MINUTES OF A REGULAR MEETING OF THE FORT PIERCE UTILITIES AUTHORITY, TUESDAY, APRIL 19, 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 Finance and 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 Mr. Lammers, seconded by Ms. Bennett, and unanimously carried to approve the Minutes of the Regular Meeting of April 5, 2022.

Chairman Fee said alright moving on to Comments from the Public. If you have any comments please step forward to the podium. Please state your name and where you live and you have three minutes to speak.

Mr. Charlie Wilson said I thought we were doing it at the end so I was all settled in. My name is Charlie Wilson, 1875 Cobia Dr., Vero Beach, FL. I represent Protect our Waterways an organization that's concerned about the environment and particularly our lagoon and our inlet. We joined a lot of other environmental groups that have a keen interest in what happens with the wastewater facility.

I want to thank this board and the new management particularly for the momentum that we've been able to cause. With the change of administration we've also had somewhat of a change in attitude and we moved forward on what's been delayed for maybe decades so we all have made an agreement that we know we need to move the facility. We have finished our conversation about do we need to move it. Now we're in the conversation about how do we move it, what is the plan?

Our priority of course is for my organization that the plant gets moved. We don't necessarily care by whom. We just want to make sure it gets moved. My concern is, that if we don't have a plan that's acceptable to the public that we will lose the support of the public and governmental authority and lose this opportunity. Last night I sat through the city commission meeting and one of the things I heard is that we have an alternative, I'm sorry before I went to the joint meeting of this commission and this board and listened to the proposal made and the proposal included a hefty rate increase that was required to be able to accomplish this task. Last night at the commission meeting I learned there was an alternative to that, which required no rate increases in order to get this process started. I do believe that we should continue to at least entertain all of the alternatives because if we lose the support or we lose support of the governmental bodies because of the cost it doesn't do us any good to all be on the same side.

I urge you to take the opportunities that are given to us by the new management and continue to look at outside sources as well as our internal sources to be able to get this job accomplished. Our staff is wonderful and they try hard and they are wonderful, but they and the utility is a monopoly, but it doesn't have a monopoly on good ideas. As a result, we need to at least be open to alternatives that may be better. Because if the public finds out that we go through a process and that we adopt a plan to move the plant, and that plan cost us considerably more than a plan that was available to us, there's going to be hell to pay. Thank you.

Chairman Fee said thank you. Any other comments from the public?

Ms. Arnaiz said hello, good afternoon my name is Ms. Eva Arnaiz, 1101 Brickell Ave, Miami, FL. I'm representing Aqualia. I'm here today and I need to say that Aqualia presented a proposal. We are here to help the city. So, if you consider with our helping in any way. The proposal was including finance, design, construction, operation and maintenance, but I've had some very good meetings both with the staff, with Mr. Cisneros and with some of the city commission even with, I don't know if you commissioners, and we explained that we are very flexible. We can offer only part of it if you need finance, we can help with the finance part. We can look at the value on the design-build, operation, and maintenance, but we are flexible on whatever you need. We are here to help. I wanted to offer this help to the city. I think we can help this to happen faster. Probably without this huge increase of the rates. I'm not sure if that's right or not.

Thank you very much. If you any questions, I'm available for any comment or question you may have about our proposal or the ways we can help the city. Thank you so much.

Chairman Fee said alright moving on to the Consent Agenda. Has everyone had a chance to review the items? Do any items need to be pulled?

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

1. RFP No. 21-23: Accept Proposal and approve the negotiated Contract for the implementation of a Full services Network Operation and Help Desk with Electric Power Board of Chattanooga, of Chattanooga, Tennessee in an initial amount not to exceed $51,000 for the first year and thereafter, $36,000 annually. The term of this Contract will be from April 19, 2022 to April 18, 2023, contingent on receiving the required Certificate(s) of Insurance.
2. Approve budget transfers totaling $76,340 to cover the City Distribution for FY 2022, based upon FY 2021 Adjusted Gross Revenue.
3. POA No. 22-99: Approve Amendment No. 1 to the Strategic Communication Services Contract with VancoreJones, of Tallahassee, Florida, to include the video production proposal and increase the not to exceed contract amount by $10,000, from $49,500 to $59,500.

Chairman Fee said onto New Business.

Mr. Cisneros said thank you, Mr. Chairman and Members of the Board, good afternoon. The first item this afternoon is an approval for a budget transfer to cover the cost of a new 6 inch gas main to our southwestern service corridor. Mr. Fred Gaddis, Interim Gas Superintendent, will present this item.

Mr. Gaddis said thank you Mr. Cisneros, Chairman, and Members of the Board. I ask for approval for $235,000 budget transfer for the Wave Gardens main extension. The money is in the budget for fiscal year '22. This money will allow us to finish our main extension on Midway Road. Wave Gardens, which the main will be serving, has already signed a letter of intent for using FPUA gas and we're in talks with Wylder Homes who is building straight across the street from Wave Gardens. Wave Gardens will be producing 1,000 new homes, a new hotel and a couple of different restaurants. Wylder Homes will have 4,000 homes, a new school, and a golf course.

Any questions?

Chairman Fee asked any questions of the board?

Mr. Lammers said Mr. Chair.

Chairman Fee said yes, sir.

Mr. Lammers asked do you have an estimated payback period?

Mr. Gaddis said four years.

Mr. Lammers asked how soon is this project supposed to –

Mr. Gaddis said Wylder Homes has already started construction. Wave Gardens will be starting construction at the end of this year beginning of next year.

Mr. Cisneros said I think it's important to note these two developments would double our current customer account.

Mr. Gaddis said more than double.

Mr. Lammers asked is that assuming a 100% take rate?

Mr. Cisneros said yeah. Even at a 50% take rate I think we would double.

Mr. Gaddis said at a 50% take rate we would double our customer base.

Mr. Lammers said the way this would probably work is you would have some type of agreement with the developer and they provide gas to every home.

Mr. Gaddis said yes.

Mr. Lammers said it's kind of an automatic deal with them.

Mr. Cisneros said we've already had or looking to a letter of intent.....

Mr. Gaddis said we've already had discussions with Wylder Homes. They are in their decision-making. Unfortunately, with Wylder Homes it's us and City Gas.

Mr. Lammers asked how do our rates compare to City Gas?

Mr. Gaddis said we are actually a little bit cheaper.

Mr. Cisneros said we're also very, very close.

Mr. Gaddis said that's one of the reasons why I would like to get there.

Attorney Koblegard said Mr. Chairman, where exactly is it located. The northwest corner of the turnpike and Midway?

Mr. Gaddis said no it's right on the other side of 95. The northwest corner will be Wave Gardens right next to the FP&L's power plant. From Midway Rd. to Glades Cut Off Rd. will be Wylder Homes.

Attorney Koblegard asked are either of those parcels in the city?

Mr. Gaddis said the city owns the one parcel of Wave Gardens.

Attorney Koblegard said the first one?

Mr. Gaddis said yes.

Chairman Fee asked how many homes are constructed out there right now? Are they just –

Mr. Gaddis said they are just clearing and putting in the roads right now.

Mrs. Gibbons said it will be an exception.

Chairman Fee said it will be a long time before -- any other questions?

Mayor Hudson said it will be 4,000 homes; right?

Mr. Gaddis said yes ma'am.

Mrs. Gibbons said I think I would also like to notify that's where the wave pools are supposed to be. So I think it's also important to make sure that we're out there to help support that growth. Gives us quite a bit of opportunity.

Mayor Hudson said yes that's a lot of water.

Mr. Gaddis said the hotel that they are supposed to be building is supposed to be a 900 room hotel.

Chairman Fee said just for clarity that's inside our service area for water and gas; right?

Mr. Gaddis said just gas.

Mr. Cisneros said just gas. It's actually for the Wave Garden. For that development, it would be a master meter through St. Lucie County, but they would be our water customer.

Chairman Fee said it would be the bulk water customers.

Mr. Cisneros said water customers, yes.

Chairman Fee asked any other questions?

A motion was made by Mayor Hudson, seconded by Mrs. Gibbons, and unanimously carried to approve the budget transfer for 6" gas main extension on Midway Rd. for two new developments (Wave Gardens & Wylder homes) in the amount of $235,000.

Mr. Cisneros said Mr. Chairman the next item this afternoon is the approval for a budget transfer to cover additional costs for pole replacements. Our goal is to aggressively attack our pole replacement program for the next few years. Mr. Bill Crawford, Superintendent of T&D will present this item.

Mr. Crawford said thank you Mr. Cisneros, Mr. Chairman and Members of the Board. I'm here tonight to ask your approval for a budget transfer of $217,000 into T&D's pole replacement project 505. This project is an ongoing project for replacing deteriorated poles that have been identified during our pole inspection program. With the help of contractors and the dedication of T&D's line crew we finally reduced the number of poles to under 300 that need replacing.

I will take questions if you have any.

Chairman Fee asked any questions of the board?

Mr. Lammers said Mr. Chair, so you're saying there's less than 300 poles that need to be replaced now?

Mr. Crawford said at this time, yes, sir.

Mr. Lammers asked how many poles are we thinking that $217,000 dollars will replace?

Mr. Crawford said they're already replaced with over 200 of them.

Mr. Lammers said I see.

Ms. Bennett said Mr. Chair.

Chairman Fee said yes, ma'am.

Ms. Bennett asked where are those poles going to be replaced at?

Mr. Crawford said the whole service center, or service area of electric we do an inspection of the whole system a third of it each year. We replaced some north of Orange Avenue. Some are south of Orange Avenue and some on the beach. It's scattered right now where we do replace them.

Mr. Cisneros said we don't replace a bunch of poles in a row. Through our inspection program they identify which poles have exceeded their life expectancy or they've deteriorated to a point they don't have the pole strength requirements to continue to be in operation. They are throughout the entire service area.

Ms. Bennett asked will those be the decorated poles?

Mr. Crawford said no ma'am. These are just wood poles.

Mrs. Gibbons said Mr. Chair.

Chairman Fee said go ahead.

Mrs. Gibbons said I had the benefit of sitting in on the budget meeting the other day and just to let you guys know I guess the poles last 43 years; is that what I remember?

Mr. Crawford said 20 to 40. Some of them 60.

Mrs. Gibbons said so I think on average they found that it was 43 years I believe is what we discussed. I feel like it's a good investment long term and we were also talking about replacing....so these are obviously going to be wooden ones, but we were talking about the opportunity to replace some with concrete -- I'm guessing these are ones like we were discussing about hopping over traffic or whatever. It doesn't make sense to go underground or put in concrete, right?

Mr. Crawford said yes, ma'am correct.

Chairman Fee said Madam Mayor.

Mayor Hudson said you paid attention. That's great! Will these be -- is the plan to get these in place before the height of hurricane season? Will that be happening?

Mr. Crawford said this amount will be for ones that have already been replaced. Like I said it's ongoing. I will have inspection crews come back in, in the Fall and test them again. We do have more than FPUA crews that will be do during the time. The rest of them will not be changed out. With other jobs going on it's hard.

Mayor Hudson said right. This is something ongoing, but you do kinda keep an eye out for hurricane season, I would think.

Mr. Crawford said yes, ma'am.

Mr. Cisneros asked Mr. Crawford is this the lowest number we've had going into storm season?

Mr. Crawford said yes, this is. The last few years we've been over 400 at this time of year and with the help of contract crews we've actually got it down lower.

Chairman Fee asked anyone care to make a motion?

A motion was made by Mrs. Gibbons, seconded by Ms. Bennett, and unanimously carried to approve the budget transfer of $217,000 for T&D's Pole replacement project 505.

Mr. Cisneros said thank you, Mr. Chairman. The next item is the approval of a proposal for an underwriter for our 2022 bond issuance for clarity and transparency. This is only for underwriter services if we proceed with the 2022 bond issuance. Barbara Mika, Director of Financial & Administrative Services will present this item.

Ms. Mika said thank you Mr. Cisneros, Chairman Fee and Board Members. As you know we're preparing for the refinancing of the 2009 revenue bonds and providing for additional debt issuance in 2022. This process requires an underwriter. The underwriter provides the services throughout the bond issuance process with the senior managing underwriter leading the efforts. All fees are contingent upon the issuance of the proposed bonds. Some of the things that the underwriter takes care of, they take on all the risk that's involved with selling our bonds. They participate in drafting all the bonds -- some of the bond documents and they include in the official statement at the end. They assist in preparation and discussions with rating agencies and bond insurers. They make recommendations for proposed financing including the timing of the sale, the overall sales approach, if there's call provisions and credit enhancements, and they market and distribute the bonds to retail and institutional investors through the public sale process. They assist in the closing of the financing, including reviewing all closing documents, wiring the funds to FPUA and on the closing date. They premarket bonds to investors in the weeks prior to the pricing allowing for investors to prepare for the bond sale and be ready to place their order for the bonds.

FPUA issued an RFP for bond underwriting services for its proposed utility bond and refunding bond series 2022 to finance capital projects and refinance our outstanding debt. Notices for the RFP were published in The Bond Buyer, which is a national daily publication for the municipal finance industry and the St. Lucie News Tribune on February 22, 2022 and on March 1, 2022 as required by our charter. FPUA received 6 proposals from underwriters for the bonds. The selection was made based on the size and characteristics of the financing and proposals received. Raymond James is recommended as a senior managing underwriter with PNC recommended as the co-managing underwriter for the series 2022 bonds. Consideration in selecting the underwriter services involves their experience and their commitment to Florida municipal finance, the local presence and the ability to market bonds to retail investors, the size of the bond

issuance that needs to be sold, and the credit offering and various markets that the firm has access to for the marketability and the distribution of the bonds.

Summaries of the underwriting proposals were prepared by our financial advisor RBC Capital Markets. The ratings tabulation and both of those documents were included in your agenda packets.

Staff is recommending approval the RFP selection for underwriting services for the utility revenue refunding bond series 2022 and the refinancing of the bond series 2009, with Raymond James Financial Services serving as senior manager and PNC Financial Services Group as co-manager. Both firms have offices and provide extensive services in the state of Florida.

If you have any questions, I will be happy to address.

Chairman Fee asked any questions from the Board?

Mayor Hudson said I have a question. Have we used either one of these before for anything?

Ms. Mika said not to my knowledge. This is the first time I've been involved, but I don't believe so no.

Mayor Hudson said I'm looking at the ranking sheet and so it's based on points; right? Raymond James had the highest at 88 and PNC had the next with 66.

Ms. Mika said I believe there's another agency that came in, but PNC -- we currently work with PNC on other issues so they were chosen as the second.

Mayor Hudson said FHN.

Ms. Mika said they were very close between PNC and FHN.

Mayor Hudson said but you had experience with PNC so that's why they are the sub is that right?

Ms. Mika said the co-manager, yes.

Mr. Cisneros said we came to a conclusion after a discussion with our financial consultant with an amount of this potential amount for this loan that we would have a second co-manager at their recommendation so that's --

Ms. Mika said it gives it more marketability. They can spread out and accomplish more. Hopefully a quicker period of time.

Chairman Fee said as I understand it FHN the reason why you didn't move them up to into the –

Ms. Mika said was there a presence in Florida? Was one.....

Chairman Fee said that's exactly what I was thinking. You rated them high, but you definitely noted in there they have no presence or experience in Florida. Their costs are definitely attractive when you compare to the two, but that's perhaps not taking into account their experience in Florida and how things have to be done.

Ms. Mika said the pricing is dependent upon who the senior manager, co-manager works with them as a support. So the pricing, if they were chosen second, their pricing wouldn't have been the pricing that would prevail.

Chairman Fee said I see.

Mrs. Gibbons said Mr. Chair. I have a question.

Chairman Fee said yes, ma'am.

Mrs. Gibbons said in the additional info field the monitoring of account, I'm just curious what that means. Obviously they're active with FPUA and others are kind of self-exploratory, but is that --

Ms. Mika said I think it's an ongoing monitoring of the account even after everything settles.

Mrs. Gibbons said ok.

Chairman Fee said kind of like a mortgage servicer.

Mrs. Gibbons said ok.

Chairman Fee asked any other questions of the board? Any members care to make a motion?

A motion was made by Mrs. Gibbons, seconded by Mayor Hudson, and unanimously carried to accept proposal from and approve Raymond James Financial Services, Senior Manager with offices in St. Petersburg, FL and Winter Haven, FL, as the Underwriter for the Utility Revenue and Refunding Bonds, Series 2022, and the refinancing of the Bond Series 2009, with PNC Financial Services Group, Co-Manager with offices in Tampa, FL and Fort Meyers, FL, serving as co-managers on the project.

Mr. Cisneros said Mr. Chairman the next item is a recommendation to the natural gas rate stabilization fund. Mr. Gaddis will present this item.

Mr. Gaddis said thank you Mr. Cisneros, Chairman and Members of the Board. I bring before you the natural gas rate stabilization fund update for March 2022. Staff has rerun the sensitivity analysis which now includes February actuals and preliminary data for March. Natural gas prices have been trending up since the beginning of January. The pricing over the last few months has averaged about $4.46 a dekatherm. The month of March began with prompt month futures trading around $4.50 per MMBTU and will end up the same contract closing $1 higher at $5.54 per MMBTU as of March 31st. The EIA storage report shows working gas inventories now stand 1.4 tcf in place. Twenty percent below year-ago levels and 15% below the five-year average.

The March curve reflects the decrease in the PGA which was approved by the board January 19, 2022 from 20 cents a ccf to negative two cents a ccf. Now the price of gas has risen by $2 since the beginning of January. The rsf will now be below the operating range by the end of May.

Based on the current status of the rsf staff recommends an increase to the PGA of 30 cents per ccf from negative two cents to positive 28 cents per ccf effective May 1, 2022. Option two, this is another option to increase the PGA 24 cents per ccf from negative 2 to positive 22 cents per ccf effective May 1st. With this adjustment to the rsf the fund will drop to 60,000 before it starts to recover. This shows the difference in a residential bill at 10, 20 and 30 ccf's per month. The average customer uses between 10 and 20 ccf's per month. Although staff recommends an increase to the PGA, the PGA can remain the same if the board desires. Any questions?

Chairman Fee said I'm sure there's a couple of questions. Who wants to start first?

Mr. Gaddis said the one I can answer already is natural gas this morning opened at $7.82 so it's even higher than when I did this.

Chairman Fee said looking at the last graph I see that the 30 if we increase it 30 cents; is that correct?

Mr. Gaddis said that's the increase of 30 cents.

Chairman Fee said 30 cents. We know we have a very steep vertical increase out of the operating I guess zone. That yellow highlighted portion. Any reason why we have to go so steep and up? Or are we thinking we're going to see further increases or are we in a deficit due to under collection?

Mr. Gaddis said if we go any lower than the 24 cents, we will be at zero or below zero.

Mr. Cisneros said I think it's important to note that when they -- the price is the previous market price and projects that day and then the next 12 months it may look different. Next month, when hopefully that 12 month window looks better, but right now the gas is pretty volatile.

Chairman Fee asked can you show the last slide that was not in our packet with the 24 cents increase?

Mr. Gaddis asked this one? Oh that one.

Chairman Fee said you don't have -- don't think.

Mr. Gaddis said no you do not.

Mrs. Gibbons said Mr. Chair. So in this packet, I believe I don't remember where I actually read it, but it's in here if we do not do an increase we will utilize all of the money in this fund by the end of May.

Mr. Gaddis said yes ma'am.

Mrs. Gibbons said so now with this increase that we saw this morning which is -- we just did $7, this was at $5.55 at the time; is that right?

Mr. Gaddis said no when I did this it was about $7.20.

Mrs. Gibbons said it was at $7.20 and now it's $7 –

Mr. Gaddis said $7.82. They are projecting that it will go up into the $8 range.

Mrs. Gibbons said so it's safe to assume that before the end of May we'll be depleted.

Chairman Fee said if we do nothing. It's looking like the 30 cents is the appropriate move because even with the 24 cents we're not even in the operating range very long.

Mr. Gaddis said this is the slide if we do nothing.

Mr. Cisneros said I believe the gas prices have been over $7 a dekatherm for the past ten days close to ten days.

Chairman Fee asked any further debate about the two options? Does anyone want to propose a third option?

Ms. Bennett asked can we go back to the screen with the 10, 20 and 30?

Chairman Fee said three scenarios.

Ms. Bennett said yes, three scenarios.

Chairman Fee said scenario two is with 30 cents correct?

Mr. Gaddis said no, scenario two is with the 24 cents. Scenario three is 30 cents.

Mr. Lammers asked staff recommending how much of an increase?

Mr. Gaddis said 30 cents.

Mr. Cisneros said we did provide two options for the board to consider.

Mr. Lammers asked Mr. Gaddis is there any seasonable influence for gas?

Mr. Gaddis said the colder weather up north. They are still getting snow. One of the big things is all the exports that are going over to Europe. We've never exported this much gas over to Europe and the third reason is the federal government have not allowed us to open up some natural gas wells or drill for new ones yet.

Mr. Cisneros said and there's some restrictions on the transmission system.

Mr. Gaddis said they're not allowing new lines to be put in.

Mr. Cisneros said so from the last board meeting with FMPA, we have – I want to say it's 1,000 wells less than a couple of years ago that they are able to pull from. That's also been part of the problem. It's not one factor, it's multiple factors on why the gas prices are where they need to be. FMPA specifically addressed this issue about we have all the resources here in our country to handle this, but currently they are not being opened up because there's specific regulations in our current administration that prohibit that. They are working towards a solution, but right now it's being very -- we can feel it. We can feel it in the utility bill.

Mayor Hudson said Mr. Chairman, you asked about seasonal -- did you mean also customers? The use of – I mean is there a difference in the seasons for our customers and the use of gas?

Mr. Gaddis said no, ma'am.

Mayor Hudson said ok.

Ms. Bennett said I'm looking at this and it's scenario 1, 2 and 3. These are the three scenarios.

Mr. Gaddis said scenario 1 is the negative 2 cents, scenario 2 is the 24 cents, and scenario 3 is the 30 cents.

Ms. Bennett said I guess I'm a little hesitant about going up 30% when we're not sure that these prices are going to continue. If we go up then I'm thinking about the customer and the customer wouldn't -- it's going to impact them as well as everybody else and some people can't afford that at this time. So 30 cents -- I'm just not comfortable with the 30 cents. I'm not comfortable with that.

Mrs. Gibbons asked what are they paying per ccf right now? Is it 30?

Mr. Gaddis said I'm not sure off the top of my head.

Mr. Lammers asked am I correct in reading this that if we approve the 30 cents per ccf increase, that a 20 ccf all the bills will more than double?

Mr. Cisneros said Craig come up to the podium.

Mr. Crawford said sorry about that.

Mrs. Gibbons said I think the blue column is no change right?

Mr. Gaddis said the blue column is no change.

Mr. Crawford said the orange column, the chart didn't lay out right. The blue column is 10 ccfs, orange column is 20 ccfs and the grey column is 30 ccfs.

Mrs. Gibbons said so that's like doubling their bill then if we do the 30.

Mr. Lammers said the differences are between $45 and $51. Not between....

Mr. Crawford said correct. It's $29 verses $32 verses $32.74 for that amount of fuel.

Mayor Hudson said you compare the color bars.

Mr. Crawford said sorry the chart didn't format right. Would you go back to 22 cents?

Chairman Fee said so really in the grand scheme of things we're looking at basically a $6 change from doing nothing to doing a 30 cents increase.

Mr. Crawford said right. Like you said if you look at the 24 cents we can do the 24 cents if you....we can do whatever you want, but with the 24 cents it would bring us down to $60,000 in

our cushion before we start to recover, which is going to take all the way to January of '23 or so to start even recovering. If we do 30 cents that may be shorter than what we're expecting depends on what the market does. That steep incline you see at the end is the market prices going from $8 to $4 in those months. That's why you see the really steep curve upwards. Which we would change back of course.

Mr. Lammers said can we go back to the other slide that shows how much the increases are going to be how much they will affect the customer? That's the part I'm a little bit confused about and I want I need to be really clear on it before I make a decision.

Mr. Crawford said the blue column is actually 10 ccfs of gas all the way across. It just didn't format properly. That's probably my mistake I didn't look at it. The 10 ccf gas would go from $29.74 to $32.14 at 24 cents and at 30 cents it would go from $29.74 to $32.74.

Mr. Lammers said I see. So a 10 ccf customer currently pays $29.74 a month. If we approve the increase staff is recommending they will now pay $32.74.

Mr. Crawford said correct. It wasn't as big as it looked, it didn't format right sorry about that. I was looking from back there and I was going.....

Mr. Gaddis said that's my fault.

Mr. Lammers said and for a 30 ccf customer they currently pay $61.02 a month and if we approve the full increase they will go to $70.02.

Mr. Crawford said correct. It doesn't look as bad. I know where you were coming from. Thirty cents isn't as big as you think it is. I would recommend the 30 cents because it's going to recover quicker. It will start recovery in June instead of all the way, I don't remember the month, but it was like July or August. We start even getting a recovery on the 24 cents?

Mayor Hudson said Mr. Chairman also if we go the 30 it doesn't mean we have to stay at 30. We look at this – so right now it looks like it will go up. But if it doesn't, we can always go back. We've been all over the map with this.

Mr. Crawford said that is correct.

Mayor Hudson said with these prices. Because we react to whatever the market is doing. We react quickly.

Mrs. Gibbons asked will we see it next month?

Mr. Crawford and Mr. Cisneros said we see it every month.

Attorney Koblegard said you can review it twice a month.

Ms. Bennett said and as soon as it goes down, then we will go down and you'll come and tell us.

Mr. Crawford said we will be right back in here.

Mayor Hudson said and you'll be recommending something lower.

Mr. Crawford said we were lucky for two years we didn't have to do anything to the PGA. We had it nailed down, but then the prices.....

Mayor Hudson said negative for long, long time.

Mr. Crawford said 19 cents yes. The market has gone crazy.

Ms. Bennett said and if we go at the 24 cents how long would it take us to recover?

Mr. Gaddis said not until next January, January of 2023.

Mr. Crawford said start recovery.

Mr. Gaddis said before we're up above $100,000.

Mrs. Gibbons said that's holding rates at $7.00.

Mr. Gaddis said that's as long as gas doesn't keep climbing.

Mr. Crawford said looking at the Nymex this morning, they showed pricing all the way out through next year over $8.00. I hope that's not true.

Chairman Fee asked any other questions? It sounds that the right answer is going to 30 cents to recover earlier. You don't want to get caught....

Mayor Hudson said 30 cents, minus 2, plus 28.

Mrs. Gibbons said I don't have any gas utilities unfortunately. I would love to, but maybe now I don't. I don't know where that breakeven is right. Electric, gas they both.....

Mr. Crawford said electric is going to follow believe me.

Mrs. Gibbons said right. Is there – I mean so how do you help the public not use as much gas? How does -- are there things that they can do to I just I don't know how the consumption works or anything like that I hate to say that.

Mr. Gaddis said whenever they replace their stove or get a new hot water heater or something. Everything is very energy efficient now. They can go to a tank less hot water heater where the gas only comes on when they call for it.

Mr. Crawford said yes we sell tank less. We try to promote the use of tank less. A lot of people like tank because there's no power to it and if the power goes off you still have hot water, but a lot of people go to tank less.....

Mayor Hudson said it's great for hurricanes.

Mr. Crawford said yeah, tanks good for a hurricane, but not quite as energy efficient because you're always heating the water.

Mayor Hudson said it's a good thing to have in Florida in my opinion.

Mrs. Gibbons said for sure. I definitely agree. If I had the opportunity I would have had it. I just haven't had an opportunity.

Mayor Hudson said and you are promoting, I know in your bill inserts you promote the gas and you have some specials and some incentives.

Mr. Crawford said yes we have rebates. We're actually giving away tank water heaters right now for new customers. They are even more energy efficient than the older ones, but they're not a tank less.

Ms. Bennett asked and have you all put out more advertisement on that?

Mr. Crawford said yes, ma'am. We are always posting on....we have a marketing network that works for us they're called MTN and they are always posting on Facebook and we always do bill inserts.

Mr. Gaddis said we also have two trucks that are labeled. Big rolling billboards that tell you what the rebates are, who to call and everything else.

Mayor Hudson said this is for another day, but I would like to suggest...now that explains we have a marketing firm who -- because the people that are in the ads and on Facebook I look for somebody I know and I never, you know because, they're stock I think, they look stock. So sometime in the future, this is not the time for it, sometime in the future I think we could relook

at that and have people in it that look more like people in Ft. Pierce because you know...it looks stock. It's not a criticism.

Mr. Cisneros said we can definitely work on that. Yes, ma'am.

Mayor Hudson said I will be happy to make the motion if we're through talking? I move that we go to 30 cents and review this every month minimum.

A motion was made by Mayor Hudson, seconded by Mrs. Gibbons, and unanimously carried to approve the increase the Purchased Gas Adjustment (PGA) $0.30 per ccf from -$.02 per ccf to $0.28 per ccf, effective May 1, 2022.

Mr. Cisneros said we appreciate your patience with that. We will make sure the graph for future presentations are must more clearer. It's a team effort. You can blame all of us. It's an exercise that we have to go through, I guess. The next item is an information presentation for the February 2022 bill comparison. Michele Harris, Finance Manager will present this item.

Ms. Harris said thank you Mr. Cisneros, Mayor Hudson, Chairman Fee and Board Members. I'm presenting to you today the monthly update on the comparisons of the Florida Municipal Electric Rates published by FMEA and the local treasure coast utility bills for February.

The first graph shows the comparison of residential electric rates for 1,000 kilowatt hours of consumption for 13 municipal utilities which are members of the All Requirements Project. They are displayed and ranked based upon their base bill amount. Our February rates at $134.84 shown with the yellow bar ranks FPUA a little bit on the higher end of this group. We did move one bar to the left from last month.

This graph displays the comparison for that same level of consumption, but includes all the municipal utilities in the state. Our February bill still at $134.84 ranks FPUA higher in comparison to most of the other municipal utilities in the state and with this chart with comparing everybody we also moved one down to the left. It's favorable.

While we maintained our rates for another month 12 of the other 31 municipal utilities also implemented increases. That overall impact of these rate adjustments resulted in an increase of $4.67 for the ARP average and an increase of $2.45 to the municipal average.

This graph presents a similar comparison, but for consumption of 2500 kilowatt hours. Our February bill at $339.80 ranks us far to the right of this group as well. Our rates for 1,000 kilowatt hours and 2500 kilowatt hours fall below the ARP average and the municipal average, I'm sorry were higher than the ARP and municipal, but we are below the investor-owned utility averages.

This table displayed is the February comparison of the average residential utility bills on the Treasure Coast. FPUA's utility bill for all three services provided inside city limits are shown in the first two columns a gray column and a blue column. All other bills in this table have electric services by FP&L and water and water waste services by the localities provider. The blue column represents FPUA's utility bill using the standard consumption that we always have with 1,000 kilowatt hours for electric and 6,000 gallons for water. As requested, we added an additional column that's the column in gray and we use that to represent the true average for the month that we're reporting. During the month of February we estimate that the average kilowatt hours for residential customers was 700 kilowatt hours and about 4400 gallons for water in the month of February.

Since this was last presented there have been no changes to FPUA electric, water or wastewater rates. However, in January is when FP&L had their electric rates increase about 7% and their fuel adjustment actually increased almost 40%, it went up about almost $10. That was effective January 1 and St. Lucie County water and sewer rates also increased 3% and that was effective February 1st.

This item was presented for information only. I will be glad to answer any questions that you may have.

Chairman Fee asked any questions of the board?

Mrs. Gibbons said you said this was including that.

Ms. Harris said yes.

Mrs. Gibbons said I do have a question, too. I'm looking at the rate report and it looks likes Barto went down almost $8.50 and they're still in the middle of the pack. What is going on?

Ms. Harris said they went down. Let me see what they did in February. A lot of what I see is a lot of fluctuations. Like they're drastic. We try to kind of keep things more steady. I've noticed when looking at the month-to-month they could go from $10 up to $10 down so it fluctuates a lot, but let me look at what they did in January.

Mr. Cisneros said most of the cities follow the PCA each month, month-to-month verses what we try to do is keep – is schedule it out throughout the year so they change it every month based on whatever it is.

Ms. Harris said they didn't have a change in January so that's not the case for their fluctuating month-to-month. That's all I know. I could find out if you want.

Mrs. Gibbons said I would love to know.

Mayor Hudson said what are they doing?

Chairman Fee said it's a curiosity -- big fluctuation there.

Mayor Hudson asked did you look at Starke's? It's gone down 23, gone up 23.

Chairman Fee asked have you ever been to Starke?

Mayor Hudson said I don't want to go, I don't think. Isn't that where the prison is?

Chairman Fee said I think it's got two stop lights.

Mrs. Gibbons said so the PCA I think it's interesting too because the PCA has been off; right? They've been -- their estimates have been off, but they've been going based off of that or do they go off of the month prior?

Mr. Cisneros said they go off the previous, well for us it would be almost two months behind. Whatever the bill was in February we pay the bill and then whatever the PCA is we try to recover it the following month. We don't pay the PCA for that month until it's been billed and it's been paid so we are following two months behind. This bill comparison is for February and we're in the middle of April.

Mrs. Gibbons said right. Also this... if they are adjusting according to the PCA they would be adjusting as of December's PCA number; correct? Or January's?

Mr. Cisneros said no this would be for February's number. So this would be January's, no February's number...this would be for February's number.

Mrs. Gibbons said don't they speculate or do they -- they don't pre-bill us for February, right.

Mr. Cisneros said yeah you're right. So whatever we did in December is what we would be projecting for February.

Mrs. Gibbons said so some of these adjustments may not take place until March, because they are reviewing December bills and saying okay well the PCA is now at $10 and we have to make our adjustments. So we may even still be a month behind seeing those adjustments.

Mr. Cisneros said and then if you follow the model that FPUA has been trying to maintain trying to keep it so that we can manage it later in the year makes it even harder for the board to decide what the best course of action is. Because you're trying to look at old data, what is happening right now and what you want to do in the next couple of months. It makes it hard for you guys.

That's why some of these cities when they follow the PCA month-to-month, they just do it whatever the previous month was that's what their PCA is.

Ms. Harris said sometimes not all the utilities look at it month-to-month. Sometimes they just establish it for the whole year. Not everyone does it the way that we do it and follows it as closely and change it month-to-month.

Mrs. Gibbons said interesting.

Mr. Cisneros said they don't react month-to-month. They look at it for a year, or six months they follow a different model.

Mrs. Gibbons said ok.

Chairman Fee asked any other questions?

Mr. Lammers said Mr. Chair. I think this current month average bill it's definitely very useful for me and Mr. Cisneros I don't know. Because we have the stabilization fund and because our strategy is to kind of build up a little bit of cushion before we go into the summer months. I think that actually gives us a little bit more foresight or maybe hindsight to work with. We've built up that cushion and we can afford to not hit the number dead on because we've built up a little bit so we can give our customers a reprieve during the months where the bills are the highest. We'll start to see the benefits real benefits of that as we start to see the bill comparisons for May, June, July, and you look at that current month average and it will be much higher than what we're looking at for February. Our comparable bill will be lower hopefully compared to the other areas, right?

Mr. Cisneros said during the summer, it would be different, right. Yes we would, I mean in the past we've usually been in the middle of the graph because of what we do with the PCA; you're right.

Mr. Lammers said so hopefully we're able to provide our customers a really good benefit in that way. You can see that while we have the PCA relatively high right now most customers are not paying a very high bill because of the low usage.

Mayor Hudson said but it's going to start going up.

Ms. Bennett said starting at the end of this month.

Mayor Hudson said yeah, right exactly.

Chairman Fee asked any other comments? Thank you.

Mr. Cisneros said thank you Michele. The next item is an information presentation for the February 2022 financial operating results. Barbara Mika will present this item.

Ms. Mika said thank you Mr. Cisneros, Chairman Fee and Board Members. I will present to you today the financial operating results for February and the five months to date through this fiscal year.

Some of the highlights for five months for fiscal year 2022, our year-to-date operating income of $3,359,000 was $482,000 lower than the same five months for the fiscal year 2021 and that was due to an increase in total operating expenses and that would include the purchases for resale that we've experienced higher purchase resale this year. Expenses increased more than the revenues have. After the adjustment for the distribution to the city our February year-to-date increase in our net position was $964,000. Our February operating revenues were lower this year than they were for the same month last year for the month of February by $293,000. At the end of January of last year you may recall we experienced a timing issue in the billing causing the final billing for January to be picked up in February, but the year-to-date numbers from here forward will all be leveled. It's no longer an issue.

Our electric operating revenue less the cost of power and comparison to our consumption for fiscal year '22 our electric operating revenues less the power cost is up from last year by 1%. Overall, it's up 3% or $291,000 for the two years from 2020 and the consumption was greater by 3% over the two years. It dipped a little bit this year from last year, but it's overall up since 2020 the consumption.

The cost of purchase power, as I had mentioned, increased $4.2 million on average. It's an 18% increase compared to the first five months of last year. Our water operating revenues in comparison to consumption for fiscal year '22 are up 2% from fiscal year '21 and a combined 10% over it is up overall 7% since the previous years since 2020. For wastewater our fiscal year operating revenues were on par with 2021 it was just an increase of about 1%. Combined over all two-year increase of $454,000 or 8% over 2020. Our gallons billed was down slightly again, but our – it kind of moves along with the water consumption, but our cumulative we're up 6% over 2020 for our consumption. For natural gas operating revenues adjusted for the cost of gas in comparison to our consumption fiscal year 2022 operating revenues less gas cost are still on a steady climb for two years. Revenues net of those gas costs were up 4% over 2021 and a combined 7% for the two-year period. Consumption for the two-year period was up over 11%. Our gas contract sales have increased 18% over last year and that was due to a new contract customer that came on at the end of last fiscal year. Our cost of gas for the five month period reporting has increased $542,000 over last year. This is a 68% increase over last year's cost.

Our debt service coverage ratio is the ratio of the 12 months average of our net available income to our current debt service. For the 12 months ended February of 2022 our debt service ratio was 3.46 times at the end of February. The ratio for the 12 months for our fiscal year ended September of 2021 was 3.54. We compared this always to our bond covenant requirement that we maintain a minimum of 1.25 times coverage.

That's the operating results from February and the five months to date. If you have any questions, this is an information only item. I will be happy to address questions.

Chairman Fee asked any questions of the Board Members?

Attorney Koblegard said Mr. Chairman.

Chairman Fee said yes, sir.

Attorney Koblegard said if you look at the services billed it looks like we lost almost 2,000 electric customers, a handful of gas, and about a 1,000 in each of water and wastewater. Where do those customers go?

Ms. Mika said it's not customers it's consumption. It's megawatt hours, it's consumption of gallons and its consumption, and it's not customers. The customers were there. It's – we have less customers, but the revenue was higher year-to-date.

Attorney Koblegard said they are going down.

Ms. Mika said yeah cumulatively to date they are going down. For this year compared to last year, but compared to the previous year that's -- they are all up. If we go back to electric, we have our consumption for 2022 for electric in megawatt hours was 218.5 megawatt hours, 1,000 kilowatt hours it was 212.7 in 2020. It's the consumption not the number of customers.

Attorney Koblegard said that's good. For some reason I thought that meant customers.

Ms. Mika said it' how it's consumed. How much electric, how much water they use. How much wastewater we process.

Chairman Fee asked any other questions? Thank you.

Mr. Cisneros said thank you Barbara. The next item is for information only and a discussion. It's for the disposition of the property located near 322 North 2nd Street. Also referred to as the parcels west of 2nd Street for the -- related to the Kings Landing project. As the board may recall on March 1st, the board approved Resolution UA 2022-04 authorizing the City of Ft. Pierce to

execute a deed on behalf of FPUA to transfer the 3 parcels to the city for the Kings Landing project.

Today I want to close a loop as it relates to the bond covenant and the requirements related to this disposition. First, the properties must be valued at less than 10% of the value of fixed assets from the last audit for the most recent annual audit. This year the fixed assets were valued at $220 million, so 10% would be $22 million. The next step is for the properties to be appraised. On March 13th the properties were appraised by Fuller, Armfield, Wagner Appraisal and Research Inc. and the properties were appraised at $290,000. The next step was to obtain an engineering certificate which Dewberry did regarding the compliance with this disposition which they signed. Lastly, it requires a certificate for me as the Director to authorize the disposition as the properties did not have any future operation use as part of FPUA's future utility and infrastructure needs.

One of the bond covenants requires that if the city receives any sale proceeds that they must be deposited into the renewal replacement fund and exclusively for the purpose of paying for the cost of extension or replacement of the capital assets of the system. Mr. Mimms and I were able to work out that we will revise the smart city downtown initiative memorandum of understanding and what we will do is include the appraisal value to help facilitate the fiber expansion in downtown which is also within proximity of these parcels. It's a good team effort there. To clarify this transaction does not set any precedent for any future disposition. This is a single event. So all of these items were completed in accordance with the bond covenant and I'm happy to answer any questions you may have.

Chairman Fee asked any questions of the board members? Doesn't seem like we have any questions on that.

Chairman Fee asked do we have anything more for the Director's Report?

Mr. Cisneros said yes, sir. I have a couple of items. I'm happy to report that the FPUA lobby at 206 South Sixth Street has reopened to the public. We're happy to welcome our customers. It feels just a little bit more normal, I think, is probably the best way to put it... if that makes sense.

At the June 7th Board Meeting, we will have a presentation from our joint purchase gas provider Florida Gas Utility (FGU). Tom Jeffrey and Katie Hall will give an overview of the purchase gas market which I think will be very helpful not only for staff, but for the Board. What FGU means to FPUA and the other member cities. FGU is similar to FMPA, but for purchased gas. From what I can recall I don't belief the board members have met the FGU leadership team. I don't know Mayor if you have met them. It should be very, very informative and very helpful.

As we discussed earlier today, the gas market has been extremely volatile over the last few weeks. The price of gas has been over $7 a dekatherm. I will be attending the FMPA board meeting this week on Thursday so I expect to get more information on how that impacts FPUA moving forward and hopefully some additional news on what the gas market is doing to help remedy some of the storage that we have, some of the storage issues, and export issues that we're having. Again, as Fred mentioned, there's a lot of gas being exported which is really driving the gas prices right now.

Mr. Hutchinson and I will be on the agenda for May 2nd City Commission meeting to provide an update to the WRF. We were at the city commission meeting last night and I think it was very clear that we need to provide some additional information. We'll try to focus on the path that we took and the options that we've had and have along the way. Our attention is to answer as many questions for the FPUA board and city commission to make sure that we're making the best possible decision for the FPUA rate payers. Utility rates are important, but not the only consideration. However, I do believe that staff has proposed a very economical path for the relocation of the wastewater plant. We'll also make the presentation to the FPUA board on May 3rd which is also the public hearing for the rate sufficiency recommendations. We'll make sure we share that with the board prior to that meeting so that if you have any questions we will be able to answer them prior to the meeting and also add that to the presentation so that we can make sure we're communicating well. By the end of the week I also expect to send a draft of the rate sufficiency recommendations. It will be a PowerPoint, how that will affect our customers and their respective utility bills. I'm looking for any additional insight from the board on how you feel -- what information could be helpful so that the board and the commission -- and I'll also get some feedback from the commission on how we can communicate this to our community. I did send a memo to the FPUA board and city commission on Friday. We're trying to take that memo and put it into a PowerPoint presentation so it's easier to digest. The focus is to communicate effectively.

Next we're working on a celebration event for our 50th Anniversary. Currently, we're looking at a standing room event with some heavy hors d'oeuvres and the idea there is to promote what I call "the shuffle" and that's effectively to kind of rotate across the room to meet different folks rather than sitting down at a table for 2 or 3 hours and talk to the same people. It will include employees, current and former board members, city commissioners, former directors and other community leaders to help us celebrate our 50th Anniversary. We'll have a slide show to showcase FPUA's history and because the next few months are pretty booked, this event will likely happen in the month of August. We will make sure we get the details to you as soon as we nail them down.

The Utility Advisory Committee is scheduled to meet on May 5th. This was tricky. Nine people were trying to coordinate a date that would work. May 5th seems to be the date that works the best. We will start with lunch and then a quick overview of introduction to FPUA and then review the utility advisory committee resolution on the responsibilities and then we'll head off to a tour

of FPUA facilities and which is the best way for us to showcase our local hometown utility and our employees. It's our favorite way to show the daily operations that it takes to provide economical reliable and friendly service to our community. I'm waiting on one last piece and that would be to use the city trolley. I've got a call out to Nick so that the group can travel together so that we can make it very cohesive and coordinated very well. Their first official meeting would likely be May 25th or sometime at the end of May. That will be subject to change after the bus ride.

The FMEA/FMPA annual conference will be at the Breakers in Palm Beach this year, July 12th through 14th. Jill has already reserved rooms for board members, but if you're not able to attend please let me know. We will make sure to cancel it or give it to one of the other employees inside the organization to one of the up-and-coming guys to get them groomed. That's all I have for you, Mr. Chairman.

Chairman Fee said thank you. Attorney?

Attorney Koblegard said nothing to report on at this time. I was wondering if we want at the city commission meeting to explain how someone can move the plant off the island for us for free. Is that (inaudible) presentation.

Mayor Hudson asked is that rhetorical or do you really want an answer?

Chairman Fee asked do you really have an answer?

Attorney Koblegard said that's interesting to hear.

Mayor Hudson asked you're talking about the meeting last night? I didn't hear it be for free. I think what they said is that the rates would be increased with their way, but it would be later opposed to up front. I think that's what they said. Mr. Cisneros does that sound right?

Mr. Cisneros said yes. That's what I understood. That it would be after the completion of the construction of project.

Chairman Fee said I don't think our bond financers would be receptive to that as a cost to finance. They're going to want to make sure that collection is assured before they loan the money out.

Mr. Cisneros said FPUA is continuing on the path to get municipal bonds. I'm not sure what you know unsolicited bids would pursue. That would be up to them, but FPUA is pursuing municipal bonds and we would still finance ourselves. From the memo that I sent you typically it's about 1-3% less than private bonds.

Chairman Fee said I just think anyone underwriting us would definitely -- would look at that suspect if we're going to raise our rates after everything is completed. That's what? Four years down the line.

Mr. Cisneros said right. I think what you're talking about is the existing bond and any future bonds we take for other stuff outside of the wastewater treatment plant, right. If we borrow money in the future for anything outside of the wastewater plant relocation, they would consider themselves second tier so that the risk would be higher. So anything we do in the future, we would get a higher risk and ultimately result in higher interest rates for any bond -- future bonds that we get.

Chairman Fee said the financers of the bonds to remove the wastewater plant they have no objections to leaving the rates unchanged?

Mr. Cisneros said no.

Chairman Fee said that to me is –

Mr. Cisneros said I see your question, no. We wouldn't be able -- most likely we would have to be able to borrow the money without rate changes that's in our bond covenant to begin with. If we want to borrow money we have to show rate sufficiency.

Chairman Fee said so I don't see how you cannot raise rates before you start the project.

Mr. Cisneros said right.

Mr. Lammers said Mr. Chair. I think this is well worth having the conversation now. We have a pretty aggressive time line on moving forward with building the water reclamation facility right. I did get a chance to listen to some of the city commission comments yesterday and it seems like you have at least -- and I had a conversation with Commissioner C. Johnson yesterday fairly lengthy. Seems like there's at least some effort or thoughts to kind of slowdown on what we're doing now as far as moving forward with the current design build firm that we awarded a contract to and consider an option for public private partnership. You know, I made the comment yesterday when I was on the phone with Commissioner Johnson, that I feel like that we may be just opening a can of worms. Right? They had a chance to bid on the design build RFP when we put it out; correct?

Mr. Cisneros said it was open to the public; yes, sir.

Mr. Lammers said it was open to the public. So if they wanted to provide just design build services then they had an opportunity to put their proposal in on all of that and did we receive anything?

Mr. Cisneros said we didn't receive any bids, no, sir.

Mr. Lammers said so what exactly do they want to do for us if they don't want to design and build it?

Mr. Cisneros said from what I understand they would design, build, finance and operate the plant and that's their business model.

Mr. Lammers said I see and if we get our financing through them, will we save money?

Mr. Cisneros said in my opinion based on our discussions with the financial advisor, if we borrow money we would get the lowest interest rate through municipal bonds. Because we have a very good bond portfolio. What that means is we have very low debt. We have a very good rating with both of our agencies an A and A+. So we're in a very good position to borrow money at the lowest interest rate we believe that we could get in the market.

Mr. Lammers said and an answer to that I would be looking for is ok let's say that for whatever reason it worked out better with them, and we went through them to get our financing because that's really the only offer they are presenting to us right is they want to take care of everything. The financing, the operation, maintenance, and the design build.

Mr. Cisneros said yes sir.

Mr. Lammers said so if their cost was 1% or their financing was 1% or 2% higher than financing we could get, then I would be interested to know how much additional cost is that to us and then so the only other piece that it leaves besides design build is the is operation and maintenance. You know I don't know in staff's opinion if there's going to be a huge advantage to using a global firm like that for operation and maintenance verses our own staff.

Mr. Cisneros said so from what I understand there's a lower operation and maintenance cost related specifically to personnel and most of those are related to the benefits that employees would get verses what they would pay their employees, typically.

Mr. Lammers said I see and I definitely -- when we had the workshop on moving the plant and we looked at the rate increases, I was not excited to see those rate increases whatsoever and one of my first and foremost priorities as a board member is to try to give the best service to our customers at the best rate. Unfortunately, in the months that I've been on the board we've done almost nothing, but raise rates which is not what I want to do, but given the circumstances that we're currently in I didn't see any way around that. So in this situation, I definitely want to explore any other option that could potentially offer our customers the best rates. I don't see any angle and maybe it's just because I don't have enough information I don't see an angle in which Aqualia

is going to help us do that. Other than possibly kicking the can down the road and putting off rate increases until sometime in the future.

Mrs. Gibbons said I did have a chance to sit with Aqualia yesterday and Mr. Johnson. We discussed a few things too. Some of the things that -- that was discussed about not having to raise rates or make a first payment until the plant was completed which concerns me because rates are low right now. We don't know what they will be in two years. She was discussing a possible amount of like 5-1/2% if they were to hold the loan for it. Which we're looking at somewhere around 4% and that is current market right. So I don't know what that would look like. She did also you know discuss maybe not wanting to just be the financier which I don't know how they would make money in that. I have requested some information from her regarding that. That I would hope to share with everybody here. Javy and I also spoke I think it's important -- my main thing too not only our rate payers we owe it to the community; obviously, but also for all of us to be making this decision together and be making the right decision together so we all feel like we're moving this as one. I feel as though if we have a very cohesive mindset about it that it will be easy for us to stand up for what was right and know that we had to do whatever -- if the rates were right or this is why we had to do that and we're all knowledgeable about all of those items. That there will be no way for someone to question why we did that; right. So I think it's important. Javier said he was putting together some information regarding that. I hope it will be extremely clear and that we have -- we all have open lines of communication between -- obviously who we can have open lines of communication with, and with our staff to make sure that we're discussing anything that comes up. So we can communicate it clearly, nip it in the bud and make sure that everybody knows we're doing this for the betterment of our community and them. There's some things that we've -- she said I have no idea how they could possibly make any money doing it, but hopefully if she has a way, she will send it and we can share it and –

Mr. Lammers said to me it's obvious that they don't -- they can't make the money on design build by itself or they would have put a bid in on it.

Chairman Fee said it's the product. It's their refined cleaning process where they make their money. They will build a plant that uses their specific product to refine it and they will operate it for the term of 20 years, at the end -- or 30 years. The first presentation I think was 20. At the end of 30 years they step off and hand you back the plant. Guess what? It's made for their product. You don't know what -- that might be a very expensive process for the city to keep up going forward so at the very end you might be stuck with a plant that's just not useful to us. Not based on our demographics or the tax base not based on our current rates. I think it's really kind of a –

Mr. Cisneros said Chairman Fee, sorry about that. I just want to mention that we haven't discussed this specifically with the board, but we did select AquaNereda which is the same technology that was proposed from Aqualia.

Chairman Fee said I thought it was a very specific proprietary.

Mr. Cisneros said the AquaNereda technology is proprietary, but that's who we ended up selecting out of four or five options. We did pick them because of the lower cost and the efficiencies of operating the plant.

Chairman Fee said so that might be interchangeable even if Aqualia came in.

Mr. Cisneros said just to compare apples to apples we did select AquaNereda technology.

Chairman Fee said so then that's kind of a plus there for Aqualia in the grand scheme of things, is it not?

Mr. Cisneros said anybody can build -- can buy that technology and get it. I don't think it's specific to Aqualia. I think they're partnered with .....anybody can select that technology and build it.

Chairman Fee said that does beg the question that they're not going to make money off their design build where are they going to make their money?

Mr. Cisneros said I can't answer that.

Chairman Fee said I don't think they even clearly gave us that information the first time we asked for it when we did the workshop. We all scratched our heads and said wait a minute where are you making your money? Are you getting a cost of 10% on top of it? What is it?

Attorney Koblegard said what they gave us as that presentation had some serious holes in it. I can tell you that.

Chairman Fee said it definitely was very bare.

Attorney Koblegard said you go to a third party you lose control. Utility service will take much better care of the customers if they control that plant. The third party is not going to do that.

Chairman Fee said exactly. Think about it, let's suppose Aqualia's overhead goes up. Next thing you know they will tell us to raise rates. We have to raise rates because we have to pay Aqualia. Who will take the fire? The city commission will take the heat on it. Because city commission can't do anything. You can't fire Aqualia for 30 years. You might be able to replace one of us board members, but we can't do anything. We will really going to being a puppet to them. In the grand scheme of things.

Mayor Hudson said if I could. I actually just met with them this afternoon. They did say that they -- that we had chosen the same process that they and -- her point was that they can – they're

experienced with that process and, yes, they would like to do the design build and operate, but she told me that they would be happy to be a part of the project that they didn't have to be the whole project and I said that was not my understanding. I thought that Aqualia wanted to do the whole thing or nothing. That was news to me and also she wanted to -- I asked her I don't understand how you make money. If you're you know -- and she -- because they do this all over the world they have these plants all over the world, that they have economies of scale. I also think that in – and I hit her with what Mr. Koblegard said. You know this is a hometown utility. We don't want to lose control of something that's very precious. Our water and wastewater is our future. We used to only think about electric, but now this is really -- like one of our most important utilities and so whether you believe it or not all of that would have to be put in a contract. We all would have to be assured of a lot of things like you said they can't just turn around and raise rates. I mean all of that -- we would have to be protected. We don't know enough about we don't know enough about -- we only know what they promise and what they say they can do.

What the city commission and I thought wanted last night Javy was to make sure that we explored every avenue because to be able to say what Miss Gibbons said....we've done our research. We've done due diligence. We believe this is the way to go. We picked the right avenue. Whatever avenue that is. I think there's at least two board members that didn't hear the Aqualia presentation last July here and I think that it's easy to say what they're saying is that true or not true, because we don't know. We don't know because we're not in that -- we're not in that phase where you -- you are reducing everything to contract and saying oh no, no, no, I will not promise that. But I think if -- what we have to realize as a board is if we're going to raise rates to move the wastewater treatment plant and we've already raised the electric rates and now we raised the gas rates we have an economic climate out there that's already kind of working against us.

If we will do this the city commission has to be convinced that we've done our due diligence and that's what I got out of last night. I don't know how we do that, but I think Mr. Cisneros, we need more information about what Aqualia can do and what it will cost and what FPUA can do and not just cost, but all the other things. I also asked her about losing control. We -- this -- we want -- we want local people working at this utility. This is what makes us our slogan is, our hometown utility. She says there's only -- everybody keeps their job. A lot of companies promise that, I know that. We've got to have something maybe reduced to writing, maybe that because you've got to convince this board that we've looked at everything and you've got to convince the city commission because there's not going to be buy in especially with the economic climate right now. We really have to have the best way to do it is to make sure that you have a head-to-head with pros and cons I think. Not to avoid it, but to have it out there and say these are the pluses and the minuses.

Mr. Cisneros said yes ma'am. I did have the same understanding from the city commission meeting last night. That's something that actually Mr. Hutchinson and I talked about preparing for both the board and the city commission. So that we can look at all the options we've picked.

I believe we looked at the chart today. You know they mention Path A and Path B. We actually had three paths A, B and C. We were looking at the rest of the alphabet, but again it didn't get that far. We are actually on Plan B and with the option to go different routes so we can definitely prepare that and make that much clearer for you, for the board and the city commission. So that you can see the options that we looked at for both treatment, finance, the whole thing. I think that was loud and clear last night and that's what we're working on preparing.

Mayor Hudson said I think the Aqualia representative wants to meet with this board. Mrs. Gibbons has done it, I've done it. If you didn't hear the presentation and you are inclined to do it I wouldn't shut it out. I wouldn't be afraid of it. I would at least listen to what they have to say. Knowing that you -- there's no guarantee because it's not guaranteed as Mr. Koblegard will tell you until it's reduced to writing and says we'll do this if you do this and we'll do this within such and such a time.

Mr. Cisneros said Mrs. Gibbons I would like to make a quick follow up to your percentages. At the last conversation I had with the financial advisor, we were looking at 3% for municipal bonds. Any potential -- if we go back out to public bid again, we're adding at least eight months on the short end potentially more because we have to open it to all vendors, not just Aqualia or anybody in specific. We have to reopen it back up to everybody else. That time frame obviously would affect the interest rate that we would potentially get from municipal bond and also affect any private lenders and the interest rate that they would be able to get.

Chairman Fee said most definitely would be prejudicial right now.

Mr. Cisneros said it would. The timings good.

Chairman Fee said going with what Mr. Lammers said we put the RFP out and Aqualia did not respond. That was their second opportunity to put something forward. As I recall from the workshop, we did asked them and I think Mr. Hutchinson was there and we agreed to exchange some information about what they are offering and what they would build and we never got anything. All we're getting now is just a person coming up and speaking. We're not getting details. The fact that the time forgetting details is gone for Aqualia from my perspective.

Attorney Koblegard said I think at one point we were seeing something from Aqualia. I may be mistaken. Bo would know much better than I would. I thought we did receive something in writing to review on Aqualia.

Mr. Cisneros asked Bo did we receive something in writing to review from Aqualia? He'll step up to the podium here.

Mr. Hutchinson said thank you yes we did, but as Mr. Koblegard said it was very high level. I don't know if holes is the right word for it, but it was very high level and very preliminary. Not nearly as in depth as we've been since then with our own path.

Attorney Koblegard said didn't' we have trouble when we had some questions about what some of the parts meant or what the intent was there.

Mr. Hutchinson said yeah after the last joint workshop with the city and our board, we invited Aqualia at that time to come and talk to us. They needed some information. We agreed to furnish that for them and this was even after the public records request and we had given them the first round of information as well and then they were just gone. They didn't respond. I invited phone calls. We didn't get anything at that point.

Attorney Koblegard said that's who you are dealing with. I'm telling you right now that's who you're dealing with.

Mr. Lammers said Mr. Chair, I think it's very prudent to say that I think the conversation needs to be reframed. At the commission meeting it was kind of framed as FPUA verses Aqualia and who can do the better job. That's not what it is. FPUA right now we're under contract with a design build firm. It's not our guys that are going out there and designing it. It's not our guys that are going to building it. These are private companies who do this all over the country, all over the world who we've contracted with to do the design build. It's a different paradigm than what Aqualia wants to do which is finance, design, build, operate, and maintain. That would be a whole different request for proposals that we would have to put out and entertain verses what we've put out. With that in mind, I mean, I do have that question to Mr. Hutchinson. Did we ever consider putting out a request for proposal for design build, operate and maintain?

Mr. Hutchinson said oh we absolutely did. We put the entire process together. We outlined the time frame of it and at the time, that we -- that we looked at the options that we had. The one option was to move forward with what is still effectively a P3 is a progressive design build, except we would finance it and potentially operate the plant as well or we would put it out for a P3 solicitation, an RFQ first to get the qualified firms. Then we would narrow it down, this is the private sector. We would narrow down to 3 or 4 firms or however many are qualified, short list them and then start going through the actual proposals. That was brought back to the board as an option. The biggest thing that I was hearing at that particular time was that we were hearing that we want this done as fast as possible. In the amount of time that it would have taken to go through that RFQ, RFP process we're already at 30% design and keep in mind that procurement process that's not -- that's not just something that staff is doing as a roadblock. There are laws, there's CCNA requirements, there's things that require that and the other thing that makes time of the essence here is interest rates are rising. Since we started it's gone up half a percent. So we can do the math on that real quick on $100 million project and you know that's not just the plant. We have the whole conveyance system to build as well that we have to fund. You know you can

do that math pretty quick -- the more we delay on this. It was very prudent of the city commission to put the pressure on us to get this done. Do you want this plant moved as fast as possible? Yes, we do and that's what we've done.

Chairman Fee said and they just don't want to pay the rates that comes with it and who does. What citizen wakes up every morning and says I want to pay higher utility rates. I certainly don't. There's a give and a take here. From the city's perspective, that property at some point in time will be very valuable to the city in the way of tax dollars and the way of programs, and services it can provide for its citizens. I think 20 years from now will we pay citizens increased rates the city would have given back tenfold. I don't think people can see that far down the line, but we need to play the long game here and not look at the monthly impact to our accounts and I know we all live month-to-month. What's our car payment going to be, what's our utility payment going to be. It's going to be something everybody is going to feel at the very beginning, but as the new normal sets in people I think in Ft. Pierce will benefit by what we do. I know that the city commission doesn't like to feel the heat from its citizens about this, but there's no way around it. We can't get something for nothing. I would love for Aqualia to come it and say we will build, design it and you will operate it and guess what it's not going to increase rates or maybe you could pay increase rates five years from now. It doesn't seem -- it's wishful thinking. Never seen a business person or financer look at that and go hey that's a good deal. What I see from Aqualia is a credit card teaser coming in the mail saying hey go with us with the first year and we'll keep your interest rate down to 1%. But don't you know, four years from now it might go up to 8%, but don't worry about that think about what you'll get now. We need to think about what we're getting ten years from now. What our plan is going to be and I feel more comfortable with our people doing the work, our people doing the analysis, they've done a great job with the utility thus far. Why lose confidence now and think about going to a non-US builder. I don't see how we can save the customer the rates not going up. I think we've done a good job keeping them low. If anything I think one of the financers criticized us for not raising the rates as we should of earlier, but we have to catch up and step up. That's just the way I look at it.

Mayor Hudson said the last hurdle for this board is the city commission has to approve the rates.

Mr. Cisneros said yes, ma'am.

Mayor Hudson said they have to be committed to it.

Chairman Fee said they have to be committed to it.

Mayor Hudson said they have to know we investigated every avenue. I mean, we're all saying the same thing.

Chairman Fee said I think we all are, but unfortunately for Aqualia they just didn't take the right action at the right time. I don't think we should consider them. Are we even allowed to consider anybody else at this stage if they did not put in and respond to the RFP?

Mr. Cisneros said so we're under contract with an existing vendor so the answer is no.

Chairman Fee said there you go.

Mr. Cisneros said Mr. Chairman I think you're absolutely right. It's difficult to raise rates for both the board and the city commission, but what I heard yesterday from the city commission is that they are open to the rate increase if we provide them some additional information to provide what I would consider a little bit more clarity on the process that we went through. The steps that we went through, the vendors, the financing, how many options did we consider and we're preparing that. I think that will be helpful for the city commission, because that's what I heard last night.

Chairman Fee said so that's what your understanding was as well. Looking for more of the background detail.

Mayor Hudson said they just want to be convinced that whatever way we go, we investigated other areas and we said this is the best path and that they want to be assured of that. Even then with the economy like it is right now, we just heard earlier. The gas, just what we did -- it's easy to sit here and say they should do it because it's the right thing to do. Being an elected official with everyone screaming at you for something is -- you need to have a really good story to tell them this is why we're doing it.

Chairman Fee said hindsight is 50/50. We should have done this 4 years ago.

Mrs. Gibbons said I'm really glad to hear that you're going to have three options out there for us to look at as well. It's important to know this isn't FPUA verses Aqualia. I feel like we have to have Aqualia on there only because they made their name known now right. Now they -- we all deserve to know what the comparison would be. If we weren't going to go with AquaNereda then what would we be actually going with. So I think that's important for us to know to, I'm glad that you will give us several different avenues. A couple of things that I want to clarify so that we can all know and can be clear on that when we're communicating, the 30% and the 60% design builds I know that we have dates according to those and then percentage of accuracy for what it's going to actually cost us. What are those dates again?

Mr. Hutchinson said the 30% design report the draft has been delivered to us. We are going over it with the consultant on this Thursday actually and we are about two weeks away from having their cost estimate within a 15% accuracy. Now when you move to 60% design, at that point,

we'll have actual material selections we'll have real-time cost on those materials and we'll be able to get that to a guaranteed maximum price at that time.

Mrs. Gibbons asked and when is that around?

Mr. Hutchinson said 60% design? The 60% design will take about to go from 30 to 60, about five months. Let's assume that we are moving towards the 60% design contract. You know, the middle of the year. Probably, let's see, May, maybe June if we are keeping up the pace that we're at right now. We ought to be there by the end of the year. Those are real numbers.

Mrs. Gibbons asked and that will be all inclusive numbers too or is that just the building?

Mr. Hutchinson said that's just the plant. That's what this consultant is doing. Now on a parallel path we are working with another design build contractor. We are negotiating a contract with them to potentially look at the entire conveyance system as well and it would be modelled very similar to this contract where we will have 30-60 and then build. That project, because it will be so diverse, everything from pipeline work to master lift stations, to little lift stations. There's a lot of different work. It's very possible that we will break that up after this first stage. There's a lot of modelling that has to be done. There's a lot that goes into it before we can make that decision. That will follow in a parallel path.

Mr. Lammers said a few final comments. When we get an update on the MWRF there's a few key things that I want to make sure that we get informed on. A, what are the potential legal ramifications if we do break our contract that we currently have? So that we can go kind of backwards and go through the whole design, build, operate, and maintain process. What kind of exposure do we have there? Break out the crystal ball and project what kind of interest rate we will miss out on and what it could potentially be if we have to go through this whole process again. If we do decide okay we want to entertain, design, build, operate and maintain, it's going to take time and if we decide not to choose operate, and maintain and we go design build, anyway which we would have to put out whole new contract and go out again and then again maybe figure out if we will get bonds then; you know if it's up a percent or two, what does that cost to us? Then the last thing is I have no qualms with getting more information from Aqualia. I want the best thing for the customer. I do think, you know if we backtrack on where we are right now there will be a cost to it there's no way around that. Is that cost going to be saved by going with this other route? That's the question.

Chairman Fee said Mr. Koblegard.

Attorney Koblegard said we're on the schedule right now. I remembered one of the meetings we mentioned three important board meetings that you all would be having on the rates and other things and we've got them set and we already scheduled them out on certain dates. There's certain other things that are on schedule to happen along those milestones. I don't know if this

is going to change the whole schedule, because it took a long time to work that out. I'm just not sure what we are looking at. If you want to start looking at other companies or looking at Aqualia to step in this process it's going to throw the whole thing off what we've already work towards.

Mr. Cisneros said Mr. Koblegard that's a good question or a good statement. The May 3rd and May 16th meetings we would have those meetings with the path that we're currently on so that if the rates are approved, if the rate sufficiency recommendations are approved, then we know we will effectively continue down the path we're going. Again, the idea there is to provide as much information to show the board and the city commission that we've evaluated all of the options and that we picked the path that we think is the best forward.

Mr. Hutchinson said if I could add something to that Mr. Cisneros. All of our workshops everything we've gone through you remember from the presentations the many, many workshops that we had. All of that documentation is available. It's about three inches thick in the book. It breaks it down by each one of these sections that we went through. Everything from preliminary process selection to final process selection to the information on the potential financing. That's available some of it is in there. It's a little bit it's not as direct in there. However, we have all the documentation from Dwayne Draper and Julie Santamaria that really looked into that and did the deep dive on the implications of our bonds. It matters how we borrow this money and what we can do as well. We had to bounce it in the very beginning when Mr. Koblegard we had to bounce it off to see what we were able to do. I'm very confident that the forum is challenging at times. We could be up here for three hours going through all this getting everybody's questions, but we've been successful in the past having the individual meetings with a board member or commissioner where we can go through and your specific questions we can dive into those and get those answered. I think that's really going to be a very valuable tool for us. Time is of the essence here as we said interest rates are going up and these dates that Mr. Cisneros mentioned are happening very soon. That's something that has to happen sooner rather than later.

Mr. Cisneros said I think it's important to mention that after May 16th, our projected schedule would be to have a closing on June 9th. We would lock in that rate on June 9th of this year in 45 days or so if the rate sufficiency recommendations are approved on May 16th.

Chairman Fee said that's an expedited timeframe.

Mr. Cisneros said what that means is that you know what that financial number is.

Mr. Lammers asked did I hear that correctly on May 16th the commission will be voting on rates?

Mr. Cisneros said yup May 16th is the rate sufficiency recommendation going to the city commission for approval.

Mrs. Gibbons said and ours is May 2nd did you say?

Mr. Cisneros said May 3rd. Mr. Hutchinson and I will be attending the city commission on May 2nd to provide some of the information we're talking about here today.

Attorney Koblegard said we will be having a public hearing.

Mr. Cisneros said yes sir May 3rd will be our public hearing for the FPUA board. Those dates we outlined in our joint workshop.

Mrs. Gibbons said maybe we, it was given to us and I'm sorry I could have missed it, I've been a little crazy lately, this advisory board that we've got do we have contact information from them? I would love to maybe chat with some of them about how they feel, too.

Mr. Cisneros said yes, ma'am I have the contact information for all advisory board members. I can send that – I can share that with the group, e-mails, phone numbers and names.

Mrs. Gibbons said that's what they are there for; right? So that we can get a good sense of community from their perspective too. It just makes us a wider.....

Mayor Hudson said Mrs. Gibbons my appointee is in the audience. She's listening.

Mrs. Gibbons said all right.

Chairman Fee asked any other questions of Mr. Hutchinson?

Mr. Hutchinson said thank you.

Chairman Fee asked any other comments from the board?

Mrs. Gibbons said I do. I want to go back to gas really quick, I'm sorry. I would love to see some gas -- an idea of how much, what we're paying compared to others you know like a comparison a bill comparison on that. It just doesn't have to be monthly. I would love to see that even if it was quarterly or .....

Mayor Hudson said like what we do with the electric rates you mean. A comparison with the gas rates.

Mrs. Gibbons said I would love to see that.

Mr. Cisneros said yes, ma'am. We can do that.

Chairman Fee asked any other comments?

There being no further business, the meeting was adjourned at 5:49pm.

ATTEST:

SECRETARY

CHAIRMAN