

MINUTES OF A REGULAR MEETING OF THE FORT PIERCE UTILITIES AUTHORITY, TUESDAY, JUNE 15, 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 (*arrived at 4:10*).

Others present: William G. Thiess, Director of Utilities; Rupert N. Koblegard, III, FPUA Attorney; Nina Hurtubise, Director of Finance; John Tompeck, Acting Director Electric and Gas Systems; Levette Dixon, Communications Manager; Evelyn I. Walker, Director of Shared Services; Douglas W. Giel, Manager of Special Projects; Putnam Moreman, IV, Internal Auditor; 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 Andy Hamilton of Hope for Families.

The *Pledge of Allegiance* was recited.

The roll was called and a quorum declared.

Mr. Summerhays said that Mr. Christopher Williams would like to speak from the public and has a DVD to show. Mr. Summerhays said that we have never allowed anyone to show a DVD before during public comments and he is going to assume that Mr. Williams is being responsible.

Christopher Williams, 1006 Avenue L, Fort Pierce, showed a video of meters along Walker Drive. He said that he represents a political group here in Fort Pierce called Concerned Citizens under the leadership and direction of Reverend Willie Kitt. Mr. Williams said that he would like to bring it to the Board's attention that some citizens that reside in Sheraton Plaza on Walker Drive called their group and he responded by taking the video camera. He said there are seven properties on Walker Drive where the meters are covered with dirt and shrubs and he wanted to bring it to the Board's attention today. As the DVD was playing, Mr. Williams pointed out that the meter at 2602 Walker Drive is full of dirt and no visible water meter in front of the property and another water meter covered up with dirt is at 2608 Walker Drive. He said that he believes those meters have not been read in a long time. The video showed the property at 2610 Walker Drive had no visible water meter in the front yard. Mr. Williams said that he walked the entire property. The video showed another address of 2605 Walker Drive that showed shrubs and dirt and Mr. Williams stated that he does not know how they could get an accurate reading from this address. The next water meter had shrubs growing in it and he said is barely visible at 2703 Walker Drive and at 2704 Walker Drive the meter was covered by dirt and not visible. Mr. Williams said that is the end of the video presentation and that he is here to bring it to the Board's attention that it is a big problem. He said he understands that sometimes FPUA has to estimate, and he spoke with Mr. Thiess last night on the phone because he was concerned. Mr.

Williams said that Mr. Thiess told him that they do estimate. Mr. Williams said he believes they are supposed to estimate it only once and not on a monthly consistent basis. He said as the video shows this is a big problem and that something has to be done about it because what is happening is some customers are being over charged and sometimes FPUA may be shorting themselves. Mr. Williams said the customer is being over charged at some point and FPUA is not charging enough because the meters are not being read properly to come up with an estimate with accurate figures. He said the residents are angry about it and that is why he is here to see if there can be some kind of resolution. Mr. Williams said maybe FPUA can hire more meter readers, but there has to be something done about it.

Mr. Summerhays said he agrees completely with Mr. Williams and he is sure that something will be done.

Mr. Thiess said he has all the addresses written down and he will check it out immediately.

Mr. Summerhays said that if it is a problem with a particular meter reader, we may want to examine his whole route.

Mr. Perri asked if the meter is on public or private property.

Mr. Thiess said that they should be in the right of way.

Mr. Williams said it is not just that street. He said it is almost every house in Sheraton Plaza.

Mr. Perri said his concern is where the meter is itself. Is it on the customer's property or is it on the public property? He said if it is on the customer's property, they have a certain responsibility to try and keep the meter free from debris. Mr. Perri said his meter is on his property.

Mr. Summerhays said his is too.

Mr. Perri said that he weed eats around it and he keeps dirt from falling in. He said it is a two-fold problem. It may be part of our problem, which Mr. Perri said he is sure Mr. Thiess will address, but there is a certain amount of responsibility on the rate payer.

Mr. Williams said he agrees too, but in order to give somebody a bill, they must have the correct reading or the bill is incorrect. He said that either FPUA shorts themselves or overcharges the customer.

Mr. Perri said that he agrees. He just wanted to point out that it is a two-fold problem. It is a part of our problem and it may be a part of the homeowner's problem also. They have a certain responsibility for up keeping the property. Mr. Perri said his meter is on his property and if that is the case of all of these, there is a certain amount of responsibility. He said that he does not have a problem having our people go out and

start from scratch and clean them up, but he would like the homeowners to know that if the meter box is in fact on their property, they have a certain responsibility to maintain it also.

Mr. Williams said that he can tell the Board right now that the meters he mentioned are all on City property and he can tell them that from being out there.

Mayor Benton thanked Mr. Williams for bringing this to the Board's attention and he said we will all be waiting to hear Mr. Thiess's response. He said, in his opinion, if we have meters that have overgrown bushes or dirt like that, he would have thought that the meter reader would have passed that along to his supervisor and a note would have gone out to the property owner if they cannot get to it. Mr. Benton said that he has seen them clean his off before. He said the point is if somebody is not doing their job, we estimate now and then, but every so many months it should be physically checked. Mr. Benton wondered how many there are or if this is one person that is not doing their job. He said that by next meeting or before we will hear a report from Mr. Thiess on why this has happened. Mayor Benton thanked Mr. Williams for bringing this to our attention.

A motion was made by Mrs. Cully, seconded by Mr. Drummond, and unanimously carried to approve the one item listed on the Consent Agenda:

1. Approval of the Minutes of the Regular Meeting of June 1, 2010.

Mr. Thiess said that we are trying to refocus the whole Manatee Observation Education Center (MOEC) on a different mission in the future. He said this next presentation is to get the Board up to speed on where we are going and what we need to get there, and what we need is good Board Members.

Jann Widmayer, Curator of MOEC, said that in October 1996 the MOEC opened the St. Lucie County's first environmental education center. She said an agreement between the City of Fort Pierce and FPUA gives management oversight of the Center to FPUA for a period of 25 years. Ms. Widmayer said that they are 14 years into that agreement and must look to the future of the Manatee Center, both in management and sustainability. She said that towards that end, they held a strategic planning session bringing together FPUA, Manatee Center staff, and the Treasure Coast Manatee Foundation (TCMF), which is a 501 (c)(3) organization that was established in 1998 to enhance the programs and fund raising capability of the Manatee Center. Ms. Widmayer said that in that planning session, they identified the TCMF taking on a new direction as they journey into the future. She introduced Mr. Bruce Murray, Co-Chair of the TCMF.

Bruce Murray, Co-Chair of the Treasure Coast Manatee Foundation (TCMF) said that he would like to start by recapping a little bit of history of their present status and what they have been doing and why he is here today. He said his involvement began when he joined the volunteer staff at the Manatee Center four years ago and put in a lot of

time there. Mr. Murray said that he was the top guy two years in a row and the top ten two other years and now they do not even count it any more. He said as a business man and a business consultant he spent some time where he began to learn the details of the operation thinking about the issues and that is how he ended up on the Board. He really started looking and what he found was some things that he believed were troublesome. Mr. Murray said the fact the TCMF and the Manatee Center operate as totally separate entities and that FPUA is only involved with the oversight of the Center, was not leading to a cohesive plan, strategy, or operations. He said the FPUA contract for oversight ends in about 10 years and neither TCMF nor the Manatee Center staff is prepared to take over the direction of the Manatee Center. The infrastructure is not there and the staff and the organization are not qualified by background and experience on the board at this point to take that on. There is a lot that needs to be done if they are going to make a transfer and change in the operations. Mr. Murray said that the TCMF Board and the Center staff do not have the same expectations of each other as to roles and support. He said TCMF depends too heavily on paid Center staff for many Board functions and responsibilities and he believes it is fair to say that the paid staff does not really trust the Board to do what they are supposed to do. TCMF does not make any annual commitment for funding to the Center and the primary purpose has been to raise money. Mr. Murray said that the lack of a confirmed commitment every year and the ability to meet that commitment makes planning and budgeting difficult for the Center. He said the economic situation the last couple of years has impacted donor's support to our events and the TCMF itself is pretty much unknown in the community. Everybody knows the Manatee Center, but nobody knows the Foundation and that is a problem. The Foundation needs recognition and the public needs to know what the Foundation is. Mr. Murray said that the economic situation has had an impact in the past couple of years on the Center memberships, admissions, and gift shop and internet sales, but that is turning around and has not been as bad as they expected as they look at the tourism data. He reviewed the data for the fiscal year that began last October 1st through May 31st and he found paid admissions are up and unpaid admissions, which are the kids that get in for free, are up a fair amount from last year. The kids are about three quarters of the total admissions. The gift shop's sales and internet sales are up, membership sales are down a little bit, and boat tours are down. Mr. Murray said he believes their boat Captain is competing with them by operating independently elsewhere. He said camp registrations are up and they have more camp programs this year than before. They have over 150 kids signed up and more coming in every day. In the last couple of years the FPUA plant tear down, the dredging of marina and the creek, the increased boating activity at the launch ramp, and the big RV's using the area as a daytime camping area has had an impact on the manatee count. Mr. Murray said they are dependent on that count to attract people to the Manatee Center. He said some of the things that are being planned is they had to withdraw an application for a permit to install a system that would make the creek more friendly to the manatees and help them keep the count up because it was interfering with the marina application for new development. That is probably going to be put off for some time. Mr. Murray said it is his understanding that the marina redevelopment is going to be using that parking area and the boat ramp for a staging area for the construction of the dredging and those activities are going to interfere with the manatee count. He said they have some issues going forward and they need to address them. From this analysis and an offer that his

wife enthusiastically endorsed after he told her she was going to do it, she led a planning and visioning meeting in 2008, in which they developed a number of initiatives and assigned responsibilities to some different committees. Mr. Murray said that FPUA's staff was extremely supportive and participated in that fully and they should be commended for participating. He said it was the first joint session of the three entities, TCMF, FPUA, and Manatee Center, where everyone was in the same room at the same time. Unfortunately, the TCMF Board was poorly represented and fairly quiet as well. The initiatives that were developed were both long and short term and the responsibilities were divided up amongst the three groups. From the standpoint of FPUA, it was mostly Doug Giel. He has been very helpful and they really appreciate that. Mr. Murray said they have been actively pursuing all those initiatives, but not at an adequate rate. One of them had to do with strengthening the TCMF Board, which is the issue that brings him here today. They have begun by taking the step to begin treating TCMF and the Manatee Center as somewhat of a similarity, trying to create it as a single entity in people's minds so that when they talk about the Foundation, they understand the connection. In the Board packets was the new mission of the TCMF fulfilling its mission through the Manatee Observation Education Center. The Foundation was established two years after the opening of the Center for the purpose of providing fund raising support for the Center. The Board has functioned in that capacity since with a varying degree of success, but in general the fund raising success has fallen short of the needs. TCMF has maintained an arm's length relationship with the Center except when it wanted the Center's staff to do Board work and run details of events, which the Center's staff has done a lot of. TCMF has no relationship with FPUA directly, only the Center does. TCMF has taken no role or responsibility with respect to providing oversight of activities, financing, planning, etc., and this has to change along with the strengthening of the management infrastructure if the transfer of responsibility that people seem to be anticipating ten years from now is going to occur. Mr. Murray said this is not something that can wait until the last two years to accomplish. He said that in order for this to have any chance of success, they have to have a significantly strengthened Board and how it operates and how it selects members. This was discussed at length at the 2008 meeting and in a series of meetings in 2009 and was the responsibility of one of the action committees. The committee assigned that responsibility, in which Mr. Murray served, concluded based in part on the discussion with some current and potential members of the Board that we needed to significantly improve the quality of the Board functions and what it did and how it worked. Some activities were well run and included several interested people serving on committees and running the events, but this was pretty much done without any real Board involvement and with a heavy dependence on the paid summer staff and no real communication other than among those that interacted socially within their neighborhoods to the exclusion of the rest of the Board. The Board meetings seemed to consist of a very short set of reports and little discussion on planning and the implementation of the tasks. The responsibilities were vague and because it was not required, there was no management oversight discussion or familiarity with most operational issues. Mr. Murray said that currently there is little or no communication except for one hour, once a month Board meetings where attendance is poor, the Center staff takes the meeting minutes, and the Curator maintains the checkbook. They have had three consecutive monthly meetings that they could not transact business

because of the lack of attendance. They have recognized going in that it would not be easy to change mind sets and probably would not get a change in the Board accomplished without some discomfort and unhappiness on the part of the current Board. He said that more time, participation, and commitment would be required. To be sure that they could do some of the things they wanted to do and be legal, he said that he is not an attorney, but he has spent his life in regulated industries, he did a review of the Articles of Incorporation, the Amendments, the Articles and By Laws and the Florida Statutes related to the Corporation to see if they could broaden the role of TCMF the way they have been talking about without getting themselves into too much trouble. Mr. Murray said that he could not find any prohibitive or authorizing language in the Statutes and at some point in the future it is going to be necessary to revise the Charter of the Foundation to truly authorize what they want to do. He said in the meantime they can do what is proposed with the authority they have now using the financial operations for the management. They can exercise oversight by the way in which they control and allocate the available funds and resources to the Center. They would need to approve the Manatee Center budget and monitor the activities to be sure the funds are used accordingly. They have had some discussions with FPUA about how they can do that within the oversight provisions that FPUA has. Mr. Murray said they have an outline on how they can make that happen. He said by restricting fund use and forcing choices of alternative actions and in some cases inaction, they can exercise oversight management, contribute to cost control, and drive business development for the Center. Eventually, they would have to have the structure changed to create a more legal oversight of the Manatee Center and as they introduce that concept to the Board and expanding its role and commitment, they encountered the anticipated resistance and a number of Board members resigned rather than make the necessary recommitment to the different and more responsible role. Mr. Murray said they gave considerable thought to the structure of the new Board and he was asked to develop a description of what that Board and the members should look like. He said in terms of the technical requirements for the Board members, they are adequately covered in the Articles and By Laws. What are lacking are the personal characteristics, the operational experience, the community contacts, leadership, and the commitment to put in the time and effort. To make the upgrade successful, they have to have meaningful activity for the Board members to participate in. Mr. Murray said his reaction to the first couple of Board meetings that he attended is the same reaction that good Board members would have. They are not going to want to waste their time sitting for an hour a month for social chit chat and reports that they could have read on email and there is no meaningful work to be discussed or meaningful plans to be pursued. He said he believes they need to build a Board with people where they can create an executive committee consisting of the officers and the person that would be heading the next major fund raising event. Those people need to meet between board meetings to develop a plan for the Board meeting that has meaningful activity and has a structure and goals in mind and knows where they are going. The rest of the Board would consist of people in a number of functions including an annual fund raising chairman that would oversee all the events and keeping those brought together, gifts and endowments, a grant specialist, legal counsel, and a publicity chairman with responsibility for media relations. Mr. Murray said he does not believe they do a good enough job publicizing themselves, the Foundation, or the Center. He said they also

need to develop relationships with other relevant organizations with speaking assignments. The entire Board should consist of no more than twelve or fourteen people. They are authorized for twenty-one, but Mr. Murray feels that is way too many and they can have their event chairman form their own committees, do the work for the events, and participate in the Board while they are doing the event, but not necessarily take on the role of a full Board member having to do everything that all the Board members are doing and being at every meeting. There has to be an improvement in communications and open meaningful continuous communication among the people at these meetings and between the meetings. The chairman has to take responsibility for their individual assignments and keep the rest of the Board informed. Mr. Murray said there are problems that you could read into that and he said he knows that many of the FPUA Board Members are on other boards. He said the FPUA Board is a well run and controlled board and not all volunteer boards run that well. There is no communication by email or telephone between those one hour meetings. The Chairman will have to work closely with the Center Curator and needs to exercise the management leadership goal setting, follow up, and communication that keeps it going with the long term future in mind and the other members have to do the same thing. They are currently operating with a skeleton Board with two Co-Chairpersons, of which Mr. Murray is one, a couple of dedicated members, one that has successfully run two fund raising events on her own initiative. He said that he is here because he cannot do it himself. If he was in Boulder Colorado, he could possibly put together a pretty good board in about a month, but he has been singularly unsuccessful in getting those people to commute to Fort Pierce to serve on the Board down here. He said he even tried Philadelphia because he went there three weeks a month for 18 months, and they will not come either. Mr. Murray said he does not have the contacts because this is not where his business career was and he does not know the right people or the right places. He said they have not found the people to help them get that process going. He is in contact with a potential legal counsel that would assist with the endowment funds and the TCMF charge changes. They have two small grant and matching fund applications and are working with a couple of well qualified people with good past Board experience at the national level in one case that will participate in the fall if they can get themselves reorganized. They need help identifying Board members with the skill sets and he needs introduction to them because it is hard for him to pick up the phone and call the right guy that does not know him. Mr. Murray said that he is amazed they do not have participation from the tourist related businesses in town and the downtown business development activities, local relevant related environmental groups, maybe even someone that is working on redevelopment of the FPUA plant site so they can use the rest of the creek some way. He said they may suffer a little bit from the fact that people think of the Manatee Center as a city agency with unlimited guidance from FPUA and that oversight has been truly dedicated and supportive. It is not permanent, it is not unlimited, and it is not a substitute for proper support within the community for what is a significant tourist attraction. They bring people every year from virtually every state in the country. We are in every tourist guide in the world and he has a map that has "Manatee Observation Center" on the map. They are in tourist books and AAA books and they bring a lot of people to this area and have a lot of local people that use them to entertain their visitors. Mr. Murray said he is asking the FPUA Board to give them leads

and help them make contacts and work with them individually or as a group to try and develop a better Board.

Mayor Benton asked Mr. Murray to schedule an appointment with his secretary to see him and make a phone call to MainStreet next door to the Manatee Center to Doris Tillman. They have been very successful in fund raising and bringing in money and finding good people that will sit on the Board. Mayor Benton said that they have to do it with the City through foundations and business partners; we're depending on that because of their short cuts. They have had to look to some business that are doing okay to help with putting on the fireworks. This is the first year that the City has not funded it through MainStreet, but they have managed to go out in the last few weeks to get enough money to put on the fireworks from the private sector. It is mainly hitting the right people and the economy is tough and there are a lot of people that are not putting in the time they used to, but he will see what they can do to help out.

Mr. Murray said that he appreciates that and they have developed a list of six or eight probable activities for the coming year that they believe they will be able to support. They would be happy to cooperate with other organizations that would be interested in partnering.

Mrs. Cully asked why there is a co-chairman and if that was part of the Charter.

Mr. Murray said that even though he is a lot older than he looks, he travels about four months of the year and for him to be chairman is difficult for people to accept because of that. He said he got fired from a homeowners' association presidency after five years for the same reason. There is an infrastructure in this Board that had been there for the entire twelve or fourteen years that the Board has existed. They were socially connected, worked together on a lot of activities and many of them resigned when they changed the focus of things. Their co-chairman is someone that has been around for a long time and they did not want to run her out.

Mrs. Cully asked if the construction area is going to be there at the Manatee Center for the marina.

Mayor Benton said that there will be some use of the boat ramp, which is closed for half the year. He said he is not in charge of it, but he knows that the marina manager has said they will need to use that area.

Mr. Recor said that he does not know the specifics of the need for that parking area, but cannot imagine that they would have heavy construction equipment and materials stored in that area when they have vacant property across the street. He said if there had been that plan at one time, they would not do anything that would cause an impractical burden on the Manatee Center or the Backus Visitor Center.

Mrs. Cully said that she knows that the Backus Center has had a problem with the RVs showing up and this cannot be helpful to the Manatee Center.

Mr. Murray said that he has been watching them and he is an RVer. He said they have the same people for about three years that have come from Quebec, the same four or five coaches come in, and he has talked to them. They go to Wal-Mart for a night, spend a day in the Manatee Center parking lot, go to Target the next night, spend a day in Manatee parking lot, and go to the Flying J to get water and pump out. They take up four parking spaces while they are there because they park straddling so they can set their chairs up. Mr. Murray said they have been told they cannot do anything about it because it is City property.

Mayor Benton said there should be about a hand full of parking spaces that are available just for them because most of the time it is when the boat ramp is closed. He said that when they have more people around like them the place is safer. Mayor Benton said they have very little crime down there especially in the winter time because they have residents there all time. He thinks they need to limit how many spaces they can use. It is something that they have had problem with at all of their parks. They spend the night at Wal-Mart, then the causeway, or the Manatee Center. They will be starting renovations at the Backus Center with the amphitheater coming down and he sees the motor homes leaving because there will be a need for more parking for them and hopefully that will bring more people to the Manatee Center.

Ms. Widmayer asked if they could be moved to the back of the parking lot.

Mr. Murray said that they could possibly put up some inexpensive signage.

Mrs. Cully said that Doris Tillman at MainStreet is also working with the DBA and they are having coffee with the merchants and she could be very helpful because she is always seeking new board members for herself for MainStreet. She may be able to help Mr. Murray in many other ways, as the Mayor said.

Mr. Summerhays said that he is a former member of the TCMF and he is the one that applied for the original exemption and he is still the CPA for the Foundation. He said if Mr. Murray would give him a call he would give some thoughts to some people that he can talk to.

John Tompeck, Superintendant of Gas Operations presented the June 2010 Gas Rate Stabilization Fund update. Mr. Tompeck said that based on March's actuals and April's preliminary numbers, the sensitivity analysis was rerun and is represented by the blue curve on the overhead graph. He said the March and June curves are very close at about 2% of each other. The new June curve has moved slightly to the right of the March baseline curve and that is because the current market prices have gone down a little bit and our billing is catching up with our usage. This does not have a large impact on our two base cases, but it does impact Case 1, which includes the \$0.05 PGA increase that went into effect June 1st. The Case 1 curve has moved further to the right which results in a later date to readjust the PGA and that is good news. Mr. Tompeck said that last month he told the Board that the adjustment would be required in March/April 2011 timeframe, but now the date has slipped out to the July/August 2011

timeframe. He said that we are still under collecting on a monthly basis with the average cost of gas over the last four months being \$0.68 to \$0.70 per CCF range as opposed to our current collection rate of \$0.63 as of June 1st. Mr. Tompeck said he believes the overall outlook on natural gas prices is good based on normal supply and demand parameters. The supply is up, the number of drilling rigs is up, the amount of gas being put in storage is up for this time of year, which is a prelude to the winter season, and there has been a significant increase in the amount of shale gas that is being produced. All those factors indicate that there should be a relatively flat price for the next 12 to 18 months taking into consideration the normal winter spike. Staff feels that we are in pretty good shape overall and no major modifications are going to be required in the near term. Mr. Tompeck said that this is an information only item and no approval is required.

Ms. Nina Hurtubise, Finance Director presented the Financial Operating Results for the month of April 2010. She said the month of April always looks poor because it is the month that we pay the distribution to the City of Fort Pierce, which is about \$4.8 million. We turn around the net of increase in Net Assets to a decrease in Net Assets for the seven months and in a couple of months we will turn that back around again. We are looking at a decrease in Net Assets at about \$1.2 million and we are still seeing some increases in the Units Billed when we compare to last year, 2009. We are still not seeing the sales levels we had in 2008, but it has gotten a little bit better from last year. Ms. Hurtubise said that gas Unit Sales are up from both 2008 and 2009 and we are still seeing the improved cash position due to our conservative spending and the power cost adjustment (PCA) over collection. She had a bit of a revelation about 1 ½ weeks ago where a journal entry was omitted that caused our cash to be over stated. Our cash position was not quite as wonderful as it was looking and she said that she was very uncomfortable each time she presented it to the Board because it seemed like it was too good to be true. Ms. Hurtubise said the reviews that were done with the Citizen's Budget Review Committee caused her to look harder again at our cash position and how the refinancing of the pooled loans was done back in December. She said she found it and can say with absolute certainty that we have 55 days of cash as of the end of April, which is still very good.

Mr. Summerhays asked if absolute certainty is what she wanted to say.

Ms. Hurtubise said yes that she took all the different bank accounts that FPUA has and tied them into the numbers that she is presenting today. She said the mix up was in restricted funds versus the unrestricted funds. That is where the trouble was, it got double counted. The reason that 55 days is good is because it was so bad this time last year. We had hit an absolute low point since tracking this from September 2007 of 15 days of operating cash in April of 2009. We are much healthier, but we are still holding off on our spending. Ms. Hurtubise said she has been asked a number of times about our Capital spending. She presented a one page report that gives a high level view of what we have spent and what we expect to spend. What she provided to the Board is this sheet and four pages of detail sheets showing each of the projects and each of the amounts. This table shows the revised estimate that was provided to finance by the

various departments that are responsible for these Capital budgets and they are expecting to spend about \$10.5 million in FY 2010. The revised or adjusted budget was about \$18 million so there is \$7.6 million which is the difference between what the adjusted budget was and what they really expect to spend. The reason it is an adjusted budget is because we pulled about \$10 million out of the original budget for the grant funds that we did not receive, and therefore are not going to spend. Ms. Hurtubise said that we have pared down quite substantially since the beginning of the year the amount of Capital we expect to spend in 2010. The other information on these sheets is what we have actually spent, \$3.5 million, and this is through early June. We also have about \$4.7 million of open purchase orders, which is money that is committed to specific vendors for specific Capital purchases. There is still about \$2 million that is yet to be committed and we do expect to be spending that \$2 million. This is all broken down in a level of detail and some of the big give backs are the amounts that are not expected to be spent. Ms. Hurtubise said that System 4 is our administrative or facilities budget where we had \$508,000 budgeted for a roof replacement on our Energy Services Center. She said we submitted for a grant, which we did not receive, so therefore we did not replace the roof. We have repaired it instead. System 5 is our electric system and on South A1A, phase 1 has not gotten off the ground so we do not expect to be spending about \$1.8 million, which is not rate funded money, but it is Capital budget money that we do not anticipate spending.

Mr. Drummond asked if South A1A is a timing issue and if it is expected that the money will be spent next year.

Ms. Hurtubise said yes it is expected to be spent next fiscal year and the next project is the same way. She said that often times that is how our Capital budget goes for whatever reason, what we expect to do, just does not happen, especially in this economic climate things do not get done quite as quickly as we would hope. On 13th Street, the electric portion of \$1.2 million will not be spent this year. In System 6, which is the water system, Sunland Gardens MSBU, again it is not happening as fast as we had anticipated and therefore about \$1 million that we do not expect to spend this year will be rolled into the next year. Ms. Hurtubise said those are the biggest chunks that will not be spent this fiscal year. She said for your information, System 7 is the gas system, System 8 is wastewater, and System 9 is FPUAnet Communications. This page of the spreadsheet is broken down by system and the other sheets starting with the bottom of page one of four will have all the projects that we have in the budget at this point and what those budgets are expected to be. It goes to the bottom of page three of four and these are all rate funded projects. The expected amount to be spent was \$7.3 million and even the rate funded projects are dropping to about \$5.6 million from what we originally estimated at the beginning of the year.

Mr. Thiess asked if Ms. Hurtubise told the Board what the projection of days cash is for the end of FY 10.

Mrs. Hurtubise said that she did not get to that and she was not going to talk about it but she would. She said it is going to be what it was last year to about \$9 million, which is 38 or 39 days worth of cash. It is going to be about the same when all is said and done

at the end of the year, which is taking the \$10 million number instead of the \$18 million number that we had originally budgeted. Ms. Hurtubise said going back to the April Financial Operating Results presentation, the City Distribution turned out to be about 18 days of cash and the PCA as of the end of April is about eight days of cash. If we look forward to May and into the next presentation, we did give back about 3.1 days of cash through the PCA in the month of May, so that as of May it is about 5.2 days of cash in the PCA. Our Units Sold is generally improving over last year. Electric is up about 4.5%, but is down 6.7% from 2008, water Units Sold are up about 3%, but are down 2% from 2008, wastewater Units Sales are down 1.4%, but down 9.2% from 2008, natural gas Units Sales are up 3.5% and also up 1.65% from 2008. Mrs. Hurtubise said the revenues as a result of those sales is electric is down 2%, but the PCA is down \$2.2 million, so if you take that out of the amount, the electric Operating Revenues are up 5%. Water Operating Revenues are up 4%, wastewater is down 2%, natural gas is up 2%, but the PGA is down about \$139,000 so the natural gas Operating Revenues are up about 10%. The Operating Revenues are down about 1% companywide, if we look at the big picture and that includes the PCA and everything.

Mr. Perri asked if the disparity in the water and wastewater is because some people are not connected to wastewater that receive water.

Ms. Hurtubise said that is some of it, but also the billing for wastewater is limited on the residential side to 10,000 gallons. She said looking at our 12 months of Operating Income and the Debt Service Coverage, the Debt Service Coverage being the funds available to pay our debt service is approximately 3.07 times what it needs to be just to cover. She said that is a very healthy ratio, which is way above the 1.25 that is required by our bond covenants. Our year-to-date Operating Expenses are down about \$3.5 million. Ms. Hurtubise said that once we get through this fiscal year she can stop talking about our Other Post Employment Benefits (OPEB), but when we compare it to last year they were booked last year throughout the year until the end of the year. About \$1.5 million of that decrease is attributed to that. She said the \$2.2 million that was the decrease of the Purchases for Resale and the PCA on the Revenue side also went down. Our employees insurance is down about \$599,000 and about half of that is because of an adjustment that we made to self-insured liability. We have had a very good year of claims experience and we felt obliged to write down that liability in the middle of the year. We do not always do that, but we did reduce our liability about \$275,000 in the month of April. Ms. Hurtubise said that on the not so good side, our Capital Contributions are down about \$2 million from last year, which is about 67% from last year. Our Depreciation is up about \$1 million as a result of adjusting useful lives on our water mains. She said this is an information only item and does not require any action of the Board.

Mayor Benton said that he was talking to their finance person, Ms. Johnson, and she said that going into next year the City could be looking at an insurance increase of 20% and he was wondering if Ms. Hurtubise had heard that.

Mr. Summerhays said that we are self-insured.

Mayor Benton said that he would think that if it was going up that much then all insurance would be going up.

Ms. Hurtubise said that we have been advised by our insurance consultants to budget for a 10% increase in January 2011. The Citizen's Budget Committee is urging us to reduce what we already have in our budget as a result of our low claim's experience that we have had. She said that is okay as long as we continue to have low claims experience, that will work well. We would like to be positive and optimistic and we will discuss a little bit further as to exactly what we decide to do with our employee insurance budget for the upcoming year. Ms. Hurtubise said that no, it is not 20%.

Mayor Benton asked how long ago did they tell her this.

Ms. Hurtubise said about a month ago. She said that our Workers' Comp is supposed to go down also and that was just last week.

Mayor Benton said that they will have to look into something different.

Ms. Hurtubise presented the Status Report on Electric Power Cost Adjustment (PCA) for May 2010. She said that May 2010 was a month of give back just as was anticipated, but perhaps not as much as we were expecting. We gave back to the customers about \$828,000 of the \$2.2 million of over collection that we had been building since September of last year. The balance has been generally going up and this is the time when we knew costs were going to be going up and when we lowered the PCA for the month of May, we knew we would start giving back. The over collection from the customers at this point is about \$1.4 million and we expect to give \$1.1 million of that back to the customers in the month of June. Ms. Hurtubise said that for the month of May, we recovered from the customers less than what we paid per kWh. She said the projections by FMPA are still in pretty good shape, but the month of May started to show some actual amounts more than projected at the 50% confidence level. We will continue to watch that very carefully. These are the oldest projections that were done in November 2009, December 2009, and January 2010. Unfortunately, just last month, we were lower by those respected amounts for the month of May. As the months are further out, the projections just are not as good and that is to be expected. Ms. Hurtubise said the table on the screen was put together by Public Resources Management Group, our rate consultant, which shows that for the month of May, the \$828,000 that we gave back and the resulting \$1.4 million over collection, we are looking to give back about \$1.1 million in June, \$733,000 in July at which point the over collection will be gone and then the customers will then owe us. An under collection will be in the month of August and it will not be until September. These are just projections and the results may vary. We are looking at a \$313,000 under collection at the end of September based on current estimates. Ms. Hurtubise said that she did not provide to the Board through 2011 because they are being worked on now. She said they felt like it would be inappropriate at this time to either make things seem unnecessarily good or unnecessarily bad without updating those figures. They are in the depths of the budget

and are working on updating those numbers and you should see them next month through 2011 and in terms of where we would be with our over or under collection. Ms. Hurtubise said that this is an information only item and no action is required by the Board.

Mr. Drummond said that based on these projections, we will find ourselves in September being about \$314,000 in the red in terms of under collection versus where we were last year. He said that in July we were at \$10 more in our PCA as a result of us being tremendously under collected to the tune of about \$4 million. We are going to be able to ride out the summer on about \$10 less on the PCA, which is a very good thing.

Mr. Tompeck presented the agenda item for approval of the appointment of Director and Alternate Director to the Board of Directors of Florida Gas Utility; and approval of Resolution No. U.A. 2010-04 amending Section 8 of Resolution No. U.A. 2002-2 pertaining to the All Requirements Gas Services Agreement with Florida Gas Utility. He said this is a two part administrative request related to our representation with Florida Gas Utility (FGU). Back in April 2009, the Board approved Mr. Tompeck as an alternate for Mr. Tom Richards on the FGU Board of Directors and staff is now recommending that the Gas Operations Superintendant be affirmed by our Board as the primary representative to serve on the FGU Board of Directors with the Director of the Electric and Gas Systems to serve as an alternate. Mr. Tompeck said that to avoid bringing this back to the Board as names change, we are requesting your approval based on position titles. He said that essentially what they are trying to do is to swap his responsibility with Mr. Richard's responsibility and it will not change how things operate because they both work very closely with FGU.

A motion was made by Mr. Perri, seconded by Ms. Cully, and unanimously carried to approve appointment of Director and Alternate Director to the Board of Directors of Florida Gas Utility.

Mr. Tompeck said that the second part of this item is Staff's request for the approval of Resolution No. UA 2010-04. He said this resolution rescinds and amends Resolution No. UA 2002-02 and it essentially approves the form of the All Requirements Gas Services Agreement between FPUA and FGU. The red-line copy in the agenda packet shows that the only section that is being changed is Section 8, which reflects the appointment of the Member Representatives required by the All Requirements Contract. What we are trying to do here is the same thing that we just talked about and modify Section 8 to identify the Gas Operations Superintendant as the Member Representative and the Director of Electric and Gas as the Alternate Member Representative. All other provisions of the Resolution No. UA 2002-02 are unchanged.

A motion was made by Mayor Benton, seconded by Mr. Drummond, and unanimously carried to approve Resolution No. U.A. 2010-04 amending Section 8 of Resolution No. U.A. 2002-2 pertaining to the All Requirements Gas Services Agreement with Florida Gas Utility.

Mr. Thiess said that at the last meeting we said we would bring back something on the procurement card issue that the City was paying their utility bill with their procurement card. He said that we did receive some information from Tony Barnes, Director of Procurement for the City of Fort Pierce at the end of last week, but it was not in time to get on the agenda. We received additional information yesterday. Mr. Thiess said Mr. Barnes memo dated June 14th is looking at other options other than what we are doing with handling the procurement cards. He said specifically looking at using other banks and there is some good information there because the other banks seem to offer a better deal than what we are getting from our bank. The problem is that our bank is a 5-year contract and if we were to switch services or quit processing through Chase Bank and go to another bank, this would be in effect terminating the contract as was discussed with Mr. Koblegard. At that point, we would be subject to the termination damages of about \$45,000 for the remaining three years in the contract. Mr. Thiess said that while this information is good, looking ahead three years when this contract ends, we could probably cut a better deal. He said it is not going to help us at the present time. Since the time when we talked about this a month ago, we processed another month of payments for the City and our charges for processing those payments were in the \$5,000 range. We are starting to incur some pretty heavy charges for processing those payments. Mr. Thiess said that the last paragraph of Mr. Barnes memo was talking about a potential for rebating the City 1.38% of what they are making on the use of the procurement card from their bank. He said that Mr. Koblegard drafted a memo that addressed that. It would be problematic for us to rebate the City because we would also have to offer a similar rebate for every customer in that class and that class is the rate class of our commercial customers. There are other statutory issues as stated in Mr. Koblegard's memo that we may have to offer that same rebate to all customers. Mr. Thiess said that what we would like to do is just have the City pay on a different basis and we suggest the e-checks, the on-line check. That has an advantage to us because there is no cost involved in processing it and there are some advantages that our customer services people can relate to the City that will be advantageous as well in tracking payments. He said that is where we are with this and he does not think the proposal as presented will work for us. Mr. Barnes had a presentation that he is welcome to present, but the premise of it is to change banks and that in effect terminates the old contract and subjects us to \$45,000 in penalties.

Mr. Summerhays said that as he recalls at the Board meeting of May 18th, Mr. Recor said that if the bottom line math does not work, the City is not going to turn this in to another disagreement. He said his question is to Mr. Recor, is that still the case.

Mr. Recor said that he must have been in a good mood that day. He said that clearly we are spending a lot of time on this trying to work something out when if you factor in everyone's time that has spent time working on it, we probably spent more than we would have saved. It is unfortunate that we were not able to make the math work and perhaps we should revisit it. If some good has come out of it, Mr. Barnes research in getting FPUA a better deal with PNC or another local bank at such time that they are in

a position to do that. Mr. Recor said that turning it into another disagreement that will generate at Mr. Barnes' estimate of \$7,700 to the City for the remainder of the fiscal year is not worth it so he is inclined to let it go.

Mr. Summerhays said thank you very much.

Mr. Thiess said that what they will do is have Bill Abramowicz contact the City about the on-line check because that will probably work out best for both.

Mr. Koblegard said that this is nice to be worked out with the City, but he believes that it will be coming up again in the future from other governmental entities. He said that he understands from Mr. Thiess that Orchid Island has already paid by this type of card.

Mr. Thiess said first time this month.

Mr. Koblegard asked if they were a commercial customer. He said this is going to continue to happen, although we cannot get away from the Chase contract, we cannot limit the amount to which someone would want to use a credit card. This Board does have the right to limit it to certain classes of customers. He believes that the Board can say they will accept credit cards only from residential customers and there is a basis for that. The reason we have done it in the past is, for a practical matter, that is what has been done all along. The Board is well within its right and power to do that and then these big accounts will not be an issue for FPUA, be it a governmental, commercial, or otherwise.

Mrs. Cully asked if there is a certain limit to the amount that they can charge.

Mr. Koblegard said that based on our agreement with Chase, we cannot limit it; we cannot go low or high. He read the section of the agreement with Chase *"you shall not set a dollar amount above or below which you refuse to honor otherwise valid payment instruments in violation of payment brand rules."* Mr. Koblegard said that there are three years left on that contract, but with a residential customer, there is an occasion where people may not have the cash to pay the bill. They can use their credit card and they do not have a problem with their power and getting it in on time. It cuts down on traffic of people coming into the building to make payments. It is a convenience for that kind of a customer and it is not necessary for the government or for a large commercial customer. The Board can limit the right to use the cards for commercial customers.

Mr. Perri asked if he could make that motion.

Mr. Koblegard said yes.

A motion was made by Mr. Perri to limit the right to use the procurement cards for commercial customers, seconded by Mr. Drummond.

Mr. Drummond asked if that would come back to us in a form of a resolution.

Mr. Koblegard said that he would have to go back and check to see when they adopted use of the credit card. It may be that we should do a resolution. He said that he thought about it and he will get the agenda item out from that time.

Mr. Drummond said that if that is the case he would be inclined to proceed with the hope that in the interim, staff can let them know if FPUA has any large commercial customers that are using credit cards or do we already know.

Mr. Thiess said that we had Orchid Island this month.

Mr. Drummond asked if that is the only one that we have had.

Mr. Thiess said that is the only one that he is aware of that is large. He said there have been some smaller ones.

Mr. Drummond asked if this would affect the smaller commercial ones and if Staff could find out how many of those will be affected.

Mr. Summerhays said we have a motion and a second and called for the question.

The roll was called and the motion passed unanimously

Mr. Perri said that on the same subject, in Mr. Barnes memo it mentions Port St. Lucie, and it might be interesting to know that he believes the City of Port St. Lucie writes a check to pay their utilities. He said they are smart enough not to use the procurement card to let the bank get the giant share of the money.

Mr. Koblegard said Mr. Drummond brought it to his attention at the last meeting that he had not checked on the City's resolution that created the Budget Advisory Committee and whether or not FPUA should adopt a resolution similar to that or adopt their resolution. He said that he has reviewed the resolution and it mainly is involved with setting up that board, the term, who could appoint them, the qualifications, and it does say that they are advisory to the City Commission. Mr. Koblegard said that his understanding now is at the last meeting, they are doing their job and we should be getting a report shortly and that motion is sufficient and we do not have to adopt the City Commission's resolution. He apologized for not having that answer for them sooner.

Mr. Thiess said that the Citizen's Budget Advisory Committee will be submitting their report to the group next Wednesday. He said there would be a little bit of back and forth and may be some revisions. Mr. Thiess said that the report will have Staff's comments on it and it will be on the July 6th FPUA Board agenda.

Mr. Summerhays said that he would like to say in public that he was very proud of Mr. Perri's representation of FPUA at the City Commission meeting and he appreciates it.

Mrs. Cully said that she appreciates it also.

Mr. Perri said thank you and that he took a little heat from Commissioner Alexander, but he can handle it because he is not thin skinned.

There being no further business, the meeting was adjourned.

ATTEST:

SECRETARY

CHAIRMAN