MINUTES OF A REGULAR MEETING OF THE FORT PIERCE UTILITIES AUTHORITY, TUESDAY, MARCH 15, 2022, 4:00 P.M., CITY COMMISSION CHAMBERS.

Members Present: Chairman Frank H. Fee, IV; Vice Chairman Kristina Gibbons; Secretary Barbara Bennett; Deputy Secretary Larry Lammers; and Mayor Linda Hudson.

Others present: Javier Cisneros, Director of Utilities; Rupert N. Koblegard, III, FPUA Attorney, Barbara Mika, Director of Administrative Services; Craig Crawford, Acting Director of Electric & Gas Systems; Bo Hutchinson, Director of Water/Wastewater Systems; Daniel Retherford, Director of Utility Support Services.

The meeting was called to order by Chairman Frank H. Fee.

Opening Prayer was by Jason Mittler of FPUAnet, Manager.

The Pledge of Allegiance was recited.

The roll was called and a quorum declared.

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

A motion was made by Mrs. Gibbons, seconded by Ms. Bennett, and unanimously carried to approve the Minutes of the Regular Meeting of March 1, 2022.

Chairman Fee asked are there any comments from the public, if so please come forward and state your name and address and you have three minutes to speak.

Good afternoon commissioners and Mr. Chairman. My name is Charles Wilson and I'm here today representing a group called Protect our Waterways Incorporated. Protect our Waterways Incorporated was originally started in 1999 to address water issues in Ft. Myers. It was revived earlier this year to take on three things; water quality for our inlet, maintenance of the islands, and relocation of the Ft. Pierce wastewater plant. Today I would like address the wastewater plant. The first is there's a unanimous agreement from the commission and from the public that the plant needs to be moved and we have reached that point where everybody is in agreement. Everybody wants to do it. I applaud the new staff and the moves that staff has made towards making this happen more quickly. We've had decades of delay and it looks like those decades of delay may be over.

There are now two questions when to move and who to move it. Staff is expected to make a vote on April 5th, and I'm also happy that a representative from Aqualia is here today to remind you that you have alternatives. So we have two good ways of moving that plant. Whoever does it is fine. It's been more than a decade and we need to move forward without further delays. There is no antipathy between with staff and our wishes, we're all in agreement that we must move it. In the unlikely event that out of the two possibilities of moving the plant one by the staff and one by Aqualia, that we don't reach an agreement to get moving it is the wish of my board, which is Protect our Waterways, that we move towards

requesting a referendum. That referendum request would come from the county commission or from the public itself. The fact is that the time to move the plant is now. Pastime we'd move the wastewater treatment plant, we need to move it now and we're on our way. So congratulations we're all on the same team. Thank you.

Good afternoon, Mayor Hudson, commissioners, everyone. My name the Eva Arnaiz Garcia. I am the country manager for Aqualia for the US. Aqualia's service a people oriented company whose mission is to provide sustainable and affordable water services and solutions to municipalities around the world. Here I have brought the packet with the information about the proposal so to remind you.

Our organization has over 40 years of experience building, maintaining and managing water treatment facilities that use the most cutting edge technology and that are environmentally responsible and cost effective for tax payers. We work in partnership with local governments and municipalities to bring the best quality water to the cities. Some of you may remember in May of last year Aqualia presented a proposal for the Ft. Pierce water treatment plant. On June 22nd, my team and I were invited to make a presentation for a proposal between the city commission and FPUA on behalf of Aqualia. Since that time we have continued to define the plan for purpose and we're excited to have an opportunity to discuss a proposal with you. We're here today to ask the commission to continue to consider the proposal to move, operate and maintain a new state of the art water reclamation facility with FPUA and the city of Ft. Pierce. A partnership between the FPUA and Aqualia will serve both the city and the local community. We want to be the city's water partner through trust and teamwork. A win for Ft. Pierce is a win for Aqualia. We think that, if permitted to do so, could bring value to the city of Ft. Pierce in the following ways. First through sustainability. Using the most modernized sustainable wastewater treatment technology. We selected a technology with the lowest maintenance and energy consumption with a reduced footprint. We guarantee a 25% energy savings and 50% footprint when compared with a conventional wastewater treatment plant. We will produce huge water quality. With the situation in energy prices in the world these days we feel this is very important. Economy and resources will be more economical by using less land and resources so that the land allocated for the use can be used for other purposes for the city.

Through a creative financial plan that mitigates any rate increase with no known tax for the city and initial reduced payments. Meaning the city does not give any money until the water reclamation facility is operating and producing water quality. The cost would be covered by the city through accelerated payments which also includes maintenance requests and unnecessary repairs along the contract period. Allowing the city to benefit for new revenue streams like the selling of the old plant location the new taxes for the economic growth allotment. And last but not least is speed. Aqualia's expertise and as well as our experience managing budgets.....

Ms. Sabota said Ms. Garcia time.

Ms. Garcia said finish.....

Chairman Fee said unfortunately, no. You only get three minutes. We have your material we'll look through it, thank you for your presentation.

Ms. Garcia said thank you very much. If you have any questions, I'm here to help.

Chairman Fee said any other comments from the public? There being none we will move forward to the Consent Agenda.

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

1. Approve Post Budgeted Project/Budget Request for N. 8th St. – Electric Adjustments in the amount of $76,700.
2. POA No. 22-28: Approve the FPUA Addendum and Master Service Agreement for Dragos Platform SCADA Cyber Security for monitoring of FPUA SCADA Systems with Dragos, Inc., of Hanover, Maryland, in an amount not to exceed $181,180. The initial term of this Contract will be 36-month term from the installation and deployment of the service.
3. Approve the Engagement Letter with Nelson Mullins Riley & Scarborough LLP, of the Columbia, South Carolina, in an amount not to exceed $10,000.00 annually, for Legal Services related to procurement and construction matters, for the period of March 15, 2022 until terminated by either party.
4. Approve the Budget Transfer Request, in the amount of $106,456 for the work performed by SPE Utility Contractors, for the replacement of 40 electric poles during November and December 2021.

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

1. We received a letter from Gil Hyatt Construction thanking Chontae Johnson for her support and extra effort in her role with the successful completion of the 7-Eleven Store and Gas Station located at 2423 Orange Ave.
2. We received an email from the Asst. St. Lucie Planning Manager thanking Bill Dupre from our Gas Department for his swift action in helping a local business owner.

Chairman Fee said I don't see any old business so we will move on to new business.

Mr. Cisneros said thank you, Mr. Chairman and members of the board. Good afternoon. The first request this afternoon is the approval for the purchase of 15kv underground electrical cable. Mr. Thierry Sydne, Staff Engineer for Electric & Gas Engineering will present this item.

Mr. Sydne said thank you Mr. Cisneros and good afternoon Chairman Fee and members of the board. As stated I'm Thierry Sydne with the Electric & Gas Engineering Department and I'm here to provide further insight on this agenda item.

On September 15, 2020 the board approved the PO contract with Stuart C. Irby Company through FMPA's joint purchasing project in an amount not to exceed $200,000 annually for the purchase of 15kv underground electric cable. For context this cable is to be used for our underground circuits and it's used for when we perform critical maintenance, restoration, storm hardening and construction required to accommodate for new customers. The board approved that contract on September 15, 2020. However, on November 30, 2021 Irby informed FMPA and FPUA that they would no longer be able to honor the

contract prices due to the source in pricing and instabilities faced by our industry. Because of these increasing issues FPUA will look to make inventory purchases for this cable through competitive quoting via the RC system. Therefore, staff is requesting approval of a single source purchase of 15kv underground electric cable from Stuart C. Irby in the amount not to exceed $29,625 along with approval for additional annual funding in an amount not to exceed $200,000 for inventory purchases between March 15, 2022 and March 14, 2023.

Any questions of the board?

Mayor Hudson said I have a question. This amount will cover a year?

Mr. Sydne said yes, ma'am.

Mayor Hudson said and then in a year you will come back and ask for approval for the next year?

Mr. Sydne said yes, ma'am.

Mayor Hudson said which may or may not have price increases, probably will. This is enough to last for a year; right?

Mr. Sydne said yes, ma'am.

Chairman Fee asked any other questions?

Mr. Lammers said Mr. Chair. They weren't able to honor the previously agreed upon prices. How much did underground cable go up?

Mr. Sydne said if we look at considering the 15kv cable it went from about a little over $2 per foot to between $5 and $6. These costs are fluctuating weekly.

Mr. Lammers said and 1R underground cable is by far the most common size that we use?

Mr. Sydne said yes, sir.

Chairman Fee asked any other questions?

Mayor Hudson said I guess I don't understand why the amount requested is $29,625 and then you want an additional $200,000 explain that to me.

Mr. Sydne said the $29,625 is for the initial order. We're looking to order this one and then the additional funding is for subsequent orders as the year goes on.

Mayor Hudson said so you think $229,000 will cover a year?

Mr. Sydne said yes ma'am.

Mr. Cisneros said we have re-order points. So anytime we get to the re-order point if it's earlier in the year, then we'll come back to the board to ask for additional funding. So we do have a reorder point that helps to find that trigger point for coming back to the board.

Mayor Hudson asked last year how much was this same product? The previous year.

Mr. Sydne asked the cost per foot? Or....

Mayor Hudson said total.

Mr. Sydne said this actually covers two different cable types. I would have to go back and get you that information.

Mayor Hudson said I'm assuming it's a lot more.

Mr. Lammers asked what's the lead time on the 1R cable right now?

Mr. Sydne said depending on how much you're willing to pay between 20 to 60 weeks up from 4 to 8 weeks.

Mayor Hudson said 20 to 26. Is that what you said?

Mr. Sydne said, yes ma'am.

Mr. Cisneros said I think the next item is going to help us with some of those issues. The next agenda item that we'll talk about. Thierry if I'm not mistaken transformers are almost doubled in price right now with the lead time of –

Mr. Sydne said extending over a year.

Mr. Cisneros said so we are having supply chain issues not just in addition to cable. There's two primary cables that you use, but there's a supply chain issue that we need to address. You know the $200,000 hopefully will cover a good portion of the initial order. If we do need to go back to order and with the lead times we may come back to the board to ask for additional funding. We are about to go into storm season.

Mrs. Gibbons said Mr. Chairman I have a question. It does say that it's budgeted so were you anticipating this increase already? So it was already in our budget for this year? Or –

Mr. Cisneros said I think in most of those cases they will take it from another budget so they work -- whatever the budget is and if they need to pull money from another project or line code they will transfer into that account. We're not using any funds outside of what is budgeted. I think that answers your question; right?

Mrs. Gibbons said yes right.

A motion was made by Mayor Hudson, seconded by Mrs. Gibbons, and unanimously carried to approve POA NO. 22-31: Approve 1) the single source purchase of 15kV underground electric cable from Stuart C. Irby Company, of Jackson, Mississippi, in an amount not to exceed $29,625; and 2) additional funding in an amount not to exceed $200,000 annually for inventory purchases, for a total of $229,625 for the period of March 15, 2022 thru March 14, 2023.

Mr. Cisneros said thank you, Thierry. Mr. Chairman the next request this afternoon is the approval for emergency purchases of goods and services related to the upcoming 2022 storm senate bill. Mr. Daniel Retherford, Director of Support Services will present this item. I wish I would have put this first, sorry Thierry.

Mr. Retherford said thank you Mr. Cisneros. Good afternoon Chairman and members of the board. The request before you today is to approve an emergency purchase process through the 2022 hurricane season ending November 30th. Due to global supply chain challenges we're experiencing difficulty maintaining essential supplies needed in stock to be prepared for this year's hurricane season. Our procurement policies work well during normal times. However, in today's environment it's just not nimble enough. We're asking for the ability to proactively engage manufacturers and suppliers to find essential items such as transformers, conduit, cable, power poles and similar to maintain essential services. Once identified we're asking for the ability to contract directly and swiftly to be able to take advantage of opportunity buying. A good example may be a local supplier has a two-week window between larger production jobs. If we can act quickly that window can belong to us and we can get the things we need for the yard. Considering our current shelf stock without a more aggressive approach we could possibly be very close to depleting our resources in the middle of hurricane season.

We're here asking to enable us to enact or go into our emergency purchasing procedures according to our purchasing manual. If you don't mind I will read it to you. Emergency purchases are exempt from the normal policy. If an emergency purchase exists when a breakdown and or a threatened termination of essential services or dangerous condition develops or when supplies are needed for immediate use and work which may vitally effect the safety, health or welfare of the public. The department head will determine what time does not allow for the bid process to be followed. So in this case, I'm the department head, I think that the purchasing policy allows me to work within the emergency procedures, but emergency -- what's an emergency? That's kind of up for debate. I'm here before you saying I believe we're teetering in an emergency. We can't get our hands on the things we need. Right now if we forecast what we need for the hurricane season, we're close. I want to be more aggressive. Take a proactive approach. I want to engage even nationally if we have to. I want to find those open manufacturing windows and claim them. It may cost us a little more money, but right now that's what it's taking. If we can find some local folks to do this, which we've already engaged a couple. They're interested in working with us and finding those windows to give us the things we need. That will cut out almost completely the transportation costs which is a large part of what we spend right now on materials. That's what we are here today to ask.

Chairman Fee asked any questions of the board?

Mrs. Gibbons said I have a question. So basically it would be any purchases that we would normally see and approve you would be able to go ahead and just make those decisions. Correct?

Mr. Retherford said so what we're asking for is only on those items that are essential to keep maintaining essential services, power, water, for instance, single phase transformer, three phase transformers, cable, wiring, underground piping. Things that will keep the electric system running. The water system running. The sewer operating. Things for essential services. We're not asking to work around these rules for normal day-to-day things. We just need things to keep our warehouse intact if a hurricane arises we can react properly.

Mrs. Gibbons said I guess my follow up question was going to be would it come to us after so we kind of knew where we were? Is there some status update we can get?
Mr. Retherford said we can absolutely do that.

Mrs. Gibbons said I'm okay with it as long as we can make sure we're in the know of where we stand too, you know.

Chairman Fee asked any other questions?

Ms. Bennett said yes. I heard you say that you're looking at local businesses in the area. How far away are we looking?

Mr. Retherford said as far as we would need to find the services that we need. We've engaged a couple locally actually here in Ft. Pierce. We've engaged a local precast company that can make concrete power poles. We've engaged a local pvc company who can make conduit. We've already done that locally. We've gotten some good information, some feedback that we would be willing to work with you. That's a great start. That was only two phone calls and two meetings. So if that's the case, how much better can we do if we expand the search statewide or nationwide and just enable us to be more nimble. Right now we have a couple of ways that we purchase things. If it goes out to bid we go through the DemandStar. If it's something we need for shelf stock we go through AURSI to buy things that give people a chance to bid on it. It's just a very cumbersome process when you try to get things done quickly. For normal process it's okay. For times like these right now hurricane season is coming June 1st is around the corner and the supply chain is really giving us fits. I think we need to be more proactive. I don't want to put us in that spot.

Ms. Bennett said my follow up question is are the prices within the budget that we have already budgeted out for?

Mr. Retherford said right now we are not planning to spend any more money than we have budgeted. All the purchases that we're talking about are budgeted purchases and are things we had planned on. Not to say that we won't hit something that will require us to ask for more money. Things are getting more expensive. You can't always guess perfectly a year or 1-1/2 out when you're planning budgets. Right now there's no plan to ask for anything more. However, that might change.

Mr. Lammers said Mr. Chair, Mr. Retherford, having been on the other side of this, I don't know necessarily that I would lock stock and barrel agree that it works fine in normal times. I think even then it's cumbersome and in some ways prevents staff from making the best decisions for our customers because of the amount of time it takes to get board approval and make certain decisions. That being said, it does concern me a little bit that we won't be able to have a chance to deny a purchase, large purchase, if we

believe it's not this best interest of the customers. Typically, I know we increase our storm stock when storm season is approaching because a lot more things get damaged. You have to replace more material in the field. I don't see any way around what you are asking for because lead times are longer than storm season. You have to be able to jump on the purchasing opportunity when you see it. What I would like to see is some kind of report and this backs up what other board members are saying that at least it keeps us in the know on the results of our decision here today.

Mr. Cisneros said right. Anything under $50,000 I would be able to sign. Anything above that would come to the board. The idea here is not to avoid bringing it to the board. The idea here is to be able to negotiate with those folks and hopefully build a long-term relationship with those folks because they're not on RC or they already have a large client list that they deal with that we've never engaged them. So this is really us engaging them and hopefully being part of the construction rotation or their process rotation so we can add them to our list. If it's within my signature authority I would sign off on it, but we would still make sure we bring it to the board. Anybody that we've added outside of our normal procedure we would be very transparent and bring that to the board. Hopefully that answers your question.

Attorney Koblegard said Mr. Chairman there is precedent for this too. These emergency situations. I don't know if it's statutory that I know that the definition how we try to remember is that if it has a tendency to interrupt a valuable government service, that can be declared an emergency and knowing what I've seen with staff recently, these orders that you price and maybe 5, 6, 7, 8 months to get one. We need to be in the position to order them quickly when we can and take advantage of that. These delays are really getting out of hand. When you can get a product when you need it.

Mayor Hudson said Mr. Chairman, I was going to say if we didn't give you this approval then we could be faced during a hurricane without something that we really need and we don't want to have to tell our citizens we can't restore your service because we didn't get the part. I think that's what you are trying to make sure that we're able to restore services as quickly as possible during a hurricane.

Mr. Retherford said Madam Mayor, even if you approved it today there's no guarantee we find everything we need. This is simply untying our hands allowing us to be more nimble. Trusting us to make the right decisions. Any purchase we make they will still follow the guidelines of purchasing. If I've got to purchase something, I have to act today and if it's in the best interest of UA I'm going to make a decision and if we can pay for it I'm going to get us under contract. It might come back to you after the fact if that's the case. That's as transparent as I can be. I'm going to make a good decision and we're going to get our hands on what we can if we can. It's just going to free us up. When hurricane season is over, hopefully this whole thing is over and we don't have to ask for this again. We go right back to business.

Chairman Fee asked has this ever been done before by the UA?

Mr. Cisneros said we have this before...a couple of times. I can't recall a specific time, but over my 22 years I know we've done it before. We've actually asked for forgiveness to the board rather than permission on several occasions because of exactly what Mr. Retherford is talking about. The timing and the need to get on the schedule for production. We need to buy that stuff for whatever project we're doing. We have asked for forgiveness in the past rather than permission. What we are asking for permission to forgive us.

Chairman Fee said you beat me to that joke. So let me ask another question. If the line item or purchase order exceeds your signature authority you will still be able to order the item and then come back to us; correct?

Mr. Cisneros said right. We will still bring them back to board if it's over my signature authority and we can't wait, either the price has a very large price change or it extends it another three or four months. We would make that purchase and bring it to the board. That's absolutely right.

Chairman Fee asked how long do you want the emergency powers to be authorized to you?

Mr. Retherford said through the end this year's hurricane season.

Mayor Hudson said November 30th you said.

Chairman Fee asked any other questions?

Attorney Koblegard said we have declared emergencies in the past. I can't name a specific one, but I know that we've done that when necessary going back years and years. It will allow us to get around the bid process and move quicker.

Chairman Fee said I think this is a valuable tool to use especially with the supply issues that this country is facing and the last thing the board members want is to put ourselves in a dire situation in the middle of the summer when we don't have supplies after being hit with a hurricane to get power on. I'm for it. If anyone wants to make a motion, we're just putting a lot of trust in you all. You will give us a report definitely as needed. If you make us an order that exceeds the authorities we would hope or we want a report probably within the next meeting with what has occurred.

Mr. Retherford said it will come back next meeting for approval after the fact. It's a report or approval for either way.

Mr. Cisneros said I can make sure during the director section of comments that I prepare you for what's coming up if we bought it after the agenda was released.

Chairman Fee asked anybody care to make a motion?

A motion was made by Mrs. Gibbons, seconded by Mayor Hudson, and unanimously carried to approve the Emergency Purchasing of Goods and Services related to preparation of 2022 Hurricane Season due to ever-changing and fast-paced market of essential services and goods.

Mr. Cisneros said Mr. Chairman the next item is an information presentation on the wastewater plant relocation project. Mr. Bo Hutchinson, Director of Water/Wastewater Systems and Rachel Tennent, Sustainability Program Manager will co-present for this item.

Mr. Hutchinson said thank you Mr. Cisneros. Good afternoon Chairman and members of the board. Today Rachel and I are pleased to bring you an update on our progress on the IWF relocation.

First off we think it's important too -- I know the board has seen this slide at least a couple of times. It's important for the public that may have just tuned in to realize why we are doing this in the first place. First and foremost it's an environmental issue. The plant is obviously located in a very environmentally sensitive place and it's also very vulnerable. Sea level rise is real. I will certainly not opine as to why that is, but sea level rise is real. That's going to get us in trouble at some point in the future. Hurricanes are intensifying. The one that comes to mind is I believe hurricane Dorian that sat on the Bahamas as a Cat 5 hurricane. If that storm had come to us it's likely we would not be having this conversation today. Every hurricane season nowadays we're literally rolling the dice. I don't mean it as scare tactic, but it's a simple fact.

The DEP has also recognized this fact. Our plant is one of ten plants that are on their -- what I call the hit list. Every time we talk to anybody in the DEP if it's not the first question it's the second question they ask. Hey, how are you guys coming with moving the plant off the island? Eventually they will stop asking and start telling. When that happens or when we have a hurricane we lose the ability to plan, organize and schedule the move and take advantage of historically low interest rates which is major. Also, the plan is to move this plant to an industrial area far away from homes, and eliminate the spills entirely into the estuary.

The second benefit is the reutilization of the public resource and that property. Not only our property, but the property to the east. The property on the north side of it St. Lucie County owns. Obviously, we have this rendering we put up here. We are not selling anything. This is just something to show you know and have something better than an aerial of a wastewater plant to put there. That will be up to someone else to figure out. To this end, to apply some kind of a dollars and cents to it staff hired a consultant. It's been about two years ago now and to look at the reutilization of the property just our property specifically and put something on there that was consistent with current land uses and such. That would be something very similar to a Harbor Isle's which is at the low end of the utilization of the property financially speaking. With that it still netted us a 4-1 return on our investment. The key word here is investment. There's a cost. We all know that. This is an investment in our future with a really good rate of return on it. Also job creation this particular scenario would create around 600 jobs and when you create jobs it opens you up for grant opportunities with the Department of Economic Opportunity which we have been successful with before. We don't have any of those earmarked as of yet and we will talk about grants in a few minutes. We're definitely keeping our ears to the ground when those pop up.

At the last update meeting this is where we were and you can see after the kick off meeting we hit the ground running and we have not slowed down since. These are all the workshops and internal meetings that we had...this is a summary. There's little meetings in between them. I won't bore you going through all of them. There's a few that are important that I would like to touch on. First off back in December we met with our bond council and our rate consultants just to look at our bond covenants, look at the charter, and look at what we can do. First off from there we rolled into debt restructuring meetings, which was right after the first of the year and it was very obvious that our best method to finance this was simply to go out for public bonds. It worked out very well timing wise because we had started that process with our debt restructuring to expand our system and grow the city of Ft. Pierce. That was kind of an add on although it was a much larger amount of money, but the process was already moving. We're moving as fast as we can to lock in the lowest interest rate that we possibly can.

We are also looking early on right after that we looked at some preliminary rate analysis. We started looking at it all the way back then. We enrolled and went through a laundry list of potential grants that we could benefit from. We got that narrowed down quite a bit. Your staff and our consultant have also done a total of three site visits. One was to Alabama to visit the Aqua Nerada process. That's a little bit of a different process. Some definite advantages there. We also went to Georgia to look at a densification plant. It's a very similar technology to what we have now except it's tuned up a little more and it's much more efficient. We looked at those and then I was up in Tallahassee so I went by and took a look at the Tallahassee plant as well. They have a grit removal that gets all the sand and all the dirt out of the system before it gets into the plant. While I was there something was very interesting. Tallahassee is very old city just like Ft. Pierce is. They have the same high spikes when the weather is wet that we do up there. How they handle it is they have these equalization ponds. It's a lined pond just think of it as a big tank and if there's more flow coming into the plant than you can process and put down into a deep injection well it temporarily goes over into those ponds. That's something we'd like to do too. It's so simple, but what a great shock absorber for us when we have a system like ours.

We talked about affluent treatment. That has to do with two things; the reused quality water that we will be able to sell that will be a moneymaker in the future and in the near future, selling the reused water to the Treasure Coast Energy Center for their cooling tower. Let's see what else is important here.

We performed a pole through VancoreJones. Rachel will tell us about that shortly. Last week we had another internal meeting about our rates and just a spoiler alert they actually look pretty good and we have our secondary process selection meeting which is a very big one and that's tomorrow. I wished it was before this meeting and I could do a pink and blue reveal, but I can't quite do that yet.

We started the preparations on the land. The property is completely covered in brazilian peppers. We cleared those. We performed our surveys both TOPO and boundary and we are working on the soil borings. You can also see that the Mayor came out to check on our progress and here she is doing her best Vanna White impression.

Mrs. Gibbons asked did she actually clear all that?

Mr. Hutchinson said we were out of diesel so she lost her turn running the machine. Talking about grants first and foremost the resilient Florida grant program this one is right up our alley. This is designated for exactly projects such as this. We have high expectations of getting funding from this and to make it even better it's funded at $500 million this year instead of $100 million. It closes on September 30th with recommendations going to the legislature in December. The only asterisk I have to put on this is the City of Ft. Pierce would have to be the applicant for that not FPUA, but I wouldn't expect that to be a problem. Again, that's not all up to me.

Appropriation requests by our local legislator. Both Senator Harrell and Representative Trabulsey have just been excellent in helping us procure appropriations for the sewer lining program. We stopped and saw them in Tallahassee to give them an update on this project and to thank them for all their support. Senator Harrell she came out of the desk I thought she was going to give us all hugs she was happy as to how fast we were moving with this. We're planning on tapping into that resource again. The requests are due by October, but we will start talking to them in the summer time. We are good and prepared to have this submitted before the first day of session.

Something else came up in our conversations on grants more on an indirect process, but still something very good. South Florida Water Management has money available for water quality grants. It's not wastewater necessarily, but by providing the Treasure Coast Energy Center cooling water it would eliminate their withdrawal from the Florida aquifer, which is definitely on south Florida's hit list. Many people are moving to Florida right now and are starting to tighten up on the consumption use permits. If we can get 1, 2-3 million gallons left in that aquifer to use for drinking water there may be some money available there as well.

Other work in the parallel path is the conveyance system we have to get the wastewater to the MWRF. This is something that staff has been working on for many years. Every part of our system that's been put in on the wastewater side has been designed to go in both directions. However, that's only a small part of our system and there is still a lot of work to do there. We advertised and we have interviewed several prequalified progressive design build firms to take on that endeavor. The idea is to format it very similar to the progressive design build that we have for constructing the actual plant. The one little caveat I will put there is just because of how broad the scope of this work is, everything from pipeline work, some of it includes right-of-ways, directional bores, master lift stations, and lift stations. Life station A keeps me up at night. I won't lie to you about that one. There's a strong possibility that either at 30% or 60% be potentially breaking that out into multiple different contractors and multiple design build firms. There's one firm we're negotiating with right now. If everything goes as planned we'll have something back in front of you within the next couple of -- next maybe two or three meetings from now.

Marketing again, I'm just going to leave that alone I promised not to steal any thunder. The wastewater collection department that's currently housed over on the island that has to be moved as well. We've rolled that into the overall FPUA facility assessment that Mr. Retherford is starting on now. We need to select a location for it and probably not with that particular endeavor, but in the not too distance future we need to do a little site planning very high-level site planning very high-level facility design so we can attach a price tag to that as well, but that's a little bit down the road.

The other part of the land preparation I'd like to bring the board up to speed on is our deep injection wells. We have two deep injection wells there. We do have a good informational presentation that will come in the not too distant future to bring you up-to-date on what a deep injection well is and how they work. It will be very similar to the one we did I think it's been about two years since we've done one, but anyway there's two deep injection wells on the site. The one that is currently in use by the Treasure Coast Energy Center and also by the St. Lucie County to dispose of their leachate and that's all that's going down that well right now. The other well has never been used. It needs to have a mechanical integrity test done prior to testing the well. It's a standard item if your wells are in service. We have to do them every five years with each of our wells and the board just approved a contract to test two of those, excuse me to do the mechanical integrity test on two of those and that will be coming up very early summer. Staff's plan to add this third well to it while the contractor here let's go ahead and get that done.

The other side of that, once that well is tested and available, it takes a tremendous amount of water to test these wells to their maximum capacity. A lot more than we can pull out of the portable system and take from the Treasure Coast Energy Center wells combined. What we would like to do is an early work package is go ahead and construct the equalization pond that I mentioned earlier. We would use that to store enough water to be able to perform the test and it's not wasted labor because we needed to build the pond anyway.

That's the end -- the only other part I would like to mention here is the rate sufficiency. We were talking with Mr. Hamilton last week on that. I believe we should have that ready to present at the 22nd meeting.

Mr. Cisneros said yes, we just got the final version late this afternoon. It will be ready for the joint workshop next week.

Mr. Hutchinson said very well. All right then I will turn it over to Rachel to talk to us about the pole.

Ms. Tennant said thank you very much. Chairman Fee, Mayor Hudson, thank you all for having me as well. Just to take a step back and do a little overview before we dive in. What I will be talking about is a poll that we took. The idea here is that while we're gearing up and taking steps to move the wastewater plant, we want to do this with and for our community. We want to make sure that it's something we're doing together. We're communicating with the customers and our residents, with anyone and sort of gage what level of support already exists. What are the concerns and educate on certain things if necessary. Adapt if necessary and so that's what this is all about.

The poll was led by VancoreJones who will be working with us throughout the process. I'm going to dive into the pole itself so you know what the idea here is because it's a tool for us and a valuable guidance document. On February 21-23 VancoreJones called several utility customers and they spoke to 300 different customers. These customers were balanced by gender, age, region, within the area. The idea here is we want to have a good sample of responses. We want to make sure the respondents to the survey represent the community that we serve. I will talk a little bit more about that in a moment, but using that information based on that balance gender, age, region the margin of error for the responses is about 6%.

The respondent demographics shown on this slide generally we're looking at 46% male, 54% female, 41% under 50 years old., 59% 50 and up, but one of things we were really looking to was the regions. We want to make sure we're talking to customers of all different regions within the city of Ft. Pierce which is why you see that's an even 20% each region and you can see also here the span of household income. So 17% of respondents have a household income of less than $17,000, 28% between $20,000 and $50,000, 25% between $50,000 and $100,000. The median income per the census here is about $35,000. It is in line that we would have 28% of respondents being within that bracket.

This is who we talked to. What did they say? In general, what we found is that the respondents are very happy with the current state of things in Ft. Pierce. Sixty percent of respondents think Ft. Pierce is going in the right direction, 78% are happy generally with the state of things in Ft. Pierce, and 67% are happy with FPUA. This is really good place to be. It means we're starting off on a positive foot and it gives us somewhere positive to launch from as we talk about moving the wastewater plant and what it means for the community.

The other thing we found is that the respondents are willing to invest in moving the wastewater plant. This was really important too. I will get into a little bit more of that later.

The base question here was generally speaking, do you think that moving the sewer treatment plant is an excellent idea, a good idea or bad idea:

- 58% said they think it's an excellent or good idea.

- 24% said they think it's a bad idea.
- 18% said they are unsure or declined to respond.

I think something important here to note is that 18% represents opportunity for us. Those are people who aren't really sure. Those are people that we can talk to and say why you aren't sure and help guide them towards supporting this effort. I think the same applies to the bad idea, but the unsure might be a little bit more collaborative of a conversation. This is good result in general.

There's a lot more detail in the poll results. This image I think shows it nicely. The blue bar toward the right is the base. That blue represents 58% of people who support moving the wastewater plant. Anything on the left where you see green, represents an increase. Knowing this information they are more likely to support moving the plant and on the right where you see red, knowing that information they're less likely to support moving the plant.

Some of the important things that we found here is protecting the Indian River Lagoon is number one. When we told respondents if you knew that moving the wastewater plant would protect the Indian River Lagoon would you be more likely to support moving the wastewater plant, it increased support by 27%. That's a very big jump. We know that that's very important to our customers.

The next one was that the new wastewater plant will be located in an industrial zoned area. It will not be in neighborhoods, but will be away from neighborhoods and in areas that are zoned for industry. When we asked that question, the number jumped by 26%. Both of these are very important because they tell us what our customers care about. They want to know that we are protecting the Indian River Lagoon. They want to know we're not putting a new wastewater plant in the middle of the neighborhood somewhere, but we're putting it in an industrially zoned area.

Some of the other things we found were good high paying jobs. The quality was important. Not just jobs, but they are good and high paying. Also public places such as parks and a fishing pier. A tourist attraction like restaurants, amphitheater. Those were favored. What was not favored (those are the two on the right hand side) was the idea of a new beach side resort or condominiums or a hotel. When asked about that the initiative actually lost support. Whereas we had 58% of the base when we said are you more or less likely to support this cause or moving the water plant if you knew we would put a resort there. They said we're less likely to support this. This is helpful for us and for any sort of framing for our conversations with the community and I think also probably helpful for the city as we move forward.

Mayor Hudson said Mr. Chairman, could I ask a question. Did you make sure that they knew where the wastewater treatment plant is now?

Mr. Hutchinson said yes, we did.

Mayor Hudson said I'm not sure that everybody that lives in Ft. Pierce knows where that is.

Mr. Hutchinson said I don't know if it was a specific question or if it was part of their opening discussion.

Mayor Hudson said I just think that would be important.

Ms. Tennant said its right here. The language that we used it's just a couple of sentences. It says the sewer treatment plant should the city of Ft. Pierce is currently located on the causeway leading to Hutchinson Island right off of Seaway Drive in the Indian River Lagoon. The operators of the plant are considering moving the plant very inland and off the island causeway. Then we proceeded to ask these questions.

Mr. Lammers said Mr. Chair...Just real quick, did VancoreJones come up with the elevator and anchors or was that a collaborative process between them and the UA?

Ms. Tennant said this is there beautiful diagram.

Mr. Hutchinson said it uses all standard matrix. There's all the charts and all of the little pieces that I don't understand in the back there. That's all standard stuff. That's what they do is run these poles.

Ms. Tennant said we have all of the background information, statistical data and we're still working with VancoreJones as well. This is a visual to help us understand in an overview.

Mr. Lammers said one thing that just stands out pretty glaringly to me is that throughout this process we're going to hear about economic impact associated with moving it off the island. But the stuff that would have the biggest economic impact are the things that people least want.

Chairman Fee said I was curious about what kind of demographics do we have that fit into these various columns.

Mr. Hutchinson said I think that all that information is in the report Mr. Chairman. If you're interested in taking a deeper dive into that I think we could provide that to you and then answer any questions you may have.

Chairman Fee said it was just a matter of curiosity because, as Mr. Lammers mentioned, that the one thing that would have the most economic impact appears to be what nobody wants. It's kind of surprising. Job creation is something we want to do. I think the city wants to do. You know, they don't want it in the form of a hotel or a beachside resort. I guess we would find something else.

Ms. Tennant said I suspect what they are looking for is access. They are interested in development and in seeing more being done there, but still being able to use it and I imagine across the board at all income levels there's this perception of if you put a new beach side resort or hotel you only have access if you pay to be there for that particular over night or whatever.

Mayor Hudson said and Mr. Chairman, also, this is for messaging. We're not making a commitment. This is just for messaging. So the message is -- listen, if you pay more money to move the wastewater treatment plant we're going to build you a beautiful condo. We're not going to use that message is what I'm getting from this.

Ms. Tennant said we're curious in what are they interested in. What does the community want to see there? And really what would make them more likely to support moving the wastewater plant and what can we say about that?

Mr. Hutchinson said there's also a significant amount of property there when you look at all the properties together. You know, I have a lot of confidence in the city planning to be able to lay out some kind of a plan for that area that would allow a good combination there, perhaps. Where it solves the publics need, but makes it beneficial, creates tax dollars, we can rebuild the roads. You know help offset the future rate increases, all of that stuff.

Mayor Hudson said also there's been a charrette already about this piece of property with the UA piece of property with public input. Down the road we will probably do that again. It's been a while.

Mrs. Gibbons said I do like that at least the top two though don't have anything to do with the use of it. It's the fact of it moving and the environmental impact. It gives us a good 85% there. That's a pretty big amount.

Ms. Tennant said those are things we can say. We have the ability to confidently say, we are putting this in an industrial area. We are.

Mr. Lammers said I think that's a great point. The idea is that people care more about it needing to move than what you do with the property afterwards.

Ms. Tennant said I have a few more slides. I want to get into the willingness to invest. One of the questions we asked was which of the following would be an acceptable increase to your monthly utility bill in support of moving the wastewater plant and what we found was 76% of respondents were willing to invest at varying price points. There were $2 per month, $4, $8, $10 or more or not at all. Twenty night percent is the highest amount and that was at $4 a month which was the most support we got. Followed by $2 a month at 25%. Twenty one percent said they're not willing to invest at all. They would not want their bill to go up at all. I really think the important thing we're looking at here is that 76% said they are. I think that also represents an understanding that this is something that will benefit the community and they are willing to invest a little bit in that with us.

The main takeaways here are moving the plant. This is beginning with majority support. There are already – there is majority support for doing what we are doing. That support grows when customers know that the new plant will be located in an industrial zoned area far from residents not in the middle of a neighborhood. It will protect the Indian River Lagoon. We are making the choice that is better for our environment. It will bring good high paying jobs. The quality of the jobs was important and that it will create public spaces, parks, restaurants, shops or at least the opportunity for those things to come.

Mr. Hutchinson said that's the end of the presentation. Again this was for information only. If there's any other questions that you have we'll be happy to answer them.

Mayor Hudson said I have a question. So the increase slide about I'm willing to pay $2 or $4 and recognizing that we have a bill where everything is on it; electric, water, wastewater, garbage, did -- was there a specificity that this would be, even though I know it increases the bottom line, were they aware it's not the electric bill that's going up, but wastewater?

Ms. Tennant said we asked a couple of questions about the bill in general. I do think there's a broader conversation around that here. One of the questions that we asked was to try and gage customer

understanding of their bill, as its stands right now. We asked how much of your utility bill goes to wastewater service. What's your best guess? The majority, the largest portion was 35% said a small portion which is promising. However, 28% said they were unsure or refused to answer. I think what that conveys to us is that there's some room for education about the bills here. It's good to know there's a willingness for the bill to go up to help pay for this, but we do also see we can see that it's important for us to look at a little bit of education around what all that entails.

Mayor Hudson said I mean, I think the bill itself is one of our issues that we've never been able to overcome, which is we have so many different things on it and people tend to just say my electric bill is so high, and they are not realizing or taking into account it has other services on it. That's a conversation for another day. But I think that's an issue for us.

Ms. Bennett said will that be an item on the bill that is showing the customer? Will they show that? Because that would help out also.

Ms. Tennant said I don't think we've gone so far as to design yet how we might fit this into the bill. That could be part of the broader conversation about this 28%. I think it's a good idea.
Mayor Hudson said there's no room.

Ms. Bennett said change the font.

Mrs. Gibbons said you said that the meeting regarding rates is tomorrow.

Mr. Cisneros said it will be a week from today. Our utility joint workshop with the city will be a week from today.

Mrs. Gibbons said I thought you said that when you were initially discussing you said you had some information.

Mr. Hutchinson said that's on the secondary process. That's basically the core operating process of the plant. That's the big decision. We're going to make that tomorrow.

Mayor Hudson said and when you say you will make that tomorrow where does the board come into that?

Mr. Hutchinson said just to give you some background. We started out looking at I want to say there was 11 different processes for wastewater plants that we looked at. Some of them are outdated, but still had some advantages all the way up to the latest and greatest technology. There's pros and cons all away along the board. We were able to eliminate it down to three processes right off the bat. Of course, we're evaluating on cost and that's not just the cost of construction, the capital cost, that's also your O&M cost. All of that. Availability of materials for that particular process. Just everything goes into this massive matrix that we have. You know, I'm an engineer so I need a spreadsheet and numbers to help me make a decision. All of that information will be compiled and presented back to us tomorrow from the consultant. Then we will be able to take it from there and make the recommendations on the technical part of it. All that will be completely transparent. We will be able to show you, hey, this is what we selected and why. If for some reason the board doesn't like it well then I'll have to suck it up and we'll have to do something else.

Mayor Hudson said Mr. Chairman, have you had any more conversations with St. Lucie County?

Mr. Cisneros said we had a couple of conversations. We are looking at effectively for us to be able to fund this, we have to fund this ourselves. We can't be dependent on any other entity. There's still an opportunity for them to come into the equation. We need to look at doing this as FPUA with the opportunity for the county to still come to the table.

Mr. Chairman asked any other questions?

Attorney Koblegard asked is there sufficient land for the right size retention pond?
Mr. Hutchinson said barely. I would love another 50 acres or so, but we don't have it. We will make it work.

Attorney Koblegard said in honor of that industrial park Mr. Lingsford were sending out feelers recently about any interest in some of the other lots there. If there's one next to us I can't remember exactly if there was one it might be good idea to at least talk to him about it.

Mr. Hutchinson said Mr. Koblegard, if you could pass me on that contact I would certainly appreciate it. Early on while that property was being sold I guess to the new owner, we had made inquiries to the real estate agent handling it on both sides the buyer and the seller. We said hey we're interested in expanding a little bit more. There's one parcel there to the east. I think it was only about eight acres, but it would still be helpful and we would love to talk to the new owner directly if you have that, I would appreciate it.

Mr. Koblegard said I'll tell you shortly.

Mr. Chairman asked any other questions?

Mayor Hudson said Mr. Chairman, we had a public comment speaker from Aqualia. Is there an opportunity at any time for an outside entity to be a part of this process? Where is the decision point?

Mr. Hutchinson said I think the decision point will come fairly soon and it really has to do with the funding. Bonding the money is the cheapest money. That's all there is to it. For some reason if that doesn't work, then the next alternative would be to turn to the private sector to do it. Of course, there's more cost down the road, maybe not up front, but inflation is crazy right now. Any delay that we have, would in my mind, would overshadow any difference in the savings on the financing. I would still say that would be a close second. I am very confident with the plan we put together and the progress we made and the rates will be something that's tolerable for our customers and our citizens for the long term. Not just what we're seeing on today's bill or tomorrow's bill, but years and years down the road. Where you know the rate increase might have to be steep in the beginning, but then after that it will flatten out. Then there's a great opportunity to partner with the city and the county to maybe take a small amount of the tax money off of that property in the future to help offset the rates as well. A simple fact is we're going to have to present those options to you. If it's something the board and the city commission can pallet and think it's the right thing to do we will move forward. If not, we'll have to move on to....I would like to call it plan B, but I think we're up to D or F by now. So whatever it takes, we will get this done.

Mr. Cisneros said I think Bo makes a very good point. The bond covenant does have some parameters in there that we have to follow. I think the best option right now is to go out to municipal bond. Because it does give FPUA the best opportunity for the lowest interest rate and the ability to borrow money and pay it back over the right amount of time for our rate payers to be able to afford it and invest into the system.

Mayor Hudson asked when do we find this out? At the joint meeting?

Mr. Cisneros said the joint meeting.

Mrs. Gibbons said last time there was a discussion about who owned the property over there I just want to make sure that we're kind of all on the same page when we're in that room together. Is there any discussion on that? Is there anything that we need to be brought up to speed on?

Mr. Hutchinson said I want to stay out of that.

Mrs. Gibbons said yeah, me too. That's my point. I want to make sure we're all on the same page.

Mr. Cisneros said I think there's collaborative effort to do the right thing. We want to partner with the city and county to make sure whatever we're doing there...because it's all the same people that are paying for it.

Mr. Hutchinson said the public owns the property.

Mr. Cisneros said right. Whatever that ends up being. We will make sure we work together on that and I think Bo makes a good point about using the tax revenue to help offset the cost. That's a very, very good option that will work well for everybody involved.

Attorney Koblegard asked will the survey of the 300 people be available next Tuesday? It might be important for the city commissioners to hear some of that.

Mr. Hutchinson said it will be part of the presentation as well. I had hoped to abridge it a little bit more. If you think that's important and the direction of the board then it's alright with you Mr. Cisneros maybe.....

Mayor Hudson said I think the commissioners would benefit from this.

Attorney Koblegard said I think that would be important.

Mr. Cisneros said we will add to the presentation for next week.

Mr. Hutchinson said excellent, there you go, you're up.

Mrs. Gibbons said you just did a perfectly good trial.

Mayor Hudson said you did it so well you get to do it again.

Chairman Fee said one last question is there going to be any further polling done?

Mr. Hutchinson said there was no plan for a further poll. Unless you think we need it. It's in your court.

Ms. Tennant said I asked a similar question. I was just curious. VancoreJones was pretty clear that even in areas where they've done more polling or more numbers of people what they have typically found is around the 300 mark you are getting what you are going to get. Even if we went more we would land in a very similar place.

Mr. Lammers said so we have the numbers that relate to our communities appetite for sewer rate increases. How does that compare to what our projected rate increases will require for us to make the project happen?

Mr. Hutchinson said I don't know yet. I have a feeling that it will be fairly similar to what they are looking for. I can tell you that it's going to land a heck of a lot lower than it was 14 years ago when we did this before when it was going to be in the $30 a house range which killed the project.

Mr. Cisneros said just for sewer customers.

Mr. Hutchinson said just for sewer customers, correct.

Mr. Lammers said, but it looks like it will be close.

Mr. Hutchinson said it looks like it would be close, yes.

Mayor Hudson said he's not going to tell us.

Mrs. Gibbons said not until next week apparently.

Mr. Cisneros said our rate consultant is helping us work through the numbers. He gave us a report and we haven't had a chance to digest some of that information. He's still working on it. Next Tuesday, that -- that percentage or that number will be part of the presentation. I do think based on what I remember it's within this range of what customers are willing to pay.

Mr. Hutchinson said there may be questions if I told you now, you may have questions, that I couldn't answer and then it could be misconstrued by the public.

Ms. Bennett said so only the customers that pay sewer is going to be effected by this?

Mr. Hutchinson said no, ma'am. It will be distributed among the water and the sewer bills. That allows us to catch a much larger audience and keeps each of the increases much smaller.

Mrs. Gibbons said so the marketing on this. I'm guessing the tenant is going to be taking over that piece. I don't -- when would that kind of start. Is that going to start maybe after next week or is that.....I'm kind of just curious where the projection lies.

Ms. Tennant said I would say we've already started. I would say this is part of it already. We're not out there with commercials or anything or signs yet this is a very important piece. We have begun from here and we're in communications with Vancore and Redtail which is another marketing organization to see about our next steps together sort of as a trio and based on the information we received the best next steps to take. I would say it's already going.

Chairman Fee said alright thank you very much.

Mr. Cisneros said Mr. Chairman the next item is an information presentation on FPUA's outstanding bond debt. Ms. Barbara Mika, Director of Administrative Services will present this item. She actually will be presenting the next four items.

Ms. Mika said thank you Mr. Cisneros, Chairman Fee and board members. I am presenting to you an overview of our outstanding debt. A little bit of history behind the debt issuances and the covenants that we maintain compliance with. We currently have three series of bonds outstanding. The total principle remaining is $49 million and interest of $8.6 million on the outstanding debt that we have. Interest rates on our remaining debt range around 2% to almost 6% (5.9%). If we make no changes and maintain our current track this debt will be gone by 2029. This is 8 years out, but we would still be facing the need for expansion, rehabilitation, restoration of our aging infrastructure. I have bolded the series 2009 revenue refunding of bonds that was an original issuance amount of $34.8 million and a remaining principal amount of $28.2 million. This is the bond series we're in the process of refinancing with the prospect of getting a better rate than 5% and saving on the interest expense.

The 1999B capital appreciation bonds. If you notice on the previous screen that the remaining interest is zero on those. This is because the interest payments are accrued and compounded on top of the principal and are typically paid at maturity. We began paying back the compounded balance in 2017 when the 1999A bonds were paid off. This was done through Resolution UA 1999-11 and along with 1999A refunding revenue bonds. The 1999A bonds satisfied the obligation of some money that we owed to FMPA on a note and those started being paid off immediately. The 99B proceeds were used for construction and extensions, improvements in the water and wastewater facilities. The money that we received also was used to increase our reserves and pay down for bond issuance costs. The original borrowing on the 99B was $10.2 million and the accrued interest over time is $24.7 million on these bonds.

The 2009 utilities refunding bonds - Series 2009 was approved on Resolution UA 2009-15. The proceeds from the 2009 was utilized to pay down our portion of the pooled loan with FMPA. That was what the 2009 refunding was for. Again, it was used to adjust any reserves that we had or needed to have and pay for the bond issuance and costs associated with that. That original borrowing was $34.8 million and over time from 2009 to the 2026 the interest would be $26.5 million dollars. Refinancing in 2022, our current outstanding debt from the $34.8 were at $28.3. We're looking to have a cost savings through the lower interest rates on this as well.

The 2016 utilities refunding bonds were approved on Resolution UA 2016-04. The proceeds from this fund were used to pay off 2002. This was refunding in 2016 of the 2002 bonds. The original borrowing on the 2002 was $9.5 million dollars. The interest over time on that from 2016 to current since we refinanced our interest over time will be $1.8 million on the refinancing portion. Prior to that the interest over time

on the 2002 bonds until 2016 we paid $6.7 million dollars. When we refinanced we hadn't even touched the principle so at $9.5 million the interest that we were paying at 1.8 the interest we saved through that refinancing was $3 million dollars over the ten years. We saved a substantial amount of money with that refinancing.

The bond covenants that are found in our master resolution under Article V cover a lot of very broad spectrum compliance issues. FPUA has incorporated these covenants into our policies. Many of these sound familiar because we report on them to the board. Some of the financial policies we are, in accordance with the covenants, we accrue the principal and interest based on the semi-annual payments of the interest and annual payments of the principle. We establish a syncing fund. We set up the required reserves which we have in place. We prepare an annual budget and you will see the next item we have our annual audit. We have to maintain liquidity of 45 days for our bond covenants and our debt service ratio at the minimum needs to be 1.25.

As well we have customer related policies that help us comply with the covenants. That's to fix and establish rates that will provide net revenues that will cover the reserve requirements that we need. All of our rates, according to the covenants, must be equal for all rate payers of the same class. We do that as well, I know sometimes we have people thinking that their being charged more because they live in a different area, our bond covenants won't allow us to do that. There's no free services. Our bond covenants say we can't give services away for free. That's one and the next two came up to question during covid. We wanted to -- we couldn't do disconnections after 60 days. We stopped all disconnections and we stopped all fees and delinquency charges. As far as free services, we were funding some of the money that was going to ALPI and Mustard Seed and we were very careful about where we took the money from. It's money from the WEOP or places where it wasn't coming out of our budget. We were very careful about that because it's part of our bond covenants. If we give our budgeted money away we would be giving free services. So we were very careful how we chose those funds.

We have things that are operational. We have to maintain insurance on the buildings. There's guidelines about disposing of property. We can't get rid any part of the system. We still owe money on the bonds. We need to retain a consulting engineer. Because if we need to consult on our profitability and our operations, we have to have a Director of Utilities and we have to have bonded employees that are in charge of financial matters.

Timely completion of projects refers to the three-year window on when you borrow money that you need to complete the projects within a certain time frame. And we're also not allowed to borrow money and pledge the same revenues that we already promised would pay for the other debt. If we're going to borrow more money we have to supply documentation that there is going to be more revenue or whatever we're pledging to support that, we can't obligate the same money more than once.

No competing facilities there's a lot more....it refers to supplying services or to anybody that's going to be in our service territory and compete with our business. I'm not sure how that would play in, but we would not want to support anybody that would compete with us or the city. There's a lot of nuances in all of these. There's a lot more in this section of the master bond resolution. I have highlighted the ones that came up in discussion in the past and over you know certainly the past year and a half when we are looking everything over.

That is my synopsis of our outstanding debt. Do you have any questions or comments for me?

Mrs. Gibbons said I have a question about the 1999B. I might just not understand. It looks like we have no interest left to pay on it. Which leads me to believe we prepaid it and the principle balance that we owe on it is more than the original balance. How did that happen?

Ms. Mika said sure. It's a tricky one. The capital appreciation bonds are different whereas when you loan you are paying interest as you go along....interest principle. With the capital appreciation bond, we have our level of debt service so we're paying off one bond and then when that principle is done, and that major balloon payment is made the next one kicks in. Until you do that you're paying interest. That's the case with the 99B's. We paid off the 99A's first because that was our obligation to FMPA with that money and the 99B's when that last payment was made they started paying that. All along we were accruing interest, but not paying it. You don't pay the interest upfront you pay it at the end. The interest was accruing and compounding.

We borrowed $10.2 million and that interest went on. Then it was like $11 million then it went on then it was like $12 million and $13 million. It kept growing and compounding until the point when we started paying it back in 2017, we started paying that principle and now we're still accruing interest on that balance it's compounding, but we're driving down the principle and interest at the same time. We accrue the interest and we kind of attached it on to what we owe. Then we make a payment and then we accrue interest and ..... it's all scheduled out in the official statement when we have the closing of the bond.

Chairman Fee said just for the sake of my clarity. You are not really compounding the interest. It's just on an accruing basis correct?

Ms. Mika said it's accrued. To my belief it is compounded -- the calculation was not my calculation.

Chairman Fee said they charge you interest on the interest?

Ms. Mika said I don't -- that's my understanding. I would have to look at the actual calculation.
When we do a close and get an official statement it lays out these are the years, this is your payment principle, interest and on those capital appreciation models where we are accruing interest, we accrue it every month.

Chairman Fee said I understand that theory of accruing interest. But adding it to the principle where you got the $10 to $13 million is the total pay off. What I want to make sure is that only the principles are earning the interest and not the accrued interest that remains unpaid.

Ms. Mika said I would have to look into the calculation. It's a table that's given to us. We do 1/12th of it every month. We have the money to -- we accrue it and then we make the principle payment.
We accrue it each month. It's tabled out for us.

Chairman Fee asked any other questions.

Mr. Lammers said the way I was looking at it, what Chairman Fee was just referring to, you are not making necessarily a payment every time you accrue interest and when that interest hits that bond, it goes into the principle; correct?

Ms. Mika said yes.

Mr. Lammers said and then if you have another accrual of interest then that interest is based on whatever your principle is at that time.

Ms. Mika said that's my understanding.

Chairman Fee said so then it is compounding. You get charged interest on interest.

Ms. Mika said that's my understanding. Again in 1999 I don't know the calculation of that. I could confer with our financial advisor.

Mr. Cisneros said we can get back to you on that.

Chairman Fee asked do you have any other bonds that are charging interest on interest?

Ms. Mika said this what we have here. I think it says over time on the 99B's we are accruing interest $24.7 million on a $10 million borrowing.

Mr. Cisneros said the only one that we're going, as Barbara mentioned, we're looking to refinance the 2009's because others will be able to pay them off. Obviously we're not paying interest on the '99s and 2016's.

Ms. Mika said the 2016's we're already refunding the 99's cannot be refinanced.

Mrs. Gibbons said yeah there's like two years left on that one. That one is at 2.1%.

Ms. Mika said we're knocking on that door right now. It's been a time and I wasn't here in 1999.
I can look into the actual calculation. That's my understanding of it.

Mr. Cisneros said the outstanding balance on these bonds are directly going to impact the rate sufficiency study on how we can borrow additional money. I thought it was important for the board to know what our outstanding balance is, our outstanding debt. Because it does play into the equation for rating for -- I want to avoid saying rate increases. For our rate increases when we talk about relocating the wastewater plant and the expansion that we want to do. Our old debt factors into our new debt.

Mayor Hudson said they aren't going to be rate increases they are going to be contributions for the investment into the future of Ft. Pierce.

Chairman Fee said well said. You must be a politician.

Mayor Hudson said I have a question. So the bond covenence, article 5, section 5.01 that's our charter?

Ms. Mika said that's our master bond resolution.

Mayor Hudson said it's our master bond resolution.

Ms. Mika said yes, article 5, section 5.01 is in our master bond resolution.

Mr. Cisneros said that's not the city charter. That's what goes out to market.

Mayor Hudson said so all of these things that bond covenants require are kind of like pretty much good business sense. They just put them in there to tell you we expect you to do this, this, and this. So you can't pull an Enron on them or something.

Mr. Cisneros said that's right. Some of those things are defined in our charter. So some of these bullet points do come from our charter.

Mayor Hudson said okay. I'm just thinking out loud how it is different than the city debt, right. We don't talk about bond covenants with the city debt. We just have debt. Which is going down thankfully.

Mrs. Gibbons said to follow up on the Enron comment, do they have to audit these numbers? Do we have people that come in for the bonds and actually audit the numbers to make sure that we are.....?

Ms. Mika said yes there are two rating agencies that will take a look at our financials before we go with the next debt issuance. We are currently at Fitch as an A+ and Standard & Poor's were an A rating, but they will look at it again. They do surveillance every two years, but with covid I think they've been out every.....

Mayor Hudson said they're working from home.

Ms. Mika said they might be, but they've been out several times. We've had conversations with Fitch at least twice and S&P they send me emails and I'll answer their questions and I send them information and they say thank you and they don't come back.

Mr. Cisneros said all of those agencies that potentially are interested in letting us borrow money or they watch our meetings, they look at our budget books. They really look at what the utility is doing.

Ms. Mika said they look at our audited financials and everything. It's all transparent. Everything is going out.

Mayor Hudson said Mr. Chairman, just to comment if you are a utility you have a lot of other regulatory oversight also for the NERC and FERC all the water quality. There's state and federal oversight going on all the time in addition to the financials.

Mr. Cisneros said there's some acronym government agency we probably deal with them for sure.

Chairman Fee asked any other questions?

Mr. Lammers said one last question. With us getting ready to acquire more debt to move this project along, is there anything -- well, first let me start here. If our ratings from Fitch and S&P become better I assume that will lower our interest rate when we borrow.

Ms. Mika said that would be true. The higher your rating it impacts how much interest you could get away with charging or being charged?

Mr. Lammers asked is there any practical way we can improve our credit ratings before we go out for a new bond money?

Mr. Cisneros said the engineering certificate looks at part of the bond resolution and requires engineer and certificate or engineer on staff. That's what Dewberry is doing for us for our debt refinancing. They look at the state of the system and that helps reduce or helps identify how strong the utility is and that helps increase our bond rating. Also anytime you know when the board follows the index for increasing rates to keep up with the times they look at that as well. All of the things that directly affect the utility, utility customer's bill all of those impact the ability to get a better rating. Paying off the debt. How well we are doing. We are replacing the system. Our reliability numbers. What kind of outstanding violations we have with permitting agencies and all of that impacts our ability for our rating. It's a good question. That's a very good question.

Ms. Mika said in addition we have a financial feasibility study. That's going to lay it out as well as what our plan is. You know and that is going to give some support to the issuance of the bonds.

Mrs. Gibbons asked do we have any room to pay the 1999 off faster?

Mr. Cisneros said are going to be refinancing. So what we want to do.....can you go back to the chart Barbara.

Mrs. Gibbons that was the one that was due in 2024.

Mr. Cisneros said I think our payment plan is pretty tight to get to 2024. If we pay it off faster that means we have to offset something as far as utility rates or budget to be able to do that?

Attorney Koblegard said and you're only saving two year's interest.

Ms. Mika said yes and most of the interest was pretty heavy on the front end.

Mr. Lammers said I was looking at it from a different angle than saving money on interest on that particular bond. I was looking at it from if we go into whatever amount of cash on hand that we can utilize and pay off some debt how likely is it that it gives us a better interest rate and puts us in a good position for borrowing?

Mrs. Gibbons said we raise our rating to an A+. Is there a way to pay off something faster?

Mr. Cisneros said we've looked at that. We actually discussed that a little bit last week with our rate consultant. We were at $30 million as far as unrestricted cash. Over the last 2, 2.5, 3 years we dropped it

down to $20 million. Because we've done quite a bit of infrastructure improvements. It's really tough to tap into that money because you will need it.

Mayor Hudson said you worked hard to spend that extra money.

Mr. Cisneros said right. We worked hard to build it up. Because we know we have to invest in our system. When we invest within two years -- less than two years or three years from going to $30 million to $20 million in cash.

Ms. Mika said it was two years.

Mr. Cisneros said so in two years we spent $30 -- $10 million dollars. If we were to pay off this debt we would have very little unrestricted funds. That's not a good way to operate because that also affects our days of restricted cash flow.

Ms. Mika said that's cash on hand.

Mr. Lammers said and obviously, like Mr. Retherford presented earlier, now's not a good time to get cash strapped.

Mr. Cisneros said right it's not. We will talk quite a bit about this specific topic next week with our rate consultant and financial advisor at the joint workshop.

Chairman Fee said thank you.

Mr. Cisneros said so Barbara will continue. She'll present the 2021 Annual Comprehensive Financial Report.

Ms. Mika said thank you again everyone for listening to me. This is the best time when we're done with financials for the year and we can just dive into budgets. I have a presentation for you today on the financial operating results for fiscal year ending September 30, 2021. This presentation will cover some of the same information that the September quarterly results will so it's being presented on a year-to-date basis.

Some of our year-to-date changes that we experienced in fiscal year '21 over the previous are our year-to-date operating income which is operating revenues less our operating expenses was higher in 2021 by $2.2 million dollars. Operating revenues were up for both residential and general service sales. Representing almost 94% of the total operating revenue increase over 2020. While operating expenses were greater than fiscal year 2020, lower than expected savings occurred through lower expenses for the fiscal year and I'll have more details in the next slides. Our operating expenses at a total of $92,635,000 while higher than 2020, brought a savings through.....one of the major ones was our pension expense was lower by $2 million over the previous year.

Our capital contributions for fiscal year '21 also added to the total increase in that position with an increase over the last fiscal year slightly over almost $2.7 million. Closing out the year with this look at the year-over-year changes in our financial picture, we have added $9,998,000 to our net position.

This slide demonstrates graphically how our operating expenses in fiscal year 2021 compared to fiscal year '20. Operating expenses were slightly higher across all systems with natural gas leading the way with an increase of 19%. While wastewater, water and FPUAnet and electric revenues also being up 5.4%, 4.5%, 3.1% and 2% respectively.

The revenues for electric and gas on a quarterly basis when I report the quarterly financials typically are presented net of the cost of purchase power. Those netted costs are not reflected in these graphs. But if we add the electric we would have still had an increase of 1.7% and gas increase would have been 7.9% if we discounted the cost of those purchases for resale.

Our year-over-year operating expenses with an overall increase in expense from last year of $1.4 million almost was comprised of an increase in cost of purchases for resale for electric of $840,000, and gas of $605,000. The increase in these costs for last year were directly related to the increase in the sales revenue not necessarily rate increases.

Depreciation expense was also higher this year by $880,000 and in 2021 we closed and capitalized some construction assets, which reduced our construction work and progress and increased our assets in service by $24 million. That's what helped us to depreciate more we got some assets. A lot of those assets were not like noncash contributions from developers of almost $3 million. We added $24 million to our capital assets and of course then depreciation has gone up.

While plant and field operations expenses were up a combined 6.2% for fiscal year 21' that was mainly a result of maintenance service contracts, consulting, and just a general increase in the cost of supplies. However, there were cost savings that came off as an off set to that. Our retirement expense was down a total of year-over-year $3 million dollars. The head of several reasons for that impact, one was a decrease in the employer contribution from the previous year from 2020 and then at the end of the year, the actuarial adjustment was a reduction in our liability of almost $1.9 million. That helped reduce our expense and again add to that bottom line. The year-end adjustment to our health claims also had a positive impact with an adjustment to our liability and reducing expense of $575,000.

Below the line of operating income FPUA experienced an increase in capital contributions, capital improvement charges increased from last year due to an increase in developer projects in fiscal year '21 and larger customer expansions. Our capital improvement charges were $1.3 million dollars higher than the previous year and again our noncash contributions which directly impacted our capital assets came from developers in 2021. That continues on the rise last year and '21 as well and that brought the $2.7 million dollars to our revenues.

The distribution to the city based upon the calculation of revenues subject to the 6% distribution is $6.5 million, ($6,524,000), this is up $182,000 and 2.9% higher than the amount calculated for the previous year. Once our audited financials are presented at the City Commission Meeting in April we will pay this sum to the city. That calculation can be found in your financial report on page 55. As you can see it's a

pretty steady increase every year. We're paying them a little bit more. Revenues are higher. I guess in one year, 2018 we had a little bit of dip in revenues as did the distribution.

This slide shows a trend in our calculation of our debt service coverage. The calculation is a ratio of the rolling 12-month average net available income to our current debt service which is principal and interest combined. For the 12 months ending September 30, 2021 our debt service ratio was 3.54 times compared to 2.16 times as of September 30th of last year. Our bond covenence requires that we maintain a minimum ratio of 1.25. FPUA remains in compliance with this and other bond covenants. In particular, as per Resolution 2012-01 on September 30th of each year FPUA must maintain 45 days of cash on hand and we are in compliance with this resolution. We have currently 95 days, but that includes taking noncash items out and if we include the capital and city distribution, other debt service payments which aren't required by the bond covenence, we're actually closer to 70 days. We're still well above -- even if we take out the big cash outlays also abide by. The computation 10 year debt service coverage can be found in the statistical section of the financial report and that's on page 83. You can see the ten-year history is close to this.

We're asking for the board's approval of the Annual Comprehensive Financial Report for the fiscal year end September 30, 2021. The quarterly reports are just an information item. Do you have any comments or question on our year end financials?

Chairman Fee asked any questions of the board?

Mayor Hudson said I always look at the auditors letter and there's no note says you need to do anything different or better, correct?

Ms. Mika said no there were no findings.

A motion was made by Mayor Hudson, seconded by Mr. Lammers, and unanimously carried to approve the FY 2021 Annual Comprehensive Financial Report.

Chairman Fee said alright moving on to resolutions. Looks like we have two resolutions that need to be discussed.

Mr. Cisneros said yes sir Mr. Chairman. The Resolution this afternoon is a request to adopt the resolution amending the 2021 FPUA budget. This will be the last item presented by Ms. Barbara Mika. I appreciate what she has done today and that will be the only accountant joke of the day.

Ms. Mika said thank you Mr. Cisneros. This next item is the resolution amending the budget for fiscal year 2021. For the operations of Ft. Pierce Utilities Authority from the budget as was amended in August of 2021 to the final actuals that were just reviewed in the previous presentation. The final adjustments to budget are financial revenues at $113,610,753 were $2,241,906 lower than anticipated. Expenses per the financial statements of $103,612,755 were below expectations for expenses by $7,210,470. The main drivers that resulted in an increase over the expected change in our net position of $9,997,998 was increased general service sales contributed capital for both water and wastewater and a favorable

actuarial adjustment on pension liability for the fiscal year. This is a routine item. I would like to ask the board to adopt Resolution 2022-03. The final budget amendment for fiscal year 2021.

Chairman Fee asked any questions from the board?

Mayor Hudson said this is something we do standard every year as a result of the audit; correct?

Ms. Mika said yes ma'am.

Mayor Hudson said so these are final numbers that we have to pass. This becomes the budget.

Ms. Mika said yes.

Mrs. Gibbons said Mr. Chair I do have one question. Anything that was rolled over due to different expenses not being able to be accomplished in this period has already been taken out and applied to the next? Or no?

Ms. Mika said this is for the operations and maintenance budget. We don't carry that over. We do have a carryover that we do for capital. That will be presented at the next meeting in April.

A motion was made by Mrs. Gibbons, seconded by Mrs. Bennett, and unanimously carried to approve Resolution No. UA 2022-03, a resolution amending the budget of Fort Pierce Utilities Authority of the City of Fort Pierce Florida for the Fiscal Year beginning October 1, 2020 and ending September 30, 2021.

Mr. Cisneros said Mr. Chairman the next item this afternoon is a resolution certifying the appointment of the members to the FPUA Utility Advisory Committee. This appointment includes nine members and if approved today the first meeting would likely be held on March 29th at the Energy Services Center for introduction to FPUA. The time has yet to be determined, but it will likely be in the late afternoon or early evening. The intent is for the Utility Advisory Committee to meet here and we will have to make sure it fits into their schedule and their availability. The leadership team will host the initial meeting and based on workload after the upcoming year obviously with the relocation and wastewater plant debt refinancing it's possible we may look for an internal or external facilitator to help the group if needed.

Chairman Fee asked any questions?

Mayor Hudson said it looks like a good group.

A motion was made by Mrs. Gibbons, seconded by Mr. Lammers, and unanimously carried to approve Resolution No. UA 2022-05, a resolution certifying the appointment of members to the Fort Pierce Utilities Authority Advisory Committee; establishing the terms of office; providing for an effective date.

Chairman Fee said any Director's Report?

Mr. Cisneros said yes sir Mr. Chairman. The first thing is that you may have noticed the staff did not present any recommendation for the PCA. The rate call is always on the third Tuesday of each month which also coincides with this board meeting. Two short hours later we're here at the board meeting. Due to the timing of the rate call staff believes that presenting the PCA adjustment at the first meeting of each month is the best course of action. This will help avoid making a PCA change without having the latest information. Effectively, we're changing the PCA based on six weeks of data verses three weeks or four weeks of data depending on how it falls. I'm not sure how this changed over the last couple of years, but that's the way it used to be some time ago. That makes more sense so were going to be presenting the PCA adjustment at the next board meeting.

Dewberry the engineering firm that is performing the engineering certificate for our debt refinancing will be here tomorrow to perform some site visits as required per the engineering certificate. This is to make sure our buildings are actually where they are supposed to be and in good shape, transformers are not leaking, water and water pumps are running, etc. It's similar to a home inspection, but much more technical.

The 2022 AWWA Region 8 best drinking water contest will be tomorrow at the Port St. Lucie Civic Center from 11:30 to 1:00. There are typically 10 to 11 utilities that will compete within our region. FPUA will be competing tomorrow and this is always a fun event as they look for the best tasting water and what they're evaluating is clarity, taste, color and odor and I believe Mayor Hudson you were a judge at one point.

Mayor Hudson said yes, at one point.

Mr. Cisneros said the board may recall last year FPUA was award a $900,000 appropriation for sewer pipelining within the city of Ft. Pierce. With the opportunity to receive the appropriation for four additional years. This year as Bo mentioned when Bo, Daniel and myself went to Tallahassee for the legislative rally it wasn't looking very good and some of the feedback was that they may cut it in half to $450,000 or we may get zero. While this past Friday I received a call from Senator Harrell and she did notify us that we did in fact get the $900,000 again. Which is fantastic! I would like to give her a special thank you for her support and also to Amy Adams, our grant person, for all of her hard work. If you are interested in seeing what this process looks like let me know and we'll schedule time with staff and the contractors so you can see what this looks like. It's a pretty interesting process.

The last thing is the 2017 final report from the charter review commission. As you may recall -- some of the board members may not have been familiar with this, but one of the recommendations was to host an annual joint session between FPUA and the city commission to review and discuss capital budgets and strategic goals. The upcoming joint workshop will fulfill the recommendation and the joint workshop will be, as we talked about earlier today, one week from today from 9:00 to 1:00 at the Energy Services Center on 37th Street. We're working diligently to finalize the presentations and will send those to the board and also post them on our web site as soon as completed. We have a lot to cover in quite a short time frame, but it should be exciting. We'll just have to be prepared and I discussed this with Mr. Fee earlier today is that he will be chairing the meeting so we'll have a section there for public comment and we'll see how that works out.

I sent an email to the FPUA board and the city commission that provides an outline for the meeting, but if there's anything that you would like to see added let me know. We should have those presentations

done at some point before the end of the week and I'll get those out to board members. I want to make sure there's plenty of time for you to look at it.

That's all I have Mr. Chairman.

Chairman Fee asked any questions of the board members? Move on attorney's report. Mr. Koblegard.

Mr. Koblegard said I have nothing to report on. In relation to the PCA if it matters I think the price of oil (illegible) jumped up over $125 a barrel and it's now under $100 and we've had a chance to digest the situation and the price of oil has come down substantially and hopefully that's a good sign.

Mr. Cisneros said the dekatherm I think it's down to $4.50 a dekatherm. It's been stabilizing around $4.50. It did jump up to $5 earlier this month, but for the most part it's stabilized around $4.50.

Chairman Fee asked any comments of the board members?

Mayor Hudson said I have a couple of questions. Mr. Cisneros where are we on the DiGiorgio contract? What's happening with that or maybe if you don't know now or you can give me a report at some point in the future.

Mr. Cisneros said I will have to follow up on that.

Mayor Hudson said and also AMI. I'd like to know where we are. I don't want to ignore those things because they're not moving the wastewater treatment plant.

Mr. Cisneros said yes, ma'am. That's a good question. We'll give you an update at the next board meeting for DiGiorgio and AMI.

Mayor Hudson said or in future. I know you have a lot on your plate.

Mrs. Gibbons said I think part of the grant money was supposed to go to DiGiorgio last time, right that $900,000?

Mayor Hudson said the original grant was only for DiGiorgio.

Mr. Cisneros said no there's two different grants. The $900,000 is for sewer lining throughout the city of Ft. Pierce and the DiGiorgio was a specific grant for that project.

Chairman Fee asked any other comments?

Mayor Hudson said I want to thank everybody that participated in the Great American Cleanup especially FPUA. Did you give out all your lunches?

Mr. Cisneros said I don't know....quite a few!

Mayor Hudson said we appreciate the hard work. There were people all over the city cleaning it up. It was really a good day.

There being no further business, the meeting was adjourned at 6:00PM.

ATTEST:

SECRETARY

CHAIRMAN