2020 and 2019 we did not have any attempts at fraudulent vouchers, but in 2018 we had two and those are on the screen.

KPI's for currency fraud. You can see every year we have to deal with this as a $100 bill seems common for currency fraud. In 2020 we had one and in 2019 we had two and in 2018 we had five. Once we get currency fraud we're required to send it to the Secret Service. Sometimes that can be an issue for the customer because they may not know or they may know that the currency is fraud, but we have to turn it over to Secret Service. As you can see from the screen, this hundred dollar bill is only valuable at a motion picture theatre near you.

This is actually from a couple of years ago, but shows you dots all over the country of people that have potentially tried to hack into the FPUA system. We do a great job of protecting ourselves not only locally, but around the world.

A couple of quick summaries on the KPI's. We had two currency frauds, I showed you those. It was a $100 bill and a $20 bill. In 2020 we did not have any unemployment claims. What we've experienced in the past is somebody submits a claim for an employee that's actively employed or a retired employee. That's actually pretty common in the fraud area, which people will try to do unemployment claims. Last year we had none and in 2019 we had none, but we had five attempts in 2018.

Employment checking account change requests. This one is interesting as most of the Directors have been on this list and we have had people that try to change our account routing information to where they wanted it to go to. Last year we had five attempts and in 2019 we had a busy year with 12 attempts. Those two last two items, HR deals with unemployment and finance deals with the checking account. I want to thank HR and finance. We obviously want to get paid.

False payment requests. Last year we had six and that was a busy year because we dealt with quite a bit of vouchers because of our pandemic programs. So last year we had six attempts at false payment requests and again this is something that we should remember for the future because it's important for us to work with known entities like ALPI and Mustard Seed when it comes to vouchers. People will try to take advantage of that.

We have no known customer fraud incidents. Anytime we collect a customer's information we redact specific items so if there's some type of request for information that information is redacted from account. We take that very seriously.

Did you know FPUA will not call you to collect payment? We do go through this a couple of times a year with phone scams. We will call you and let you know the payment is due or past due, but we're not going to call you to collect payment. Anytime a customer feels uncomfortable with the call they can hang up and call 466-1600 and talk to one of our representatives.

I want to spend time with payment locations. The main lobby has been closed for a little over a year, but we still have our drive-thru available and we have the outside kiosk on the west side of main building where a customer can pay. It looked like it will be next week that we'll have the drive-thru kiosk. People don't necessarily want to get out of the car especially during a pandemic. We have made an option so they can use the drive-through and stay in their cars. We'll have two drive-through options for customers.

Other locations that you can go to are the Ft. Pierce Discount Pharmacy, Seacoast Bank (Fort Pierce location only), Dixon Cash Checking, Down South Beverage Cash Checking and any pay near me. I know we brought this to the Board for approval in the past and pay near me allows you to pay your account at a CVS, 7-Eleven, Family Dollar and I believe they've probably added another location here or company that the customers can use to pay their bill.

Third party vendors for all payment processing. We do not actually process the payment ourselves, we use a third party vendor because there's a PCI requirement. It's a pretty important requirement for third party vendors to use. There's a lot of compliance associated with PCI (Payment Card Industry Security Data Standard) and that's a big deal for anybody taking card payments. So we do use a third party vendor to process payments and also to be compliant with that requirement.

The last thing I'll mention here as far as phone scams, is every once in a while we do have high activity with phone scams. Again, FPUA won't call you to collect payment. We will just call you to let you know the payment is past due. Please be careful. That's really important for our customers to know that they can always hang up and dial our number.

I want to mention the drive-thru, as soon as we get the drive-thru kiosk active, we'll push that out on Facebook and our website so our customers can be aware of that.

This is for information only and I'll be happy to answer any questions you might have.

Chairman Matthews said I had a few. You had a screen with locations to pay? One time you had Jackson Drug.

Mr. Cisneros said I believe we know longer work with Jackson Drug. I believe it's at their request and that was last year.

Mr. Matthews said when I worked at the bank there's two items I'm concerned about. In the bank we had military ranks call up with what they called the Soldiers Act. The other one we have in Fort Pierce is that public records request. What do we do?

Mr. Cisneros said I don't know the answer on how we handle military, I can follow up with you on that, but public records requests are handled and they can submit one on-line. It doesn't have to be written, but we do request them to write it down so we have a clear picture of what they are asking for. That is handled now by Mr. Gang, Director of Regulatory Affairs. I'm sure he can answer any questions you have or someone can follow up with you on that.

Mr. Matthews said any questions from the Board?

Mrs. Gibbons said I have a question. On the kiosks you can put cash in there? So do we have a third party that manages the software that reads the dollars bills as they go in?

Mr. Cisneros said the kiosk has the receiver mechanism and it comes from the same company, DynaTouch I think it is. We buy the kiosk from them as a complete package.

Mrs. Gibbons said so it scans the dollars and checks?

Mr. Cisneros said yes, and it ties into invoice cloud and our system so that as soon as the cash is received the payment goes to their account within minutes, but it may be less time than that.

Mrs. Gibbons said if they came and paid with a fraudulent $100 dollar bill?

Mr. Cisneros said it does verify for fraudulent cash, yes.

Mr. Matthews said when you install the system are you going to take the money away every day?

Mr. Cisneros said yes, there's a standard procedure we have in place for that.

Mr. Tompeck said the next item are the bill comparisons for the month of January 2021 and Michelle Harris will make the presentation.

Ms. Harris said thank you Mr. Tompeck, Chairman Matthews, Mayor Hudson and Board Members. I am presenting to you today the monthly update of the comparison of board and municipal electric rates published by FMEA and the local Treasure Coast utility bills for January.

This first graph shows the comparison of residential electric rates for a thousand kilowatt hours of consumption for the 13 municipal utilities which are members of the all requirements project.

They are displayed and ranked based upon their base bill amount. Our January rates at $108.84 shown with the yellow bar ranks FPUA with the sixth lowest in the group.

This graph displays the comparison for that same level of consumption at a thousand kilowatt hours, but includes all the municipalities in the state. Our January bill at $108.84 ranks us in the middle when compared to the other 31 municipal utilities.

In January, while we maintained our rates for another month, 13 of the other 31 municipal utilities implemented rate changes. The overall impact to these rate adjustments resulted in a decrease of 56 cents for the ARP average and an increase of 65 cents for the municipal average.

FPUA rates for a thousand kilowatt hours fall below the ARP average, the municipal average and the IOU average.

This graph presents a similar comparison for the consumption of 2,500 kilowatt hours. Our January bill of $274.80 puts us in the middle among this group, as well. Our rates for 2,500 kilowatt hours fall below the ARP average and the IOU average, but just slightly above the municipal average.

This table displayed is the January comparison of the average residential utilities bills for the Treasure Coast. FPUA's utility bill for all three services provided inside city limits is shown in the first column in blue. All other bills in this table have electric services provided by FP&L and water and wastewater services provided by the localities provider. This comparison includes the bills for the average consumption of electric, water and wastewater services. This utility bill includes the recent water/wastewater rate increases of 1.79% that came into effect on January 1 and this bill comparison also includes the recent FP&L energy rate increases that went into effect on January 1, as well. The rate for one thousand kilowatt hours increased about $2.62.

This item has been presented for information only and requires no action, but I'll be glad to address any questions you may have.

Chairman Matthews said does the Board have any questions? Thank you ma'am.

Mr. Tompeck said the next item is a status report on the Electric Power Cost Adjustment (PCA) for February 2021. Barbara Mika will do the presentation.

Ms. Mika said thank you Mr. Tompeck, Chairman and Board Members good afternoon.

I'm here today to provide you the status of the February cost adjustment and the updated 12 month projections through February of 2022. FPUA recovers the cost of our purchase power through customer billings. Power costs recovered that are in excess of our base power costs are credited back to the customer through the PCA adjustment.

The cost of power purchased for the month of February was billed to FPUA at a blended rate of $74.77 for one thousand kilowatt hours. This was an increase as compared from the previous month of $3.37. In February, we experienced an over recovery of power costs of $22,594 and with this slight of a change the cumulative over recovery remains at a comparable level to January at $3.5 million.

The tracked cumulative monthly balance of the PCA over recovery in relation to the power of the cost adjustment levels shown here back to February of 2019 with projections forward for 12 months to February of 2022.

The level of the approved power cost adjustment is represented by the dark blue line across the bottom and the last one was implemented on November 1 leaving the PCA at a negative $8.00 for one thousand kilowatt hours. On the top of the chart we have the blue bars that denote the actual monthly amount of the cumulative over recovery each month, while the orange bars to the right represent what the projected over recovery would be using the updated forecasts for one thousand kilowatt hours.

These projections have been prepared by Raftelis Financial Consultants and are based on data forecasts prepared by the Florida Municipal Power Agency.

Since January's forecast, the estimate of the cost of purchase of power for the upcoming 12 months has decreased by 1.2%.

This graph compares several projections for the power of cost recovery trending through February of 2022. Based upon the current forecast all three scenarios are favorable. The gray line represents the current recommendation of making no change to the PCA and the impact it would have on the level of power cost recovery over the next 12 months. Current projections have it peaking at that $4 million mark in the September/October timeframe. For comparison we presented two additional scenarios that I've been putting in for the past few presentations and those include the potential changes for the upcoming months and both represent decreases in June and increases October. The green line is a $2.00 decrease and what that would look like and the red line shows what a $4.00 adjustment would be.

The current forecast of the purchased power for the next 12 months has narrowed from last month, but still gives FPUA a stable outlook moving through the summer months. We review and evaluate the monthly projections that we receive from FMPA. The updated March projections will be available in the next few weeks and we'll bring another update at the first meeting in May.

For your consideration for the June adjustment as I've been presenting for a few months here. Based upon our projections this item provides you with the most updated information we have and based upon these assessments it's the recommendation of staff to hold off until the forecast for provisions from March are available at this time.

This is an information item only. But, I'd be happy to address any questions that you may have.

Chairman Matthews, does the Board have any questions?

Mr. Fee said one question. These projections are based on the numbers from February?

Ms. Mika said yes. So we'll get March, next week or so. We'll have March numbers and the new projections. It lags a little bit.

Mr. Fee said yeah.

Ms. Cavalcanti said I'm fine. Looking forward to June.

Chairman Matthews said thank you.

Mr. Tompeck said the next item is the January 2021 Financial Operating Results and Barbara Mika will also make that presentation.

Ms. Mika said okay. I'll present the Financial Operating Results for January of 2021.

Here are some of the highlights for the four month-to-date for fiscal year 2021. We had year-to-date operating income of $2.42 million which was fairly even with the last year. We're just down like $23,000 from last year. Our capital contributions for the first four months of 2021 were greater in water and wastewater capital improvement charges. That's from developers and movement in the housing and construction so we had the increased contributions of a little over $300,000 over the last year. Adjustment for the distribution to the city, our January year-to-date increase in net position was $243,000 and the driving factor was to get the increases in the capital improvement charges.

In the month of January, operating revenues were less than they were in the same month last year. You probably read that in the memo in your agenda packet. At the end of January there were several routes that could not be billed due to a system upgrade. When the problem was resolved the bills were issued, but it was not resolved until the first couple of days in February. This created a timing difference for some revenues that would have been recorded in January, but didn't get recorded until February. That was approximately $723,000. We didn't miss any billings, but there was just a time delay and this will all come out at the end of February. I wanted to point this out because the next two slides are saying the revenues are flat. They might have been a little bit higher since there are some revenues that aren't recorded. I wanted to make that clear.

Electric operating revenues less the power cost and consumption for fiscal year 2020. That brought us a 5% decrease in the adjusted operating revenues which was consistent with the

decrease in consumption from 2019. For the current year, in 2021, consumption was up slightly when compared to the same period last year, but revenues remained flat in this comparison.

The cost of purchase power was for fiscal year 2020, there was a $1 million savings in the cost of purchase power in 2019. However, for the current year-to-date our cost of purchase power was flat for four months from last year from 2020 to 2021.

Water operating revenues showed an upswing in fiscal year 2020. The increase over the same period in 2019 was a result of the increase in general service sales and water sales for resale. In 2021, operating revenues consumption were flat when compared to last year. All these numbers are 4 months year-to-date.

Wastewater, while consumption remains flat in fiscal year 2020, the revenues fell short by the amount that was recorded as capacity reductions in 2019. In 2021, this year current consumption increased by 2% with operating revenues remaining flat in this comparison.

Natural gas operating revenues less that cost of the gas and consumption. In fiscal year 2020, natural gas operating revenues that cost the purchase power purchased gas along consumption showed overall increase in revenues of 4% and consumption of 5% from the prior year and mostly were in general service sales. The current fiscal year revenues and consumption both rose slightly over the prior years as well. Regarding the cost of gas for the four month period, we were experiencing 8% savings on gas costs in 2020 from the previous year. That was about $180,000 dollars and this year the cost of gas kind of levelled off it's just up slightly. Pretty much cost for both electric and gas remains the same as they were last year.

Operating income and debt service, our debt service coverage ratio is the ratio of a 12 month average of net available income to our current debt service for the 12 months ending January 2021. Our debt service ratio was 3.18 times the ratio for the 12 months ended September was 3.16. Our bond covenants require that we have a ratio of 1.25 and we're well within the comfort zone for that debt service.

This item is for your information only and I'd be happy to address any questions you may have.

Chairman Matthews said what month do we get debt service evaluations?

Ms. Mika said by the rating agencies? The last time we were rated was in November of 2019. We did have some surveillance updates with the COVID in April and again I think in June by the rating agencies. They didn't want to propose any changes from the information we provided. I don't know if it's every other year.

Mr. Tompeck said yes, I think it's every other year.

Ms. Mika said so in 2019, we will probably be due a rating adjustment or review in 2021. It was in the Fall, September timeframe. I haven't been contacted.

Chairman Matthews said we have two Board Members that might be able to help us out. Any questions from the Board? Thank you.

Mr. Tompeck said the next item is an information presentation on the City of Ft. Pierce Retirement System by Keith Stephens.

Mr. Stephens said thank you Mr. Tompeck, Board Members and Mr. Chairman. So I'm happy to present an update to our retirement system and status of where we are.

The status is good for the retirement and benefit system. Currently, we have seven members on the retirement board and this will be educational for some that may not know this. We have two City Commissioners, City Director of Finance, FPUA Appointee and three elected members from the police. We also have one thing that we're dedicated too, that's education. All of our members would like to become certified public pension trustees. Right now we have five that are and two that are in the process of getting theirs. We have an attorney and an investment consultant and nine money managers.

The difference in our plan and some of these plans you see out in the system is we're a defined benefit plan. It was established like it says in accordance to Chapter 13 of the City Charter and it gets calculated on the final average of the top five of your last ten years and the years of service times 3% multiplier. The difference in us, as a defined benefit plan, and a defined contribution 401K plan, 403, 457 or IRA is imagine a pie, you retire and decide how much you're going to eat of that pie each year. If you eat too much you're going to run out of pie before the end of the need for the money. We don't want that to happen, so you've really got to budget yourself every year with a defined benefit plan. It's one of our best things we have at FPUA and the City of Ft. Pierce. The amount you get at retirement will be that amount for the rest of your life. You'll get that and if we're lucky enough to get that cost of living which I'll talk about later. That's the advantage of a defined benefit plan and that's one of our biggest selling points here at the City of Fort Pierce, FPUA and the police department.

FPUA employees retire after 25 years or age 60 as long as they have the five years of service which is our vesting period. As of September 30, 2020, which was when this actuarial evaluation was done, there's been no benefit changes in the last year which is good. I bring these changes effective 10/1/2012 because they still affect several of the employees in FPUA. Per the statute of Chapter 112, the final average salary is limited too. You can't get paid for any more than 300 overtime hours per year. Toward retirement you still get paid for it, but it does not go toward your retirement final average and you can sell back second vacation as of the balance you had on 6/30/11. So whatever you had then, that's the only thing you can sell towards your final average of your salary for retirement. As you can see, there's zero sell back of second vacation for employees hired on or after 10/1/22 towards pension average salary. The actual annual pension

benefit for the whole system is $100,000 annually for all employees. So if you make enough money where your final average is above $100,000, you are working for that money, you are not going to make any more. Also, 75% of the finite average salary for employees hired on or after 2012. As you know, if you were hired before then you could work over those years and get a higher percentage up to 100%.

In fiscal year 2020, these were the contribution amounts for employees and employer. Now based off the actuary report, these are what the rates will be in 2021. I can say that since 2018, the employer contribution has continually gone down. It was over 18% and now it's come down to 16.17% and the employees is fixed at 6.16%, because the plan is doing well, and we're able to lower the percentage amount. The dollar amount may have went up because of salaries and more people, but the percentage amount has gone down.

The September 30, 2020 actual evaluation we're 90% funded so right now assets and liabilities we're 90% funded. I can assure you there are retirement systems that would love to be that right now. There's a lot of pension systems out in the country and even in Florida that are a lot lower than that.

Our recognize investment return was 8.18%. We have an assumed return of 7.75%, what that means is our actuary basis calculations off the assumed rate of return. He would like us to lower it more because they're all about risk when it comes to the actuary, but 7.75% is what we have set right now. Historically, we've been able to maintain above eight percent which is amazing if you think about it and the volatile times we have had in the last ten years.

As of September 30th you can see the plan was $215 million dollars. I can say I've been on the retirement board for, this is my seventh year, and when I first got there I believe we had like $167 million dollars and that's how much the plan was worth. One of the reasons it grows is more employees and higher salaries and better investments and that's how it gets bigger. It has to grow, if it doesn't grow, it dies and then we're in trouble.

You can see the number of retirees right now that we pay out of the different entities. We have 233 retirees on the books for that much money and there's their average benefit and the city and the police. We're a total of almost $15 million each year.

This is a slide that Nina had used in the past because she normally does this and this is the key to investment. Diversify, diversify, and diversify. We've been very lucky as a board. The people before us did very well diversifying and made very sound decisions when it came. The Mayor has been on the retirement board and knows we're very careful about the decisions we make and we diversify very well, and that is why we've been able to maintain above the 8% return on investments.

Cost of living adjustments. I get a call two or three times a year. When are we going to get a cost of living adjustment? Under this section, we can't get it until we exceed the $40 million. This can

only happen through actuarial gains. There's a lot involved in actuarial gains based off the risk we have, and the more people going into the retirement system. We just had last year, we had or two years ago, we had the state change the mortality tables. If people are living longer, what's that mean? We have more risk later on. Anything like that can affect that and right now it's got to exceed the $40 million dollars we have right there. In the near future that's probably not going to happen.

Right here it's not on there yet, but this will be the link you'll be able to go to when you can see the actuarial report from this date and I'll be happy to answer any questions for the Board Members.

Chairman Matthews said any Board Members have any questions? Let me go back. I know you have several employees that have worked 30 years, but the age is way back there. Suppose that employee goes out and stays out for two years and comes back and is still not 60 years old?

Mr. Stephens said they've retired?

Chairman Matthews said yes.

Mr. Stephens said I can answer on what I've seen happen and because that question has come up, but as far as this, I'm not the expert. You know we have an administrator of the plan that can do that, but if you have retired, let's say you retired at 25 years and you got 75% of your salary, we can stop your pay, but why would you come back to work for 25%? Why would you come back to work? We have had people that have thought about that or had retirement remorse if there's such a thing. I don't believe I'll have it when I retire. I guess there is such a thing. I hope I answered that.

Chairman Matthews said the other thing is the insurance. Do we have a plan?

Mr. Stephens said we do not. We have discussed it, but I can tell you we would not be as viable of a retirement system if we did offer it because it is very expensive and we're able to maintain that 90% funded retirement. We would have been higher right now if it wasn't for the rules that came down from the state. What happens is there are plans out there not too far from here that offer cost of living, insurance and everything. They're in the 30% and 40% funded, so what's going to happen is their unfunded liability is way up there and I can assure you Mr. Matthews, you do not want that to happen. These are plans that somebody has to pay that money, and if they're municipalities or governments, they will have to pay for that and rest assured the rate payers and/or the citizens paying taxes don't want to pay that and we're talking hundreds of millions of dollars. They're having those problems in some of the bigger cities in the country. They're trying to give too many benefits and we would all love to do that. The first thing we would love to do is give a cost of living raise.

Mr. Matthews said Mayor, I have a question of the fire department? Does the city have any stake in the fire department funding?

Mayor Hudson said not anymore. They did at one time, but the fire department left and went their own way.

Mr. Stephens said it was before I got there. They went their own way and so any liability for the firemen that's handled by the county they have to now come up with their funding. I do know and tell me if I'm wrong, just for information, the members used to not contribute and I believe they are now. I could be wrong.

Mayor Hudson said I'm on the fire board and had two meetings. I don't know that, but I'll find out.

Mr. Stephens said I believe that's true. I don't know how much the percentages are. When our employees come in they start paying to this and it wasn't too long ago that you approved going from 10 years to 5 years vesting and I can tell you if we keep an employee for five years, they can see the bigger picture. In this day and age where everybody wants it now, five years seems like forever, but imagine what ten years looks like. If we can keep somebody here five years and keep it going we offer something that is very rare and very good for the employees of the city, police and FPUA.

Mrs. Gibbons said I kind of figured that the averages would be a little closer. I was surprised to see police was so much higher. Is it because of the wide range of different employees that we have falling into that category?

Mr. Stephens said I can't tell you. They do they make more money? I know they have another plan, but that's not part of this.

Mayor Hudson said they have another plan and also they have a lot of overtime. They have it regularly. They have more employees in their senior years. I was surprised at that number too. I'm going to look into that myself.

Mr. Stephens said I believe it was back in....before the 2012 limit on the 300 hours. I know and I think way back and I'm not going to say, but there was one organization that was in the paper because people were retiring and they had hundreds and hundreds of hours of vacation and sick time and it put in all of their salaries. Ya'll remember that? It's been several years ago.

Chairman Matthews said okay.

Mr. Fee said what if the employee is married and passes away, is the spouse entitled to the benefits?

Mr. Stephens said there are 5 options and I wasn't going to get into that. I can send that to you.

Mr. Fee said I wanted to make sure we have coverage there.

Mr. Stephens said we have plans where there's five different things depending on what you choose. Straight life being just you and when you pass it's over and then there's others where it's based off age because can you imagine somebody retiring, let's use 65, you have a 20-year-old spouse. Well you know they're going to draw for a lot a longer. We take all of that into account. I'll tell you a gee whiz thing. I was looking at the break down of the plan and out of the 534 people we have 20 retirees that are over 90 in this plan. That's awesome. That was interesting to me. I didn't know if it would be higher or lower, and I don't know if they're all 91 or 90, but I know they are 90 and above. They probably didn't have as good as a retirement. I don't even know if the multiplier was 2.5% then, it may have been lower than that back when they did it. Their total benefit for all 20 of them is only $252,000. I don't know if you made it an average. Thank you.

Mr. Matthews said Mr. Tompeck do you have any other reports or anything for the Board?

Mr. Tompeck said just a couple of quick items Mr. Chairman. Barbara Mika and I presented the 2020 Final Budget Amendment and CAFR to the City Commission last night and they approved the audit which triggered the release of the distribution to the City. The distribution to the City is $6,342,445.00 which will be transferred to the City shortly.

You may have noticed that FP&L will be adjusting their rates based on increases in fuel costs. Those increases will go into effect in May. It will raise the price of one thousand kilowatt hours from $99 - $103. Our current rate is $108 so we're getting closer. The rate increase and that's for the balance of 2021, and they're also seeking rate increases for January 1 of $10 per thousand kilowatt hours. We can keep our costs where they are we'll be less than FP&L come the first of the year.

The last item is as you know our customer service lobby has been closed. Most of our customers have adapted to paying their bills in alternate ways rather than coming into the Admin building. We have been experimenting with a walk up window to assist customers with establishing a transferring service. We haven't advertised that and people have just been coming up and so far that's working well. We're thinking about some modifications to the building to make it a more permanent service that will free up much needed office space in the administration building. I'll provide you with more details as the process develops.

That's all I have Mr. Chairman.

Mr. Chairman said Mr. Koblegard do you have anything?

Mr. Koblegard said yes.....(inaudible).

Mr. Chairman said we had an invitation that you might want to speak on?

Mr. Tompeck said are you referring to the 500 Orange Avenue? Yes, you should have gotten an invitation to attend an opening ceremony at 500 Orange Avenue. It's a new business opening up. I believe they do catering. That's the old post office/courthouse/jail. The guy who's been working on it has done a fabulous job on the inside in terms of redecorating it and I think you all received invitations that's on Thursday between 5:30 and 9:30pm.

Mr. Matthews said are there any Members of the Board that have anything to say?

There being no further business, the meeting was adjourned at 5:07pm.

ATTEST:

SECRETARY

CHAIRMAN