MINUTES OF A REGULAR MEETING OF THE FORT PIERCE UTILITIES AUTHORITY, TUESDAY, AUGUST 16, 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; and Craig Crawford, Acting Director of Electric & Gas Systems.

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

Opening Prayer was by Jason Mittler, Manager of FPUAnet.

The Pledge of Allegiance was recited.

The roll was called and a quorum declared.

ITEM A: SET THE AGENDA

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

ITEM B: APPROVAL OF MINUTES

A motion was made by Mayor Hudson, seconded by Ms. Bennett, and unanimously carried to approve the Minutes of the Regular Meeting of August 2, 2022.

ITEM C: COMMENTS FROM THE PUBLIC

Ms. Amy Smith – Concerned with rates.
Mr. Mario Victorez Wilcox – Concerned with rates.
Mr. Rick Reed – Concerned with rates.

ITEM D: CONSENT AGENDA

1. POA 22-56: Continue with the agreement with Nelson Mullins Riley & Scarborough LLP, of Columbia, South Carolina, in an amount not to exceed $100,000.00 annually, for Legal Services related to procurement and construction matters, which started on March 15, 2022, until terminated by either party.

2. Approve budget transfer of $10,000 to the Blue Sky Landing Apartments project for completion of electric infrastructure installation. The funds for this transfer are available in Project 594. This budget transfer will bring the project total to $57,550.
3. Approve the Engagement Letter with Erin L. Deady, P.A., of Delray Beach, Florida, in an amount not to exceed $28,875.00, for Legal Services for the creation of an Appendix to the St. Lucie County Vulnerability Assessment (VA) that targets the Island Water Reclamation Facility (IWRF) and other critical assets. The initial term of this agreement will be upon written notice to proceed and end upon final completion and acceptance by FPUA, contingent on receiving the required Certificate(s) of Insurance.
4. Approve Danny Retherford the Director of Utility Support Services to sign a License Agreement with Cost Quest Associates, Inc. of Cincinnati Ohio for the purpose of obtaining required data to certify the Broadband Data Collection Form to the FCC.

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

ITEM E: RECOGNITION OF EXCELLENCE

ITEM F: OLD BUSINESS

ITEM G: NEW BUSINESS

1. POA No. 22-45: Approve 1) Single source purchase of 15kV Circuit Breakers from ABB DE Inc., of Cary, North Carolina, in an amount not to exceed $201,642; and 2) additional funding in an amount not to exceed $200,000 annually for inventory purchases, for a total of $401,642 for the period of August 17, 2022 thru August 16, 2023.

A motion was made by Mayor Hudson, seconded by Mr. Lammers, and unanimously carried to approve the POA No. 22-45.

2. Power Cost Adjustment July 2022 – For Information Only

A motion was made by Ms. Bennett, seconded by Mayor Hudson, to approve a decrease adjustment to the PCA in the amount of $10.00 per 1,000 kWh, from $29.00 to $19.00 per 1,000 kWh, effective September 1, 2022.

ITEM H: AWARD OF BID

ITEM I: RESOLUTIONS

ITEM J: DIRECTOR

I would like to follow up on some individual conversations that I had with each of the board members. FPUA did suspend disconnects effective August 4th. Any customer disconnected between the 1st and the 4th was reconnected immediately. Additionally, we are waiving all late fees and penalty fees from August 1st until further notice. I would like to get feedback from the board today. The action to suspend disconnects is not an action that can be taken lightly. We have rules in place both at the board level and within our bond covenant.

I would like to hit on the reason why we suspended disconnects for the month of August. I got two specific items I would like to discuss related to that. Number one for the month of August it was important to provide more time for our customers to get financial assistance because of the higher power cost adjustment that was reflected on the electric bill. For qualified customers the time was essential to get the assistance for $50,000 administered by Mustard Seed. Also, just as important in providing time for those customers who did not qualify for financial assistance to get into a position to get through this time. Part of that is working with us for special payment arrangements and budget billing stuff. All this was driven by key performance indicators that our customers still needed time. That was the driving force behind suspending disconnects for the month of August and I discussed that with the board and we were able to put that in motion.

Number two is at the city commission meeting last night the city did approve $100,000 for the All-American rescue plan for utility bill assistance for our community. It appears these funds will be available in early September I believe. I believe it will be appropriate to provide the time for our customers to reach that funding. So, what I'm proposing to the board and I will need some direction for consensus is that based on that information it's my recommendation that we would suspend through September 30th. This is very similar to how we navigated the covid pandemic of 2020. For clarity, we would resume normal operation on October 1st. I do need your consensus and approval to extend the suspension and disconnects into September and then resume operation October 1st.

I would like to open that up for discussion.

Chairman Fee asked any comments from the Board?

Mayor Hudson said Mr. Chairman, it was $125,000. The ask was $100K, but we upped it to $125K. It's going to be administered by the county. The county community services department and we have to get an agreement in place with the county to do that. They won't be ready until September. That September 30th is something that I think is a good thing. It's a good recommendation.

Mr. Cisneros said if I can get a general consensus.

Mr. Chairman asked any other comments?

Mrs. Gibbons said I think it gives enough time for people to come back from having the issues in July and being able to pay off if they have you know I can't remember all the verbiage right now. We're not shutting it off. We also then have to get that money from them so it gives them enough time to pay back in a slower amount of time frame it's not too much in one.

Mr. Cisneros said it also gives an opportunity to implement the $10 reduction that was just approved today.

Mrs. Gibbons said hopefully they will feel the relief.

Chairman Fee said the disconnects when will they continue, when will we start disconnecting?

Mr. Cisneros said we would start disconnects October 1st. We would go back to normal operation October 1st, well actually it would be October 3rd which is the Monday. We're walking on a little bit of a thin line here with the way the rules are written.

Chairman Fee said exactly. We need to start communicating to them now that payments arrangements need to be made and be in place before October 1st. If they don't they are at risk of disconnecting. That message needs to come very quickly and clearly. They need to be aware. You don't want someone to wake up October 1st come home and the power is out. They need to have enough notice so they can make arrangements.

Mr. Cisneros said we are doing a bill stuffer. Rachel is probably taking notes now. We will send out a bill stuffer. We will make sure that we put that on social media, share it on our website and the city's website. Do as much as we can to communicate that out.

Chairman Fee said get it in the local paper as well. Do mailings to the local churches so they can speak to their congregations.

Mrs. Bennett asked also can we put it on 104.5?

Mr. Cisneros said yes, we can do that. I don't know if I mentioned it at the last board meeting Mr. Lammers talked to me about it beforehand, but I did interview with Mr. Larry Lee on 104.3, The Flame. We'll make sure we do a session with him to make sure we get that out to the community. We'll do some other radio stations as well.

Ms. Bennett said also, now with budget billing, I know they have to have the bill at a zero balance before they can sign up for budget billing. Is that still in effect or do we set that up before they come to a zero balance?

Mr. Cisneros said they do have to have a current balance meaning they can't have a past due balance, but if they have a bill that's not due yet they can set up a budget bill. If they have a

balance that's not current they do have to get current. We can work with them on special payment arrangements to get to the point where here they can have a zero balance and try to get them on a budget billing program. The budget billing program is pretty effective.

Ms. Bennett said so you're saying they just can't have a past due balance.

Mr. Cisneros said they can't have past due balance yes ma'am.

Chairman Fee asked any other questions of the board?

Mr. Lammers said I do Mr. Chairman. You just gave a brief rundown of the proactive ways we're communicating with our customers. I think it's important enough especially with what we've been hearing over the last few meetings that you give us that same type of rundown every meeting. What have we done since the last meeting to proactively communicate to our customers and what exactly have we been communicating? If I could -- if we could hear that every meeting, that's pretty important for me and that's a consistent message that we continue to hear from our community over and over again.

Mr. Cisneros said yes, sir. We will make sure to prepare for every board meeting.

Mayor Hudson said last night at the commission meeting that was stressed again the communication. Proactive communication, letting people know and also, I think another important thing is that if they are in trouble, they need to reach out to us. You found that out during the pandemic. Is that you had a hard time sometimes getting ahold of people and sometimes they were reluctant to get ahold of us. You found that out too. That's one of the most important things they can do because we will work with people. Because the last thing we want to do is cut anybody off. No one wants that.

Mr. Cisneros said I don't think we need a vote. I think I need general -- and it sounds like we're in consensus. I can take it from there.

A couple of other things. On Friday Mustard Seed staff notified us they received applications for the entire $50,000. They've been able to process that. They have been great to work with. They understand the urgency and sensitivity of our customers so I'd like to take a second here to thank Mustard Seed, Greg and Stacy from that group. They've been a great partner, so thank you to those folks.

I mentioned this before, but I think it's important to keep you – to continue to keep you in the loop. FMPA was able to lock in some additional fuel prices and that's part of the reason we're able to lower the PCA. As we move towards locking in more fuel prices in the short term and long term we were able to manage the power cost adjustment. Just a quick recap, FMPA purchased 20% of fuel for the short-term. What that means is from now through November, and they -- we're looking to continue to see if we can lock in some prices. As you may have seen today, the gas market was over $9.30. Yesterday it was at $8.50/$8.40 or so. Pretty significant jump today.

It's just one day. But, again, some of what we've done we've been able to mitigate some of those spikes.

Second, for next year FMPA was able to purchase 50% of the fuel at $5.92 from March 2023 through April 2024. A pretty important accomplishment because that will bring some much-needed stability for customers next year. We'll continue to work with FMPA.

Chairman Fee asked what was the price that we purchased at?

Mr. Cisneros said $5.92. It's about a $2.42 cent above the budget from last year...from the year before.

Chairman Fee asked will that permit us to lower again perhaps when we get over there?

Mr. Cisneros said we're still subject to the other 50%. If we can continue to navigate the thresholds that were defined to lock in more prices, the goal there is to lock in prices below the $5.92 so our blended cost or average cost is lower, but as you can see the market has been pretty volatile. I'm going to the board meeting Thursday at FMPA. I think we will be discussing changing that threshold so we can lock in some more prices. There're 13 cities that are involved in this. They all have to agree to do this because it's -- there's still risk associated with that. We'll continue to navigate that. So, $5.92 is right now is a good number. Especially with the volatility that we are seeing. I never thought we would say $5.92 was a good number. Pretty remarkable. More information to come from that. I will be at the board meeting on Thursday.

On August 29th the FMPA team will meet with Congressman Mast to take a tour of the existing wastewater plant. Hopefully, if we have enough time we will take a tour of the new site. Our goal is to continue to reach to our state and federal legislative representatives to keep our community and this project on the top of their list. We continue to be very engaged with that.

Two more items. September 6th is our next scheduled board meeting. Currently, as of today we don't have many items for that board meeting. In addition to that Monday is a holiday. The city moves their meeting to the following day at the same time frame. I think it's okay for us to reschedule that meeting if we don't have enough agenda items. We'll most likely go through next Wednesday before we determine that and I think it won't affect the way we handle the power cost adjustment. We don't get the information until the 10th. We would be prepared for September 20th in the event that we had to do any action item for the power cost adjustment. I will keep you posted in case that does get cancelled.

Last night at the city commission meeting the commission did approve the FY2023 proposed budget and the amended FY2022 budget. Barbara did a great job. We had a great dialogue with the city commission. The big take away from the meeting was community outreach, managing the power cost adjustment and system expansion. Communication is important. The mayor mentioned that. I think that's something we will focus on and I think it takes some good steps to

put the team together to move forward. One of the things that we really can't lose sight of is system growth. The commission talked about that at length. System growth is important for us to increase our customer connections. It will help reduce the unit cost of our customers. We still have our focus to continue to expand the city. As we expand the utility that expands the city limits. It's a win for both the city and utility. I would like to just thank the commission for their feedback and their continued support. That's all I have for you, Mr. Chairman.

Chairman Fee said thank you. Any questions of the Director?

Mayor Hudson said I would like to add that we met with Congressman Mast about natural gas and what was happening. We've reached out to state legislators to let them know too. This is something that I don't think state legislature can do anything about. We're trying to keep them informed so they know what's happening with us. Why our rates are what they are right now and what we're trying to do to deal with it.

Mr. Cisneros said I think that's a good point. If you've been following what's been going on at the federal level, Joe Mansion tried to make sure they put in federal land as part of their bill to open the lands up to be able to install gas lines and install some additional wells. That's a pretty big deal. Even though it's small it still continues to.....

Mayor Hudson said it was successful.

Mr. Cisneros said that was pretty important. He's from a state that produces a lot of coal. This was important for us to get for the natural gas market because it directly affects us as a utility in the state of Florida because 75% of Florida is produces power from natural gas.

ITEM K: ATTORNEY

ITEM L: COMMENTS FROM BOARD MEMBERS

Mayor Hudson said Mr. Chairman. There's a kid build at JC Park sponsored by the city of Ft. Pierce and the Sunrise Kiwanis. This build will be October 11th through the 16th and they are seeking volunteers to help with the build. There's three shifts a day. This playground will be accessible for all children special needs, children and with challenges. It will be one of a kind in this area and if you go on line anybody wants to volunteer to help build this at JC Park, it will be -- they will need a lot of volunteers. I've already gone on the web site and signed up. It's an easy task to do. I'm encouraging people to volunteer for that.

Chairman Fee asked how old do you have to be to volunteer?

Mayor Hudson said you have to be -- to work on your own you have to be a teenager like 16 I think and above. But then you can work with your parent if you are down to something like 8 and then under 8 they don't want children that small.

Chairman Fee said probably something to local high schools would be good. They need service hours.

Mayor Hudson said we talked about that last night at the commission.

Chairman Fee asked any other comments? Just a few thoughts about 2024 and the budget. I know we just got 2023 pretty much lined up. For gas purchases, I don't think it's prudent really to budget at what the current market is. I think we need to budget a little higher and give a credit back to the customer if we guess wrong. Because if we guess right at least we don't have to go these volatile switches on the PCA all the time. I don't know if we need to have an independent analyst to come in. I know we get a lot of reports from Raftelis. Maybe we need someone to check their numbers because I know this year was an oddity. No one could have expected the gas shortage and the federal policies that are going in place, but still it might be nice to have someone second guess Raftelis and say listen this is what we think. Because if we have analysts that have two different numbers, we might need to take the higher numbers to the lower number it might be better for our customers. Just a thought.

Mr. Cisneros said we can definitely look into that. What I can say is we've been able to lock in prices for 2023, 50%; and I believe around 25% for 2024. The closer we get to locking in the prices the much more stable projections will come for staff and for the board. But we can definitely look into a peer review of the way we do it.

Chairman Fee said the prices are between 24 are $5.92.

Mr. Cisneros said they were a little bit different. I can follow up. I don't remember what they were for 2024. It was a smaller percentage because there were some reservations about locking in too much past November. Each election cycle there was concern about.....

Chairman Fee said exactly. I don't want to lock in a price range if we think that election cycle will have a favorable impact on the market because then we're paying too much.

Mr. Cisneros said right, part of that includes bringing stability because the next two years there's an LNG station that comes online at the end of this year. Meaning we'll continue to export out of our country. In 2024 there's also another LNG station, export station that comes online. That will continue to increase the amount of gas we export while our supply is low. Even though we are going through some election issues we also have some supply and demand concerns. I don't have as many reservations locking in some of those prices because I think the stability is really important for our community. There's the risk associated with locking in the prices, but we also have the risk that we'll continue to export so much gas that it will drive down the supply and

increase the price. We try to manage it as carefully as we can. FMPA for the most part they have some new -- there's a new leadership there for the last 3-4 years, Jacob is involved with that. He has specific experience from that on a national level. I have a lot of confidence in the way he handles that. Also, I talk to him probably once a day on exactly what's happening. I'm coming up to speed with the big picture as far as outside of Florida and how we manage gas or procure gas. There are some indicators telling us that we will continue to export gas out of our country which is going to hurt us here at the national level.

Mayor Hudson said Mr. Chairman, also Mr. Cisneros, when the cold weather comes up north, that's going to affect everything. They use natural gas for heating. Right now they are not feeling what we're feeling here in Florida. So, this Fall you know -- November -- everybody will be having this problem.

Mr. Cisneros said you're absolutely right. The storage numbers are really low right now. They are typically in the 50 number as far as storage building cubic feet. They are in the 22 range. They are well below the indicators as they prepare for the winter. What that means is up north will be really -- they will have some really high cost when it comes to heating. It's a little scary. We're feeling it now during the summer. They will feel it big time in the Northeast and the Midwest and the northern states. It's going to be rough for them. You're absolutely right.

Mrs. Gibbons said they are feeling it because they have coal and it has gone up six times.

Mr. Cisneros said coal is very expensive right now yes.

Mrs. Gibbons said it's way worse there than we're experiencing here. But I wanted to just -- when you brought that up about some of these plans and everything, we discussed at the strategic meeting and I want to make sure that's still kind of on our radar.

Mr. Cisneros said it's on our radar. I've been putting together items that will be good for us. I will make sure that I follow up in the next week or so with some agenda items or items that will be important. Part of that will be discussing power cost in our rate stabilization as we move forward. There's an opportunity for to us be able to manage this as we move forward so that if the -- as we experience over the next two years as we continue to manage the volatile market, maybe we can do something with the PCA to avoid this during the summer months next year. Historically we've lowered the PCA during the summer. The next couple of years I don't think we're going to be able to do that. Obviously, this year we didn't lower the PCA because of natural gas prices. We need to think about how we handle this in the future. That's an item that's important for the board for us to look at the way we do it and see if we can manage it here. FMPA is doing it. We also need to do it here locally. The strategic planning is on the radar, yes, ma'am.

Chairman Fee asked any other comments from the board?

Ms. Bennett said I would like to commend you all for really looking at these numbers and bringing the PCA down. I mean, I commend each and every one of your staff for the hard work that they have done.

Mr. Cisneros said thank you, ma'am.

ITEM M: ADJOURN

There being no further business, the meeting was adjourned at 4:57pm.

ATTEST:

SECRETARY

CHAIRMAN

Note: These minutes are not verbatim, only important issues and motions are reproduced in writing for the benefit of the Fort Pierce Utilities Authority and Board Members. The recording itself is the official record for the meeting.