

MINUTES OF A REGULAR MEETING OF THE FORT PIERCE UTILITIES AUTHORITY, TUESDAY, SEPTEMBER 6, 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; and David Recor, Ex-Officio Member/City Manager.

Others present: William G. Thies, Director of Utilities; Nina Hurtubise, Director of Finance; Timothy E. Perkins, Director Water/Wastewater Systems; Thomas W. Richards, Director of Electric and Gas Systems; Nancy Dallaire, Risk Manager; Levette Dixon, Communications Manager; City Commissioner Tom Perona; and City Attorney Rob Schwerer.

The meeting was called to order by Chairman Drummond.

Invocation by Pastor Robert Coleman of Goodwill Presbyterian Church.

The *Pledge of Allegiance* was recited.

The roll was called and a quorum declared.

Marty Lavin of Fort Pierce thanked the Board for letting him speak and particularly Mr. Summerhays who will not have the opportunity to hear him speak after two more meetings.

Mr. Summerhays said that would be something and he would have to quit going to meetings altogether.

Mr. Lavin said he attended the Economic Development Council's monthly luncheon today and found it of great interest that Florida Power and Light recently was given permission by the Public Service Commission to form an Office of Economic Development. He said in light of the recent meeting that FPUA had about the Contract Rate of Delivery (CROD) and the recommendations from the consultant who had discussed the idea of an economic development rate for existing businesses as well as new business, he thought he would share with the Board that the Office of Economic Development and the work program can be found at poweringflorida.com. A particular program offering of theirs would be any business within their footprint that uses an additional 350 kilowatts and creates 10 full time equivalency of jobs will receive approximately 25% savings on their power. Mr. Lavin said he does not know if that includes the expansion of an existing business and the details are at poweringflorida.com. He said they used the example of the possibility of a savings of \$9,000 to \$12,000 for a business that would avail them of this savings. The consultant that recommended the economic development rate also encouraged the City of Fort Pierce (CFP) and the Fort Pierce Utility Authority (FPUA) to work together in economic development. Knowing the constraint of resources, it would be a great help to the business community and the residences as well if the CFP and FPUA would consider sharing some resources to possibly fund an economic development strategic plan, initiative, and/or point person. Mr. Lavin said the firm Health

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Chem has been a potential new development locating in the Fort Pierce area in the airport zone and also falls in the free trade zone. He said one of the difficulties for Health Chem in going forward to secure their financing has been the collapse of the bond market. This seems like a plum opportunity for FPUA and the CFP to find some way to assist Health Chem in reducing their potential energy needs. Perhaps give them a greater potential to secure their funds in a credit constrained market place.

Mr. Drummond asked if the Staff or Board Members have any item they would like to remove from the Consent Agenda. *(No items were removed.)*

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 August 16, 2011.
2. Approval of Specific Authorization CHE-11-03 with CH2M HILL, Inc. (CH2M), in the amount of \$75,542 to prepare and submit the required applications and reports needed to renew the FPUA IWRP operating permit.

A letter was received from Susan K. Buza, Executive Director of 2-1-1 Palm Beach/Treasure Coast thanking FPUA for their partnership and support in their program.

A card was received from the Pantry Team at Parkview Baptist Church thanking FPUA employees for their food donations that provided food to 45 families.

Mr. Drummond said it is always nice to see when our employees are recognized for their contributions.

Mr. Thiess said the next two items are a culmination of the series of workshops the staff and Board had on the Contract Rate of Delivery (CROD).

Tom Richards, Director of Electric & Gas Systems presented the items. Mr. Richards said we are here at the culmination of many months of studies and work on the CROD option that is available to FPUA under the All Requirements Project with FMPA. This is going to be a short presentation because we have been over these lots of times. Our recommendation is a two part recommendation that the Board may want to take together or vote on them separately. The first item is to not exercise the CROD at this time and the second is to not exercise the option to give 30 years notice to terminate the contract. Mr. Richards said the Board commissioned WHH, Inc., Bill Harrington, to perform the screening study for us late in 2010 and the next study was ready for us early in 2011. The study did indicate some promise, interest, and some encouragement to go ahead and study this further, as it might result in a savings for

FPUA in our power supply. The next step was we asked FMPA staff to review the WHH study and give us their comments, and they not only did that, but they ran their own independent study. FMPA expressed several concerns about the risks and computed some lower numerical results than WHH got, and sometimes negative results depending on the scenarios and the assumptions they used. Mr. Richards said FPUA also employed Power Services, Inc. to run an independent study for us to make sure we are getting an objective view point and it is kind of a tie breaker. Power Services pointed out several areas we would expose ourselves to with the CROD and certainly an uncertain amount of forecast variation and numerous quantitative results that gave us negative scenarios as well as positive. In addition, WHH revised their study with updated load forecast and cost forecast that were available to the Power Services folks to make the comparison. That resulted in reduced monetary savings. In fact, some of the base cases he showed resulted in negative savings for the first several years and did not get positive savings until many years out in the study. Mr. Richards said workshops have been held on this and Board meetings to talk about it. He said it seems to staff that there is a lot of risk involved and uncertainty in the forecast in electing the CROD that would expose FPUA to the risk of higher costs than not exercising the CROD. Staff recommends that we do not do that at this time and that we continue to monitor the situation to see if there is some kind of development that would give pause to rethink the situation or perhaps study it again. He does not know what that would be exactly, but we would have to watch the market to see what that is. In addition, some brief consideration was given to providing notice on a 30-year notice on the expiration of the contract, but there does not seem to be any reason to do that. Thirty years is such a long time and we should be working through the ARP and getting changes made there way before 30 years goes by. Mr. Richards said he cannot articulate any positive reason to do that.

Mr. Drummond said it is important for the record that it is made clear this has been a very exhaustive study and the initial one from WHH gave reason to be optimistic of moving forward. As a result of us doing further study, it is clear at this point that the risks are a little bit out there from moving forward. It is very important to note that this does not take away our ability to go back and look at this in the future. A part of the proposed recommendation is that we continue to monitor it and we have not closed the door in having the flexibility to exercise the CROD in the future. This is probably been a very good exercise for us at the Board level.

Mr. Summerhays made a motion to approve Staff's recommendation not to exercise CROD at this time and to approve Staff's recommendation not to exercise the 30-year termination, seconded by Mr. Perri, and unanimously approved.

Nancy Dallaire, Risk Manager, presented the Florida Municipal Insurance Trust (FMIT) renewal quote through Florida League of Cities for automobile liability, general liability, property and Workers' Compensation Insurance. She said it is the annual request to accept the renewal quote from FMIT for various property and liability insurance premiums, which is also called the Package Policy. The amount is \$653,101 and the renewal period is October 1, 2011 to October 1, 2012. In the agenda package is FPUA's consultant's Letter of Recommendation which

describes the detail of changes in the policy and coverage from last year to this year. Ms. Dallaire said her presentation consists of three charts for the 10-year period from FY 2003 to FY 2012. She said when FMIT provided their renewal quote, they also notified FPUA of some great news. FPUA will be receiving a return premium that is given to all the members who are in good standing through FY 2010. FPUA's share will be at least \$93,000 and we should be receiving a refund check in November. One of the benefits of belonging to FMIT is when they have a good year, they return any savings to their members. This refund is for information only and is not included in any of the charts about to be shown. Ms. Dallaire said the first chart shows all of the insurance premiums that are purchased under the Package Policy. The blue at the top of the column is the property insurance, the purple is workers' compensation, green is general liability, and red is automobile liability. When compared to 2011 to 2012 there would be an overall estimated 5% or \$29,000 increase. This is primarily due to an increase in the cost of workers' compensation. The third column to the right is FY 2010 and the little increase will decrease by \$93,000 later this year when we receive the refund spoken of earlier. That will bring 2010 down more into the range of \$600,000 like 2011 and 2012. The next chart shows workers' compensation payrolls with the premiums. The purple columns are the payrolls for workers' compensation purposes and from 2011 to 2012 they are estimated to slightly decrease by about \$38,000. The black line is the premiums and you might recall from last year that FY 2011 was our best case scenario. It resulted in the lowest premium in this 10-year period and the reason is because payroll had decreased, the rates had decreased, and the claims were down. From 2011 to 2012, there is an increase estimated to be 12% or \$20,000. The reason for this is because FPUA had two large claims in 2010. FY 2010 is one of three historical years that is used in calculating the premium. The rates that are published by the National Council on Compensation Insurance increased. Even though there is a slight decrease in payroll, the increase in the rates more than compensated for that decrease. Ms. Dallaire said the last chart shows property insurance and property is the largest portion of the Package Policy premium. It makes up 60% of the costs. The blue columns are the property values and the black line is the premiums. The drop in values from FY 2005 to FY 2008 is the result of decommissioning the H. D. King Power Plant. The peak in the black line shows the high costs of the insurance premiums because of the eight hurricanes that happened in Florida during FY 2004 and FY 2005. FY 2011 and FY 2012 the two blue columns, the values are basically flat and the proposed premium for 2012 is slightly higher than 2011 because there are improvements in the coverage provided by FMIT. Siver Insurance Consultants has reviewed the renewal quote and recommend that FPUA continues the Package Policy. Staff has been satisfied with FMIT service and agrees with their recommendation and is recommending the Board accept the renewal quote provided by FMIT in the amount of \$653,101.

A motion was made by Mrs. Cully, seconded by Mayor Benton, and unanimously carried to approve and accept the renewal quote from Florida Municipal Insurance Trust through Florida League of Cities for automobile liability, general liability, property and Workers' Compensation insurance effective October 1, 2011, and approve funding of \$653,101.

Nina Hurtubise, Finance Director, presented the rate comparison for the month of July 2011. She said these are July's comparison of residential rates compiled by the Florida Municipal Electric Association and the graph displays the municipal electrical bills in the State of Florida for usage of 1,000 kWh. FPUA is approximately in the middle of the pack and it shows our relative position as compared to the other municipal utilities. FPUA is now 14th and was 16th a month ago. The reason for that is since June, five utilities have increased their bills and eleven have decreased their bills. Ocala reflects a decrease of \$12.76, Newberry reflects a decrease of \$11.35, Green Cove Springs reflects a decrease of \$11.04 and they are All Requirements members so that average dropped. Winter Park reflects a decrease of \$10.54. Our relative position is not as good, but still much better than it has been. Ms. Hurtubise said FPUA is \$2.00 above the municipal average. She said 57% of the cities have lower rates, but 43% have higher so we are very close to the middle of the pack. For 2,500 kWh, FPUA is 15th, which is exactly the same as last month. July's comparison of residential electric, water, and wastewater rates which is compiled by staff displays Fort Pierce, Port St. Lucie, SLC Utilities, and Vero Beach. The changes that are different for June is there was a small increase in FPL's storm charge and Vero Beach's bulk power cost increased \$4 for 1,000 kWh. The comparison is very similar to what was shown last month. This is an information only item.

Mr. Perri asked if the percentage that Ms. Hurtubise was talking about was for just our cities or state-wide.

Ms. Hurtubise said it is just what is displayed on the graph. Oddly enough the percentages came out exactly the same if you count the number of cities or if you look at the dollar value from the very least which is \$101.47 to the very top which is \$144.44. Where FPUA stands at \$125.84, there are 57% less than FPUA, but 43% are higher than FPUA. People frequently speak of FPUA as being so much more than the average, but we really are not. We are very close to the average.

Cairo Vanegas, Assistant Superintendent of Electric T&D, presented Bid #6069, Tree Trimming Service. He said that at the end of this month FPUA will be winding down the 5-year contract with Asplundh tree trimming company. Staff has gone through the process of securing another contract. The information in the Board package includes the bid tabulation for the ten or so responses received and Asplundh once again has the lowest rate. The \$75.53 is made up of mostly labor for the standard 3-man tree trimming crew, \$12 for the bucket truck, the tripper, and a few dollars here and there for some tools. That is what was used in coming up with the prices for comparison for ranking the different bidders. Asplundh in the past has worked very well for FPUA and we have used them year after year. FPUA has excellent storm support from them and can get extra crews in very short order, if needed on an emergency basis. Mr. Vanegas said the local crews here are excellent and work well with FPUA customers and well with internal crews. He said staff is requesting the Board approve the bid to Asplundh.

A motion was made by Mr. Summerhays, seconded by Mrs. Cully, and unanimously carried to approve Bid #6069 – Tree Trimming Services and to award Asplundh Tree Experts Co. of Palm

City, Florida, as the lowest and best bid, for a not-to-exceed amount of \$300,000 for a one-year period, with four one-year renewal options with escalators based on the Engineering News Record Index.

Mr. Thiess said he would like to bring to the Board one item for discussion. He said over the past 1 ½ weeks conversations and correspondence has occurred over discussing the City's distribution. There is an ordinance on the City Commission's agenda tonight to address that. There has been some discussion and emails about an alternate plan to do it a different way that was proposed by two City Commissioners independently. Mr. Thiess said where he would like to take this discussion today is to look to see if this Board is interested in directing staff to pursue an alternate plan that really looks at the distribution in light of what other cities are doing with their distribution. He said the table the Board has in front of them was completed by Murray Hamilton of PRMG. The original table was prepared by the City Finance Director and Murray Hamilton did his version of it, which tracked the version done by the City Finance Director. Mr. Thiess asked Mr. Hamilton to get as many cities in there as possible so there is a better idea of where FPUA stands with other cities with regard to the distribution. He said based on the distribution alone as a percentage of total gross revenues including the PCA, this table includes the PCA for all these utilities so it is apples to apples comparison. FPUA is on the low end of that scale for these 13 cities. There are 33 municipals and without getting into a research project, this was the best we could come up with in a short amount of time. It does bear out the fact that based on distribution alone, FPUA is on the low end of the scale with these 13 cities. There are a lot of other factors involved in different communities such as the ad valorem tax rate, the utility rate, and utility taxes. A lot of other elements gauge the pressure on the citizens to pay the bills. This is just one of those items. Mr. Thiess said staff is confident that they can take the ideas presented by a couple of commissioners independently and go with that and probably come up with a plan that accomplishes the desires of the city to get the PCA more in line with other municipalities as an alternative to going the ordinance route. This has been talked about at length for the last 1 ½ weeks and he would like to open it for discussion at this Board. We are not intending to look at the legal end of things in this meeting since Mr. Koblegard is not at this meeting. There have been letters that have gone back and forth that states the City's position and FPUA's position and it is very clear where the attorneys stand as far as their position and we do not need to go there today. It is just a question as to whether this Board would like to explore an alternate method of looking at perhaps reevaluating the distribution in light of what is the norm with other municipal utilities.

Mr. Perri said his comments would include some legal questions so he is not prepared to offer them at this time. He said the City has seemed to have instilled a little bit of distrust in his mind because of a previous legal document, but he cannot comment at this time. He does not feel like FPUA should be paying for the sins of the City as far as their runaway spending policies in the past. Mr. Perri said he will entertain anything that staff comes up with.

Mr. Thiess said that even though Mr. Koblegard could not make it here tonight, Buck Bryan is in the audience who was the previous attorney for the Utility Authority back when the Charter

was drafted. He has a lot of history on this and has been involved in recent discussions also. He is here to address the historical end of that if the Board cares to go there.

Mrs. Cully said she attended the last workshop of the City and believes this has all come to the front because the fact the City is in need of money to balance their budget for 2012 – 2013 – 2014. She is a citizen of the community first, a member of this Board, a rate payer, and a tax payer and her City comes first. Like Mr. Perri, Mrs. Cully said she is not real thrilled on how this came about, but she does think the Board should take a look at what is out there. She would like a little further research, if the City would be so kind to give us enough time to do that. If the Board is not passing in the transfer what we thought we were or there is a need for a little bit more and we can possibly do that, then we should look at it.

Mayor Benton said in sitting at the workshop the other day, he said that part of what Mr. Perri said he agrees with, but part of him does not agree. He said the City has had a \$10 million reduction in revenues in three years where FPUA has not. If the Board looks at what the other cities are doing, they are doing it for a reason. If the tax rate of Fort Pierce is raised, it hits the business community and 15% of the homeowners. Mayor Benton said the transfers in the State of Florida were set up for a reason, but right now because of property values and the City has cut back almost 1/3 of its personnel in the last three years, he does not believe there is the ability to cut back anymore. There are certain services the City has to do and he thinks the FPUA Board needs to look at itself as part of the City. The City Commission appoints the Board members here as they do all the other City Boards and what affects the City affects FPUA and its customers. Mayor Benton said he hopes this Board takes a close look at this and he does not like the thought of legal action from anybody's part because then the attorneys get rich. He believes we can get through this and the City and the Utility need to pull together at a time right now. Something he is going to approach tonight at the City Commission meeting in lieu of going to the roll back rate is the City owned property. He said for years he has been trying to convince the City Commission to start putting that property on the market. Granted the excuse has been that the values are low right now, but you can put it on the tax roll and a lot of this property was given to the City in some cases. It could be ten years or longer before those values come back. Times have changed and investors are losing when it comes to property, banks are getting them back, and it is time, in his opinion, that the City looks into this. Mayor Benton said the City is looking at the roll back rate bringing in an additional \$500,000 and he thinks the City could sell a few properties and collect that \$500,000. He said the options need to be looked at and this Board needs to take a look at what these other utilities have done and it is all in helping the City get through some difficult times. It is not business as usual and the burden cannot just be on the business people and certain homeowners. His understanding is if they change this, there would not be a rate increase this year from talking to Mr. Thiess. It may not allow us to have another rate reduction this year, but a close look needs to be taken and see what can be done to get through this.

Mr. Summerhays said he agrees with most of what has been said here already. He is kind of amused at the City's attempts to force this through creative legal machinations, but they have a point. When we adopted the transfer based on 6% of gross revenues, the purchase power

adjustment was very small and a very small part of the total. It was there, his understanding more or less, so the Utility would not have to go to the City to make adjustments up and down. He suspects that over the years, politically motivated interference with legitimate requests for rate increases caused FPUA to put it in the PCA. Mr. Summerhays said he cannot think of another good reason why it would have happened that way. He said because of that, FPUA needs to study this, negotiate, and see if we can come to some agreement with the City on this. He is in agreement that legal action is just going to be bad for everyone concerned. Although he is the type that usually likes to shoot and then aim, it still does not make a lot of sense because it is going to end up costing the tax payers and the rate payers and we need to take a second attempt at this to see if we can come to an agreement. It is his understanding that we are talking about we could do this without raising rates, we just would not be doing the reduction that we talked about. Mr. Summerhays said his suggestion would be that we pursue working with the City and see if we can get it done. If we cannot, then all the nasty stuff is still there.

Mr. Perri said staff should pursue an avenue to try and fix this problem we have and hopefully they can come up with a meaningful solution. In that solution, he would like something a little more binding than our last little solution that we had. What is to stop them from coming year after year to FPUA and doing the same thing? He would like some stop-gap, some kind of mechanism in there to keep that from happening. If we can settle the issue; let's settle it once and for all and bury it and not have it come up with legal terminologies and broken promises. Mr. Perri said he just does not have any faith quite frankly over the last little deal that we did. It seems that we ought to be able to do business on a handshake; your word is your word. If you do not back your word up, you are nothing. That is all he has to say about that and he does not want to expound on it anymore.

Mayor Benton said over the years in only a few areas where he has owned a piece of property where he has received an electric bill whether it be Progress Energy or FPL, he did not see any PCA charge. It was one charge for his electricity as there is in a couple of these utilities listed here. Is this something that the public utilities put out there to avoid being included in the transfer, because the PCA is 1/3 of his electric bill? Those are questions that should be asked.

Mr. Thiess said he is certain FPL has a PCA, they just do not show it on their bill because he has seen where they go before the Public Service Commission and made changes to their power cost adjustment. They just do not itemize it on their bill. He said every utility since the early 70's has gone to a PCA whether they show it in their bill or not or whether it shows up on these bar charts. It is there and it was done back when the oil embargo started and the oil prices were going all over the place. There were oil fired and gas fired plants and they did it so they did not have to go back and go through the rigorous process of going before the elected board to get a rate adjustment every time the gas price shot up. It is standard practice in all utilities, it is just a matter of whether they itemize it on their bill and some of them choose not to itemize it. Mr. Thiess said that granted in these 13 cities that PRMG looked at, some of them do include the PCA, and it is not excluded from the calculation of distribution.

Mr. Recor said sometimes the biggest disagreements begin with misunderstandings. As far as the Interlocal Agreement FPUA and the City of Fort Pierce entered into, he said he would offer the City's perspective in terms of what they thought they were doing. There was a Commissioner that shepherded a resolution to a long standing dispute between FPUA Board and the City Commission in terms of the 2006 transfer and they could not get through a productive workshop without questions about that 2006 transfer. New blood came to the Commission that had a previous relationship with this Board and initiated that Conflict Resolution process. In the end, what the City agreed to was to not debate the current wording of the language. They simply agreed to disagree, but to put that issue to rest, they agreed not to debate the current wording of the language. Mr. Recor said that did not change the City's position in terms of what the intent of language was, but to put the past in the past and enable the City to move forward, they agreed to the agreement. He said since the day they entered into that agreement their position has not changed in terms of their interpretation. Hence, when the City was looking at the forecasting for the years 2013 and 2014 and knowing the property rate was not going to sustain the organization and looking at the City's other sources of revenue, they chose to simply clarify the language of the Charter. Mr. Recor said he wanted to thank the Board because we all recognize and appreciate there is more than one way to skin a cat. So while we have an ordinance, followed a process, and been talking about it since the first part of August, the indication from this Board today, is they are willing to look at the issue and negotiate. That is what is important that we have further discussions because the last thing the City wants to do is send a message to the public that we are divided. We are all one, all part of the City of Fort Pierce, this Board included. This Board is not just appointed by the City Commission; it is representing the City of Fort Pierce. Thank you for the willingness to discuss this further. There will be the legitimate good faith effort discussion tonight when the Commission discusses FPUA's budget and the City's budget. Mr. Recor said we are in this together. Tonight should be productive and we have been having good dialogue so far.

Mr. Drummond said he would suggest he agrees with Mr. Recor that there was a failure to communicate. As one Board member, he said that is not the way he interpreted the Interlocal Agreement. Be that as it may, he would suggest if we hang around long enough, you will see all sides of everything. As it turns out in 1994, Mr. Drummond said he was here sitting at the same dais, but sitting on the other side. What they were looking at that point in time was pretty much the same thing; an opportunity to make sure the City was getting a fair and equitable return on their investment, which was FPUA. He concurs wholeheartedly with Mrs. Cully that we are all tax payers and all rate payers and it is in their best interest to do whatever we can to make sure that we are equally sharing the burden across the board. Mr. Drummond said he is troubled that as he remembers it, it was not their intent to view the PCA in that fashion so he is a bit dismayed that there are attempts to go back and revisit that in a different way. He has always been in favor and continues to be in favor of looking in terms of making sure that we are fairly redistributing the funds so that those dollars can be used in the best interest of the City. He is in agreement with everyone if they can go back and look at how it is calculated from the standpoint of where the PCA is and where it might possibly be, that might be a solution. He would hope we never forget that at the end of the day, whether it is placing that further into the base so it can be calculated as part of the gross or some other solution, it is additional

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revenues. Those additional revenues, however you look at them, are ultimately coming from our tax payers and our rate payers. So even though it may not be a cost and we can absorb it this year, at some point we need to be clear that what we are doing is equitable and is not going to in the long term be a hardship on our rate payers. That is the side he is suppose to be looking at this time and the Commission looking to make sure it is not going to be a hardship on the tax payers. He too would agree that we should look in terms of doing this without any kind of legal action.

Mr. Summerhays said one thing he found particularly intriguing was the deflator idea that was on the second page of this sheet. He said that would solve a lot of problems. Basically it would allow rates to float up with inflation, if needed. This all bears a further look. Mr. Summerhays asked if this required a motion or are we where we need to be?

Mr. Drummond said he believes we are where we need to be and it does not hurt to make a motion to direct staff to formalize. We are in agreement that we would like for staff to look at a way we may restructure the electric and gas rates to bring the distribution in line with some of the other municipals that are outlined in the chart.

Mrs. Cully said we have come to this point only because there have been a lot of comments made and a number of people have stirred the pot in a very unprofessional manner as far as she is concerned. She would definitely always want to work with the City as a Board Member, but she does not ever want to see it done again like it has been done this time and other things that have been done on other issues. Mrs. Cully said we need to work in a very professional way, all of us. Yes, we can all be just kind to each other and just have said that we have a problem here and we think maybe FPUA might be able to help our problem. Then let's look at everything and see what we can do. She is not going to say how all this came about, but she was very disappointed and embarrassed about the way this has gone on if our community really knew what all had been said. She would like to think that we can all as Board Members, Commissioners, and City staff work together in a much better manner than we have been.

Mr. Summerhays made a motion to direct FPUA staff to prepare a detailed proposal to restructure FPUA electric and gas rates to bring FPUA distribution more in line with other municipal utilities. This is only a proposal and we will get another shot at it. Mrs. Cully seconded the motion.

Mr. Perri said he would like in the proposal some kind of safe guard that we do not go through this year after year.

Mr. Summerhays said he does not disagree with that at all. The vote was called and the motion was approved unanimously.

Mr. Thiess said for the record, on the FPL bills there is no power cost adjustment charge, it is called a fuel charge and it represents about 44% of the electric part of the bill. They call it something different, but it is on the bill.

Mayor Benton said when it comes to this ordinance that is in front of the City Commission tonight, there is language in the proposed change that could straighten out what Mr. Perri was talking about. The issue came up back up when Mr. Drummond was a commissioner, that was debated over that language and we are debating now, could be changed and that way the next Mayor sitting on this Board and sitting on both boards does not have to go through what he has gone through. In his opinion, the words and the sentences mean the same thing so maybe that can be resolved for the future so this Board and the City Commission will not go through the questionable language that is there that attorneys put together.

Mr. Recor said the ordinance does that.

Mayor Benton said that is right and that is what he means.

Mr. Perri asked if Mayor Benton is saying that there is going to be an ordinance tonight.

Mayor Benton said it is on the agenda tonight.

Mr. Summerhays said that would be unwise.

Mr. Drummond said it would be his hope that there is not one there.

Mr. Summerhays said that would be extremely unwise.

Mrs. Cully said that would change her opinion right away.

Mayor Benton said he does not know where it will go. All he can say is that sometime in the future that language needs to be changed.

Mr. Perri said another curve ball.

Mayor Benton said it is there for a reason because it gives the attorney on this side and the other side added fuel to divide both boards. He said he sits on both boards and as far as he is concerned the language says the same thing. If it was a problem ten years ago, it will be a problem in the future. Every time the City is in financial dire straits, they are going to look at that language, why not clear it up. Mayor Benton said he would rather do this diplomatically so if we have to postpone it, he is okay with that. We will see how it goes tonight.

Mr. Recor said it is an advertised ordinance on the agenda. It is not a curve ball. It is part of this whole discussion. If this Board is not aware of it, he does not know how that is the case. He said Mr. Perri specifically said a moment ago that you want to make sure that this does not happen again and that we do not have this debate year after year, the ordinance is the way to do that. Mr. Recor thanked the Board Members for their willingness to explore other options.

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He thinks that FPUA has taken the position they have today as opposed to the written position that was taken by FPUA's attorney, it is going to go a long way with the City Commission. It is quite likely the discussion will be continued and we will be able to have some productive dialogue.

Mr. Drummond said because Mr. Koblegard is not here to speak, from his perspective he does not think any action that was taken today is inconsistent with what our attorney has said.

Mr. Summerhays said neither does he.

Mrs. Cully said she agrees.

Mr. Perri said just hide and watch.

There being no further business, the meeting was adjourned.

ATTEST:

SECRETARY

CHAIRMAN