

MINUTES OF A REGULAR MEETING OF THE FORT PIERCE UTILITIES AUTHORITY, TUESDAY, MARCH 2, 2010, 4:00 P.M., CITY COMMISSION CHAMBERS.

Members Present: Chairman, Robert W. Summerhays, Jr.; Vice Chairman, Darrell Drummond; Secretary, Pamela K. Cully; Deputy Secretary, Michael A. Perri, Jr.; Mayor Robert J. Benton III, and David Recor, Ex-Officio Member/City Manager.

Others present: William G. Thiess, Director of Utilities; Rupert N. Koblegard, III, FPUA Attorney; Nina Hurtubise, Director of Finance; Douglas W. Giel, Director of Shared Services; Thomas W. Richards, Director Electric and Gas Systems; Levette Dixon, Communications Manager; Nancy Dallaire, Risk Manager; and Samuel A. Barnes, Director of Procurement, City of Fort Pierce.

The meeting was called to order by Chairman Summerhays.

The Invocation was given by Pastor Todd Smith of Common Ground Vineyard Church

The *Pledge of Allegiance* was recited.

The roll was called and a quorum declared.

Marty Laven of 2400 South Ocean Drive, Unit V1115 said he is a solar contractor here in town. He thanked Mr. Perri for making sure that the comments are at the beginning of the meeting. Mr. Laven said he wanted to bring everyone up to date and said that the Legislative Session begins today. He said that there are a number of bills that relate to the Public Service Commission and directly or indirectly to municipal utilities involving certain programs that may be brought forth hopefully in this Legislative Session and in the coming year. Mr. Laven said he attended a recent meeting locally where there were some discussions about purchase power agreements and things he might do here in this market place to bring more jobs, projects, and things to pass. He said he was here only to bring the Board up to date and that the sessions continue to take place locally. It will be in the details of what Legislation, if any, is about. Mr. Laven said he wants to make himself available as well as others as a resource to staff and to the Board as leaders, because he said it is his conviction that if something is going to take place, when it does, it may well happen in Fort Pierce, may happen with FPUA, and may affect the City. Mr. Laven said he wants to make sure that when it does come to pass, that it is executed well, done legally, properly, and financially appropriately.

A motion was made by Mayor Benton, seconded by Mr. Perri, and unanimously carried to approve the following items listed on the Consent Agenda:

1. Approval of the Minutes of the Regular Meeting of February 16, 2010.
2. Approval of Contract for Emergency Catering Services with Levan's Catering (dba as Hutson Food Service, Inc.) of Orlando Florida with three one-year

- renewal options. The Contract will begin May 1, 2010 and continue through April 30, 2011.
3. Approval of alternate Contract for Emergency Catering Services with Arthur's Fine Gourmet Catering of Altamonte Springs, Florida with three one-year renewal options. The Contract will begin May 1, 2010 and continue through April 30, 2011.
 4. Accept renewal quotes from Fidelity National Indemnity Insurance Company through Harbor Insurance for six (6) flood insurance policies and approve funding of \$28,684.00.
 5. Approval of an additional \$113,954.49 for the installation of conduit, cable equipment, and electric services for the Harbor Branch Oceanographic Institution under our existing unit price contract with Mastec North America, Inc., Tampa, Florida.

Nina Hurtubise, Finance Director, presented the rate comparisons for the month of January 2010. She said that comparisons are for residential electric rates as compiled by the Florida Municipal Electric Association. The graph displayed shows the municipal electric bill in the State of Florida for a usage of 1,000 kWh. FPUA's relative position as compared to the other municipal electric utilities is identified as fourth, which is one position higher than last month even though FPUA reduced the power cost adjustment (PCA) by \$2.00 since December. Mrs. Hurtubise said that since December, eleven utilities have increased their bills and thirteen have decreased their bills. She said there have been some wild swings in the month of January, probably because of quarterly adjustments that the municipalities were making. The largest decrease, which is closest to home, was Vero Beach with a decrease of \$32.87 in a 1,000 kWh bill. Williston reflects a decrease of \$20.80 and that comes on another decrease that they had in December of \$17.90. Starke reflects a decrease of \$15.73 which comes on the heels of an increase of \$14.40 in December meaning that it almost washed with the two months. FPL reflects a decrease of \$14.91 and that does not include the credit that their customers received in this area in the month of January. Alachua reflects an increase of \$12.20, Kissimmee increase of \$11.26, and Havana increase of \$10.15. Mrs. Hurtubise said that the 2,500 kWh comparisons show FPUA as third. She said the local utility bill comparison compares the residential electric, water, and wastewater rates that Staff has compiled. The table displays a comparison between Fort Pierce, Port St. Lucie, St. Lucie County, and Vero Beach utility bills. The changes are electric bill reductions for all four utility companies and ours were not as much as the others. Mrs. Hurtubise said this is an information only item and no action is required by the Board.

Mrs. Cully said that her frustration with this is that it does not reflect the decrease that FPUA has included starting with February, which will be \$6 since November and we just cannot seem to get down any lower.

Mrs. Hurtubise presented the December 2009 Quarterly Financial Operating Results, the first three months of the year. She said that she was not able to present these any sooner because they had not finished their financial report for year-end. Things have changed a little bit in the last three months. Mrs. Hurtubise said that for the first three months there is a year to date increase in net assets. She said that although some of it is attributed to Contributed Capital, it is not the whole story any more. The Contributed Capital was \$135,000 instead of in the millions. The complexion of our financial statement is changing quite a bit because of the change in the economy. We are starting to see increases in Units Billed as compared to the previous year. Mrs. Hurtubise said that we may have hit bottom in terms of how low the consumptions were going to go. She said we have seen an improved cash position because of our conservative spending. The issue with conservative spending can turn around and bite us down the road. We are holding off on everything we possibly can. Mrs. Hurtubise said that most people understand that you can only hold off on routine maintenance for so long before it ends up costing more to do the repairs. She said we will be very cautious with that, although we are not spending money if we do not have to. She does anticipate that much of the Capital Budget will get spent before the end of the year. The Units Sold, electric is up 4% from 2009, but it is down from 2008 by 7%. Water is up 14% and is up 2% from 2008. Wastewater is up 6%, but down 5% from 2008. Natural Gas is down 9% and down 10% from 2008. Mrs. Hurtubise said how this equates to the dollars is electric is up 3% and there was constructively no difference in the PCA for the first three months of 2009 versus FY 2010. She said that what was charged to the customers rounding to thousands is exactly the same. The water Operating Revenues are up 10%, wastewater Revenues are up 2%, and although the natural gas is down 14%, the largest share of that relates to the purchase gas adjustment (PGA), which is down \$161,000, so gas is really only down about 1%. The Debt Service Coverage is very strong for the last twelve months. The coverage ratio is 3.0 and it continues to rise as does the Operating Income. Mrs. Hurtubise said that the most substantial change from this time last year is that our Operating Revenue is up because of higher sales revenue. Our Operating Expenses are down about \$1 million with \$640,000 relating to OPEB and those expenses are still reflected in the financial statements last year even though we adjusted them off at the end of the year. The employee's insurance is down \$241,000 because of the \$1 million decrease in Operating Expenses. The interest expense on the pooled loans, which is a non-operating expense, is down \$447,000 in the first three months of the year. We will not continue to see that since we have refinanced the pooled loans. Mrs. Hurtubise said that when looking at the financials compared to budget, what we see is the revenues are showing below what we did budget and primarily because we did budget for grants and Contributed Capital because that is how some of the Capital Budget was funded. If we do not receive the grants and Contributed Capital, we do not expend the money, but we have to have it in the budget to start with. The revenue was a little bit higher than it probably should have been by about 14%. The expenses were below budget. The Purchases for Resale are down \$1.2 million and that is for electric and gas and for other purchases that we make for resale. Depreciation Expense is down \$331,000. Mrs. Hurtubise said this is an information only item and there is no action required of the Board.

Mr. Perri asked about the Contributed Capital and if all that he sees listed here is for grants or are there other sources of Contributed Capital.

Mrs. Hurtubise said that none of the Contributed Capital is grants. She said the Contributed Capital is made up of three components, the capital improvement charges (CIC), which are charged to customers that are building new and we hardly have any of that going on right now. We have cash contributed capital, which is if a customer wants something more than what we would normally build for them like some sort of over sizing or for some reason they want something special, they can pay us and we will put in those capital improvements, but they have to foot the bill. The third component of Contributed Capital is non-cash contributed capital, which are things like when a developer puts in a housing development, they normally would put in the water pipes and underground electric or maybe a lift station, they turn those facilities over to us to maintain after we inspect them to make sure that they meet code.

Mr. Thiess said that we will be kicking off the nuts and bolts of our budget process this Friday with a staff meeting for the Capital Budget, which is an internal workshop. The Board workshop is scheduled for May.

Mr. Thiess said that the American Public Power Association (APPA) conference is in Orlando this year, June 20th to the 23rd.

Mr. Summerhays said that he would suggest that Mr. Perri attend the APPA if it is at all possible because he would learn a lot there. There are classes all day long, every day.

Mr. Thiess said that it is definitely a worthwhile conference. He said there is a lot going on in the power industry now and it is good to stay in tune with it.

Mayor Benton said in regards to the lawsuit with the State on the 25th Street project, he has not had much luck with our local Representatives, but he will be in Tallahassee March 22nd through March 24th and he is going to try to meet with the Secretary of FDOT to try and get an explanation. He said the comment was that once it is in the attorney's hands they do not want to be bothered with it and that came from two Representatives who are attorneys.

Mr. Koblegard said that they have a meeting with the City tomorrow on that issue.

Mayor Benton said they are meeting on several other issues and disagreements that the City and this Board have. They are going to try to take the next step to see what has to be done to resolve them and then it will be in front of both Boards. He said it is time for somebody to make a decision on these issues that keep arising between the two Boards. Mayor Benton said that he sits on both Boards and believes it is time to resolve these issues.

March 2, 2010

Page 5

Mrs. Cully said that she was in Washington D.C. last week with Mr. Tom Richards and they got to meet with a number of Congressmen. She said that they let them know that whatever they do when it comes to Cap and Trade or the Energy Bill that might come about or renewables, that it is fine with them as long as the consumers do not have to pay the costs.

Mr. Perri asked when the flyer was going to be put in our bills with the questions relating to the meeting time change and the PCA?

Mr. Thiess said the PCA will go out in March with the February bills and the meeting time will go out in April.

There being no further business, the meeting was adjourned.

ATTEST:

SECRETARY

CHAIRMAN