

MINUTES OF A REGULAR MEETING OF THE FORT PIERCE UTILITIES AUTHORITY, TUESDAY, NOVEMBER 6, 2007, 4:00 P.M., CITY COMMISSION CHAMBERS.

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

Excused: Secretary, Robert W. Summerhays, Jr.

Others present: Director of Utilities; Director of Electric/Gas Systems; Director of Water/Wastewater Systems; Director of Shared Services; Acting Director of Corporate Services; Risk Manager; Community and Corporate Relations Manager; Purchasing Manager; FPUA Attorney.

Chairman Drummond called the meeting to order.

The Invocation was given by Pastor George Welch of White City Methodist Church.

The *Pledge of Allegiance* was recited.

Motion by Mr. Perona, seconded by Mayor Benton and unanimously carried to excuse Mr. Summerhays from the meeting.

Motion by Mr. Perona, seconded by Mrs. Cully and unanimously carried to approve the items listed on the Consent Agenda:

1. Approval of the Minutes of the Regular Meeting of October 16, 2007.
2. Approve post budgeted work order in the amount of \$112,394 for installation of underground electric distribution system to provide service to Cortez Town Homes project.
3. Approve post budgeted work order in the amount of \$219,095.00 for installation of an underground electric distribution system to provide service to the Interstate Business Park project

The following letters of appreciation were noted:

1. A letter was received from Mr. and Mrs. Ralph Jennings of Wyoming Avenue expressing thanks to Rita Piero, Willie Long and Mike Currid of the Water/Wastewater Operations Department for the expedient, courteous and efficient service they provided in responding to a sewage back-up call to their home.
2. A note was received from Mustard Seed thanking FPUA for a contribution of \$50.00 from Project Care.

Mrs. Nina Hurtubise presented a request for approval of Florida Municipal Electric Association (FMEA) annual dues assessment. FMEA is a trade association of thirty-four different cities. We reap benefits in three different ways. They deal with our governmental relations. They are our ears in the legislature. They provide us communication news and information. They provide us a great deal of assistance in education and training.

Motion by Mr. Perona, seconded by Mrs. Cully and unanimously carried to approve payment of FMEA annual dues assessment in the amount of \$35,910.00.

Mr. Don Landin, Electrical Engineering Marketing Representative, presented a request for approval of an agreement to lease fiber optic services to Home Town Cable TV of Fort Pierce, LLC.

Mr. Landin said high quality communication services are important to economic development in our community. FPUA's state of the art communication services brand name is FPUAnet Communications. FPUAnet's purpose is to positively impact the Fort Pierce economy by making high quality communication services available and economical. In 2003, FPUA did a public feasibility study on fiber to the home. During that eleven month study, incumbent providers noticed and began upgrades. FPUA then decided to limit its offerings to commercial customers. Fiber to the home is still the best future-proof residential communication solution. It provides high quality and economical service. Fiber to the home delivers voice for telephone service, video for television service, data for internet service and security for the home. Fiber to the home is already successfully provided by Home Town Cable in Port St. Lucie's Traditions and other developments in Port St. Lucie. FPUA's fiber transport will now allow Home Town Cable entry into the Fort Pierce market. This dark fiber lease agreement sets the conditions to move forward. It prepares for our housing development activity to resume. Home Town Cable's next step will be to obtain a Florida State TV franchise for Fort Pierce. Then they will be ready to sign up new developments. We have invited their representatives to describe the benefits and how this will work. Mr. Landin introduced the President of Home Town Cable, Mr. Mitchell Rubenstein, and the CEO of Home Town Cable, Ms. Laurie Silver.

Mr. Rubenstein made a power point presentation to the Board. He stated we operate currently in Port St. Lucie where we are franchised by the City of Port St. Lucie. We have signed up developments to serve approximately 32,000 homes to be built in Port St. Lucie over the next several years, depending upon the housing market. We have over 200 miles of fiber already in Port St. Lucie and are only about a mile and a half away from FPUA's plant, so we can interconnect very easily into the FPUA plants. With a fiber to the home system there is no pedestal in front of the home. It is aesthetically nicer, but even more important, after hurricanes if the service is completely underground, it is less likely to be damaged during a hurricane or even by landscapers knocking over pedestals in front of homes. With fiber to the home technology, the bandwidth, the video, the internet, etc. come completely uninterrupted from our network operations center, directly into the home. There are no active electronics in the field. It is a future proof system. We also have some commercial customers like Wachovia, Target and Publix. Another advantage of fiber to the home is virtually unlimited bandwidth, so your internet speeds are much faster than normal, and the amount of HD programming is much more than normal. With the internet, no modem is required, so it is less expensive for the homeowner.

Mr. Rubenstein explained that Home Town Cable was founded by Laurie Silver and himself. Ms. Silver is a member of the Board of Trustees of the University of Miami. She is on the Board of Directors of the Economic Council of Palm Beach County, and is on the Board of Directors of City National Bank of Florida, which, while headquartered in Miami, does business throughout the State of Florida and is one of the largest banks in the country. She is also on the Board of Directors of the Kravis Center in West Palm Beach and a mentor for at-risk high school women. Mr. Rubenstein is on the Board of Directors of the Economic Development Council of St. Lucie County.

All of these different services – video, internet, security alarm monitoring, and telephone – all come in via one fiber. It is very efficient. When we link up to FPUA's fiber, it is coming in from our network operations center in Port St. Lucie to FPUA and directly into the new homes being built in Fort Pierce. During past hurricanes that hit this area, Home Town Cable did not go down except for a few hours, whereas, other cable operations had interrupted service. The only reason Home Town Cable was down was connections to the outside world went down and were restored. Home Town Cable actually continued to operate throughout the hurricanes. In addition to the cable system, he and Laurie Silver are the majority shareholders of Treasure and Space Coast Radio based in Vero Beach. We own five radio stations, one of which is WOFM-FM, which is Ocean, the number one rated station in the Treasure Coast. During the hurricanes, we were one of the few radio stations that broadcast throughout the hurricanes uninterrupted. Not all of our stations operated, because some of the towers went down, but at any given time, at least one of our stations was broadcasting. We are well prepared because of our broadcast experience to operate in severe weather conditions when people need emergency information. We have redundant generators and so on, that keep the system going. With fiber to the home there is virtually no equipment above ground, therefore, it is not exposed to the elements and less susceptible to damage. It is much safer, obviously, underground than above ground.

Mr. Rubenstein described some of their services. He explained they have digital phone service that is less than AT&T's in all three of their packages. This is not voice over internet protocol. This is regular, switch phone service just like any other phone company. It is not a technologically inferior phone service, but exactly the same as you get from a regular phone company.

Mr. Rubenstein explained the plan is to negotiate contracts with planned unit developments where we can come in and do the entire communities as they're built. FPUA will provide dark fiber transport that will connect into our fiber. There will be an exhibit documenting each fiber link, and we will pay FPUA a monthly mileage rate, plus a revenue share based on revenue generated by the homes we hook up via FPUA fiber.

Mr. Perona said Mr. Rubenstein talked about new development. The first question he has is what about existing development? Mr. Rubenstein said it is not cost effective at the present time to go into existing developments and rewire all the homes and put in the necessary additional fiber. We are looking at that, but even in Port St. Lucie we are only going into new homes as they are built. We certainly will look at the possibility of wiring existing homes where it makes economic sense.

Mr. Perona said he knows we looked at this in our area for residential homes, and it really wasn't cost effective at the time, and that is why we decided to go to commercial only. He asked Don Landin if we have any plans in the future to look at that again. Mr. Landin said with current technology it still is not cost effective. There are always new developments in wireless, and we still have hopes for broadband over power lines where we already have a path into each home. If the technology gets to the point where we can use that channel to bring services into the home, that would make it feasible. There was a \$40 million price tag on building out all the infrastructure, including the older homes in Fort Pierce, and that has to be supported by somebody. Pricing to the customers would just be too high.

Mrs. Cully asked how long our agreement is for? Mr. Landin said the next step for Home Town Cable will be to apply to the State for a franchise agreement, which gives them the authority to provide cable television service in our area. There will be a time associated with that franchise. Generally, the initial

term is ten years. The wording in our agreement piggybacks that time length. We are agreeing to one initial term and one renewal at a minimum. It is likely going to be twenty years.

Mr. Drummond asked if you generally have to go through the City Commission for a franchise. Mr. Rubenstein said the rules changed on that just in the last few months. In Port St. Lucie we have a city-wide franchise for the City of Port St. Lucie, but franchises for any additional areas under the new rules that were adopted by the State legislature, we need to go for a State franchise. Since we are already franchised in the City of Port St. Lucie, we don't think there will be any issues obtaining the State franchise.

Motion by Mrs. Cully, seconded by Mr. Perona and unanimously carried that the agreement be approved to lease fiber optic services to Home Town Cable TV of Fort Pierce, LLC.

Mrs. Nina Hurtubise presented an FMEA comparison of Residential electric rates for the Month of September, 2007.

Mrs. Hurtubise advised the Board we start with 1,000 kilowatt hours and are displaying them in numeric sequence. We are pretty much right in the middle. We have 14 municipalities with rates lower than ours and 18 municipals have rates higher than ours. We sit a little bit above the IOU average, which are the Investor Owned Utilities. We are still below the municipal averages even with the increases in our power cost adjustment over recent months. For 2,500 kilowatt hours we sit a little bit higher in the mix, but we are still under the municipal average and slightly above the IOU average, but we do have 17 municipalities with rates lower than FPUA and 15 are higher.

She explained that staff has expanded the rate comparison to include a comparison of electric, water and wastewater bills added together from three local utilities. We have quoted what our average customer uses, 1,200 kilowatt hours and 7,000 gallons of water/wastewater in a given month. Mr. Thiess said that comparison is for the month of September and is not a year-round average. Mrs. Hurtubise stated although our electric is a little higher than Port St. Lucie's, the water and wastewater make it up, and it turns out that a customer with equal usage in both Fort Pierce and Port St. Lucie will actually pay a little less for their total bill in Fort Pierce. Vero Beach has very high electric rates, but they have lower water and wastewater rates. If you have to have all three of those utilities, you have to pay the total, so when you look at the bill comparisons, we have very favorable rates compared to our two neighbors. We plan to present this comparison moving forward into future months. Part of the reason the FPL bill, which Port St. Lucie receives, is higher than indicated by the state-wide rate comparisons is they have a couple of extra charges included. The residents in Port St. Lucie pay a pretty significant franchise fee, and there is a storm charge placed on both FPL and Vero Beach bills which FPUA does not charge.

Mr. Drummond said it is good to see we are competitive with other municipals throughout the State. We want to continue our efforts in getting this information out. Mr. Perona said it is interesting to see because of the comments Board members receive from the public. If you had the exact same house in Port St. Lucie, Vero Beach and Fort Pierce all on city water, city sewer and electricity, use the same amounts of water, wastewater and electric in September, the cheapest bill would be Fort Pierce Utilities Authority. That is taking away all the other issues and seeing only electric, water and wastewater and adding in any fees that go with those utilities, that pretty much sends it home that FPUA has done its job as far as keeping rates low and economical.

Mr. Thiess said we started discussions with the City on trying to get the King Plant site included in the Brownfield redevelopment program. It is a strictly voluntary program managed by the Department of Environmental Protection and focuses on reuse of industrial lands. The program is designed to assist in the reduction of public health and environmental hazards, and it focuses on existing commercial and industrial sites. There may be some minor contamination around the power plant with the type of things that went on there over the years. The program creates an organized structure to achieve clearing the site for use by a private developer. There are several advantages. We sat down with the City Manager and Jan Gorham with Purchasing to discuss this issue. We all felt it was a good idea to pursue it. The next step is for us to send a letter to the City suggesting that we get into the program. The City Manager indicated the City has previous experience with the Brownfield designation and it is very beneficial. Mr. Thiess pointed out a couple of significant benefits. It sets up a regulatory framework for the cleanup and clearing the site environmentally. That is a huge benefit both to us and the future purchaser of the site. It removes all the environmental liability from that site moving forward. That makes the land more valuable, because it does not have any environmental encumbrances as they move forward in their development. EPA grants are available for exploring the site looking for contamination and the actual remediation itself. Those grants are up to \$200,000 in each category. That is \$400,000 we could take off the price tag of getting that site ready for development and clearing it, whatever the City chooses to do. There are additional benefits that are available to the developer. Once he gets in there and the site is cleared, there's a bonus refund for job creation up to \$2,500 per job. There are loan guarantees from primary lenders on a site that has been through the Brownfield program, and there are also sales tax credits for building materials. There are probably several others. We think getting into the program is a win-win proposition. The environmental cleanup is something you have to do anyway. You are not going to get out of it. If you find contamination, you have to deal with it. This is just a very systematic way of going through that process, clearing the site so you have no environmental liabilities when you finish it, and it's ready to go for the developer. We will report back to the Board when we have additional information.

Mr. Thiess said he did the rate presentation to the City Commission last night, and we discussed the rate comparisons the Board saw earlier today. He thinks it was generally well received. We went a little bit further. We handed out a copy of my presentation before the meeting. We went into some pie charts that showed how the high use customers are distributed in various areas of the community. He thinks that was very informative to the Commission and those who watched the meeting. The presentation is on FPUA.com, our website, and is available on our intranet site, also. The bottom line of the message last night was that our rates are competitive, as you can see from the monthly presentations we do here. The key to the high bills is to lower consumption and get a home energy conservation program, which can be self-initiated. It is better and more focused if you start with a home energy conservation survey. We are still running that program. FPUA funds \$50 and the customer has to fund \$25. That is a good start if someone wants to try to control their energy consumption.

Mr. Drummond said he thought Mr. Thiess' presentation last night was very informative and extremely helpful and good information. Our job is to make sure we are doing everything in our power to get the correct information out to combat all the negative and half truths that are out there. We are going to continue to ask everyone who continues to believe for some reason they are not getting the correct service they should, to alert our staff or any one of the Board Members. Mr. Thiess said one of the really significant things about his presentation last night was we have a very small percentage of our customers who are in that very high use category. It is in the 2% to 5% range of customers. It is a

small group. That group needs to focus on their use, and we can help them lower their bills. Mr. Drummond said, as he understands it, staff will be identifying that small group and making contact with them. Mr. Thiess said we can certainly do that. We are doing several things. After the 2004 hurricanes we started the home energy audit process and the City jumped in with a weatherization program funded by FPRA. That program spent over \$170,000 on 16 homes. That was over \$10,000 per home. We have started the process of going back and tracking those homes that were in the weatherization program, looking at their energy consumption before the weatherization and after. The FPRA Board would like to know how successful that program was on curbing energy use. We will have those figures. We are trying to identify people who did their own conservation program based on the information that is available in our lobby and on our website. We can certainly target these folks in the higher bracket and get the information directly to their homes. Mr. Drummond said he would encourage that.

Mayor Benton thanked Mr. Thiess for putting on the presentation last night and getting the facts. From that discussion, and, earlier yesterday he spoke with some members of the public, what he will be asking the City Commission to do, and, hopefully, he will have the support of this Board, is to set up a task force of ten people. It would involve Mr. Thiess, himself, and, maybe, some folks from the UA sitting down with residents who are appointed by the City Commission. He is going to ask for two people per Commissioner to sit down on a monthly basis and when we have concerns just like with the weatherization program last night – we didn't have the answers last night because we want the facts. He thinks we all know that by insulating homes and weatherization, it is going to improve electric bills. He thinks it is mainly sitting down and getting the facts out to people, but, also, hearing their concerns. If we do have people who have these excessive bills, we can take a look at them, start those inspections again, and he has asked the FPRA Board earlier today that next month we put on the agenda approval of funding \$150,000 as a start for weatherization. Because of the price of oil, that is going to affect electric bills, as is the price of natural gas. Everything energy related is going to cost us more, so it is very important for people to realize that the way to save at a time like this is to turn up the thermostat and when the weather is like it is now, turn it off if you can live with it.

There being no further business, the meeting was adjourned.

ATTEST:

Secretary

Chairman