

MINUTES OF A REGULAR MEETING OF THE FORT PIERCE UTILITIES AUTHORITY,
TUESDAY, OCTOBER 3, 2006, 4:00 P.M., CITY COMMISSION CHAMBERS

Members Present: Chairman, Robert W. Summerhays, Jr.; Vice Chairman, Thomas K. Perona;
Secretary, Darrell Drummond; Deputy Secretary, Pamela K. Cully; Mayor Robert J. Benton III.

Others Present: Director of Utilities; Director of Electric/Gas Systems; Director Water/Wastewater
Systems; Director of Corporate Services; Director of Shared Services; Internal Auditor/Risk Manager;
Community/Corporate Relations Manager; FPUA Attorney

Chairman Summerhays called the meeting to order.

The invocation was given by the Reverend Robert Coleman of Goodwill Presbyterian Church.

The Pledge of Allegiance was recited.

Mr. Thiess requested item A-3 be removed from the Consent Agenda for discussion

Motion by Mr. Drummond, seconded by Mr. Perona and unanimously carried to approve the items
listed on the Consent Agenda with the exception of Item A-3.

1. Approval of the Minutes of the Regular Meeting of September 19, 2006.
2. Residential Electric Rate Comparison for the Month of August, 2006.
3. Removed for discussion
4. Treasure Coast Cooperative Bid 06-25: Request approval to piggyback St. Lucie County School District bid for purchase of gasoline and diesel fuel from Port Consolidated in the amount not to exceed \$368,000.00, annually, effective through June 30, 2007, with three, one-year renewal options.
5. Purchased Gas Adjustment for firm gas service for the period from October 1, 2006, through October 31, 2006, will remain +\$.195/CCF.
6. Approval to enter into contract with Swampland Tours, Inc. to continue conducting boat tours at the Manatee Observation and Education Center through August 31, 2007, including options to renew for one-year periods.
7. Bid 5649: Award lowest and best bid to Asplundh Tree Expert Company in the amount not to exceed \$300,000, annually, for the period of October 1, 2006, through September 30, 2007, with up to four one-year renewal options with increases based on the Engineering News Record Index.

Mr. Tim Trewyn presented background information to the Board regarding Item A-3, previously removed from the Consent Agenda. This is a request to approve award of bid for two, three-phase auto transformers.

Mr. Trewyn stated in addition to the information provided in the report, and in consideration of the cost of the project and its timing, I would also like to talk about a few technical issues that have led us to this recommendation.

The first has to do with a prudent approach to reliable service to our customers. The Treasure Coast Energy Center (TCEC) is reportedly on schedule. The day is coming when we will no longer receive capacity payments for the King Plant, and we know that it is costly to maintain. It is logical to close the plant when the capacity payments stop. That means we are about to change from a reliability environment in which the 69kV transmission system could be supplied by three transformers AND three separate generating systems. Whenever we have conducted maintenance with any of the existing three transformer sources, we have always had the King Plant to rely upon in case something else went wrong. Indeed, when the largest of the three existing transformers was taken out of service for maintenance, the generators at the King Plant were placed on line to ensure reliability. The pending decommissioning of the King Plant reduces the sources of power upon which all our customers depend from six, to just three. It follows then, in the interest of reliability, that the condition of those three sources should be very sound.

Secondly, power transformers are filled with mineral oil, and tests of that oil provide useful information on the transformers' condition. A key indicator of good condition is the absence of acetylene gas in the transformer oil. The presence of acetylene gas generally means that insulation failure and internal electrical arcing has begun. It usually means the beginning of the end of the transformer.

All of our transmission and distribution power transformers test negative for acetylene, with the exception of two. The first is the older distribution power transformer that has been the sole sufficient source of service to our territory on South Hutchinson Island. This concern is effectively mitigated by the progress of improvements at Causeway Substation, which include the recent energizing of a second power transformer capable of serving the island entirely on its own in an emergency, and, the concern has been further mitigated by the procurement of two spare power transformers of identical configuration that are now stored at the Totten Substation.

However, the second unit testing positively for acetylene gas is a 23 year old, remanufactured transformer that is to be replaced by one of the two units in our recommendation. This transformer, while operating today, concerns us greatly when we contemplate the new demands that would be placed upon it during future contingencies. We do not see that it is prudent to be relying on a unit known to be in decline during maintenance of either of the other two units.

The second unit to be replaced is 32 years old, and has aluminum, rather than the standard copper windings. Oil tests indicate that it is in good condition, but its small size would be stressed by the new peak loads it may need to supply. I recommend however, that we consider retaining it as an emergency spare unit.

And this raises an important point about today's decision. Today, we have no spares for the transformers we propose to replace. The King Plant has been there to provide that capacity. When the King Plant is no longer available, the depth of our reliability is considerably diminished. Furthermore, finding quick rental replacements is an order of magnitude more difficult than for our smaller distribution power transformers, because there simply are fewer of this size and voltage ratio needed in this part of the world. We could face a long period of placing heavy loads on the two remaining units,

increasing the probability that one of them would fail in a stressful situation such as a hurricane in which dozens of short circuits stress the transformer windings. This could put FPUA customers in a months-long rotating blackout scenario whenever peak conditions jeopardized the remaining transformer. This consideration, the age and windings of the second transformer to be replaced, the improved pricing available in a volume purchase, and the opportunity to have some kind of temporary spare transformer are the reasons for recommending the procurement of two new units today.

In conclusion, staff advises that adjustments to other line items in the electric utility capital budget, if necessary, are far preferable to deferring or reducing this purchase, because this purchase significantly affects the reliability of electric service to all our customers. I thank you and await your questions.

Mr. Perona asked what is the life expectancy of the new transformers with regular maintenance and not considering any rebuilding. Mr. Trewyn said if we were to rule out the idea that sudden growth in the City might make them too small, he would expect them to last between thirty and thirty-five years. Mr. Perona said, so, it is an investment for the next 30 years. Mr. Trewyn said yes, based upon our belief on how the City will grow. Mr. Perona said even if the City grows more than anticipated, you can still use those transformers as back up. Mr. Trewyn said yes. Mr. Perona said the thing we don't want to do is leave the ratepayers out there waiting for a month for electricity. We are talking about a lot of money, but it is needed. Our ratepayers experience very limited interruption of service, and we'd like to maintain that. This investment would insure that, but it's not overkill. It is minimum necessity to provide the type of service we've been providing over the years and for reliability.

Mr. Trewyn said we have asked ourselves that question numerous times before arriving at this recommendation. We retained R. W. Beck to assist us in our decision. We asked are we buying the right size. In many respects we would be more comfortable with just duplicating the transformer that is at Garden City Substation, but our impression when we looked it was, maybe, that is too much. We worked with R.W. Beck, looked at our forecast carefully, thought out the contingencies we might face, and things that have happened, historically. There are such a few things that all have to work right. If two of them go badly, it is a very serious situation for the community. If a substation power transformer fails, as difficult as they are, we've still been able to cope with those without creating a lot of stress within the community. This is a different class of problem when things fail. If one of these fails, we can manage it, but we need to be highly confident in the other two units to carry the whole town. That is why this whole order of magnitude is of greater concern with their soundness. We are looking at two units that are out there now, where the older one is actually the better one in terms of what the oil test results say, but it is old. It is in the window where mechanical stresses of a large short circuit could break it.

Mr. Drummond said in Mr. Trewyn's report he suggests he would rather us adjust items in your electric line item capital budget to pay for this if necessary. Are you suggesting you would like to do it another way? Mr. Trewyn said as far as the technical recommendation of the two transformers, he doesn't recommend any other way. As far as financing the purchase, if we need to make an adjustment to our budget, we would prefer not to adjust this line item, but other line items.

Mr. Varella said as you are aware, we've been spending a lot of cash in this last year. As the Workshop on the Rates made you even more aware, we are, basically, down to a minimum of operating cash. Staff is proposing that the Board approve this purchase, and at the next meeting we will be bringing another Pooled Loan Application to the Board in the amount of \$15 to \$20 million that will be able to finance this purchase. However, staff could not write this purchase order out today with the knowledge that we don't have the cash in the bank to pay for an expenditure of this magnitude. We are

at our minimum comfort level for cash at this point. He wants the Board to be aware of that. The rate increases proposed at the last meeting are extremely important to consider and approve to sustain our financial viability. These two transformers are budgeted, but we don't have the cash in the bank to be able to pay for them at this time. We will not send these orders out until we get the cash in the bank to pay for them.

Mr. Perona asked how that translates into \$15 to \$20 million. Mr. Varella said we have other expenses, as well. Our capital budget was \$50 million this year, and there are a lot of critical items in our budget from the water perspective and wastewater perspective regarding the plant. There are a lot of things in the capital budget we need to proceed on, so we can stay on track in serving our customers and future customers with the same reliability we've served them with in the past.

Mr. Perona said we are going to try to raise rates or look at raising rates, and we, also, are forced to spend money that we do not have. It kind of puts into a little bit of a situation. Mr. Varella said yes, it does. Mr. Perona thinks the task at hand is to provide reliable power to our ratepayers and figure out how we are going to do it later. Mr. Summerhays said we are working on the financing.

Motion by Mr. Perona, seconded by Mrs. Cully and unanimously carried to approve bid 5644: Approve lowest and best evaluated bid for purchase of two, three phase auto transformers from Nexgen Power, Inc. in the amount of \$1,170,153.00 each, plus \$7,500 for optional spare parts for a total award of \$2,347,806.00.

Mr. Thiess introduced a request for approval to renew the agreement for risk management consulting services. This is a pretty standard agreement, which we wouldn't bring to the Board at all except for the fact that Siver asked for a rate increase. This renewal is the second three-year renewal. We have six years under this contract. We had a three year period, one renewal, and this is the second renewal. Siver is asking for a 20% increase in their rates for their personnel. If you look at that over the past six or seven years, that amounts to about 3% a year, which seems very reasonable. We have also listed the expenditures for the last three years with Siver, and, as you can see, in 2004, they were \$75,000; \$65,600 in 2005, and \$41,430 in 2006. We are requesting approval with the 20% increase in their hourly rates for the second renewal.

Motion by Mr. Perona, seconded by Mrs. Cully and unanimously carried to approve renewal of the Agreement for Risk Management Consulting services with E. W. Siver and Associates with the proposed new fee schedule indicating a 20% increase in hourly rates.

Mr. Thiess presented the recommendation for election of officers for the Board for FY 2007. This is a normal housekeeping item we handle at the first board meeting after the appointment of a member or re-appointment of an old member, which was accomplished last night when Mr. Perona was appointed to another 4-year term by the City Commission. We have been following a regular rotation. The rotation shown here is:

Mr. Perona	Chairman
Mr. Drummond	Vice Chairman
Mrs. Cully	Secretary
Mr. Summerhays	Deputy Secretary
Mayor Benton	Mayor/Member

October 3, 2006

Page - 5

This is the prerogative of the Board and the alternative is to come up with a different slate of officers.

Motion by Mr. Drummond, seconded by Mayor Benton and unanimously carried to accept the slate of officers as presented by staff.

Chairman Summerhays passed the gavel to the new Chairman, Mr. Perona.

Mr. Tom Richards presented a request for approval of two blanket purchase orders to Florida Municipal Power Agency.

Mr. Richards said this is a request to write two purchase orders to Florida Municipal Power Agency. These numbers reflect the budget approved by the Board and the City Commission for purchases of power. There are two purchase orders, because the St. Lucie Nuclear Power Project is excluded from the All Requirements Project and is paid for separately. All the remaining power comes from FMPA's All Requirements Project. This is an estimate we put together several months ago. Reports from FMPA at the moment indicate we have a better than even chance of achieving that or lower. Obviously, we don't spend any more than we have to. Power Costs generally flow directly to the customers dollar for dollar, through the Power Cost Adjustment. There is no profit or loss to the UA, assuming we adjust our PCA promptly.

Motion by Mr. Summerhays, seconded by Mayor Benton and unanimously carried to approve two blanket purchase orders to the Florida Municipal Power Agency for the total amount of \$47,851,509 for expenses related to power supply in FY 2007.

Mr. David Mellert presented a request to proceed with land purchase of approximately two acres of land adjacent and west of the J. D. Todd Building.

Mr. Mellert said he put together a drawing for the agenda packets giving the Board an idea of where this property is located. This is the northerly two acres owned by Abbie Jean Russell. We actually have utilities that run through the property right now. We have a 40 foot easement that runs through the property. The City of Fort Pierce has a street cleaning dump site on the property. Our pipelines are inside of it. It is overgrown. The Abbie Jean Russell facility doesn't use it, and they are very interested in selling it. Mr. Koblegard has been in contact with their representative. Mr. Mellert has met with them and walked the site. We have had the property appraised and the offer we have made to them is well within the appraisal value. The property is intended to be used for a second deep injection well for the R/O Plant. With the deep injection well, you have to have a monitoring well. One way of avoiding having two monitoring wells is keeping the injection wells within a 150 foot radius of each other. The monitoring well is about a \$600,000 expenditure. Purchasing this land keeps us from having to construct an additional monitoring well, plus, it gives us another access to the plant site. It also allows us some flexibility for future expansion, either another R/O building or maintenance facility.

Mr. Mellert further advised he has spoken to Travis Gibbons of the City of Fort Pierce to make sure zoning would not be a problem. If you are familiar with that area, you are aware that just to the north we have the Armory. Also, the Abbie Jean Russell facility is there and across the street from that is the School Board maintenance yard for buses. Mr. Gibbons indicates it will not be a problem to have the

property rezoned. Staff recommends we proceed with the purchase with Mr. Koblegard closing the deal and purchasing the property.

Mrs. Cully asked about the City using this as a dumping site. Mr. Mellert said after cleaning the streets, rather than having to go a long distance to dump the debris, they have built a concrete pit, so they can dump it, and, periodically, the City comes by, picks it up and carries to another dump site. It is a temporary site to keep the drivers from having to run all over town back and forth to dump the debris.

Mr. Drummond asked if Mr. Mellert knows what the current zoning is on the property.

Mr. Koblegard said when he drafted this contract, our due diligence period carries us through rezoning, site plan and lot set approval if necessary. If we don't get all three of those, we don't have to proceed. He doesn't recall what the zoning is now, but it will require rezoning.

Mr. Mellert checked the appraisal document and found the property is currently zoned R-4 Medium Density Residential.

Mr. Perona asked if there is any plan to put a roadway out to 29th Street. Mr. Mellert said yes. Right now, our field crews, both the Gas Department and Water Resources, have to make a left hand turn on 25th Street. It is not very safe. A lot of school buses park there right now. We are going to fence the site, landscape the site, and try to use the safer entrance on the westerly side.

Motion by Mr. Drummond, seconded by Mr. Summerhays and unanimously carried to approve staff's request to proceed with land purchase of approximately two acres of land adjacent to and west of the J. D. Todd Building from SHS of Florida, LLC in the amount of \$87,500 per acre excluding easements.

Mr. Frank Varella presented a request for approval of the Electric Power Cost Adjustment. Mr. Varella said we guessed correctly in March when we came to the Board and showed you our calculation sheet, which raised our PCA to about \$35.00 to \$40.00. We said at the time we weren't comfortable with that number even though that is the way it calculated, because of FMPA changing the methodology by which they pass the power costs back to us. It appears we were correct. It turns out we are about \$1.5 million to the good at the end of July, which means during August and September, as we pay those bills, we will either build from that or decrease from that, but we shouldn't have a negative balance. We calculated our fuel again. This time, we used PRMG's numbers. They are going through an extensive rate study for us, as you are aware, and they estimated our fuel costs based on what they see using the numbers they see, it comes down to dropping the fuel charge to \$25.76 per thousand. That decrease is a little over \$5.00 per thousand. Staff is recommending we reduce our PCA from the \$30.88 figure to a \$25.76 figure. This puts us at \$113.88; whereas, for the last six months, we were \$119.

Mr. Varella said everyone sees the gas prices dropping 20% to 30% and think that is the way the fuel on our power cost is going to drop, but that is not the way it works. This is a very favorable reduction in price; however, our fuel costs, as you can see from the calculation sheet, are still coming out \$70 per megawatt hour. That is pretty high in comparison to what we were paying just a few years ago at the \$50 to \$60 level. Hopefully, this will continue to drop. Who knows what is going to happen in the world fuel market today.

Motion by Mr. Summerhays, seconded by Mrs. Cully and unanimously carried to approve the Electric Power Cost Adjustment for the period from October 1, 2006, through March 31, 2007, at \$25.76/1,000 kWh.

Mr. Thiess reminded the Board of the Bond/Finance 101 Workshop scheduled for October 10th at 2:00 p.m. in the War Room at the Energy Services Center. We have extended invitations to the City Commissioners to attend that meeting, also. We think it will be useful to the Commissioners, especially, as it relates to the next Workshop coming up in November. We will have a joint workshop with our Board and the Commission regarding rates. The Joint Rate Workshop between our Board and the City Commission has been narrowed down to November 8th or 9th as the earliest date we can schedule that meeting. The early dates this month were not available, because Henry Thomas of PRMG is going to be out of town.

Mr. Thiess further stated at the last Board Meeting we discussed purchasing issues, and staff was given directions to go back and look at the numbers, talk with the City, and see what we could work out. We did meet with the City Purchasing personnel last Friday. We talked about doing independent audits on both sides. We will be using FMPA auditors, and the City will be using a State purchasing group. Our audit started yesterday, and we are going to do the bulk of our audit on into this week. We expect to have the results of our audit back within three weeks. We are focusing on the processes and how much of the work effort in City Purchasing goes toward UA projects, and how much goes toward City projects. This year we need to get an idea what that is in order to determine what the fair split should be. We also need that percentage as we look forward to next year and the years after. As their budget increases, we need to know what our fair share would be. His understanding from a memo he saw from Tony Barnes, today, is that their process is a little bit behind ours. They should be starting fairly soon and wrap their audit up within a month or so. Once we finish the two audits, we're going to get the auditors together, so that we have some common ground and make sure the FMPA auditor and City auditor agree on the percentage. We don't want to come back to the Board with two different sets of figures like we've seen in the past. At that point, we will get back with the City, discuss our options, and discuss their ability to meet our demands and look at what the real costs will be. We will bring that back to the Board.

Mr. Thiess said he is assuming the Board is aware of an incident that occurred at the power plant on September 17th on a Sunday. We had a boiler malfunction, for lack of a better word, which substantially woke up the downtown area. Mr. Richards has a lot more specifics, and he will explain the incident to the Board.

Mayor Benton saw that actually happen on someone's cell phone who was in the marina and actually saw it happen. They had a camera on their phone and took a video of it. Mr. Richards asked what the Mayor saw. The Mayor said windows blew out.

Mr. Richards said we did have a pretty serious incident on the number 8 boiler on Sunday afternoon, the 17th of September, about 3:48 p.m. All units had been called on to operate that day, and, in fact, all were running. The number 8 unit had been at full load for less than an hour when this happened. At 3:48 p.m. we had a major tube blow out of a mud drum. This is on the lower level at the bottom of the boiler. It is a three inch tube that actually came out of the drum. Apparently, it knocked the one next to it out at the same time, so we had two very large holes in the boiler instantly. That created quite an

event. The boiler was operating at about 1,300 pounds per square inch pressure, 900 degrees. There was a lot of energy in there. It all was released within 5 minutes. It was very loud. It also filled the entire building with steam in ten or fifteen seconds. With the steam inside the building, you couldn't see. We had one employee injured. He was about 50 feet from where the event occurred. He doesn't actually remember too much about what happened, but, apparently, he was knocked down. He was able to get up and find his way out of the building. He had relatively minor burns on his hands. He had second degree burns on his hands; first degree burns on his forehead. Those have since healed. He also had some steam inhalation and is having some problems breathing related to the steam inhalation. He is getting better and should be back to work in a week or so.

Mr. Richards said in addition to the two tubes that blew located on the bottom southwest corner of the boiler, it also filled the wind box with high pressure steam. The wind box is a mostly sheet metal structure that is under the boiler. It takes the air from the force draft fans and runs under the boiler all the way to the front, up the front, and then the burners come in. The wind box kind of surrounds the burners and the registers open and close to allow that air to enter the burners for combustion. That air is typically at about 5 pounds per square inch of pressure. The wind box is a huge thing. When all the steam went into the wind box, it pretty much blew out the wind box in every direction. Just on a visual examination, the wind box pushed up on the floor of the boiler and bent the floor tubes in the furnace area. It also pushed down on some structures underneath. There were three concrete beams that were broken by the force of that. There are a number of cable trays that may have some damage. Lots of piping and electrical lines are broken. In addition, apparently, when the wind box blew apart it was anchored to one of the front corners of the boiler water wall at the turbine deck level up about 8 to 12 feet and stressed the corner of the water wall tube and blew it out. We had three openings to the boiler. It depressurized pretty quickly.

Mr. Richards stated we have damage to the wind box, pretty extensive. We have damage to the burner decks; cable trays are damaged; three horizontal concrete beams are damaged that don't seem to have a lot of structural need in the plant; and the floor tubes in the boiler are damaged. We have asked Foster-Wheeler, to come in and give us a proposal to do a boiler assessment. This is a Foster-Wheeler boiler that was installed in the early '80's. Foster-Wheeler is the manufacturer. We are working with them on the scope. The boiler assessment would include the repairs that we need and the parts that we need to do it. It would include a visual inspection, documentation of what's there, and identifying future destructive and non-destructive testing that might need to be done on various parts of the boiler to determine their worthiness to continue in operation. They will review the operating and maintenance history on the boiler and interview plant personnel. This is all to develop a scope of repair – what methods would be used to repair the boiler, what would need to be done, assess the structural damage and so on. We want to try to get them to include in that scope a notion of actually what was the root cause of the failure, an assessment, perhaps, at least a first shot at the feasibility to make a repair and, maybe, even a first cut cost estimate. He doesn't know if we'll get that out of them or not. We are still in the negotiation stages. It would take them four to six weeks to do this assessment. What we will get from that really would be a cost estimate to proceed to do the detailed analysis of the boiler. It is a two step process, but they don't know exactly what that will cost at this point. We would hope to have that before the Board at the meeting in two weeks.

Hartford Steam Boiler is the boiler and machinery policyholder for this unit. They had an inspector here a week or so ago, and after he looked at it, he said it was beyond his scope and is coming back tomorrow with people more capable of handling something of this magnitude. We have plenty of insurance on this unit. We have \$100,000 deductible on the boiler. At least, in theory, they would owe us a repair if we paid the deductible. Revenue-wise, this is the unit that makes us the most money from

FMPA. There is almost a \$2 million per year capacity payment for this 50 megawatt generating unit. It is \$165,000 per month, more or less. We will be looking at all the alternatives, but right now FMPA will continue to make that capacity payment to us as long as we are making progress to repair the boiler. If we stop receiving that \$2 million, that \$47 million the Board just approved, will probably go up by \$2 million. That would put about \$3.50 back on the power cost adjustment. It is worth a lot of money to us.

Mr. Summerhays asked if we have a quick and dirty estimate of the cost of repair. Mr. Richards said \$1 to \$2 million. He doesn't know. Mayor Benton said he is glad we have insurance, but when the report comes in, we will decide whether the damage was extensive enough to repair. We talked about decommissioning of the plant a year and a half away. How long is it going to take? Are we fixing something for millions of dollars that is going to be up and running for only a year?

Mr. Summerhays said it is really messed up in there. There is peeled back sheet metal everywhere you look and insulation and mud. Mr. Richards said he didn't know about it until this morning, but there were apparently some windows blown out at the top. We had damage to the roof. If any of the Board Members want to see it, we will be glad to take you through the plant.

It is at a point in its age when we would have needed to begin making some pretty extensive repairs to it. Number 7 boiler is a little older, but it has had extensive retubing done about 15 years ago. It is actually in pretty good shape. It depends a lot on how you use the boiler and how you take care of it. Since we've joined the All Requirements Project, all of our units are cycling. They are not on all day and all night. They are on part of the day and off all night. Sometimes they are off for a few days. Sometimes they run everyday, but are off every night. That kind of heating and cooling is very destructive to all the equipment, including the boiler. We are beginning to see the effects of that. We are trying not to put any more money in these things if we can avoid it. We haven't made any major repairs on number 8 at all. We figured it had about 2 years expected life on it and didn't want to spend money on it. Again, this is paid for by an insurance policy, and we will have to decide how much is out of our pocket and how much is out of the insurance company's pocket, what FMPA is going to do, and see how it all falls out.

Mr. Summerhays said he spoke to Bud Boudreaux this afternoon, and he suggested FMPA is already a little short on generation capacity and another 50 megawatts is not something they're going to be real happy about losing. They will have to go to the spot market. They may be willing to partner with us, perhaps. Mr. Richards said that is a possibility. We will have to see how much damage will come out of our pocket.

Mr. Perona asked how long it will take for repairs after everyone gets together on this. Mr. Richards said a really rough estimate is six months. The important thing for FMPA would be to have this boiler ready to go next summer.

Mayor Benton asked, due to the age of the boiler, do we have insurance for replacement costs. If they take into consideration the age, we're not going to get a lot of money for that boiler. Mr. Richards said he doesn't know the answer to that, but believes we have enough insurance on it to repair it.

Mr. Summerhays said he understands Vero Beach has an identical boiler and is really interested in what we find out the reason for the failure to be. Mr. Richard said yes. There was a time when we were buying and installing equipment in the two power plants almost at the same time, and this is one case where we bought almost identical boilers.

October 3, 2006

Page - 10

Mayor Benton suggested in light of all the costs we are looking at, maybe, we should think about putting the Southeast Bank Building on the market again. We have to come up with revenue somewhere.

Mr. Perona said he does appreciate his reappointment. He asked the Mayor to take that back to his board. It has been an interesting four years that went by very fast. He thanked Mr. Summerhays for a great year last year as Chairman. It is really a lot of fun being a part of a group that makes decisions according to their feelings and experiences they've had. It is a privilege to sit on this Board.

There being no further business, the meeting was adjourned.

ATTEST:

Secretary

Chairman