

MINUTES OF A REGULAR MEETING OF THE FORT PIERCE UTILITIES AUTHORITY, TUESDAY, JANUARY 4, 2011, 4:00 P.M., CITY COMMISSION CHAMBERS.

Members Present: Chairman, Darrell Drummond; Vice Chairman, Pamela K. Cully; Secretary, Michael A. Perri, Jr.; Deputy Secretary, Robert W. Summerhays, Jr.; Mayor Robert J. Benton III (*arrived at 4:05*); and David Recor, Ex-Officio Member/City Manager (*arrived at 4:05*).

Others present: William G. Thiess, Director of Utilities; Rupert N. Koblegard, III, FPUA Attorney; Nina Hurtubise, Director of Finance; Levette Dixon, Communications Manager; Arne Taranger, Acting Risk Manager; Timothy E. Perkins, Director Water/Wastewater Systems; Eve Walker, Director of Shared Services; and Thomas W. Richards, Director of Electric and Gas Systems.

The meeting was called to order by Chairman Drummond.

Invocation by Dr. Lynberg Nelson of the New Jerusalem World of Faith Church.

The *Pledge of Allegiance* was recited.

The roll was called and a quorum declared.

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

1. Approval of the Minutes of the Regular Meeting of December 21, 2010.
2. Approval of the purchase of 30,000 ft of 1/0 underground cable @ \$2.13529 per ft (\$2135.29 per thousand feet) for a total of \$64,058.70 and purchase of 14,000 ft of 1000MCM aluminum cable @\$8.62747 per ft (\$8,627.47 per thousand feet) for a total of \$120,784.58 for Job 20090180-1, SR A1A Phase I, from Electric Supply of Tampa through Florida Municipal Power Agency (FMPA) bidding process, for a grand total of \$184,843.28.
3. Approval to accept the lowest and best responsive responsible bid from Allied Universal Corp., of Miami, Florida, for approximately 650 tons of Caustic Soda – 25% (Rayon Grade), in the amount of \$145.97 per wet ton, for a total not to exceed \$94,880.50, annually. This bid covers a period of one (1) year with an FPUA option of two (2) one-year renewal options.
4. Approval of DiBartolomeo, McBee, Hartley & Barnes, P.A., of Fort Pierce, Florida, to perform Fort Pierce Utilities Authority Fiscal Year 2010 Annual External Audit for a total fee not to exceed \$48,930.00.

A letter was received from Lincoln Park Main Street thanking FPUA for sponsoring the Christmas decorations for Lincoln Park Market.

A note was received from The Mustard Seed thanking FPUA for the gift amount of \$50.00.

Nina Hurtubise, Director of Finance, presented the rate comparison for the month of November. She said it is the comparison of the residential electric rates compiled by the Florida Municipal Electric Association. The graph displays the municipal electric bills in the State of Florida for the usage of 1,000 kWh. FPUA's relative position compared to the other municipal utilities is 6th highest, which is the same as last month. Ms. Hurtubise said if FPUA's December \$4 PCA decrease had been reflected on this November comparison, we would have been 9th. However, there may be other changes by the other municipal utilities, so we will wait until December to see the outcome there. Since October, four utilities have increased their bills and fourteen have decreased their bills. They were not anything significant with only two showing a change of over \$10 for the month. Tampa Electric decreased their bill by \$18.51 and is an investor-owned utility, not a municipal, but it is included in the table within the agenda item. That is a result of adjustments made to their conservation, capacity, environmental, and refund credits. The data on the table is exactly the same as it was in October and Ms. Hurtubise said she called to confirm it had changed and decreased by that much. Fort Meade reflects a decrease of \$10 since October and the ARP average decreased to \$126.69, which is \$0.83 lower than October. On the 2,500 kWh comparison for November 2010, FPUA is 6th and the same as the month of October. The November comparison of the residential electric, water, and wastewater rates, which is compiled by staff, displays the comparison for Fort Pierce, Port St. Lucie, St. Lucie County, and Vero Beach utility bills. The only minor change that was made as compared to October is that FPL had a decrease in their storm charge of \$0.06 for 1,000 kWh used. The water and wastewater rates did not change for any of the comparing entities. This is an information only item and no action is required of the Board.

Mr. Thiess said he wants to remind everybody that the Strategic Planning Workshop is next Tuesday and a package was delivered to this Board and the City Commissioners today. He said there was one item missing that will be distributed in a couple of days. It will be an all-day session with a lot of ground to cover and we are hopeful there will be some good ideas on getting the rates down even further.

Mr. Koblegard said the closing date for the two acres that FPUA is purchasing from Abbiejean Russell has been moved back to January 14th. He said it is still on track to close, but with the collapse of Fannie Mae and Freddy Mac, trying to get a loan through these days involves a lot of red tape. Mr. Koblegard said that you almost have to prove that you do not need the money before they will lend it. He said they will close; it just will be a little bit longer than he expected.

Mr. Koblegard said he looked at the comparison of the rates that Ms. Hurtubise just presented and if we take the seven utilities to the left that are less than ours, we differ from them for a monthly kWh by \$2.75, which is fairly close.

Mayor Benton said the information that was received from our consultant that is being digested, had a suggestion that because of the deadline for the 1st of January, if we were considering something, then we could ask FMPA if they would extend the deadline to March 31st. He asked if there was enough interest from this Board to ask them and that he would not want to have to wait another year, if there was interest.

Mr. Thiess said he talked with Tom Richards about that since he is the Chairman of the Executive Committee with FMPA, and Mr. Richards and Mr. Thiess agree that the likelihood of the other ARP cities doing that would be very slim. It would not benefit the ARP. It does not hurt to ask, but we would not be able to get a reading from them before the first of the year anyway and we would be asking after the fact. Mr. Thiess said one thing that we are going to suggest is that if we decide on the CROD, go to the ARP and tell them if they cannot do better, then we will exercise the CROD. If we could pull our coal resources back out of the ARP and amend the contract to allow that, we would accomplish the same thing as taking the CROD. Mr. Thiess said it might be better to negotiate something like that, which would probably have more of a chance for success than the deferral. He said to modify the contract, it would take a unanimous vote of the ARP and to get all 14 members to agree to give us another three months to get out of their project, probably will not happen. Our time is better spent negotiating the CROD in good faith with the ARP because they have the plus or minus 15% in there. If we go in and ask for the deferral, it would murk the waters and we would probably get a "no" response anyway. We should negotiate the CROD and try to get the 15% to zero or negotiate modification of the contract to allow us to pull back our coal resources and get all the benefits of the CROD without actually going through the CROD. Mr. Thiess said the benefit of that would be that we would have our coal resources, would get the price breaks with taking the CROD, and would have the long term security of staying in the ARP if we decided that we wanted to do that long term. He said if we take the CROD, we would be out of the project in 32 years. The Board can instruct us to ask for the extension, but the chance of getting a unanimous vote on that would be pretty close to zero.

Mr. Drummond said he agrees with Mayor Benton that we are digesting it and he will have a number of questions when it is discussed at the workshop next week. His concern is that he would like to be able to analyze it properly because it will hold future Boards accountable for our decisions for a long period of time. Everyone would have to be comfortable that we have all the information we need.

January 4, 2011

Page 4

Mr. Thiess said we will also be discussing this at the strategic planning workshop at a fairly high level and will get into more detail at the January 18th Board meeting when the consultant is here to present it and answer specific questions.

There being no further business, the meeting was adjourned.

ATTEST:

SECRETARY

CHAIRMAN