

MINUTES OF A REGULAR MEETING OF THE FORT PIERCE UTILITIES AUTHORITY, TUESDAY, OCTOBER 20, 2009, 4:00 P.M., CITY COMMISSION CHAMBERS

Members Present: Chairman, Robert W. Summerhays, Jr.; Secretary, Darrell Drummond; Deputy Secretary, Pamela K. Cully; Mayor Robert J. Benton III and Ex-Officio Member/City Manager, David Recor (arrived at 4:10).

Others present: Director of Utilities, FPUA Attorney, Director of Finance, Director of Shared Services, Manager of Risk Management, Director of Electric and Gas Systems, and Director of Water and Wastewater Systems.

The meeting was called to order by Chairman Summerhays.

Invocation by Craig Brewer, Electric T & D Superintendent

The *Pledge of Allegiance* was recited.

The roll was called and a quorum declared.

Mr. Summerhays said that Mr. Perona is not here because he resigned over the weekend, as you may have read in the newspaper, so he can pursue his political campaign.

Motion by Mayor Benton, seconded by Mr. Drummond, and unanimously carried to approve the items listed on the Consent Agenda:

1. Approval of the Minutes of the Regular Meeting of October 6, 2009.
2. Approval of the Budget Transfer in the amount of \$54,000 from IWRP Upgrade and Wind Retrofit Project to Lift Station A Elevation and Wind Retrofit Project.
3. RFP No. 5935 – Electrical Services – Approval and award of a contract to Gerelco Electrical Contractors, Inc., Port St. Lucie, FL and Matula Electric Contractors, Fort Pierce, FL, for electrical services at various FPUA locations not to exceed \$25,000 annually, for a total proposal award of \$50,000.
4. Approval of the Budget Transfer of \$40,000 into FPUAnet Project Account 09972 for Fiber Growth: Schools & FPUAnet, which brings the 2009 budget to \$224,025.
5. Approval of transfer of funds from Project Number 835209815, Wastewater Main Lining, into Project Number 835209816, Manhole Rehabilitation.

A note was received from The Mustard Seed thanking FPUA customers for the amount of \$288.53 and Electric T & D in the amount of \$50.00 contributed through Project Care.

Ms. Kathy Gordon of Siver Insurance Consultants presented the 2010 Employee Benefit Plan. She said she was going to walk through the changes that are being recommended and have been discussed with FPUA staff for all FPUA employees and retirees for 2010. Ms. Gordon said last year all the insurance coverages and components of the benefits plan that were paid for FPUA or partially by FPUA were subject to an RFP process. She said a lot of the program components this year are on the second year of a rate guarantee or may have been promised for two or three years at different rates. The big change to the plan is there is a 10% increase to account for additional claims costs expected next year for the health plan. She said to put that in perspective, the health care costs for 2010 are still less than they were in 2008 before they did the RFP last year and made the change to Blue Cross and Blue Shield (BCBS) for the health plan. Mrs. Gordon said the Administrative Fee from BCBS was part of the rate guarantee from the RFP last year so that is going up slightly. The Stop-Loss Insurance, which is the catastrophic insurance coverage that protects the Self-Insurance Plan, went up a little, but quite reasonably and that is the driver for the 10% rate increase. Mrs. Gordon said the insurance agent that represents FPUA for the Stop-Loss Insurance did get eight alternative quotes and the one that Siver is recommending is the most competitive one from the incumbent insurance company called Symetra. She said in addition to the other changes, in order to control future costs, Siver has recommended a few changes to the benefits. They are recommending the deductible be increased from \$250 to \$300, which is still competitive in today's market place, but if these changes are not made, next year's cost may be more uncontrolled. Another recommendation is to increase the specialty physician's office copayment from \$15 to \$25. Ms. Gordon said \$15 for a specialist is quite inexpensive in today's health plan market place. This is what the family member or employee would have to pay. She said the \$25 saves the plan a little bit of money that the employee is paying and not the plan. It also forces the thought if the employee really needs to pay extra to go to a specialist or could they go to a less expensive primary care level physician. Siver is recommending a fourth tier on the prescription plan for specialty drugs, which is becoming quite common in health plans with a copayment of \$100. These drugs are very unusual and there are very few people using them. The costs are extraordinary, sometimes over \$1,000 a month and sometimes as much as \$4,000 or \$5,000 a month for the unique specialty drugs.

Mr. Summerhays asked for an example of a unique specialty drug.

Ms. Gordon said one of the names is Avonex and other drugs that are injectable and used for Multiple Sclerosis. Some are unique and devised specifically for the individual growth hormones for children and some are self or office injectable chemotherapy drugs. These are not drugs that are routine. Ms. Gordon said that in the past two years, FPUA has had maybe two individuals taking these drugs. She said many health plans today are beginning to add costs sharing or this fourth tier for employees for these drugs. If these drugs are \$2,000 to \$3,000 a month, right now FPUA employees or dependent is paying \$35.00 for a 30-day supply. She said they did not want something

so expensive in a copayment or cost sharing that the employee cannot afford the drug because they need it. We wanted something that would promote more caution in making that decision.

Mr. Drummond asked if when Ms. Gordon used the term unique, is there no alternative for these drugs.

Ms. Gordon said she would not say there is no alternative, but she feels pretty comfortable that the incidents that are seen are quite severe health problems where other alternatives have been tried and failed. She said that she does not think the physicians are prescribing these very expensive specialty drugs when there are alternatives.

Mr. Drummond asked if it is an experimentation type of drug. Are these standard treatments one of those drugs are prescribed for, or are they unique and there are no substitutes available, so the patients are at a point where they are life saving medications?

Ms. Gordon said that is true in many instances. She said another example is that some employees may have a blood disease that requires the unique medications. Ms. Gordon said a lot of thought and discussion went into the right caution for these types of drugs. She said they are terribly expensive. If you figure \$3,000 month, that is \$36,000 a year to the plan and employees now are paying \$35 a month for those drugs. She said some plans are doing 10% of the costs of the drug, which would be too expensive for the plan participants because that number is not capped. Ms. Gordon said they wanted something that was capped and manageable that they could afford, but also be respectful to the costs to the plan.

She said there are a number of health plan amendments that are being recommended to take effect on January 1st. One is amending the mental health coverage so that it meets the requirements of the Mental Health Parity, which is a new federal act that was passed in 2008. Also, this plan meets the new Florida Guidelines and Requirements for coverage for treatment of Autism Spectrum Disorder; it meets Federal Requirements for dependents between the ages of 19 and 25 (Michelle's Law) that allows a leave of absence from school and maintain eligibility; and it provides a special enrollment period if they lose eligibility in Healthy Kids, allowing them to enter in the middle of the year to this plan. These are required by Florida law. Ms. Gordon said there was a mistake when they renewed and rewrote the plan with Blue Cross effective January 1, 2009. The old plan included a provision to allow the spouse of a deceased retiree to continue on the plan as long as they pay the premiums for the remainder of their life. The language was left out of the 2009 plan by error and that change is subject to approval and will be retroactive to January 1, 2009.

Mr. Drummond asked how that will affect the actuary concerns with the GASB. He said it would certainly have an impact if we are talking about the spouse of the deceased employee that is retired.

Ms. Gordon said it is her understanding that when the actuaries that looked at this GASB Issue, that was taken into account. She said they were looking at FPUA's 2008 plan when their study was done and the 2008 plan had that provision in there. It should have been in the 2009 plan. Ms. Gordon said the actuary's projections were based on the 2008 plan and 2008 numbers. It was a clerical error when it was left out of the BCBS plan. The sentence or two that allowed the spouses to maintain coverage was never taken away; that paragraph just was not in the BCBS book.

Mr. Drummond said that we are already of the opinion that number is erroneous and we are expecting it to come down. He said he does not feel good that this could change that number.

Mrs. Cully asked if Ms. Gordon knows the number of retired spouses or dependents that this would include.

Ms. Gordon said she does not know.

Mr. Summerhays said that it would be very few.

Mr. Ed Cox, Human Resources Manager said maybe one or two.

Ms. Cully asked if that would be retroactive for these two.

Ms. Gordon said that is correct, it would be retroactive back to January 2009. She said that FPUA never acted to take that coverage away. Ms. Gordon said they are recommending plan funding for the health plan to increase 10% commensurate with the projected claims and the other costs. She said they are also recommending changing the tiers for dependent coverage from the current 3-tier system, which is employee, the first tier; employee + one dependent, the second tier; and employee + two or more dependents, the third tier, to a 4-tier system, which would be employee; employee + spouse and no others; employee + children, whether one or more; and employee + spouse + children, i.e., family. Ms. Gordon said they are recommending this because there is a concern that employees with two children are paying for the full family rate or the highest tier right now, which is the highest cost. She said traditionally, based on FPUA claim data and statistical claim's data, children do not create the same claim dollars that spouses do. Spouses seem to be more expensive to health plans than children do and they felt this was an undue hardship on those families. Ms. Gordon said their goal or hope is that when a spouse has alternative insurance through their employer that they will purchase it with them and not buy it through FPUA. She said in reference to the employee's contributions, they will increase by an average of 10% and stay at the 29% of the dependent share of coverage. This is a small increase of 10% per employee in the spouse category, a small decrease for employees with children, and it is an increase for employees that have spouses and children. Ms. Gordon said in response to the GASB question, one of the things that BCBS has offered to FPUA this year and are recommending approval of is an offering of alternative options coverage to the retirees that are over age 65. These retirees are on Medicare and are now paying 100% of the cost of their coverage, but by law FPUA is required to offer them their coverage. In addition to FPUA coverage, Siver is recommending that FPUA offer them

two different alternatives. One is a Medicare alternative called Blue Medicare Group Private Fee for Service plan and is like an advantage type plan. The other is a very general supplement plan. Both plans will be less expensive for retirees and if they opt to take it, they will no longer be on FPUA's health plan, which is an advantage to the GASB numbers in the future or the projections for future liabilities. Ms. Gordon said none of these choices affect the costs of the health plan for FPUA because they do not pay for the premiums. Retirees will have some better alternatives that are more cost effective.

Mr. Drummond asked if this is an option that we have that is available to them and if we have the ability to suggest that this is the only option that is available to them.

Ms. Gordon said no, that there is a Florida Statute that requires FPUA offer the same coverage to the retirees that is offered to active employees. FPUA cannot only offer them these alternative Medicare specialty plans, but the FPUA plan is going to be \$637 a month for a retiree and some of these options are between \$300 and \$400 a month. She said it is likely that many of the retirees 65 and older will take these options. FPUA staff has scheduled a meeting the first week of November and has sent notices to retirees that there will be an informational meeting about this for them to meet with BCBS and go over the differences and make sure they fully understand. Ms. Gordon said staff is working with BCBS to implement a more aggressive wellness program including health risk assessments (HRAs) in 2010. That will begin at the open enrollment meeting in November. She said that Mr. Doug Giel is participating on a City of Fort Pierce Evaluation Committee with the first meeting tomorrow. The City has received proposals from an RFP they are evaluating for an alternate health plan to their current plan and also for an on-site clinic. Ms. Gordon said the City staff requested FPUA to participate in case and if opportunities to work together on that come up in the future, FPUA will be a party to the process. She said the Flexible Spending Account will continue, which is a great benefit to employees. BCBS administers it and there is a cost to FPUA of \$5,400 a year, which is offset by the savings to FICA contributions because of the tax free nature of the flexible spending dollars. There are no changes recommended for the Dental Plan. She said there were funding increases last year and the dental plan is self-insured, administered by BCBS similar to the health plan. The Life Insurance was with CIGNA last year and there was a decrease in rates last year. This year CIGNA has offered some additional buy-up options for employees so they can buy more coverage with their own payroll dollars, if they choose. Siver is recommending this be offered to the employees and there is no additional cost to FPUA. The Long Term Disability, Vision, and Cancer and Specified Health Coverage are renewing with no changes.

Mrs. Cully said that in the beginning Ms. Gordon said this would be a 10% increase, which is pretty good compared to some and that next year it may be more. She asked if Ms. Gordon was anticipating that insurance rates would continue to go higher and higher.

Ms. Gordon said that until something changes in the system this eight to twelve percent inflationary trend will continue. She said personally she does not know how she will continue to afford it and does not know how organizations are going to be able to

continue to afford it. Ms. Gordon said that in this environment, FPUA's 10% increase is right in the same ballpark of the best renewals that Siver has seen in their offices this year. She said they have had a couple of nine to eleven percent increases, which are the best case scenarios and they have a number of Florida clients that have dealt with or are currently dealing with anywhere from twenty to forty percent increases. If you cannot afford a forty percent increase, you have to take drastic benefit cuts and pass that along to the employees.

Mrs. Cully said that from the information she has received to date, the FPUA claims experience for the self-funded plan since the change has been 3 1/2 % lower than the same period in 2008.

Mayor Benton asked how this plan compares to the City's plan.

Ms. Gordon said the City renewed in June or July with BCBS and they had an 11.7% increase so both the City and FPUA are in the best case category. She said of the renewals they have seen this year, the plans are quite similar. The City has two plans with the base plan being a little bit less expensive than FPUA's and the City's buy up plan is a little bit more expensive than FPUA. Many of the benefits correlate the same way.

Mayor Benton asked about the dependent share.

Ms. Gordon said that the City's dependent share went to 40%.

Mr. Recor said it is scheduled to go up another 10%

Ms. Gordon said the timing for the City may change because of the off cycle RFP that is being done now.

A motion was made by Mr. Drummond, seconded by Mrs. Cully.

Mayor Benton said that he hoped that next year when we see what the City is doing, that FPUA numbers will be a little bit more in line with what the City's are.

Mr. Drummond asked if he meant just in general or with dependent care.

Mayor Benton said with dependent care.

Mr. Drummond said that he is in favor of moving the dependent care up, but he would like to do so when the economic climate has improved.

Mr. Summerhays asked if Mr. Drummond wanted the dependent share to increase.

Mr. Drummond said yes.

Mr. Summerhays said that he had a big problem with that.

Mrs. Cully said she would have a problem with that also.

Mr. Summerhays said he would not want it to go any higher than we already are.

Mayor Benton said that is an issue when it comes to budget time again and it is something that would have to be prepared to what other utilities are doing. He said the City is one thing, but when it comes to utilities, you are competing with utilities and are competing with unions. At budget time it is the time to take a look at that, but not right now.

Roll was called and the motion unanimously carried to approve the Recommendation from Siver Insurance Consultants for the 2010 Employee Benefit Plan.

Mrs. Nina Hurtubise presented the August 2009 Financial Operating Results. She said the year to date increase in our Net Assets was \$3.6 million, which sounds like a good thing except when we take a look at how much Contributed Capital is included in the \$3.6 million. There is \$6.5 million in Contributed Capital that has made it an increase in Net Assets. Without it, it would be a \$2.9 million loss had we not had that Contributed Capital. The Contributed Capital is cash in some cases that is specifically restricted to be used for either the purchase of Fixed Assets or already purchased Fixed Assets, as well as in-kind contributions of Fixed Assets. We are continuing, although the month of August was a very good month in terms of Unit Sales. The Unit Sales for August 2009 were up from August 2008, but year to date, we are still down across the board. We are down 8% from 2008 in electric, down 1% in water, down 6% in wastewater, and down 3% for natural gas. Our electric Operating Revenues are up 4%, but unfortunately the reason it is up is because the PCA was up \$4.9 million. If we take out the \$4.9 million, that would make our electric revenues down 4%. Our water Operating Revenues were up 4% and wastewater was up 5%. Although we have the opposite situation as we do with the electric power cost adjustment in our natural gas purchased gas adjustment. That was down \$606,000. This may look like a decrease, but the natural gas Operating Revenues were really up 7%. Mrs. Hurtubise said that overall Operating Revenues are up 3.7%. The rolling twelve months show the Operating Income and Debt Service Coverage Ratio is very steady at about the 2.5 to 3 range. It is very comfortably above the 1.25 ratio that is required by the Bond Covenants. For the month of August 2009, it is 3.06, which is more than double the required coverage. The difference between this year and last year is the Contributed Capital is down \$11.5 million from year's pasts, the Grant Revenue that we had last year we do not have this year, and GASB 45 and Other Post Employment Benefits the additional expense of \$2.4 million. Mrs. Hurtubise said she took a look at when that contract with the actuary was signed and eight weeks is not quite up yet. She is anxious to get the revised report because she is expecting a huge decrease. When we get to that point and it is not the decrease we are looking for, Mrs. Hurtubise will request that they compare the numbers with the City's results because theirs was so much less than ours. The change in Net Assets is \$18 million less than it was last year. The numbers for Contributed Capital is \$6.5 million this year. This is for information only and no action is required from the Board.

Mrs. Hurtubise presented the Status Report on the Electric Power Cost Adjustment (PCA) Over/Under Recovery for September 2009. She said she is very pleased to present this item and to say that we are about at the breakeven point. We have been looking at a very huge deficit in the power cost under collection, which reached almost \$4 million in June and at which point we had to raise the power cost adjustment (PCA) from \$49 to \$54 for 1,000 kWh. Mrs. Hurtubise said there are two things that have happened since then, the increased collection from the customers and the increased sales. We have had some substantial decreases in the rates that FMPA has been charging us; what they are paying is passed along to us. She said that back in June the cost of power purchased from FMPA and billed to FPUA was \$104.55 per megawatt hour and that is straight costs, and the month of September it is \$77.15. We are finally seeing some relief from those exceedingly high rates we have been paying. We received a onetime settlement of \$667,509, which is a benefit we received from FMPA and is the pass-through of the GSAP #2 project settlement, the final payout. That amount helped a great deal in the month of September. It is not just additional consumption. The customers have been basically recovering equal amounts for each of the three months of July, August, and September, but what we are seeing here is the costs are coming down. We are going to continue with the \$54 PCA for a few more months in order to build up a small amount of over collection so when the high bills hit again, which they will in Spring, we want to make sure we have some over collection so we do not have to raise the PCA.

Mr. Summerhays said that hopefully some of the changes that are occurring at FMPA will smooth those charges to us. He said that he understands that there are some areas being prepared and we are going to be able to talk about these things. It is important for our to customers know that the moment we got a pad in there on the positive side, we are going to start rolling this thing and give them a break from what is an onerous load.

Mr. Drummond asked if we are going to base this on a certain number that we have over collected or will it be based on a projected formula of anticipation for the year forward. He said at one point we had an elaborate formula that we went through and that is how we determined when we raised and lowered the PCA.

Mrs. Hurtubise said it is the latter; we are looking at a long term perspective. We are basing that long term perspective on FMPA's projections. She said her concern is that historically FMPA's projections have been off the mark. We are looking at trying to stick to a six month PCA to stay in place for that period of time or at least if we change it in January, it would not change again until June or September. Mrs. Hurtubise said what happens is the bills that come to us from FMPA go up in the summertime and that starts in the spring because the cash requirements start way ahead of when the costs start kicking in. We have to use quite elaborate projections to try to take our best estimate of what the costs are going to be, when there will be those costs, and try not to have a high PCA in the summertime when customers are using the most. We want it to be as low as possible in those hot summer months. This is information only and no action is required from the Board.

Mr. Drummond said we have started to look at a way to stabilize it and there was discussion to set up a stabilization fund. He said he does not want it to get lost in the discussion that our goal was to do our level best to get back to the middle of the pack and we are still a long ways away from that. He wants to get some stabilization, but if the stabilization still keeps us in the upper tier, then we have missed the goal.

Mr. Summerhays said he would personally like to see us, he has spoken to Mr. Thiess about this, have sufficient information to evaluate the possibility of giving our customer a little Christmas present in the form of a small reduction of this PCA in December based on our second November meeting. He said we try to hold back and he would like to see us bring it down even if it is in small steps as quickly as possible. He said it is not to say that he wants FPUA to build up a substantial positive over collection so that next summer we can get by without hitting our customers again. He would like to give them a little Christmas present even if it is not significant, it will give people a little hope.

Mr. Thiess said that we have three or four scenarios that we have run through Murray Hamilton at PRMG. We are going to add the December one to it because it was not in the original scenarios. We will run those out for the "80%" FMPA rates, which is the rate we have an 80% probability of being at or under and will run it through at the 70% rates. We will give the Board a level PCA scenario as if we start today, what the PCA will be for the next year that should get us through and smooth out the bumps. We will run at least four different scenarios for the two different rate scenarios. Mr. Thiess said he should have that information out to the Board members later this week. He said we could have a little PCA workshop because there are a couple of schools of thought. We can keep the PCA stable and have a stable rate or like when we had the six-month PCA changes, the PCA typically went a little high in the winter and lower in the summer. The PCA goes up and down, but the customer's bill does not fluctuate as much. In the wintertime, customers have a much lower demand and lower bills so the little higher PCA does not sting so bad, plus the snow birds are here to help generate that money to help pay for it. When it gets to summertime, we have paid some dues in the winter so the summer rates will come down. This would help keep the customer's bill from swinging quite as wildly if we were to keep the PCA constant. Mr. Thiess said we would have at least eight scenarios that will be kept simple and will get that to the Board this week to look at.

Mr. Thiess said he watched the City Commission meeting last night and ended up with a little homework to do. The City Commission last night approved the stimulus funds and chose to move ahead on the 13th Street project (Orange Avenue to Moore's Creek). He said it was indicated that FPUA had the utility investments covered.

Mayor Benton said that is what he was told.

Mr. Thiess asked the Board to refer to the excel spreadsheet that he handed out before the meeting. There are four columns: "Total Cost" (utility location costs), "FPUA Budget" (what is in the budget), "FPUA Planned" (same as the budget column except electric costs for the 13th Street project), and "Funded by Others" (outside funds to make this work). This is the type of approach we had developed from day one on this project

and on the Juanita Avenue Bridge project. On the Juanita Avenue Bridge project, which is the stimulus project for St. Lucie County (SLC), you will see the FPUA Budget and FPUA Planned are identical and the amount Funded by Others is shown as funded by SLC. This has been agreed to and the Interlocal Agreement with the County was signed at the last meeting. The County stepped up to the plate and realized they have the stimulus funding and are going to help fund our share of the improvements. We have agreed to pay them over a period of ten years in in-kind services. We are all ready starting that by designing the mains out at the Research Park and several other things we are going to keep doing till we pay down that debt of in-kind services over the years. We have not identified any similar funding at the City of Fort Pierce yet. What we have in the budget for 13th Street is all that there is available in the budget. There are no other funds for this project unless we pull from other projects and decide not to do them and include their funds in this project. Where we stand at the staff level is we are looking for the additional funding and some assistance. We know the FPRA budget is not very flush these days and neither is the City budget. We are in a dilemma here as to where we can get the funds to finish this project. We would like to partner with the City and would hate to see them have to turn down \$1.4 million in stimulus funding. We have to figure out a way we can work together with the City, come up with the additional funding, and move forward with this project.

Mr. Drummond said the problem he continues to have is this is a very short span on 13th Street. He said he understands not wanting to turn away \$1.4 million, but based on the numbers he is looking at, we will have to find almost \$1 million to receive the \$1.4 million.

Mr. Thiess said FPUA had budgeted \$453,500. The total project underground for 13th Street is \$345,000 and that used to be a much bigger number because we were looking at a different scope of work on that project for a much longer distance. The number was originally about \$1.5 million, the overhead to overhead was double the \$236,000, and we were going to pay half of the overhead to overhead relocation. That project changed, the scope was considerably reduced, went down to four blocks, and the total cost went from \$1.5 million to \$345,000, which is for underground. The overhead to overhead relocation is the FPUA Planned cost of \$108,600. That is what it would cost us to do the overhead to overhead relocation and we have that and then some in the budget. The other way we have worked with the City on these projects is the City puts in the conduit and the concrete pads and we put in the conductors and set the equipment. Those are the two formulas we have used. When we did the overhead to overhead they paid the difference between that and underground or they put in the conduit and pads and we did the rest of it. If we did it that way, we would roughly be splitting the \$345,000. We have done that with about eight different projects. This would still leave a little over \$450,000 short of getting this project done and finding the funds to do the utility adjustments.

Mayor Benton said what he believes will have to be done is to have the Mr. Thiess or his engineering staff sit down with the City engineering staff and the City Manager and see if this can be worked out. Once again, he said that when this discussion took place, it was asked if the City could accept the money when it does not include the utilities. He said he brought this up to the folks in Tallahassee and the Florida League of Cities and

he is waiting for a response from them because this is happening all over the state where this type of stimulus money went out and did not include utilities. Like everywhere else, they have high utility bills and they cannot put these capital cost on the back of the rate payers. We are looking for some answers from up there and unfortunately have not gotten any yet. It may take a little pressure from the Florida League of Cities. Mayor Benton said he does not know when the starting date is for this project, but hopes some of these questions have answers because we are talking about \$500,000 that we do not have.

Mr. Thiess said that if FPUA were to fund it alone on the adjustments, we are looking at about \$800,000 and in a lean budget year like this, it is an absolute killer.

Mr. Thiess said also at the City Commission meeting last night, Commissioner Sessions indicated that FPUA did something wrong back in the 90's by going across Midway Road and serving those five customers. He said we had this discussion at the workshop with the City Commissioners and he thought everybody understood it, but apparently not. We served those five parcels over there in the early to mid 90's because Port St. Lucie (PSL) did not have any mains in that area. The City was behind us when we served them. That was back when it was called the Montana property. We served the five customers and it kind of died and went away and we kept those customers served. We had a main down the north side of the road and later PSL installed a main down the south side of Midway, so now they have the ability to serve the south side of Midway Road. Any additional customers that come in would presumably tap into the PSL main and be served by that utility. When we had this discussion individually with the Board members, if we are going to the table to agree with the County and PSL on creating service area boundaries and Midway Road is going to be the boundary, everybody was okay with the concept that we would relinquish those parcels back to PSL if it was part of some bigger agreement that keeps PSL on the south side and maybe involves some discussions about Tropicana. Mr. Thiess does not think it would do our customers any good to just give those customers back unilaterally. It is not a huge amount, but it is about \$27,000 a year in revenue. We would not want to do that unless it is part of a bigger deal where we are all benefitting, us, PSL, and the County. Mr. Thiess said Commissioner Becht requested some information from him to clear that up. He said he will sum all that up in a memo about the history and where we are, and what the ideas of this Board are. He said obviously, we did not do anything wrong and we had the backing of the City and returning those customers will be on the table if we have a discussion regarding retail utility service out there. PSL does not seem interested in this at this time.

Mr. Koblegard said that he was going to report his thoughts on the meeting with PSL, the County, and the City last Friday, but there is one issue that he wants to resolve before he makes a report about going forward. He said he does agree with Mr. Thiess that once we get the history to what we called Montana, they will be more than satisfied with what we did in past. It was a humanitarian project and nobody complained at PSL because they were not in a position to serve anyone.

Mr. Recor said he wanted to thank the FPUA staff for attending the joint meeting. He said he is encouraged that something will come out of the Joint Planning Agreement. He agreed with Mr. Thiess that it was made clear that those encroachments south of Midway are on the table to rectify those situations. He also wanted to thank FPUA staff for preparing the background information, the maps, and the help in putting the agenda package together. This is a good example of our two organizations working together.

Mr. Drummond said he was glad to be there. When we start talking about annexations and policy decisions it kind of takes us out of the loop, but it was nice to have a front row seat.

There being no further business, the meeting was adjourned.

ATTEST:

SECRETARY

CHAIRMAN