

MINUTES OF A REGULAR MEETING OF THE FORT PIERCE UTILITIES AUTHORITY,
TUESDAY, JANUARY 15, 2008, 4:00 P.M., CITY COMMISSION CHAMBERS

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

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

Chairman Drummond called the meeting to order.

The Invocation was given by Father Bernard Sheffield of St. Julian of Norwich Old Catholic Church of Port St. Lucie.

The Pledge of Allegiance was recited.

The roll was called and a quorum declared.

Mr. Summerhays asked to pull item 2 from the Consent Agenda for separate discussion and voting.

Mrs. Cully asked to remove item 1 from the Consent Agenda due to typographical errors.

Motion by Mr. Summerhays, seconded by Mr. Perona and unanimously carried that Items 3 through 8 of the Consent Agenda be approved:

3. Approve FPUA's participation in the amount of \$20,000 with the University of Florida and St. Lucie County in the cost of constructing approximately 600 LF of 8-inch water main and 4,000 LF of 4-inch and 6-inch force main for a total project amount of \$110,000.
4. Authorize staff to begin negotiations with Culpepper & Terpening, Inc. for Continuing Professional Engineering Services related to water, wastewater and gas systems for a period of four years with three one-year renewal options.
5. Bid 5781: Award lowest and best bid to Keystone Electrical Manufacturing in the amount of \$29,661.19 for purchase of a relay panel for Hartman Substation upgrade.
6. Bid 5764: Award lowest and best bid to Advantage Ford for purchase of three Ford F250 SD 4 X 2 trucks with utility bed in the total amount of \$66,078.
7. Approval of Safety and Training Services Participation Agreement with Florida Municipal Power Agency for a three year period beginning 1/15/08 through 1/14/11 to provide safety and training services with Municipal Electric Authority of Georgia in the amount of \$36,928 for the first ten sessions.
8. RFP 5789: Approve piggyback Manatee County Bid to purchase approximately 30,000 gallons of hydrogen sulfide control services from Siemens Water

Technologies in the amount not to exceed \$150,000 annually for the period of 1/15/08 – 1/14/09 with three one-year renewal options.

Mrs. Cully explained that Item 1 from the Consent Agenda is approval of the Minutes of the Regular Meeting of December 18, 2007. She referred to page 2 and 3 where the Living Trust of Joseph Miller is discussed, it is dated 10/02/86. She believes that is incorrect and should be changed to the correct date in three different places.

Mr. Perona said he believes that is the name of the trust and the date it was first put into place. Mr. Summerhays agreed. Mr. Koblegard said he doesn't have a copy of the Minutes with him, but he believes the date is correct.

Motion by Mr. Perona, seconded by Mr. Summerhays and unanimously carried that the Minutes of the Regular Meeting of December 18, 2007, be approved.

Mr. Summerhays explained he would like Item 2 removed from the Consent Agenda because Engineering, Design and Construction is owned by his son-in-law and he will be recusing himself from the vote.

Motion by Mr. Perona, seconded by Mrs. Cully to approve Specific Authorization with Engineering, Design and Construction for survey, soils testing, design, permitting and services during construction in the not to exceed amount of \$116,000 for a Master-planned 12 inch force main along Selvitz Road from Ten Mile Creek to Devine Road. The motion was carried with Mrs. Cully, Mr. Perona, Mayor Benton and Mr. Drummond voting yes, while Mr. Summerhays recused himself.

The following letters of appreciation were noted:

1. A note was received from Cris Adams of United Way thanking FPUA for its support of the annual Stuff the Bus drive for school supplies for children for the 2007-08 school year.
2. A note was received from Mustard Seed thanking FPUA for a contribution of \$1,392.53 from Project Care.

Mr. Drummond said he would like to have it noted that funds from Project Care are contributed by our ratepayers.

Mr. James Carnes of Water/Wastewater Engineering presented a request for additional funding for Bid 5740 from Ditchdiggers, our unit price contractor for installation of underground utilities for water and wastewater systems, for projects that need to be completed this budget year.

Mr. Carnes explained that Project One was approved today under the Consent Agenda and is located on Picos Road. Project Two is the Hutchinson Island Repump station. This has

been on the radar for some time now, and staff believes right now, in conjunction with the A-1-A roadway project, is the best time to get this one completed. Project Three is a 24-inch force main on Jenkins Road south of Okeechobee Road. This project is part of the Five Year Master Plan. Originally, this was going to be a joint endeavor with the developer. Some developers have been withdrawing their projects; therefore, we have been left with constructing this project solely. Project Four is a 12-inch force main on Selvitz Road. This is also part of the Five Year Master Plan. It is projected to be constructed in either the 2008 or 2009 budget year, depending on the mechanism to do that. Mr. Carnes further explained Project Five is the Avenue Q gravity sewer extension. This item is on the Agenda today for approval as Item 2 under New Business. Project Six is lift station rehabilitation. This is item 3 under New Business.

Mr. Thiess stated the two biggest dollar projects, No. 3 and 4, were pushed up to this year in order to utilize the South Florida Water Management District Grant Funds, which provide 50% of the funding for these projects. If we wait until next year, it could be past the end of the grant contract period, and we would lose that opportunity.

Mr. Drummond suggested that any motion for approval be contingent upon action the Board takes when they get to the items under New Business for Avenue Q and Lift Station Rehabilitation.

Motion by Mr. Perona, seconded by Mr. Summerhays and unanimously carried to approve an additional amount not to exceed \$2.13 million to the Ditchdiggers, Inc. unit price contract for completion of six underground utility projects contingent upon action the Board takes when they get to the items under New Business for Avenue Q and Lift Station Rehabilitation.

Mrs. Nina Hurtubise presented the Residential Electric Rate Comparison for the Month of November, 2007. For 1,000 kilowatt hours we still sit about midway between the Municipal Utilities in the State of Florida. We have 15 cities that have electric rates that are lower than ours, but there are 17 that are higher. This is very close to what our average residential customer consumes, about 1,200 kilowatt hours. Our average throughout the year is 1,200, but for comparison purposes, everyone puts in the rate for 1,000 kilowatt hours so we are comparing apples to apples. We also have the 2,500 kilowatt hour comparison. We are a little higher in the curve. There are 17 cities with rates less than ours and 15 are higher.

She further pointed out we have a comparison of the electric, water and wastewater bills for our local area. These are November numbers, even though the heading states October. With the increases in our power cost adjustment, we are still lower than both Port St. Lucie and Vero Beach.

Mr. Thiess introduced the next item, which is a request for approval of extension of an 8-inch gravity sewer line on Avenue Q for potential customers. This was brought to us by two of our City Commissioners. There was a lot of discussion regarding this project over a period of several months. At one point he presented the project to the Fort Pierce Redevelopment Agency and they agreed to fund it. Mr. Bo Hutchinson of Water/Wastewater Engineering will present the details.

Mr. Hutchinson stated the Avenue Q gravity sewer expansion project will make wastewater service available to 28 residents along Avenue Q from 25th Street to 29th Street. The Project is being funded by a \$250,000 FPRA grant. The construction costs for the project are estimated at around \$175,000. That is assuming that the City does not require a complete overlay of the roadway from the service connections. Other costs to consider, but are not included, are the Capital Improvement Charge costs to the residents. Those total around \$79,000. The septic tank abandonment charges are \$23,000 and are not included. Any left over funds from the construction could be contributed towards these costs. To minimize the costs we plan to do the engineering, permitting and project management in-house and utilize our Unit Price Contractor.

Mr. Drummond said his first question would be if the City does require an overlay, what would the cost be? Mr. Hutchinson said that cost would be around \$75,000. That would max out the FPRA grant. Mr. Drummond said there would not be dollars for the Capital Improvement Charges at that point nor the abandonment of septic tanks. Mr. Hutchinson confirmed Mr. Drummond's statement.

Mr. Thiess said we did ask the FPRA to fully fund the projects including Capital Improvement Charges and septic tank abandonment, the entire package. FPRA was optimistic we would be able to get it done for less and authorized \$250,000 in hopes we would come in low on construction costs and be able to fund the other items with the \$250,000. Mr. Drummond said he doesn't have his calculator in front of him and asked if someone could give him an estimate of what the full burden could possibly be. Mr. Hutchinson said he believes it is right around \$350,000 if you include the overlays, Capital Improvement Charges, and septic tank abandonment. Mr. Summerhays said we could be \$100,000 short. Mr. Drummond said he knows this has gone back and forth and believes the Mayor was involved regarding this. It was hopeful this whole thing would not have to go back and forth again. He is looking for some kind of consensus on our part to get this done.

Mr. Perona said his concern is the FPRA has come up with the funding to build a benefit for these people. He understands some of these customers are County customers. What is the breakdown on that? Mr. Thiess said eight out of twenty-eight are County customers. Mr. Perona said it only is a benefit when it doesn't cost the final consumer any money. If we are charged with repaving the road and extra things and it does consume our entire amount of \$250,000, the homeowner may be looking at \$4,000 worth of impact fees and connections and abandonment charges for septic. He doesn't think they would think that is much of a benefit at all. In concert with that, Mr. Perona would really like to know what the City's thoughts are on what the road issue is and things like that, so we can get a finer tune to the amount it is going to cost. It seems we can get under the amount and have enough money for FPUA to pick up these other expenses through that money from FPRA. That would be the whole reason for FPRA giving the money is that it becomes a 100% benefit for the people it will serve.

Mr. Drummond would be in favor of looking at that, but somewhere he would like for us to be able to demonstrate exactly what contribution we are making. He knows there is discussion with regard to the engineering and that sort of thing. He would like a dollar amount attached to it. He wanted to demonstrate exactly what contribution we are making to this project. He thinks in the long run we need to participate in getting what he considers to be a small gap in

the system for our residents involved in the system. Mr. Hutchinson said typical engineering costs for projects like this range from 15% to 20% of the total cost of the project.

Mr. Drummond asked if this is something that has to be taken to the City Commission with regard to the overlay, or would that be a staff level decision? Mayor Benton said it will probably be a decision of the Commission. When we were looking at these numbers the figures came to us from the UA saying this will cover it. Now, this has a life of its own. The numbers keep going up.

Mr. Thiess replied that the full numbers went to the FPRA Board. He has a copy of the letter with him tonight with the cost estimate that was sent to them. We even mentioned the \$79,000 in Capital Improvement Charges and the cost estimate attached to that shows an estimate of \$355,000 just for construction. In addition was the \$79,000 in Capital Improvement Charges. We brought all those numbers to the FPRA Board. He thinks the FPRA Board looked at the low number and was optimistic that we could make it happen for the low number and gave us \$250,000. He thinks it was understood that it could be a lot higher, because we did point out all those contingencies in the letter with the attached cost estimate dated August 22nd. The FPRA Board was aware of these contingencies. We said we would try to overcome them and if we fell very short of that, staff's position was that we would go back to the FPRA Board and tell them we tried and couldn't do it and need more money to do the project.

Mr. Perona asked if we can adopt a motion contingent upon the City responding to the question about road overlay and all the other expenses. Maybe our staff can get a better insight into the amount it will cost so we are sure we will be able to cover these expenses rather than sit here and volley back and forth. Mr. Drummond said the concern he has with "contingent upon" is at what level will we say it is okay? Mr. Perona asked what our low cost was? Mr. Thiess said the low cost we provided FPRA was \$164,000, but he did note in the letter that was under the old Unit Price Contract and that the new Unit Price Contract could raise prices from 8 to ten percent, so that the \$164,000 could go up to \$180,000 based on the same quantities. Mr. Perona said we have \$70,000 hanging out there. Mr. Thiess said right, which would cover the bulk of the Capital Improvement Charges, but not the sewer abandonment charges and certainly not the overlay. Mr. Drummond said this all envisions the \$250,000 from FPRA and no contribution other than the engineering from FPUA. Mr. Thiess said that is correct, but we did mention in our letter to FPRA that we have made contributions in the past on the order of four years' revenue. We have not committed to that yet, because it has to be approved by this Board. In the letter we noted that if we did bring it to this Board for approval, the amount would be \$52,000. That is what the four year revenue projection is once the project is connected. Mr. Drummond said coupled with the \$250,000, it would take us to the \$300,000 mark. Mr. Drummond said he would want it structured in such a way that we make every attempt to try to work within at least that parameter to get the full thing done. He agrees with Mr. Perona that he doesn't think it will be perceived by the residents as a benefit if they have to go into their pockets at this point. Mr. Thiess said correct. If the City does not require us to do the full overlay on the road, he thinks it is very likely we could make it for the \$300,000 total price.

Mayor Benton asked what will determine if the City requires the road to be overlaid. Mr. Thiess said, typically, it is the condition of the road. We have worked with the City in the past on projects where we've done road cuts. We would do hot patches and saw cut them and all

that. It would be a neat, professional job. A lot of times it depends on where the road is in the City's overall resurfacing plan. If it is in poor shape and they are planning on resurfacing it in a year or two, they have just let it ride with patches. If it was just resurfaced two months ago, typically, we have to resurface it. Mr. Drummond said he knows it is not a local road. Mayor Benton wishes we had Jack Andrews in the meeting or had known about it earlier, so we could have gotten an answer for today, so we could move the project forward. This project has been dragging for so long, he is ready to get it moving today and deal with details later. The price has gone up. We've talked about this for a year now.

Mr. Thiess said if we change the recommendation to approve the project with up to the four year revenue contribution and if we have to do an overlay or run into other contingencies that take us over the \$302,000 figure, then we would approach FPRA Board for additional funding.

Mr. Drummond said he is of the opinion that if we do that there are two things that are going to happen: It is going to slow it down even more, and the sense he got from the FPRA the last time, it's not going to be well received. Mr. Perona said he still thinks we can pass this with a contingency right now and put the burden on the City to go ahead and make a commitment to the cost. If the City has no issue with the costs and the road repairs as prescribed by staff, we're moving ahead. He would rather do that than sit and let this bake another month or so. It has been in front of us for a while.

Mr. Drummond said in the spirit of compromise and willingness to try to get it done, he would certainly be comfortable with a motion that suggested that we go with the four year revenues, which would take it to the \$302,000 and if the City does ultimately require overlay, that we at least look in terms of contributing half of that cost, which would then suggest to the City that they would have to meet the difference. In his mind, that would be a compromise, and would hopefully get this done. Mayor Benton hopes we can get an answer from the City Engineering Department by our next meeting as to whether the road would be required to be resurfaced. If a good job is done, we will be fine. He doesn't remember Avenue Q being in bad shape, so he doesn't believe it is on the City's list of roads that are top priority for repaving.

Mr. Perona said basically the type of sewer we are installing is in the right-of-way. We are not digging up the road. Mr. Thiess said the sewer itself is being designed in the right-of-way. There will be a double service going across the road to serve two lots at the lot line. Mayor Benton said that is eight cuts. The majority of the homes on the other side of the road are in the County.

Mayor Benton moved to approve post budget work order for construction of an 8-inch gravity sewer system for new customers on Avenue Q in an amount not to exceed \$250,000 with FPUA contributing an amount up to four year's revenue in the amount of \$52,000 and if the City requires overlay of the roadway, that FPUA contribute one-half of those costs. Motion seconded by Mrs. Cully and unanimously carried.

Mr. Drummond thanked the Board for their support.

Mr. James Carnes presented a request for approval of a post budget work order and funding for improvements and repairs to lift stations located at Ocean Village and Harbortown Marina. He stated FPUA owns and operates approximately 120 lift stations in the Fort Pierce service territory. They range from brand new to a little more than 50 years of age. Consequently, they require different levels of preventative and corrective measures. After they reach the 15 to 20 year mark depending upon the type of materials, they exceed measures we have in place to keep them running. When we approach that 20 year mark, as with the lift stations in question today, we request funding to improve the lift stations and, hopefully, get them to the 20 to 40 year mark.

Motion by Mayor Benton, seconded by Mrs. Cully and unanimously carried to approve post budget work order and funding in the amount of \$120,000 for improvements/repairs on lift stations located at Ocean Village and Harbortown Marina.

Mr. Thiess introduced a request by Urban Solutions, Inc. to address the Board.

Mr. Steve Smoke, representing Urban Solutions, stated they are redeveloping the Moore's Creek area and are putting in affordable housing. They got past every hurdle in the City until they got to FPUA, and it is a hurdle they can't get over. FPUA has a \$8,000 fee to build a \$150,000 house. It throws all the numbers off.

Mr. Drummond asked Mr. Smoke what is his request of this Board. Mr. Smoke said the request is to get rid of the \$8,000 fee. They are putting up affordable housing. They have bought fifty lots so far. These homes will increase the tax base for the City considerably. If he is going to have to pay to increase the tax base, he ought to get to share in the profits. This will go on forever. You will have bills coming and going out instead of empty land. They have cut everything to the bone and can't cut it any further. The \$8,000 fee to connect water and electric from the street is a lot of money when you are trying to sell houses to people who don't have a lot of money.

Mr. Drummond said he will have to turn to staff and ask them what input they have had with regard to this request. Mr. Thiess said we had one discussion on the telephone with this gentleman and David Recor. Mr. Thiess said Capital Improvement Charges alone are \$1,841 for water, \$2,815 for wastewater and for a 200 amp service on residential, \$988. That totals \$5,644. He thinks the other fees are small connection fees. He isn't sure where Mr. Smoke got to \$8,000. Mr. Smoke said it comes to \$8,650. That includes water and utility hook ups. They paid the impact fees and everything else. This is just the hook up fee. Mr. Thiess said the only reason he can see that it would be that high is if there are services to be constructed to the homes. If the service is there, it should cost the impact fees plus some minor connection costs. The discussion we had was that at staff level we are not authorized to waive or reduce impact fees. They are established by resolution and in his discussion with Mr. Recor and Mr. Smoke, he told them they would have to bring that question to the Board.

Mr. Drummond said his initial question would be do we require this of all residential units equally throughout our territory? Mr. Thiess said, absolutely. Also, he did, at the Mayor's request, survey our neighboring utilities: St. Lucie County, Port St. Lucie, City of Stuart and Martin County. He received a reply from everyone except St. Lucie County. The other three utilities all said without exception that they do not waive or reduce Capital Improvement

Charges for low income housing or any other project. The City of Stuart said they are specifically required by their bond covenants not to do that. If they did reduce them for one particular project, they would be violating their bond covenants. He believes Mr. Koblegard talked with our bond counsel, Mr. Robert Freeman, and should be able to embellish on that from our standpoint with our bond covenants.

Mr. Koblegard said he spoke with Mr. Freeman this afternoon and explained the situation to him. Mr. Freeman said this has come up before, and it would be a violation of our bond covenants, as we have a "no free service" clause. Mr. Freeman said he could not support the request with an opinion that it would be allowed under our covenants. Also, this has come up to the Board in the past on different occasions, and the Board, so far, has been consistent in saying they would like to help, but they can't.

Mr. Drummond said his concern would be if we approved it and someone came in at our next meeting and asked that we waive the fees, under what grounds would we deny them? He thinks equity and fairness across the board would be the only thing that would protect us.

Mr. Smoke said since they have cut it to the bone and worked on this project for close to two years and spent almost \$1 million, there is no way anybody is going to be able to build up the Moore's Creek area and it is going to stay just like it is unless somebody moves off the dime. His company has done that. They came up with a bunch of money.

Mr. Perona said this seems like a big undertaking by your company and that you put a lot of thought and research into it, so are you just finding out now that you had to pay impact fees? Mr. Smoke stated the head of the CRA at the time, who is no longer there, told them there were no fees. Mr. Perona asked what fees he was told there were none of. Mr. Smoke said he was told there were no utility fees at all, that everything could be waived. Brian O'Connor was the person who told him that. Mr. Drummond asked if he was told there were no fees or that those fees could be waived? Mr. Smoke said he was told there were no fees. From the contractor he hired, Don Santos, President of Treasure Coast Builders' Association, after building in this area for thirty-seven years, was thoroughly shocked. He has built quite a few houses here. At the meeting they had, they exchanged telephone numbers, so the Builders' Association could be aware of these fees, because it seems nobody in the Builders' Association knew about them. Mr. Drummond said if he is not mistaken, these are not new fees.

Mr. Thiess said they aren't. The Capital Improvement Charges for water and wastewater were done away with for a little while in the 90's. They went back into effect in January, 2000. They have been in effect ever since. Mr. Drummond said, typically, would not the developer get with our staff when contemplating developments and we would share potential costs associated with those developments? Mr. Thiess said that typically happens with all developments. They come and talk with us. Mr. Smoke said this is not a development. It is in-fill housing. There is no development involved. Mr. Thiess said if a developer has a subdivision, we review his plans. This is a little different, because there is one house here and one house there in an existing area that already has service. Still, we deal with a lot of those people, too. They come in and pay their impact fees.

Mr. Summerhays asked if he can assume this is a for-profit corporation and not a 501c-3 organization. Mr. Smoke said yes, but it is not exactly a giant profit corporation as it turned

out after two years and one million bucks. He said they will make about \$7,000 if they don't have these fees. If they do have these fees, they will lose about \$2,000 on a house.

Mr. Drummond said this seems to be in conjunction with the Linear Park development the City is undertaking. Mr. Smoke said this company is a joint venture between National City Bank, his partners and himself. Mr. Drummond asked if he approached the City. Mr. Smoke said the City said to keep building houses and everything will be fine. Now, he can't reach anybody in that same office. Mr. Drummond said he thinks we are somewhat limited in that legal staff is suggesting that our bond covenants will be violated. We are very much in a position of trying to be equitable across the board. He would have difficulty approving this. Mr. Summerhays said the bond covenants make it a moot point even if we wanted to waive it. Personally, he can't think of a reason why we would want to, even though you are doing something that is good for the City. Perhaps the City would want to participate through the FPRA or something like that. Our only source of revenue is rates and charges. We have no access to ad valorem taxes. If we don't charge the builder, we will have to charge somebody else. Mr. Smoke said if we put one hundred houses on your tax base, he thinks you would be in a whole lot better situation than he is. Mr. Summerhays said we don't get any of that.

Mayor Benton said he is going to check with staff. He finds it hard to believe Mr. O'Connor would have said there are no fees at all, unless he meant impact fees. Mr. Smoke said Mr. O'Connor also offered him money and free lots and all kinds of stuff, which he told Mr. O'Connor he didn't need. He didn't need anything for free. It turns out the City never even owned these things he was trying to give away. Mayor Benton said he will check into this. It is the first he has ever heard of this situation. Mr. O'Connor hasn't been with us for some time. Linear Park is very important to us, but he knows there are some things we can't do. That is why he asked Mr. Thiess to look into what the surrounding utilities can do, and it appears they can't do this either. Maybe there is another road to go. Mr. Smoke said this area needs help and they stepped to the plate. Mayor Benton said so did the Fort Pierce Redevelopment Agency. He will look into the details himself. As far as waiving fees, nobody else in the area does it, and legally we can't do it. Maybe there is another route to go.

Mr. Smoke asked who he would contact. Mayor Benton said he would contact Mr. Beach or Mr. Ward. That is who he will be contacting.

Mr. Thiess presented a request for approval of a letter agreement between FPUA and Florida Municipal Power Agency. Mr. Thiess said several years ago we structured a reclaimed water and disposal agreement with FMPA for supplying reclaimed water to the Treasure Coast Energy Center and taking their cooling tower blow down and other wastes back and putting it down our deep injection well. When we constructed that contract we had envisioned at that time that the Mainland Water Reclamation Facility would be moving along on approximately the same schedule as TCEC, just slightly lagging it by a couple of months. With that in mind, we really didn't account in that agreement for costs we would have incurred for operating the deep injection wells for FMPA and the TCEC as far as some capital costs and operation and maintenance costs, because we were going to be operating the wells for our wastewater treatment plant. Now that our wastewater plant is put off until, probably, 2012 timeframe and beyond, we are in a situation where the TCEC is going to start up probably in May of 2008, and we're not going to have a wastewater plant out there. We went back and looked at the actual costs we would incur by having to maintain the well, operate the well, purchase new

facilities for installation at the well. Our Engineering staff came up with \$107,154 in capital costs that would be a one time payment to buy these facilities and set them up. They are facilities we need to operate the well. In addition, we looked at our time and expenses, chemicals and materials, in order to maintain that well on an annual basis for FMPA's benefit, and it came to \$65,060 per year. We constructed this letter agreement that amends the previous agreement for FMPA to pay the \$107,154 in capital costs, and the annual O&M costs in the amount of \$65,060 to cover our costs to operate that well. The agreement also establishes a method to review the costs at the end of the year. If we had some abnormal costs and something happened and we had to go in and fix something, we could make adjustments at the end of the year to make sure all of our costs are 100% covered. He believes this agreement will be on the Agenda for an FMPA meeting later this month.

Motion by Mr. Summerhays, seconded by Mr. Perona and unanimously carried approve letter agreement between Fort Pierce Utilities Authority and Florida Municipal Power Agency for payment of O&M costs and other costs related to the FPUA deep injection wells located adjacent to the Treasure Coast Energy Center.

Mrs. Nina Hurtubise requested approval of Resolution UA 2008-01 involving signature authorizations for FPUA banking.

Mrs. Hurtubise informed the Board this is an administrative item. We are making two changes in signature authority with Riverside Bank. There are three different bank accounts that this affects: operating, payroll and refund accounts. We are replacing Mrs. Nancy Dallaire with Mr. Tim Perkins. Mrs. Dallaire was willing to place her name on our account, but since Mr. Perkins has completed his probationary period as Director of Water/Wastewater Systems, we need to have his name replace hers. Mr. Varella's retirement request is on the agenda of the Retirement Board on Thursday for approval. At that point he will no longer be an employee of FPUA and we are seeking to have my name replace his.

Motion by Mrs. Cully, seconded by Mr. Perona and unanimously carried to adopt Resolution UA 2008-01 authorizing signatures for Riverside Bank Accounts.

Mr. Thiess stated he has spoken briefly with each Board Member regarding our recent reorganization and had intended to bring the two sheets showing before and after reorganizations and a memorandum to the meeting today. Since he does not have them with him, we will send them out tomorrow morning and if there are any questions, please call. It was not a widespread reorganization throughout the company, but fairly simple involving our administrative groups.

Mr. Thiess said we have had some discussion about the Utility Advisory Group. It was on the City Commission agenda and has been discussed here in the past. He wrote a letter last week to the City Commission suggesting the committee be an FPUA committee rather than a City of Fort Pierce committee. He thinks the idea was well received by the Mayor. The reason for that is if it is going to be a true advisory committee, it should be an advisory committee for the FPUA Board. This is where action is taken regarding utilities. With that in mind, we have a consultant who is working on structuring the group. They have experience in

this type of thing, and we expect to receive their input in the next thirty days. We will bring a plan to form the group to this Board and what their responsibilities will be, how they will interact with FPUA staff and how they will interact with this Board.

Mr. Drummond said he trusts the Mayor is involved with this. Mayor Benton said yes. He thinks it is a good idea. He hasn't had numbers of people coming in volunteering to be placed on the advisory committee and hasn't gotten the commitment from Commissioners to select anyone. Hopefully, we can get one person from every member here and one from every City Commissioner and get this committee rolling. It isn't materializing as fast as he hoped it would. He has received about five applications. He thinks it will work out better answering to the UA Board rather than the City Commission. Mr. Thiess said our staff might make some suggestions as to how the members are selected. Our recommendation might be to put the word on the street that we want people on this committee and look at the group of applicants we receive. This Board and the City Commission could select five applicants out of that group. That might be a way to get a good cross section of committee members. We are working with a consultant on the structuring and how to put it together and a functional plan as to how that committee will interact with staff and the Board. As soon as we have updates on that we will get it back to the Board.

Mr. Thiess asked Mr. Tom Richards to address the Board regarding three items in the Electric area, the Hartman transformer status, incident regarding Unit No. 8 at the King Plant, and the RFP for the King Plant demolition.

Mr. Richards reported that we did experience another event where a tube was blown in the wee hours of the morning on January 3rd. It was in a similar area as the one that occurred in September of 2006. There was quite a bit of damage, again. There were no injuries, but the unit is a mess now. We are faced with the predicament now of whether to spend the time, effort and money to repair this unit when it is going to be retired at the end of April. The dilemma for us is that it produces a stream of income for us if we have it either in an operable state or we are making a good faith effort to repair it. We are evaluating our options to try to determine what might be required to get it back in service and how long it will take and how much effort it will take. Our power plant staff right now for the most part is working at the Treasure Coast Energy Center site. They are operating a number of systems that have been turned over to the owner and, in addition, they are still in training on a number of systems. We are very short staffed at the King plant right now.

Mr. Perona said the last time this happened we were dealing with insurance, too. Do we have insurance on this boiler? Mr. Richards said we still carry boiler and machinery insurance with a \$100,000 deductible. That figures into our decisions, too. Mr. Perona asked how long it took us to get it repaired the last time. Mr. Richards said it took us a long time and, unfortunately, the mistake we made in retrospect was trying to deal with the original manufacturer. They dragged their feet for a long time to get us a proposal and finally when we had the proposal all lined up, they refused to sign the contract. After months and months of negotiating, we went to an outside vendor who repaired the unit in fairly short order. We will take that route this time. We also need to deal with the insurance company and see if they are amenable to a negotiation process.

The Retirement of the King Plant is coming up. We are pretty much firmly fixed on the May 1st date for retirement. We have put out an RFP for proposals to demolish the plant. We had a mandatory pre-bid meeting on Friday, and we had 85 people show up for the meeting. That is not 85 potential bidders, because a lot of them brought subcontractors with them. We have a lot of interest in the demolition of the plant. The due date for proposals is February 6th. The market is pretty good right now for recovered salvage material, so that is an offset to the cost of the demolition. We don't know what kind of overall bids we will get.

Mr. Drummond asked if we signed a Memorandum of Understanding with the City of Fort Pierce. Mr. Richards said no. Mr. Summerhays said, as he recalls, we were going to determine the costs before signing an agreement. Mr. Richards said that is correct. We have to determine what the costs are going to be first. Mr. Drummond said we still contemplate signing a MOU with the City. Mr. Richards said he thinks we will sign something. Mr. Thiess said that was the intention. We talked about it before, but couldn't put our fingers on the cost. The plan was to put it on the street. We heard encouraging news from JEA that they did a couple of these on an RFP basis and were relatively inexpensive compared to our estimates. Once we get the numbers we will get back with the City.

Mr. Richards said the last item is an update related to the retirement of the King Plant. As you recall, we need an increase in capacity at Hartman Road to be able to deliver power from the transmission system. All our power will be coming from there in the future after May 1st on a firm basis. We can stand, on a planning basis, to have any one of the three transformers that deliver power to Fort Pierce, out of service at one time. In order to get to that situation, we're changing out two transformers at Hartman Road, doubling their size. The Board has authorized purchase of those transformers, and they are being manufactured and shipped from Korea. The latest information is we would expect the first unit to be operational in the second week of March, and the second unit would be about three weeks behind that. If they are able to stay with that schedule we will be in good shape to have our capacity ready to go when the King Plant is retired. We will update the Board as things progress.

Mr. Drummond said he is curious as to where we are with regard to the update on the outcomes from the structures that did go through the City's weatherization program. Mr. Thiess said we had done an analysis of that, but we picked an arbitrary time before and after the survey, and it ended up being a bad time. Before the home energy audit there was a lot of down time after the first hurricane period. A lot of those homes had very low consumption during that time. When we did it that way with low consumption prior to weatherization, the use after it was actually greater. We have to go back and look at the year prior to September 2004 before the hurricanes hit. We will compare that period to homes after the weatherization. That was delayed because the person who is performing that task has been on vacation, but is back now. We expect to have that information very soon. Mr. Drummond said he is just interested, because he knows the City has committed another \$300,000 to that program. He would like to see whether it was really beneficial. Mr. Thiess said in order to get a full report on that we are going to have to talk to the City, because he is not sure the \$170,000 was spent entirely for weatherization. He thinks there were some code enforcement issues that were also addressed, and we really need to break it out and see what the true cost of weatherization on each home was and then look at the difference in use

before and after. We need to get that covered before we bring it back to the City and this Board.

Mayor Benton said we ran into some structural issues, so this time we are going to define just weatherization items like insulation and weather stripping. No more windows or related items tied with structure issues will be included.

Mr. Summerhays was made aware this week that FPUA has been subject to considerable criticism, apparently, at the County and, possibly, the City level for being, he believes the word used was obstructionists, in trying to attract business or other developments by handing out freebies to developers or companies. He doesn't think people understand that we only have two or, possibly, three sources of revenue: rates, capital charges and, if we can get them, grants. We have no access to ad valorem taxes. We have no deep pockets to reach into and pull out extra money. If somebody comes and wants free services, it is a problem. The only people we can go to are our ratepayers, unless the County or the City or whoever happens to be pushing this would care to pay for this difference. It was apparent talking to the person I was talking to that, perhaps, that wasn't understood. He just wanted to put it on the record.

Mr. Drummond said he is a little confused. He knows about the request made today. Mr. Summerhays said we had a couple of others recently, the bottling plant, the biomedical facility that ended up in Port St. Lucie that could have, supposedly, been out at the County industrial park. He was told we were getting blamed for throwing a monkey wrench into the works. It irritated him a bit, so he is just trying to make sure everybody understands. He is not willing to have our other customers pay for somebody to have a freebie. The money is going to have to come from someplace else.

Mr. Drummond said, again, he is a little confused. He is not aware that we've been approached as a Board to participate. Mr. Thiess said on the biomedical facility Mr. Summerhays is talking about, neither the Board nor staff was approached. He doesn't know if they were just looking at our numbers and said they were high, and they did not want to talk to us. We were never approached by a biomed facility. Mr. Summerhays said that was his understanding. They did not even talk to us because we're obstructionists.

Mayor Benton said we did sit at the table with one group and work on numbers. The other one he has no knowledge of, but he does know there is some misinformation at the County level that we can do more. He thinks we will see a presentation by the Economic Development Council. They are going to come and sit down and chat with us. They would like to see us be a better team player. But, what do you tell existing businesses when you want to bring somebody in and give them a big break. There are certain things we can and can't do. He doesn't think the County understands that. They are not in the utility business the way we are. He thinks it will involve throwing that out and having the discussion, so that when a business does come here they will know what we can and cannot give. He thinks they want to know what they can bring to the table when somebody does show up.

Mr. Drummond said he remembers the presentation made here by the Economic Development Council when they were looking for just dollars to participate in their outreach effort. He thinks he made the statement then, that any time development comes in, in many

instances we are called upon to make very large capital outlays to make sure we can meet their requirements. If that in itself is not participation in the program, he doesn't know what it is. He welcomes anyone to come sit with us, but he thinks that we do very much work with developers when they do come to the table. He would agree that he doesn't think it is fair to look at our existing customers and suggest that they bear the brunt when a development wants to come in for free.

Mr. Summerhays said he doesn't think they understand, because the County and the City of Port St. Lucie utilities are part of City government and they have other sources. They have ad valorem taxes, for instance, to reach in and pull a little bit of money out to pay for it. We do not have that. The Utilities Authority has to operate as a business.

Mayor Benton thinks the other thing is that we have one City Commissioner sitting on the Economic Development Council. He thinks it might be in the best interest of FPUA to have either a Board Member or staff to be a member of that council. Mr. Drummond would encourage always for development to at least speak with staff. He would suggest it would be helpful to have staff on the Council more so than a Board Member, because at some point if we are asked to do something, it would have to come to us as a board.

Mr. Thiess said a large part of the problem is the Economic Development Council projects. The potential customers want very little said about their presence or the potential for them coming here, so it is all kept very much under wraps and only the parties invited to the table are the ones that get to participate in the discussions. As Mayor Benton said, a lot of times we're the last ones to be asked to the table. Mr. Drummond doesn't mind being the last to be asked, but he doesn't want to be the first to be blamed. Mayor Benton said we need to be a little more aggressive this year. We are going to have one City Commissioner down there and staff from the City. He thinks it is time someone from the UA attends these meetings once a month. We need to be at the same table as everyone else. Mr. Thiess said we have a staff person now on the EDC. That is Doug Giel. Camille Yates was a member previously.

There being no further business, the meeting was adjourned.

ATTEST:

Secretary

Chairman