MINUTES OF A REGULAR MEETING OF THE FORT PIERCE UTILITIES AUTHORITY, TUESDAY, MAY, 17, 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; 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 Carol Wilson, FPUA Human Resources.

The Pledge of Allegiance was recited.

The roll was called and a quorum declared.

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

A motion was made by Mrs. Gibbons, seconded by Mr. Lammers, and unanimously carried to approve the Minutes of the Regular Meeting of May 5, 2022.

Chairman Fee said before we move to the consent agenda I know our attorney is absent today. So, I think we need a motion to approve his absence. He is sick. I spoke to him this morning. The Director has also spoken as well. Does anybody care to make the motion?

A motion was made by Mayor Hudson, seconded by Mrs. Gibbons to excuse the absence of Attorney Koblegard.

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

1. RFQu 22-53: Approve Specific Authorization No. JAC-22-66-01 with Jacobs Engineering Group Inc., of Dallas, Texas, in the amount of $89,862.45 to renew the Fort Pierce Utilities Authority (FPUA) Island Water Reclamation Facility (IWRF) operating permit.

Chairman Fee said and now moving on to our favorite part of today's meeting that's the recognition of excellence. I believe we have at least one award.

Mr. Cisneros said yes, sir Mr. Chairman. Good afternoon and FPUAnet was recently awarded a Cornerstone Award for our telecommunication progress. Even though we're in the early stages of deployment we've been recognized as a most notable deployment for fiber to the home. Mr. Jason Mittler will present this item.

Mr. Mittler said good afternoon Mr. Cisneros, Mr. Chair and members of the board. I'm pleased and honored to present to you the Cornerstone Award from Community Broadband. We are one of six service providers in the nation to receive the award. I received it on May 4th in Houston, Texas for our efforts in Lincoln Park. We've had a couple of national articles written in the magazines and some podcasts done and when they looked at that they loved the idea of bridging digital divide in Ft. Pierce and helping to you know restore digital equity to certain areas of Ft. Pierce. Each year a committee of industry leaders, analysists and writers selected by broadband communities votes to bestow this award on usually a half dozen or so providers, developments, or municipality's, communities and companies with outstanding accomplishments the area of delivering telecommunications for the benefit of the end user. Since 2004 the Cornerstone Award have included recognition for the most notable deployments to the fiber of the home in the US and abroad. Just wanted to bring that to you guys today. Any questions?

Chairman Fee said thank you, good job.

Mayor Hudson said I have a question. Did you say the articles were written in trade magazines about the project?

Mr. Mittler said yes Community Broadband Magazine is one magazine that the article was written in. It's about Lincoln Park and so I can forward you those articles.

Mayor Hudson said I was going to say could you share that with us?

Mr. Mittler said and there was another one Municipal Community – or something like that. There's another article written. I think last week Rachel and I just was on the Broadband Bunch. We did a podcast with them and then me and Mr. Cisneros did a podcast with Community Broadband Magazine a few weeks back as well all around the progress that's happening here in Ft. Pierce.

Mayor Hudson said send us the link.

Mr. Mittler said we shall.

Mayor Hudson said great thank you.

Chairman Fee said I doesn't look like we have any old business. We will move to new business.

Mr. Cisneros said sir, Mr. Chairman. The first item this afternoon is a request to approve an amendment for the purchase of 69kv breakers. Eric Meyer, Electric and Gas Supervising Engineer, will present this item.

Mr. Meyer said thank you Mr. Cisneros. Good afternoon Chairman Fee and members of the board. On April 16, 2019 the Board approved bid number 19-10 to replace 12 69kv transmission circuit breakers over a five-year period with ABB now known as Hitachi starting on April 17, 2019 and ending on April 16, 2024 in an amount not to exceed $429,306. On September 16, 2021 staff was notified by the manufacturer that that 69kv breakers under this bid were going to be discontinued and replaced with new line of 69kv breakers. The new line of breakers is very similar to the discontinued type except the new line has a modified control cabinet to provide for easier maintenance in a higher interrupting current capacity rating. Meaning that these new units are capable of providing a more robust performance than their existing counter parts. On February 28, 2022 we were provided a quotation for the new line of breakers in preparation for the annual contract renewal. Also, staff has reviewed the performance of the 69kv breakers already in service with this manufacturer. It reacted positively to the reaction times, ease of maintenance, and general reliability. Staff is recommending the acceptance and approval of the contract amendment with the new line of breakers which includes the name change from ABB to Hitachi. The extension of the contract, April 16, 2027 to allow for remaining five breakers to be purchased one annually over the next five years. The upgraded scope of work with the new breakers specifications and increase of the not to exceed price from $429,306 to $570,917 contingent on receiving the required certificates of insurance. I can take any questions from the board at this time.

Chairman Fee asked any questions from the board members?

Ms. Bennett said I understand that we're actually looking at new breakers and have we looked into asking other companies because from $429,306 to $570,917 that's $141,000. That's a big jump.

Mr. Meyer said yes, that's correct.

Ms. Bennett said that's a big jump and that's a lot.

Mr. Meyer said when we did originally in 2019 it went out to bid and we got some vendors who came back with breaker specifications for us. Specifically, the 69kv rated on the transmission system. The reason that we wanted to amend the contract is because of the volatility of the supply chain right now. The breakers that we are currently using are in good condition. Ease of

maintenance is really good. The reaction times we've seen on them when protecting the circuit have been very good and we recommend moving forward with these ones because they were better than the other ones that we saw on the market at the time. Because of these futures and attributes of them we recommend an extension of them. I will say that we are extending the contract timeline to do one annually because of the price volatility. We're not doing a two or three per year. We want to make sure if the price does increase out of our control that we have the option to actually can this and move forward at some other time.

Ms. Bennett said so how much is one?

Mr. Meyer said one breaker right now is at $64,000.

Chairman Fee asked what's the per unit price increase out of curiosity.

Mr. Meyer said originally, they were at $33,000 - $33,600.

Chairman Fee said they pretty much doubled in price.

Mr. Meyer said yes, sir.

Chairman Fee said so the idea is really to lock in our top end exposure for buying these new units right now.

Mr. Meyers said yes, sir that's correct, yes. Due to the market volatility we've heard that prices have not been guaranteed and they continue to rise at very fast rates.

Chairman Fee said so if there's further price hikes there's nothing that contractually commits us to continue with the purchase orders correct?

Mr. Meyer said that's correct. We'll do one per and we have the option to cancel it after one year. This initial order will be for one breaker and the next year when we renew the contract it will be for one more breaker. If it's determined that the vendor comes back with us with another price increase that we just can't handle or can't afford, then we will terminate the contract, depending on our budget.

Ms. Bennett asked and how is this saving us money overall?

Mr. Meyer said the breakers that we're replacing out in the field are aging and in bad condition right now. A lot of the breakers that we're seeing are just getting leaks. The maintenance on them is becoming tedious now. Some of our substation group has to go out and patch these regularly, putting in gas on some ones that have failed. It's a lot of maintenance and the cost savings will

be that maintenance over time. We expect that these breakers will be able to replace them and be able to be used for at least the industry standard lifetime.

Ms. Bennett asked so how much do you think that we'll be saving?

Mr. Meyer said that -- I don't have a specific dollar value. But I do know that the breakers that we're seeing could go up to about 25 years plus in lifetime. It would be a matter of going above that value there. Which I anticipate being a good cost savings for us. Because with the breakers that we have now, they could fail at any time and we would have to replace it regardless.

Mr. Cisneros said Eric, correct me if I'm wrong, but some of these breakers that you are replacing are 40-plus years old.

Mr. Meyers said yes, sir that's right. We're seeing them possibly it could be a failure at any time.

Mr. Cisneros said so they are beyond the 25-year life expectancy. It's pretty important for us to replace these to make sure we maintain reliability in our electric system.

Mr. Meyer said for example, one of our breakers, like I was mentioning, is leaking and it's becoming an issue for us. The fact that we have to go out and continually provide maintenance on it. I don't know the costs specifically of our crews going out in the middle of the night if it does happen. But the -- I anticipate the cost that replacing it now verses having the maintenance done overtime will provide the utility cost savings.

Chairman Fee asked how many breakers have we replaced since the contract was put in place?

Mr. Meyer said we replaced three. We have two that were currently designing in replacing and there's also two that have been were scheduled to be here on September of 2021, but due to supply chain issues they've been pushed back to June or July of this year for delivery.

Chairman Fee asked we've locked in our cost for those two?

Mr. Meyer said correct. We already procured 7 breakers and we need the remaining five of the contract.

Chairman Fee said so we are going to slow that down to one per year and see if the price normalizes essentially is what I'm hearing.

Mr. Meyers said yes, sir that's correct.

Mayor Hudson said Mr. Chairman, just so I can understand if the contract goes to 2027. Does that contract mean the price stays the same?

Mr. Meyer said that's the hope. But then they may not commit to that and that's why we have the annual renewal. If they do jump to a level that we can't handle, we will be able to terminate the contract.

Mayor Hudson said tomorrow at the Fire Board there's a whole list of things that the fire department is ordering and locking in that they will need in the next five years including fire trucks, brush trucks and the white fleet and the red fleet. Because of supply chain issues and to lock in the prices. Because they expect them to be going up and up and up.

Ms. Bennett said so if they continue to go up you said that we will terminate the contract. We have that option to terminate the contract. Who would we go with then?

Mr. Meyers said at that point we would go back out to bid. See what other prices we could get. Probably, I don't know for future, what we would do in future if that's the case if prices are out of control that badly that we would probably shelf the project and wait for prices to go down. Our hope is that they don't increase out of control like they have been, but it's hard to tell with the current market.

Ms. Bennett said I'm just concerned with okay if they go out of control, and we have to go back out to bid and you say we'll wait. What if something happens? Then what? What will we do?

Mr. Meyers said we would maintain it the best we can. We have a lot of tools with our substation group. We would make sure that the system can get back online as quick as potential. We have a lot of contingency on our system where we would be able to isolate the breaker, work on it to maintain the flow of service in the system.

Mr. Cisneros said and we would also most likely purchase a breaker under emergency procurement which would be much costlier because you know you need it now you pay for it.

Mr. Meyer said if something did happen we could do an emergency procurement. No guarantee what that cost would be. It definitely would be more expensive than buying one through a contract.

Mrs. Gibbons said the last two are about eight months past due. This newest one that we're going to be ordering, what is the time line on that?

Mr. Meyer said they haven't given us a time line. Due to the supply chain constraint issues. I imagine it could be another eight months possibly. Previously when they did give us the order I want to say it was probably about -- had maybe a four-month lead time. They about doubled in lead time if the current trend maintains.

Mrs. Gibbons asked do you feel like we should be looking at other vendors now just because of the time line, or some kind of a contingency plan?

Mr. Meyer said I recommend staying with the vendor. Just because of the ease of maintenance and the general liability of them. Previously when we looked at past breakers we determined these were the best ones available to us. It's possible that we could go back out and get a cheaper breaker, but the breaker may not meet the specifications. And our substation group likes working with these ones and they become familiar with their operation and maintenance and all that.

Mrs. Gibbons said okay.

Chairman Fee asked do we have any more questions? Anyone care to make a motion to approve.

A motion was made by Mayor Hudson, seconded by Mrs. Gibbons, and unanimously carried to approve Bid No.19-10: Approve Amendment 1 to the 69kV Breaker Replacements Contract with Hitachi Energy USA Inc., formerly ABB DE Inc., of Cary, North Carolina, to: (i) update the Contractor's entity name, (ii) extend the contract term through April 16, 2027, (iii) include upgraded scope of work, specifications and pricing, and (iv) increase the not to exceed contract amount by $141,611 from $429,306 to $570,917, contingent on receiving the required Certificate(s) of Insurance.

Mr. Cisneros said the next item this afternoon is an information item for the natural gas rate stabilization fund. Fred Gaddis, Acting Gas Operations Superintendent, 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 April 2022. Staff has rerun the sensitivity analysis which now includes March actuals and preliminary data for April. Natural gas prices have been trending up since the beginning of January. The price over the last few months have averaged about 4.73 a dekatherm. In April, strong demand spurred by colder than normal weather, temperatures built on strong consumption levels driven by higher power burn. Injection of 40bcf per day for the week ending April 22, 2022 stand below the 5-year average of 53bcf per day. Current working gas levels and underground storage stand 21% below year-ago levels and 17% below the five-year average. April curve reflects the increase of the PGA which was approved by the board on April 19, 2022 from negative two cents a ccf to positive 28 cents a ccf effective May 1, 2022. The price of gas has risen over $2 since the beginning of the year. This is the chart from last session that I messed up on. This is the way that it was supposed to look. This will show at 10ccf a person. At the negative $2 it was paying at $29.74 and then $32.14 at the 22 cents and then at the positive 28 cents is showing $32.74.

Mr. Cisneros said and the plus $20.28 is what the board approved.

Mr. Gaddis said this is a bill comparison with City Gas. The unfortunate thing is this is March and April's bill from City Gas. City Gas billed the person for 26ccfs both months. I know that's not the fact which means City Gas is not reading their meter every month. At negative two cents – so for March and April Fort Pierce Utilities was paying $54.76, City Gas customers were paying $60.85. Now with the new 28 cents we're going to be paying $62.56 and as soon as we get the bill for May I will do bill comparison again for next month. But not only that, we've reached out FQU and FQU is going to go around for us and collect some data on other utilities so we can do more of a bill comparison for you. This was for information only. Does anybody have any questions?

Mr. Lammers said Mr. Chair.

Chairman Fee said yes Mr. Lammers.

Mr. Lammers asked is there any, again I know we asked you to break out your crystal ball on the regular basis, but is there any projected time line where we might see another fluctuation or change in price?

Mr. Gaddis said no there's not. Before I did this, the day before I did it it was $9.00 a dekatherm, the day I went and did this is was $7.02 a dekatherm. Today it was $7.66 a dekatherm so.....

Mr. Lammers said lots of volatility.

Mr. Gaddis said a lot right now. It's changing faster than what we can do anything with.

Mrs. Gibbons said glad to hear it went down.

Mr. Gaddis said so are we.

Chairman Fee said so it looks like from these graphs we're going to keep the status quo until at least perhaps September.

Mr. Gaddis said September or October.

Chairman Fee asked any other questions of the Board? Thank you.

Mr. Cisneros said thank you Fred. Mr. Chairman the next item is a status report for the electric power cost adjustment for March of 2022. Michele Harris, Finance Manager, will present this item.

Ms. Harris said thank you Mr. Cisneros, Chairman Fee and board members. I'm here to provide you with the updated information on the status of the March power cost adjustment along with the updated 12-month projections through March of next year.

FPUA's cost of power recovered in part through customer billings. Power cost recovered that are in excess or $79.52 base power cost are accumulated as an over recovery or as we call it the rate stabilization fund. In order to retain sufficient funds to pay for our power cost we like to maintain a PCA reserve between $1 and $5 million dollars with any excess funds would go back to the customer whenever possible. The cost of purchase power from FMPA for the month of March was billed to FPUA at a blended rate of $84.45 for 1000 kilowatt hours. This was a decrease of $9.41 when compared to February. However, we did receive our April bill and our April bill blended rate was $98.00. So even though it went down in March it spiked back up in April. For the month of March, FPUA experienced an over recovery of power cost from the customer of $116,000 which increases the over recovery to $1.7 million.

This chart tracks cumulative monthly balance of the PCA over recovery in relation to the accrued power cost adjustment levels. We can see here the PCA levels back with two years of actuals and projections forward for 12 months through March of '23. The amount of the power cost adjustment is represented by the dark blue line, which for the month of March was $18 per 1000 kilowatt hours. The bars at the top of this chart represent the level of the over recovery. The blue bars are the actual monthly balances. Again, our goal is to maintain above $1 million which allows fluctuation in pricing and having sufficient reserves to pay for the cost of power.

The orange bar shows what the projected over recovery would be if our forecasted numbers are correct. Current forecasts with the recommended adjustments to the PCA through the end of the year will keep our reserves within that rate stabilization fund. These projections have been prepared by Raftelis Financial Consultants and are based on data forecast that have been prepared by FMPA. Since the February forecast, FMPA's estimate of the cost of purchase power for the upcoming 12 months has increased by 10%.

This graph presents a similar comparison of updated projections trending the power cost recovery through March of '23. As mentioned, the rate stabilization fund is set between $1 and $5 million those are the blue bars up top and on the bottom. The gray line maintains the current PCA of $18 through March of next year. The rising projections in the cost of purchase power had moderated the impact of the $18 over time. Keeping it above the zero mark and mainly within the rsf. The green line just provides another scenario for increasing the PCA of $4 in June to $22 maintaining through the summer and lowering it $4 again in October. The PCA level of $18, if maintained will bring and over collection below the rsf until about September providing there's no unusual shifts in projected costs. Staff monitors the power cost adjustment on a continuous basis so that we report monthly and recommend changes only as needed. If you have any questions, I will be glad to address them.

Mr. Cisneros said I would like to add that Jacob Williams from FMPA will be here at our next board meeting to talk about our power costs. He's been making his rounds throughout the state to talk about this specifically because it's pretty important and we'll talk about this. Actually, I'll go ahead and mention it now. We'll be bringing a resolution before the board to sign as a board so we can send it to our legislative representatives in Tallahassee and the White House to specifically address opening up more wells and more pipelines. Because Florida -- well, Florida specifically, is affected the most by the restrictions that we currently have under the administration. Because Florida has -- produces about 75% of our power is from natural gas. Florida is the most affected by these regulatory restrictions that we have in place now. Jacob will come give us an update on that and at the same time we will be asking the board to sign a letter asking the administration to loosen up those restrictions. It's an equilibrium equation. If we're taking less out somewhere else in the world is producing more to meet our demand for the stuff that we want and that we need.

Chairman Fee asked are there any recommendations for adjustment at this time?

Ms. Harris said no we're recommending to maintain it at $18.00.

Ms. Bennett said I have a question. So, you say we're recommending that it stays at $18. I see here a $4 increase in June. You're saying, but in June we're going ask for an increase?

Ms. Harris said was just another scenario. So, this gray line will be -- if we keep it at $18 for now with no -- all the way until March 23rd that gray line is where we'll stay within the rate stabilization fund. We'll only dip down the million dollars about sometime in the summer, but it will creep back up. The green line was just another scenario and option so you can see what that change would do.

Chairman Fee asked any other comments from the Board?

Mayor Hudson said that would be going the opposite of what –

Chairman Fee said our plan is, yes. It's not working out well.

Mayor Hudson said well it was working out and sort of pre –

Mr. Cisneros said if you guys remember last year we were at negative $12 pca for almost a year or a little longer than a year and now we're on the other side of that. It's something we have to very carefully manage as staff and as a board and to understand what that means. I think the recommendation not to make a change – noting making a change today is appropriate.

Mayor Hudson said I don't think we should make a change.

Mrs. Gibbons said I don't either.

Mayor Hudson said or that change.

Chairman Fee said now to raise the pca and raise rates all in the summer months. I don't know if we will make it out of this chamber. All right. Thank you.

Mr. Cisneros said Michele will actually present the next item as well Mr. Chairman.

Chairman Fee said I'm sorry Mr. Lammers did you have a follow up question?

Mr. Lammer said I did. So, what happens if we allow the rate stabilization fund to go negative? Are we allowed to do that?

Ms. Harris said we have set those limits internally. It's just financially sound to not go below a million. Because we have seen where all of a sudden within a month it can get deep down even further. If we're not recovering that, then we're dipping into our unrestricted cash. We try to protect that as much as possible.

Mr. Cisneros said we have to maintain that. That's pretty important for us. Our bond council is here today. He might hit on that specifically. We have some resolutions here for these new bonds that we have. It's pretty important for us to protect that.

Mr. Lammers said because immediately I noticed the same thing that the rest of the board did which is we were really banking on the fact that we would be able to lower the PCA during the summer months and provide that type of relief. The charts don't appear that we're going to have that option unless we consider doing other things that we haven't previously done. I was excited to be able to recommend that we reduce the PCA significantly to coincide with the rate hikes that just got approved.

Mr. Cisneros said and I think what you are talking about is exactly what we all expected. A lot of these regulatory restrictions that we're talking about have come -- we have one on Friday. We had one a couple of weeks ago. All of this is relatively, six to eight weeks fresh.

Mr. Lammers said with that being said when Mr. Meyer was up giving his presentation, everything in me was saying, you know, we need to try to purchase as many breakers as we can now because none of the economists are saying that prices are going to go down. If anything, most are people are saying they will continue to climb. But I didn't, because we just raised rates because we have so many other things going on. If we have to put off projects like that, then that's what we will have to do.

Mr. Cisneros said that's right.

Ms. Harris said maybe a good way to look at it is even though we're maintaining $18 and we didn't get to decrease, maybe we wouldn't have to increase $4 or $5 more because of what was happening with the economy. So, us maintaining is a good thing because maybe if we dropped it, you know, a month or two ago we would have to spike it back up again. We're just not having to increase, which is maybe the way to think about it.

Mr. Lammers said and I think that's fantastic advice. However –

Chairman Fee said we didn't hit our goal.

Mrs. Gibbons said we may have hit our goal. It's out of our hands.

Mayor Hudson said its factors beyond our control and I remember when we embarked on this, that's one of the things we said is what if things change and we can't lower it in the summer to do and then I remembered the author of that philosophy, said, well you would have had to do a whole lot worse. It could have been a whole lot worse. That doesn't help.

Mrs. Gibbons said I'm noticing that we are creeping down on the comparisons is very telling as well. They are all feeling it. I have a feeling next month's bill comparison will probably be closer to the middle like we usually are.

Ms. Harris said hoping so.

Mr. Cisneros said a take away from this conversation is that that resolution that we have to propose to the board for signature in support of removing some of those restrictions is pretty important. You know, we look to you for signing that letter as a board so we can send it off to Tallahassee and the White House. Because Jacob is working with all the cities to do that and it's important for us to show some unity there about what that means for us as utility specifically in Florida. As I mentioned, 75% of our electric comes from natural gas production.

Mr. Lammers said one question I had in response to that statement; is that I know that many utilities and FMPA has been one of those groups have been installing solar farms. Do you have an idea of the percentage of solar production in Florida?

Mr. Cisneros said it has dropped off because some of the restrictions for production of those solar panels. We actually have meeting scheduled for the 24th with FMPA to discuss the next phase. Currently, I believe we're at 2 megawatts of the first phase of the solar project that we have and we're not sure what's going to happen with the next few phases because of cost or even the ability to get those solar panels produced. Because most of that stuff comes from the Middle East -- from Asia.

Mr. Lammers asked you don't have an idea on the percentage of production in Florida?

Mr. Cisneros said I do not right now. I will after the 24th. I will get an update this Thursday, because the FMPA board meeting is this Thursday and I know it's an agenda item. I will follow up with that.

Chairman Fee asked Miss Gibbons, do you have a question?

Mrs. Gibbons said I recall we had one of the cleanest burning electric power generation. A top 20, I believe in the country and I wonder if there's some kind of governmental support for that. I feel like that's a pretty big deal that, you know, we're watching what we're doing for the environment and yet it's now it's turning around and biting us for it. We can't control the cost because of this. I almost feel like there' maybe some kind of subsidy or something that they could offer us.

Mr. Cisneros said I'm not familiar with that. I will discuss that with Jacob Williams. I can tell you that one of the things he and I talked about were these power plants like the Treasure Coast Energy Center will try to extend the time between there outages. They are highly efficient. Every day that a power plant of that capacity is off-line costs a lot of money to us. So we're going – the idea there is to run these power plants that we have in our fleet for a longer period of time between outages. Because they have done a very good job to maintain those power plants which allows us to do that to help reduce cost. When they're offline we have to buy it from somewhere.

Mrs. Gibbons said right.

Mr. Cisneros said I know that didn't specifically answer your question. They are looking at ways operationally to help reduce costs.

Chairman Fee asked any other comments? Alright next presentation.

Mr. Cisneros said okay Michele will be making a presentation on the March 2020 quarterly financial report operating results.

Ms. Harris said good afternoon again Mr. Cisneros, Chairman and board members. I will present to you today the financial operating results through March of '22. Some of the highlights for the six months to date are as follows. Our year-to-date operating income is almost $4 million which is about $600,000 less than the same month six months last year and this is primarily due to purchases for resale. While operating revenues increased about $6.1 million our operating expenses also increased $6.7 and again that's primarily due to purchases for resale. After the adjustment for the distribution to the city our March year-to-date increased that position is about $1.5 million. Operating days of cash remains healthy.

Electric operating revenues less power cost is up from last year by 1% and an overall 3% for the two years. Consumption was greater by 2% over the two years as well. The cost of our purchase power has increase over $4.8 million on average about 17% when compared to the same six months last year.

Water operating revenues of $9.8 million are up 2% from last year and combined 8% over the two years. Consumption is actually slightly lower this year about 1%, but overall 5% increase over the two years.

Our wastewater operating revenues of $7.1 million were up slightly about 2% from last year while experiencing a decline in gallons billed of 3%. That's mainly from St. Lucie County bulk. The combined two-year increase in wastewater operating revenues was up about $500,000 which is about 8%.

Natural gas operating revenues less gas cost continues a steady climb for the last two years since 2020. Revenues net of gas costs were up 3% over last year and a combined 7% for the two years. Consumption for the two-year totals are also up about 8%. Our gas contract sales have increased about 15% and this would include a new contract customer that was established towards the end of last fiscal year. The cost of gas has increased over $600,000 from last year. That's about a 26% increase.

Our debt service coverage is the ratio of the 12 months average of net available income to our current debt service. For the 12 months ending March of '22 our current ratio is at 3.54. Again, we have to maintain 1.25 times for our bond covenants.

I know that was kind of quick, this is for information only, but I'll be glad to address any questions that you have.

Chairman Fee asked any questions of the board? Thank you.

Mr. Cisneros said Michele will actually present the next item as well. It's the Michele show today. She's going to present the March 2020 bill comparison.

Ms. Harris said thank you again. I'm presenting to you the monthly update of the Florida Municipal electric rates published by FMEA and the local Treasure Coast utilities bills for the month of March.

The first graph shows the comparison of residential electric rates for 1,000 kilowatt hours of consumption for the 13 municipal utilities that are members of the All Requirements Project. They're displayed and rank based upon their base bill amount. Our March rates remain at

$134.84 and it's shown with the yellow bar and we remain in the same position in this comparison as last month.

This graph displays the comparison, but for the same level of consumption and includes all the municipal utilities in the state. Our March bill at $134.84 ranks us at the higher end of most of the utilities, but we actually shifted one spot to the left. While we maintained our rates for another month eight of the other 31 municipals also implemented rate increases. I know last month Miss Gibbons wanted to know what was going on with Barto, but you can tell they kind of had a swing again this month. I think they increased by $20 so they are actually a little bit higher than us now. They dipped down last month, but they increased this month. The overall impact of these rate adjustments resulted in a minimum increase for the ARP average and for the municipal average.

This graph presents a similar comparison, but for 2500 kilowatt hours. Our March bill at $339.80 brings us far to the right as this group, but we also shifted one place to the left on this graph as well. Our rates for 1000 and 2500 kilowatt hours are a little bit higher than the municipal and the ARP average, but we're below the averages for the investor owned utilities.

The table displayed is the March comparison of the average residential utility bill on the Treasure Coast. FPUA's utility bill for all three services provide are inside city limits and shown in the first column in blue. All other bills in this table have electric services by FP&L and water and wastewater services by the locality's provider. The blue column represents FPUA's utility bill using the standard consumption of 1,000 kilowatt hours for electric and 6,000 gallons for water.

The smaller table down at the bottom represents the actual average for the reporting month for residents inside city. During the month of March, the average residential consumption for electric was 700 kilowatt hours and water and wastewater was -- went to 5,000 gallons. There have been no rate changes to the March bill since the February comparison was presented. If you have any questions, it would be glad to address them.

Chairman Fee asked any questions of the Board? No questions. Thank you.

Chairman Fee said now I believe we are moving on to resolutions.

Mr. Cisneros said yes, sir. We have three resolutions to adopt. The 2022 bond resolutions. So last night at the city commission the rates were approved for adjustments to electric, gas, water and wastewater systems so that we could borrow funding system expansion projects and for the construction of a new wastewater plant. The first resolution UA 2022-10 is a master bond resolution. The second resolution is UA 2022-11 an authorizing resolution and the third one is supplemental resolution UA 2022-12. Mr. Duane Draper, our bond and disclosure counsel with Bryant, Miller, & Olive is here to help to co-present this item and answer any questions.

Mr. Draper said great, good afternoon. Again, my name is Duane Draper and I'm at the law firm of Bryant, Miller & Olive. We've been privileged to represent the authority on its bond issues for many, many years. I do the bond council work for the firm. With me today is my colleague Alicia Smith. She does the disclosure counsel work for the authority. Before you are these three resolutions that Javy referenced. They collectively authorize the issuance of not to exceed $160 million dollars in aggregate principle amount of the authority's utility refunding and revenue bonds series 2022-A for the purpose of refunding the outstanding series 2009 bonds for debt service savings and then financing a capital improvement to the system other than telecom. Series B which is part of that aggregate not to exceed $160 million would finance the telecom improvements.

It's important that the resolutions be adopted in this order you will first be vote on amended and restated bond resolution UA 2022-10. Modernizes the bond covenants to provide additional flexibility for the authority in terms of codifying the telecom efforts into the capital S system within the bond covenant providing more flexible rate covenant and additional bond tests providing an ability to avoid reserve funding if cost effective. Amongst other enhancements due to the fine work of staff and the authority's financial advisor, Amback who's the credit facility provider in 1999 last week granted consent to those amendments. The next resolution you will be voting on authorizing UA 2022-11 which defines the projects and appoints the underwriters led by Raymond James with PNC being the co-manager. Finally, you will vote on resolution UA 2022-12 which set forth other details including delegation, parameters, would call for the conditional redemption of the 2009 bonds, provides the form of the bonds, the points, the paying agent and registrar and authorizes the ability to do bond insurance if cost effective. We also have a certificate as to public meetings and no conflicts of interest to be executed by each voting board member today which I can pass down the dais. I will give it to Jill. This is just one original and all board members would sign above it on it above their name.

This completes my brief presentation and certainly would be happy to answer any questions that you all may have.

Chairman Fee asked any questions of the board?

Mrs. Gibbons asked what's the current lending rate? Do we have –

Mr. Cisneros said the current lending rate I believe was -- all in rate was around 4.1. Is that right?

Mr. Draper said 4.3% that includes all the costs.

Mayor Hudson said repeat that please.

Mr. Cisneros said 4.3% is the all-in rate. It covers of everybody involved in the closing.

Ms. Bennett said I'm sorry you say and the closing?

Mr. Cisneros said yes, it includes all of the cost. So, the 4.3%, excuse me 4.3 includes all of the cost.

Chairman Fee said it says not to exceed $160 million. That's $100 for the plant and –

Mr. Cisneros said $27 for the system expansion, FPUAnet and some closing costs. We obviously want to go a little higher. We didn't want to make that number tight to the actual number we're borrowing because it will depend on interest.

Ms. Bennett said I'm sorry. I didn't get that. You said $100 -- you say you don't want to go over $160 million, but what was the actual number?

Mr. Cisneros said $127 is what we're borrowing approximately.

Mr. Draper said so that will be you have the new project costs and then also in that number the not to exceed $160 million would be the cost of refunding the 2009 bonds for debt service savings. That's a ceiling. It won't exceed $160 million, but it will be whatever it is, but it should be less.

Mr. Cisneros said the 2009 bonds we're refinancing to lower interest rates so we can save on interest. We have $100 million for the wastewater plant, $27 for system expansion, I don't remember the – the rest we're refunding.

Mayor Hudson said so this is where we've been heading all along.

Mr. Cisneros said yes, ma'am. This is what for anybody who is watching or listening. This is what we've been preparing for and leading for all the presentations that have been made to this board, presentations made to the city commission. You reviewed the obviously wouldn't be submitting these resolutions unless you were comfortable with them and have they been reviewed by our Attorney?

Mr. Cisneros said they have. Mr. Koblegard did review and sign them. He's not present today, but we actually did get a chance to have him sign them; yes.

Chairman Fee asked any other questions of the board?

Mr. Lammers said you said the all-in rate is 4.3%. When we first started talking about receiving a bond for this work, we were looking at a rate in the 3's. I don't know how much of that all-in is -- cost and things like that.

Mr. Cisneros said Julie is not here today, but I believe were around 3.3. Four weeks ago, we were around 3.3 with the all-in rate being around the 3.75. Here we are four weeks later and it's a little higher.

Mr. Draper said this is Duane Draper again of Bryant, Miller & Olive. I think rates have been generally going against us, but from a perspective standpoint and I've been doing this for 27 years as the bond attorney and prior to that, in another capacity. These are still very historically low rates in general. They are just they are going and so we're time of the essence we're moving forward as fast as possible to access the market and the parameter, the delegation parameters, the upside is not to exceed 4.50%s under any circumstance, but right now you've got some room and hopefully things will stay stable or get better. It could get worse. Who knows between now and then they can't get worse than 4.5% under the delegation parameters today without coming back to the authority board.

Mr. Lammers said like you are saying, comparatively, great rate. Not as good as we hoped for when we first started talking, but probably better than it's going to be if we wait.

Mr. Draper said I can't predict the future. I'm not a financial person. I would say to you they've been going the wrong direction, but still in the context of the last 30 years, they are still very historically low rates.

Mayor Hudson said they would have been lower a year ago.

Mr. Cisneros said they were definitely lower a year ago.

Chairman Fee said put salt in my eyes and mention that.

Mr. Draper said and probably higher two years ago.

Mrs. Gibbons said Mr. Cisneros, if I remember correctly, on all of our presentations, I believe that we were going based off of 4.5% just so it was a worst-case scenario. Is that correct?

Mr. Cisneros said I believe the percentage that Mr. Hamilton used, our rate consultant, was 4.3. I asked him yesterday. I believe the number he was using was 4.3 – 4.2.

Mrs. Gibbons said we'll be locking in these rates, if I remember correctly –

Mr. Cisneros said 23rd or 24th. Trying to move as quickly as we can to lock it in.

Ms. Bennett asked and will they be the same?

Mr. Cisneros said whatever the rate is on that date we're hoping it will be.

Mr. Draper said yeah, you're at risk between now and –

Chairman Fee asked what can be done to accelerate our lock-in?

Mr. Cisneros said we asked that. They have to market the bonds. There's a whole process that has to be done between today and –

Mr. Draper said it's on full expedition mode. We're getting it to the market as fast as possible. Obviously, we can't do anything till today's presumed approval and to the extent we have approval today everything else is going to be at a sprint.

Mrs. Gibbons said so it's like a pre-closing almost.

Mr. Draper said it's the preliminary official statement which is the book that the bonds get market and pursuant to. It's like a disclosure document. That should be published later in the week. The underwriting firm he's with us today. They will market the bonds to try to generate all the interest and then the bonds will be priced and the bond purchase agreement will be signed. That's when the rates are concrete. That's, 7 to 10-day process from this moment and because today is the day it gets unlocked.

Mr. Cisneros said but we have Julie, we have Duane. We everybody involved is you know they are ready to make it happen as quickly as possible.

Chairman Fee said alright let's read the first resolution.

Mr. Draper said that's resolution number UA 2022- do you want to read the title?

Mr. Cisneros said Jill can help us with that.

Ms. Sabota said Resolution No. UA 2022-10 a resolution amending and restating in its entirety a Resolution No. UA 85-29, as amended, providing for the rights of the holders of bonds issued hereunder; and providing an effective date.

A motion was made by Mrs. Gibbons, seconded by Mayor Hudson, and unanimously carried to Adopt UA Resolution 2022-10, a resolution amending and restating the Master Bond Resolution, 85-29.

Chairman Fee said please read the next resolution.

Ms. Sabota said Resolution No. UA 2022-11 a resolution of the Fort Pierce Utilities Authority of the City of Fort Pierce, Florida, supplementing an amended and restated resolution adopted on

even date herewith; authorizing the issuance of not to exceed $160,000,000 in an aggregate principal amount of (i) Fort Pierce Utilities Authority of the City of Fort Pierce, Florida utilities refunding and revenue bonds, series 2022a for the purpose of refunding of all of its outstanding utilities refunding revenue bonds, series 2009, financing and/or reimbursing the costs of all or a portion of the acquisition, construction, repairs, replacements, improvements, additions and extensions of various capital improvement projects to its utility system, and paying the costs of issuance of such bonds and (ii) Fort Pierce Utilities Authority of the City of Fort Pierce, Florida utilities revenue bonds, series 2022b for the purpose of financing and/or reimbursing the costs of all or a portion of the acquisition, construction, repairs, replacements, improvements, additions and extensions of various capital improvement projects to its utility system, including without limitation improvements to the authority's broadband and other communications services systems and paying the costs of issuance of such bonds; providing for the rights, security, and remedies of the owners of such bonds; delegating the authority to determine the fiscal details of such bonds and to award such bonds subject to satisfaction of certain conditions; authorizing the taking of all necessary action in connection with the issuance and delivery of such bonds; and providing an effective date.

A motion was made by Mr. Lammers, seconded by Ms. Bennett, and unanimously carried to Adopt UA Resolution 2022-11, authorizing the issuance of not to exceed $160,000,000 in an aggregate principal amount, the Series 2022A and 2022B Utilities Refunding and Revenue Bonds.

Chairman Fee said please read the last resolution.

Ms. Sabota said Resolution No. UA 2022-12 a Resolution of the Fort Pierce Utilities Authority of the City of Fort Pierce, Florida, supplementing an amended and restated resolution adopted on even date herewith; authorizing the issuance of not to exceed $160,000,000 in an aggregate principal amount of (i) Fort Pierce Utilities Authority of the City of Fort Pierce, Florida utilities refunding and revenue bonds, series 2022a for the purpose of refunding of all of its outstanding utilities refunding revenue bonds, series 2009, financing and/or reimbursing the costs of all or a portion of the acquisition, construction, repairs, replacements, improvements, additions and extensions of various capital improvement projects to its utility system, and paying the costs of issuance of such bonds and {ii) Fort Pierce Utilities Authority of the City of Fort Pierce, Florida utilities revenue bonds, series 2022b for the purpose of financing and/or reimbursing the costs of all or a portion of the acquisition, construction, repairs, replacements, improvements, additions and extensions of various capital improvement projects to its utility system, including without limitation improvements to the authority's broadband and other communications services systems and paying the costs of issuance of such bonds; authorizing the options to insure all, a portion, or none of the bonds, based on the advice of the financial advisor; providing for the rights, security, and remedies of the owners of such bonds; delegating the authority to determine the fiscal details of such bonds and to award such bonds subject to satisfaction of certain conditions; appointing a bond registrar and paying agent; approving the forms and authorizing

the execution of various documents and the taking of all necessary action in connection with the issuance and delivery of such bonds; and providing an effective date.

A motion was made by Ms. Bennett, seconded by Mayor Hudson, and unanimously carried to Adopt UA Resolution 2022-12, providing for supplemental exhibits as they relate to the issuance of not to exceed $160,000,000 in an aggregate principal amount, the Series 2022A and 2022B Utilities Refunding and Revenue Bonds.

Mr. Cisneros said thank you Mr. Draper, thank you very much.

Chairman Fee said thank you, Director's Report.

Mr. Cisneros said yes, sir. Couple of items here. The Utility Advisory Committee met on May 5th. In my opinion, it was a great afternoon. The feedback was very positive. It's often that we meet with people and they don't understand the entire magnitude of what FPUA does and what we are. After that meeting, in my opinion they were all very impressed as you probably all have been in the past when you do a tour. Their first official meeting will be June 8th in these chambers at 4:30 so we look forward to that. Typically, during the month of May or early June staff will host a separate budget workshop, but this year has been a little bit different than most years. Obviously, with the discussion for the rate adjustments. After discussion with Mr. Chairman, we are recommending not to host a separate budget workshop meeting, but instead bring it before this board during a regular meeting and you would be approving the 2023 budget year and five-year capital plan. We are happy to host a separate meeting if the Board so desires. You can let me know how you feel about that.

Weatherization Education Outreach Program (WEOP) was a hot topic at our community events and at the city commission over the last month or so. So, we are going to look at revamping that program and I'm pretty encouraged by some of the recommendations that we have that Mr. Retherford has put together and the team. I think they will be very creative and very aggressive to help our customers. We'll learn more about that in the next couple of months as we revamp that program. We will make sure it comes to the board and city commission for discussion and feedback.

Last is I understand and I know the board understands that staff understands what we have accomplished tonight and it's pretty -- we are making history. We're pretty excited about it. I want to let you know that staff is ready and we're going to work really hard to make it happen.

That's all I have for you Mr. Chairman.

Mr. Chairman asked any comments from the board?

Mayor Hudson said I have a couple of questions. Mr. Retherford had asked about and we approved like emergency purchasing. Has any of that happened yet? I know he's not here, but –

Mr. Cisneros said no. Not yet. We haven't had to exercise that. That's actually a good point. I did mention -- I did intend to mention that today. No, we have not. We haven't had to exercise that.

Mayor Hudson said the FMEA meeting is that something that you are going to sign people up for or –

Mr. Cisneros said oh thank you for that reminder. I failed to write it down. The FMEA Annual Conference is July 12th through the 14th. We have already reserved the hotel rooms for the board members, the Directors a couple of commissioners I reach out about attending that meeting. So, we've reserved some rooms for those. We do need you to confirm that you will be attending so we can pay for your registration. That's a conference that I think is really important. Especially during this time because that conference is an electric municipal conference. You get to learn a lot about what's happening in the industry, what are the other cities doing to help keep costs low and I know the Mayor attended in the past and I know Mr. Lammers has attended in the past.
If you haven't, it's a very, very good conference to go to. Just need to confirm that you will be going, because we will get Jill to register you for the conference.

Mayor Hudson said it's been a while since I've attended. I intend to this time because I'm able to -- usually I have a meeting scheduled opposite of that. I will not have that this time. Can you tell me, do we know what the schedule is?

Mr. Cisneros said we can get that to you. I think there's a schedule. We can make sure we get it to you.

Mrs. Gibbons asked it's in Palm Beach this year, right?

Mr. Cisneros said it's in Palm Beach this year so it's close to home; right. They do have events that run late and it includes dinner. That's why we have hotel reservations to make sure that you can -- it's comfortable and you also have stuff that starts pretty early in the morning.

Chairman Fee asked any other comments from the board?

Mrs. Gibbons said the list of the Advisory Board Members, I don't think that we got that yet.

Mr. Cisneros said I will make sure to get that to you. I have it. We did have a resolution that identified who they were, but we'll make sure that we follow up. We did have –

Mayor Hudson said and their contact information.

Mr. Cisneros said we did have I want to say I think two members have resigned. One of them did go on the tour. But unfortunately, he had to resign so the person who appointed them will be picking a new person.

Mrs. Gibbons said okay and then we had spoken briefly and I feel bad that Koby is not here to be part of this too, but we had talked about -- mainly because this is such a large event that we're going to be moving the water treatment plant, securing a large firm of legal that is very familiar with these types of contracts to help protect us. And make sure that if there's insurance with price increases or anything that we're secured and that we don't see any kind of, you know, that we've missed something in a contract or anything like. I didn't know if the board members had, had that discussion. We obviously can't talk about it any other place. I got to bring it up at some point.

Mr. Cisneros said that's a very good conversation. Yes, we are making sure that we have all the resources to protect FPUA. You're absolutely right. We can give you more details when we more of those become available.

Ms. Bennett said so we haven't secured anyone yet?

Mr. Cisneros said we do have a firm. We will likely engage that same firm to help us with this process as well and we discussed it with Mr. Koblegard. We understand it's pretty important for us to dot our i's and cross the "t"'s.

Ms. Bennett asked so when will we find out who the firm is?

Mr. Cisneros said I will make sure to give you an update at the next board meeting. If not, before the next board meeting I will let you know. Because it will have to come to the board for approval.

Chairman Fee asked Mr. Lammers any comments?

Mr. Lammers said I do. So, I just want to say that I had both the displeasure and the pleasure of attending the city commission meeting last night and I say displeasure, because we've asked our community for a sacrificial investment into the future of this community. I don't find any pleasure in that. However, that being said the pleasure I did find was how well staff represented FPUA last night. They worked together as a team.
They were firing on all cylinders. You could tell everyone was on the same page. Everybody was well informed, well versed and prepared. I just wanted to publicly express my gratitude that you represented the organization well.

Mr. Cisneros said thank you, I appreciate that. Team effort for sure.

Chairman Fee said I was very pleased with the presentation that you put on and the leadership of FPUA. I watched it online a little bit last night and the beginning of it this morning. Because when I got home I turned it right on just to see the vote. To see how it goes. Good. We were moving in the right direction. Are there any other comments from the board members?

Mayor Hudson said I just want to say this is really a big day and a big -- feel like I'm buying my first house. For the next 30 years you have to pay for it right.

Mrs. Gibbons said I feel like we're paving the future here. This is a big deal. This is -- there's not a single person here that hasn't seen that plant over there on the island and in five or ten years from now it's not going to be there anymore. This is a really exciting time.

Mr. Cisneros said I think 25 years from now people will look back and realize what this board accomplished, 50 years from now it will even mean more. Our goal is to expand the water/wastewater system to grow the city and build this plant. Grow our fiber system and our gas system. This is big. This is big.

Mayor Hudson said I just think we need to have our public information officer or whatever, PR, we need to be having that up to speed and moving along with this project because it is a big deal and there's a benefit. We're now worried about the cost. There's a huge benefit to the City of Ft. Pierce, to land owner, to the rate payer, I mean, this is a -- this is going to be a beneficial thing. So, I think that our PR ought to be gearing up for that.

Mr. Cisneros said we're working on a plan.

Mayor Hudson said making sure our story gets out is there.

Mr. Cisneros said we're working on a plan to make that a big change in that group. To especially for the wastewater plant.

Mayor Hudson said we're used to FPUA is used to kinda going along and doing its job and not you know, having a lot of interaction with the public. Because we -- everybody just expects the water to come on and the lights to come on. The only time they pay attention to us is when they don't. This is a big deal that we need to tell our story.

Mr. Cisneros said I think we have a very dynamic group right now that can make that happen. I think we're moving in right direction for that for sure. I agree with you. This is a big deal.

Ms. Bennett said I also think that we need to have more of those public meetings that we had before and one suggestion that was given to me on today is to have those door knob -- door hangar advertisements. When you put something on someone's door, they pretty much want to know why is it there and what it is and who put -- who has put there. That's something that we

need to do -- I mean, we need more hands to lighten the load. We can do that and do those door advertisements.

Mr. Cisneros said I agree. The low-pressure system I believe they did door hangers when we did that project, the name escapes me at the moment, but the door hangers were very successful in trying to get people connected. I agree with you.

Mayor Hudson said that's the last resort. We call them and they couldn't get –

Mr. Cisneros said and we will have more town hall meetings. I'm specifically excited about revamping the WEOP Program and having a town hall meeting specifically for that. Because that can make -- that could be pretty impactful for our customers especially those who need that little bit of help the hand up to make some improvements in their home. To help offset some of the utility costs.

Mrs. Bennett asked and will we be advertising that to district one?

Mr. Cisneros said yes, the entire city and we'll present it here, we'll present at city commission and we'll hold town hall meetings. The Means Court facility was fantastic for our Town Hall Meetings. We're excited about going back to the incubate center and hosting more Town Hall Meetings there. It's was a great event; a great facility and the staff were fantastic. Loved working with the staff. We will make sure to do events there as much as we can.

Mayor Hudson said I would like -- Mr. Chairman, I would like the mainland -- the memorandum that you sent about the design. You sent it also to the City Commissioners.

Mr. Cisneros said yes, ma'am, I did.

Mayor Hudson said I appreciate that and I think that's another audience that we ought to keep -- be mindful of keeping informed about our progress.

Mr. Cisneros said we will. We will. Absolutely. I didn't get you at 30% design Mrs. Gibbons. You're the only one who didn't get one so I'll make sure to get it to you tomorrow. Everybody else got one.

Mayor Hudson said it's a lot of reading. How does your weekend look?

Chairman Fee said there being no further business, the meeting was adjourned at 5:11pm.

ATTEST:

SECRETARY

CHAIRMAN