MINUTES OF A REGULAR MEETING OF THE FORT PIERCE UTILITIES AUTHORITY, TUESDAY, MAY 1, 2007, 4:00 P.M., CITY COMMISSION CHAMBERS.

Members Present: Chairman, Thomas K. Perona; Vice Chairman, Darrell Drummond; Deputy Secretary, Robert W. Summerhays, Jr.; Mayor Robert J. Benton III; Ex-Officio Member/City Manager, Dennis Beach.

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

Excused: Secretary, Pamela K. Cully

Chairman Perona called the meeting to order.

The Invocation was given by The Reverend Moses Hill of Moses Hill Ministries.

The Pledge of Allegiance was recited.

Motion by Mr. Drummond, seconded by Mr. Summerhays and unanimously carried that the items listed on the Consent Agenda be approved:

1. Approval of the Minutes of the Regular Meeting of April 17, 2007.

2. Excuse Pam Cully from attendance at today's meeting.

3. Excuse Mr. Summerhays from attendance at the April 3, 2007, Board Meeting and rescind motion regarding revision of Minutes made at the April 17, 2007, Board Meeting.

4 Purchased Gas Adjustment for Firm Gas Service for the period from May 2, 2007, through May 31, 2007, will be +$.231/CCF.

5. Bid 5591: Approve additional funding in the amount of $190,000 for sewer rehabilitation services under our existing contract with Miller Pipeline to cover cost of lining gravity sewer mains along A1A to facilitate City of Fort Pierce and FDOT Phase III Roadway and Drainage Project.

6. Bid 5575: Approve an additional $119,060 for installation of wire and cable services for the 7th Street roadway project under existing contract with Mastec of North America, Inc.

7. Bid 5703: Award bid to the lowest and best bidder, Cooper Power Systems c/o HD Supply Utilities, Inc. in an amount not to exceed $92,670 for purchase of single phase Step-Voltage Regulators.

The following letter of appreciation was noted:

A note was received from The Mustard Seed thanking FPUA for a contribution for the Month of January, 2007, in the amount of $347.96 from Project Care.

Mr. Varella presented an update on the three items the Auditors addressed in their Management Letter that needed to be modified.

Mr. Varella explained this letter was contained in the Audit Report when it was issued in March. The Auditor noted three items, two of which were repeats from last year. The first item had to do with reconciliation of subsidiaries to general ledger. We are making progress on our reconciliations. We are not caught up. We are probably three or four months behind as far as reconciliations go. We are very much behind on our blanket work order closings. We are doing everything we can to get caught up, so that six months from now when we get audited again, we'll be ready. We've had turnover in staff and we are finally getting ready to fill our accountant position again. Hopefully, in the next couple of months we will be fully staffed and be able to get caught up.

Mr. Varella said we had a meeting early last week regarding Capital Improvement Charges with PRMG, our rate consultant, and the Auditor. This has turned into a very big project, trying to identify how these funds are spent. When you look at all the various funds we have coming in and going out and having to be able to identify where they're being spent, it becomes a big problem. We are in the process right now of looking at our new accounting system and seeing if we can do what we need to do in order to satisfy the Auditor and rate consultants. We think we can. We want to do it using our existing system. We don't want to use side drawer systems to account for these things. We are going to do what we can to make them happy, so we are not in violation of law. It may take us another few weeks to do it, given everything that is going on right now. We are working toward that end.

Mr. Summerhays asked if we are looking at separate accounting or are we going to segregate the money? Mr. Varella said we really do not want to segregate the money and put it in a separate bank account. He believes we have the Auditor, as well as, PRMG on board with that. PRMG would like us to have a separate bank account, but we don't feel we have to go to that extreme. We think we can fulfill our requirements by having one cash accounting and account for it separately.

Mr. Perona asked Mr. Varella to keep the Board updated on this issue as it goes along.

Mr. Tim Perkins presented a request for increase in funding for year three of the contract with Ditchdiggers, Inc., our unit price contractor for water/wastewater.

Mr. Perkins explained the requested increase tonight in the amount of $733,070 will bring us to a total contract amount for the third year of $1,332,070. There are several projects that make up this request, and they are included in the agenda packets. The first eight items consist of small, primarily, City of Fort Pierce projects, intersection projects, canal projects and roadway projects that were not in the original contract estimate. The first seven projects would normally be executed under the signature of the Director of Utilities. The eighth project, Moore's Creek from 10th to 13th Street, has already been brought to the Board. The ninth project, 26th Street water, is a project we are doing in conjunction with the City. The costs for that water main extension have significantly increased due to material and construction costs, which have increased over the original estimate done two years ago. The two biggest items are 10 and 11. Item ten is the DOT project on US 1. It was originally funded for $50,000. There have been numerous additional conflicts with utilities found as work has progressed, which have drastically increased the cost of the work. Item 11 is the A1A, Seaway Drive to Blue Heron Boulevard, DOT and City of Fort Pierce project. That is just beginning this month if it stays on schedule and is in the budget. This will allow us to get Ditchdiggers out in front of the other contractor and get some of the conflicts removed at a lower cost. Some of the work will be done separately under the City's contract. These projects total $733,070 that we would use the unit price contractor to perform. For the section from Midway to Riomar on US 1, we are getting a supplement in the amount of $43,600 from the County to help defer these costs. As part of the County's work they are doing in conjunction with their MSBU in that area, they needed to get some of the extensions in now, because they would have to come back and disrupt the DOT right-of-way later. They asked us to include that in our project, and it will be paid for by the County.

If the Board approves our request, it will require two motions. One would be to increase the US 1 project from Midway to Riomar by $172,400. The second motion would be to increase Year 3 of the water/wastewater unit price contract with Ditchdiggers, Inc. by $733,070. These should have been submitted as two separate items. These are all separate projects, but they will be completed by our unit price contractor. We need to increase the project funds, as well as, request permission to use our unit price contractor to complete the project. In the future, we will do these types of items separately.

<u>Motion by Mr. Summerhays, seconded by Mayor Benton and unanimously carried to approve increasing funding for the US 1 Project from Riomar to Midway by $172,400.</u>

<u>Motion by Mr. Summerhays, seconded by Mr. Drummond and unanimously carried to increase our unit price contact with Ditchdiggers for year three by $733,070.</u>

Mr. Thiess added that all these projects are a result of our need to react to City or DOT projects with the exception of Project 2, where we ran a small line down to Habitat for Humanity.

Mr. Thiess advised the Board that Mark Mathis has done an outstanding job of running our Industrial Pretreatment Program. He started the Environmental Stewardship Award a few years back to recognize the industrial customers that we have who are complying 100% with this program.

Mr. Mathis stated we are seeing a trend in the compliance issues with our industrial customers in the program. The folks who have been in the program the longest are the ones that tend to be more compliant. It is no surprise today that the three industries receiving awards have been in the program the longest. They are our oldest industrial pretreatment customers.

Mr. Mathis said he is very proud of the accomplishments of these customers. For 2004, none of the 12 permittees achieved compliance. In 2005, we gave out two awards, so we had two customers who were fully compliant. This year we have three, so we are doing better as time goes forward. When he makes annual inspections he takes one of the plaques with him and shows the customer what they receive if they are compliant. Today, awards will be given to Arch Aluminum and Glass Company, H. D. King Power Plant, and Sunshine Mirror Company.

Ms. Royale Robinson of Arch Aluminum and Glass Company accepted their award. Mr. John Tompeck accepted the award on behalf of the H. D. King Power Plant. Mr. Doyle Dyer of Sunshine Mirror Company accepted their award.

Chairman Perona congratulated all recipients.

Mr. Frank Varella presented a comparison of Residential Electric Rates for the Month of March 2007.

Mr. Varella referred to the color charts illustrating where FPUA stands relative to the other utilities in the State, as well as the municipal mean and average. He asked the Board to notice the top portion of the charts and how the fuel costs vary from utility to utility. This fuel cost represents the fuel adjustment portion of a utility bill. All of these utilities have different amounts of fuel in their rates. All have different average fuel or power costs reflected in these numbers. If they have a low power factor, generally speaking, their fuel costs would be higher. If they have a higher power factor, their fuel costs are generally lower.

Mr. Summerhays said he is always happy to see us below the mean and the median.

Mr. Tom Richards presented the Retirement System Fiscal Year 2006 Actuarial Study.

Mr. Richards explained this report is done every year for the system as required by the State of Florida. It is a regulatory requirement that is filed with the State and is a public document. It is to ensure that the system is sound and not only sound financially, but that revenues and expenses are in line with actuarial requirements for funding of the benefits for the folks who are in the system who have not retired yet. There is a lot of information in that report. We had the report e-mailed to the Board Members and, hopefully, everyone had a chance to look it over.

He will try to pull some interesting items from that report. The Fire District funds, that used to be combined with this system, have been removed. The Fire District has separated from the system and formed their own retirement fund. They have taken their assets and liabilities with them. The report in general does not reflect the Fire District at all; however, the funds were actually transferred in April, and they did have 42% of the fund at the time.

Sometimes people ask how well funded our Retirement System is, and you can see by the common measure of percentages, the Retirement System is 92% funded. That is pretty good. It is up from 88% the year before. It is not 100% funded, because we improved the benefits a few years ago, and the instant you improve the benefits if you do not have enough money in your funds to cover them, you have to increase your contributions to try to catch up to make it 100% funded. We are working along that path. As you recognize in the Retirement System, nothing happens suddenly. If there are changes in the plan, those are typically averaged in over five years to smooth things out.

Interesting for the Utilities Authority, itself, our actual experience was a decrease in average wages of about 1% compared to what our actuarial expectation was of 5.7% increase. He has a theory, but he hasn't been able to look into why that would happen. He is thinking perhaps our overtime for the 2006 fiscal year was less than it was for 2005. In 2005 we spent a lot of time making repairs and recovering from hurricanes, even though those hurricanes actually occurred at the end of FY 04. He suspects that is why the average wages were higher that year and lower the following year. He doesn't believe we've had any highly paid people leave.

Also, our actuarial experience was 12 normal retirements in the year, versus an expected 7. That is an unfavorable experience.

The Actuary tries to estimate what the averages are going to be for the future for a number of variables, and these are just two of them. It is not unusual at all to have the real experience differ from the actuarial estimation.

The other thing that happened for us that was good was the gains in the market for the investment were way above our expectations. Our average expectation is for 8% return on our investments. Our actual investments were up 9.4%. What is recognized in the report is 11.4% because of some smoothing from previous years. In previous years we've also had better than average experience, and those are being averaged into the system.

Mr. Richards said he continues to serve as the Board's appointed representative to the Retirement Board, and it is his pleasure to do that.

Mr. Richard presented the Retirement System Cost of Living Adjustment Studies.

He explained we did have the Actuary perform studies for us to determine what it might cost to add a cost of Living (COLA) adjustment provision to our retirement plan. He included the studies in the agenda packets. He tried to pull some interesting items out of this report.

We do have a number of retirees and beneficiaries in the system. You will recall employees may elect to name beneficiaries in exchange for a reduced retirement benefit so those benefits can continue for the beneficiary should they predecease them. Typically, the beneficiaries are spouses, but they can name anyone. For the UA the average age of our retirees is 68.7. They have been retired a little over 10 years on average. Our average benefit right now is approximately $18,000.

There is actually a COLA provision in the retirement system that was put into effect almost ten years ago. It was based on the rather simplistic idea that if we had an above average return on our investments, we could use the increment above the average to pay out a COLA that year. We did pay out a COLA for about three years. There was a cap on that of 3%, he thinks. Then, we ran into a situation where the market tanked on us in the early 2000 period. The stock market in general didn't do well. We don't have all of our investments in the stock market, but about half of them are. Our returns were below our expected 8%, and we found a quirk in the State law that said we couldn't' enforce or use this provision as long as we had losses. We had to accumulate the losses year after year and interest paid to ourselves and until we paid back all those losses, we couldn't pay a COLA again. Unfortunately, because of the magnitude of the losses and the computed interest on that loss, we have about $35 million in this pot that we have to pay back out of extraordinary gains before we could ever pay a COLA under the current provision. That doesn't seem very realistic. He doesn't know that we will ever see that in our lifetime.

The reason we are having this discussion today is to look for a guaranteed COLA or, possibly, a one time COLA, one time payment. Just so everyone understands it, a guaranteed cola would be for all retirees and all future retirees. It would cover everybody in the system whether they are receiving a benefit today or in the future. We ran studies on 1%, 2%, 3%. Those percentages would be multiplied by the retirees' or beneficiaries' annuity to come up with a new annuity for the next year. That would be in place for the next year, and it would go up again as a guaranteed amount. It doesn't relate to the cost of living.

There are some variations you could run on these to try to reduce the cost a little bit, but, frankly, they don't have a lot of effect. For example, you could say no one would get an adjustment in his retirement pension until he had been retired for at least five years. That will reduce the cost a little bit but not a whole lot.

In a nutshell a 1% COLA, which would guarantee every retiree a 1% increase in his retirement benefit each year, would cost us 3.26% of payroll, which is estimated to be $438,000 per year. That is amortized over 30 years. The 2% COLA would be a 7.01% cost of payroll and gets you to almost $1 million per year. A 3% COLA would be 11.33% of payroll and would get you to a little over $1.5 million per year.

One thing he failed to mention in the Actuarial Report, is that it does show that our contribution requirement, based on everything staying the same for this coming fiscal year, will be reduced by about 1% per payroll. You could compare that reduction. We're in the 11% range. If you wanted to add 3.26% to that 11%, you could get a 1% COLA for all current retirees and future retirees. Mr. Richards asked the Actuary to look at what happens if we look at a one time increase for our current retirees. In order to get this increase in benefits, you would have to be retired for at least a year. The process is that you would get an increase based on one of these percentages for each full year that you have been retired. If you have been retired for five years and you asked for a 2% adjustment per year, you would get a one time 10% adjustment in your retirement benefit. That would raise your benefit to 10% over where you are today, and that would continue on into the future. Cost for a 1% adjustment would be 1.73% of payroll or about $230,000; 2% adjustment would cost about 3.6% of payroll or almost half a million dollars per year; a 3% adjustment would cost 5.6% of payroll or three quarters of a million dollars per year. These dollars are amortized over fifteen years. You will also see in the study that 30 years will get you a little lower payment. He is recommending if the Board considers this, to do it over fifteen years, because people who are receiving the benefit will probably all be gone in fifteen years. You really don't want to be paying an additional fifteen years on a benefit you gave people so many years before that you can't remember who they are.

There is no implication about who should pay these increases. If you want to put them into effect, it doesn't necessarily mean the employer has to pay. The contribution to the system has to be there. It could be a combination of employee and employer contributions.

Mr. Summerhays asked if the Actuary determined these amounts. Mr. Richards said yes. Mr. Summerhays asked if the Actuary took into account the age make up of our employees. He knows we are getting weighted towards those of us with gray hair. Mr. Richards said yes he did. Mr. Summerhays said the second question was what affect this would have on rates to put into effect a 3% guaranteed COLA for all members and all retirees. Mr. Richards said Mr. Varella has estimated that it would affect a typical monthly bill for a residential customer as follows: $1.12 for electric; $.73 for water; $.58 for gas; $1.07 for wastewater for a $3.50 total if a customer had all four services per month.

Mr. Drummond asked if there is a prohibition against COLA's being paid other than from the Retirement fund. Mr. Richards is not aware of any such prohibition. Mr. Drummond was thinking the Charter suggested the COLA would be paid out of the retirement fund if there was one granted. Mr. Richards said this study anticipates it would be paid through the pension system. He doesn't know that anything would prevent you from writing a check to each retiree if you wanted to do that. We could research that.

Mr. Drummond said, secondly, when we were asked last year to increase the multiplier, does that have any impact on the ability to fund a COLA increase? Mr. Richards said the cost of the COLA really is the same regardless of the multiplier. He thinks the short answer is no. That is his sense, but we might need to ask the Actuary.

Mr. Drummond said ultimately the success or failure of the ability of the retirement system to fund COLAs in the future is 100% dependent upon the actions taken by the Retirement Board, understanding that the market will certainly have an impact, but decisions are made at the Retirement Board, not at this board or the City. The employer, other than being asked to fund it, has no input as to suggesting that maybe this is not a good strategy or maybe this is a good investment or anything of that nature.

Mr. Richards said he believes if you have suggestions for enhancements or other changes to the system that you would like to see put into effect for the FPUA group or all groups, the Retirement Board is very open to hearing those things. He thinks you will find the Retirement Board’s fiduciary responsibility pretty much takes precedent over other activities. They don’t feel it is their place to suggest enhancements to this system. He has found in his experience on the Retirement Board that the fiduciary responsibility takes you back to making sure funds are invested properly, that the allocations are correct, that the retirements are correct, and that it is not the Retirement Board’s job to figure out how to enhance the system in terms of making it more expensive or increasing benefits.

Mr. Drummond wasn’t speaking about enhancements. He was speaking in terms of its underlying decisions with regard to investments of the system itself. That is the sole pervue of the Retirement Board. Mr. Richards said that is correct. It is open to public input.

Mayor Benton said the City is also looking into this. This is the first he’s seen this information. He doesn’t think the City would be able to make any decisions until we hear what is going to happen in Tallahassee. There are a lot of ifs. He doesn’t think any of us can make a decision until we see what’s coming.

Mr. Summerhays said he specifically asked what we would have to add to rates to pay this, because if you look at the financials that are also in here, but we haven’t gotten to yet, we don’t have reserves. We have dropping net income already. We don’t have a place to reach in and get this unless we raise rates. He thinks that is just a matter of fact and something we have to consider when we discuss this. He thinks it is a good idea. Inflation does ravage retirees if they do not have a COLA; however, he isn’t sure this is the year to go looking for a cure. There are too many ifs, ands and buts floating around.

Mayor Benton said the City Commission had a group to come in front of them. The Commission was looking for the numbers. Now we have the numbers to look at. If there is a break given in Tallahassee to retirees, ones that are being hurt the most, this might be something to look at for the near future. He thinks for this year it is a wait and see. He would hate the UA to make a decision with the City not being able to buy into it. He thinks that is something everyone would have to buy into, not just one organization. Mr. Summerhays is inclined to defer a decision on this matter just to see what happens. We have rate increases that have not shown up in our financial statements yet. We will have more rate increases next year, hopefully, and, hopefully, construction will start back up and we will sell more water, electricity and collect more wastewater. He doesn’t think we could do anything with it this year unless we were going to have it funded by the employees.   He doubts our employees would be able to take that kind of money out of their gross pay. He would suggest that we not ignore this but defer action on it.

Mr. Drummond said this is for discussion. Mr. Summerhays said his suggestion would be to defer this until we get a better handle on what the financial situation is.

Mr. Perona said he agrees that we need to do something about it to keep it out in front, but he would like to have some time certain that we do revisit it even if it is after our fiscal year. He would rather be definitive as to when we visit this again. Mr. Summerhays suggested looking at this again concurrent with receipt of our FY 06-07 audited financial statements. Mr. Drummond asked if we need a motion for that. Mr. Summerhays said he doesn't think we do. Mayor Benton feels this should be brought back when we are financially able to. Mr. Perona thinks it is something we need to look at periodically even if it is not the right time. We owe that to our employees. Mr. Summerhays suggests this be brought back in about a year or whenever we wish to review it again.

Mr. Doug Giel presented a request for approval of funding for a DROP Plan for UA employees and authorization to present it to the Retirement Board.

Mr. Giel advised that right now 8.5% of the workforce we currently have is eligible to retire. That amounts to 26 employees. If you look forward five years to 2012, 25% of our employees will be eligible to retire. Approximately 37 employees will be eligible to retire because they will be over age 60 and have five years of service with the company; 41 employees will be eligible to retire, because they will have in excess of 25 years of service with the UA. That is approximately 78 employees eligible to retire. Not everybody is going to retire because they are eligible, but if you take a factor of 50% or 60% of that number and add to it the actual number of employees who retire due to involuntary terminations and voluntary resignations, you are looking at a substantial number of employees who are going to be new to the Fort Pierce Utilities Authority. We are not unique in this. The City Port St. Lucie, the Fire Department, and others are all going to be facing the same thing.

As you know, the State of Florida already has a drop plan. They have had it in place for a long period of time. The City of Port St. Lucie is in the process of putting one together, and he understands the Fire Department is in the process of doing that, as well. It is something that adds another tool for retaining employees for a longer period of time. He is urging the Board to take a serious look at this. It makes the service business we are in have a sort of guarantee that we will be able to replace a lot of these long term employees who have a lot of experience in a very short period of time.

Mr. Giel said the actual numbers are going down for the UA's contribution to the Retirement System for next year. He thinks they will go down on October 1, 2007, by approximately .93%. The DROP is going to cost .59%. Instead of having a reduction of a full 1%, if the DROP is passed, we will have a reduction of about a half a percent. It will not cost additional money out of pocket.

Mr. Summerhays said just to make sure he understands the DROP program, somebody enrolls in the plan and their contributions to our retirement plan cease. They can't draw on their retirement while they are still working, but the money that would normally have gone into the retirement plan, instead, goes to another fund which the employee is able to get as a lump sum when they actually leave. In the meantime, they continue to work and are still employees. The only change, basically, from our viewpoint is where we pay the money, and we know when they are leaving. Mr. Giel said the biggest advantage to us is that it is predictable, and we can deal with it from a managerial point of view. The employee must tell us before enrolling in the DROP plan, when they are leaving. Then we can hire his/her replacement and have an orderly process of training. The alternatives are that we would have to increase the headcount at the current cost with an estimate of who is going to retire, when, and guesstimate when they will retire and then hold that backup replacement in an assistant type position for that period of time.

Mr. Drummond said this program would be offered to all employees. Mr. Giel said that is correct. As you know, we've come to the UA Board several times with solutions. We tried the Employment Contract; we looked at temporary agencies; we've looked at contract employees, and we've wrestled with this plan as an option with the Retirement Board in the past. This is another legitimate way he believes the Retirement Board would approve if presented to them, because there is no expense to the retirement system. FPUA would bear all costs of this.

Mr. Drummond said at the end of the DROP there would not be the option for the employee to extend if further. Mr. Giel said at the end of five years, they would have to leave the company and the plan.

Mr. Summerhays said he believes the County and the School System have this plan. He knows employees of both entities who like it a lot. The management benefits are very clear. Knowing when you are going to lose that font of knowledge is a big improvement over trying to guess.

<u>Motion by Mr. Summerhays, seconded by Mayor Benton and unanimously carried to approve funding of a DROP Plan for FPUA employees subject to approval by the Retirement Board.</u>

Mrs. Nina Hurtubise presented the February 2007 Operating Results.

She stated we are catching up with the operating results reports. We are in about the same shape we were in last month and year-to-date. We see a trend where the revenues are continuing down from last year. Expenses are down from last year, but not as much as revenues. Our cash is down. To highlight some items, operating cash is down about 6% since September 30th. The expenses are going down because of purchases for resale, predominately, but that is affected through revenues, as well. Depreciation is up from the power plant. Monthly information is presented in the Board packets, and consumption is up in all four systems for the month of February. However, year-to-date, Electric and Wastewater are really flat, overall, for the five months. Water is up about 6%;' Gas is down about 6%. Overall, we are really flat for the year, consumption-wise.

Mrs. Hurtubise further pointed out Mr. Perona noted our debt service coverage in recent months continues to drop. It is down to 2.12 times. It was 2.29 at the end of September. It is continuing to drop as our operating revenues are going down. Debt service is calculated on a rolling, 12 month average, so the 12 month period for the 2.12% is from March 1, 2006, through February 28, 2007. Some of those profitable months are falling off and some of the less profitable months are being added. As a result, debt service coverage is decreasing.

Contributed Capital continues to support our bottom line. The non-cash contributions have increased tremendously since last year. That is where the developers contribute assets to us. It is not a cash contribution or anything you can spend, and in a sense we're taking on a liability, because now we have to maintain those assets. The Capital Improvement Charges we've collected year to date are about twice what they were this time last year. Those are restricted in nature, and we can only spend them on brand new construction. So much of what we do is renewal and replacement. We need funding for that as well as brand new projects. The cash contributions have decreased by half in the first five months of the year as compared to last year.

Mr. Summerhays said it looks pretty bleak. He hopes we see some improvement in coming months.

Mrs. Hurtubise said the electric rate increase went into effect in January, and these are February financials, but we should have been seeing a little bit of an upswing there. Water and wastewater didn't go in until almost the end of March. We will be bringing the March financial report two weeks from now. You're not going to see the water/wastewater, but you may see a little bit more on the electric side. The weather this time of year is so moderate, we have to wait until summertime.

Mr. Peter Helmich presented a request to approve a post budgeted work order for installation of a natural gas main and services.

Mr. Helmich advised we were contacted by the owner of Mail Box World to run a 3,335 foot, four inch gas main and a 350 foot, 4 inch gas service to the new manufacturing and powder coating facility. The gas main and service will supply natural gas to their two, two million BTU's each powder coating ovens and 550,000 BTU spray wand. The conservative estimate for payback, including customer charge is $50,506, which meets the four year payback criteria set forth in our resolution. The estimate is based upon their propane usage at their Pompano facility. The Fort Pierce facility is projected to use 50% more gas. We did not factor that in. There will be no charge to the customer for the gas main extension or service. Installation of the main and services will be done by FPUA Gas Operations crews and not by our contractor. That is a first.

<u>Motion by Mr. Drummond, seconded by Mayor Benton and unanimously carried to approve the post budgeted work order in the not-to-exceed amount of $46,000 to install a natural gas main and services to Mail Box World Powder Coating Systems located in the Kings Highway Industrial Park.</u>

Mr. Summerhays said he assumes we will be able to sell more gas along this line. Mr. Helmich confirmed this.

Mr. Thiess placed a memo before each Board Member indicating the access to City Hall might not quite meet the ADA accessibility criteria. Our Risk Manager thought that could be a concern in that a handicapped person trying to get here might have to navigate busy traffic lanes in order to get to the building. Most of the parking is east of here. From the west, you would have to cross U. S. 1. Mr. Thiess is just tossing this out for the Board's discussion. We could ask the City to look into making the transit from east of the railroad tracks to City Hall a little less dangerous. Another option would be to relocate our meetings elsewhere until this situation can be corrected or until the parking garage is finished. We wanted to bring it to the Board's attention, because we felt it may be a safety issue.

Mayor Benton said he spoke to the City Manager earlier, and it is our intent to put handicapped signs along Orange Avenue in the first two or three spaces. Mr. Beach said the number of spaces required for a building of this size will be marked as handicapped spaces. Mayor Benton said hopefully the signs will be up in the next couple of days. We are asking this Board to bear with us like everyone else. When it comes to a City Board it can be difficult finding a place to park, but because we're asking the citizens to bear with us, to him, our City Boards and City employees should, also. In June we will start televising UA Board meetings. He thinks it's important to let the public see what we are doing. You won't see many people from the public turning up for our meetings once it is televised.

Mr. Perona said he is sure the City thought about this situation a long time ago. We just don't want to create an environment where any of our ratepayers or citizens are not able to attend the meetings due to the obstacles we have outside. Mr. Summerhays said the handicapped spaces should take care of the problem. Mayor Benton said they will take care of ADA concerns. He thinks it is essential now that these meetings are going to be televised, that we keep meeting here.

Mr. Perona asked what the schedule is for televising our meetings. Mr. Thiess and Mayor Benton said June. Mr. Beach said they are going to try to start televising early in June, so the first UA Board Meeting in June should be televised. Mr. Summerhays said he thinks it is the public's right to know.

Mr. Thiess said we did finally set the time for the joint City/UA Board Meeting regarding the budget and rates. It is set for July 12, 2007, 2:00 p.m. to 4:00 p.m. at the Energy Services Center War Room.

Mr. Koblegard informed the Board he received a call from Rob Schwerer last week. He believes it is the City's position that although the UA reduced the 6% transfer to the City this year, and will probably have to do that next year, as well, the City feels it is a postponement of the transfer amount, but it doesn't waive the responsibility of the UA to make it up at a later point. Mr. Schwerer based that on discussions with the City's bond counsel. He seems to agree with Rob that it is something the UA could or should be required to make up in the future once our bond covenants no longer apply. Mr. Koblegard is not sure when that day may come. We are checking on that. There is no precedent in the Charter that covers that one way or the other. The bond covenants don't cover it, so he thinks we are in an area where there is no precedent. It is a matter of being resolved either by agreement or agreement to disagree. That is coming up in the future. He does know that the City Commission can by a majority vote, reduce the 6%. He doesn't know if that would be their position or not in the spirit of cooperation. They can't increase the amount without a referendum. He will bring the issue back to the Board once he has discussed it further.

Mr. Drummond said this is after we don't get the rate increases? Mr. Koblegard said that is correct. Mr. Perona said that is part of the ironies of life and asked Mr. Koblegard to keep the Board updated on this issue. It is an interesting thought process.

There being no further business, the meeting was adjourned.

ATTEST:

Secretary	Chairman