

MINUTES OF A REGULAR MEETING OF THE FORT PIERCE UTILITIES AUTHORITY, TUESDAY, OCTOBER 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, Daniel M. Delulio; Mayor Robert J. Benton III (arrived at 4:05 and left at 5:10); and David Recor, Ex-Officio Member/City Manager (arrived at 4:10).

Others present: William G. Thiess, Director of Utilities; Rupert N. Koblegard, III (left at 5:10), FPUA Attorney; Nina Hurtubise, Director of Finance; Eve Walker, Director of Shared Services; Timothy E. Perkins, Director of Water/Wastewater Systems; Nancy Dallaire, Risk Manager; Levette Dixon, Communications Manager; and Commissioner Thomas Perona.

The meeting was called to order by Chairman Drummond.

Invocation was given by Pastor Troy Ingersoll of Westside Baptist Church.

The *Pledge of Allegiance* was recited.

The roll was called and a quorum declared.

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Jeanette F. Conlon swore in the new Board Member, Daniel M. Delulio.

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Bonnie Howard of Lakewood Park read from her handout titled "Black Energy Bamboozle". She said we have been misled by Black Energies who do what is profitable for them. Their #1 goal is profit, not what is best for the whole, the environment or health. FPL and NextEra claim 96% from clean and renewable sources, but 67% comes from black un-natural gas, 23% from black nuclear, 10% from black coal and the US spends \$1 billion daily on black foreign oil. All of Florida gets 0.1% from clean solar, wind, and water. She continued by saying FPL and NextEra defend nuclear as the secreted radioactive cycle emits fossil fuels and highly radioactive fuel rods are stored over capacity on site. Daily radioactive releases contaminate our environment, accumulating, lasting tens of thousands of years. Fossil fuels are the leading cause of climate change and are the greatest challenge US Fish and Wildlife (USFW) has ever faced in conserving fish, wildlife, and habitats. Our very humanity is reflected in this urgency. Ms. Howard said the Endangered Species Act prohibits the take, wounding, or killing of endangered species. Violators can be heavily fined and imprisoned. This plant is permitted to kill 100 turtles every year for the last 35 years. Turtle walks in no way mitigate this slaughter. Nuclear can never be made clean, safe no matter the billions of dollars thrown at it. It is the most inefficient source of energy and such blatant deceit strips the public of an informed choice for truly safe and clean energy. What's the choice? Not nuclear. Unnatural gas contaminates more fresh water than the gas is worth. Filthy coal, war for oil, these are profiteers of unsustainable resources with irreversible effects, manipulating the public away from sensible sources and hiding the dangers to garnish support. Nuclear is a destructive industry, accumulating radioactive by-products that no one can deal with nor wants. The long-term impacts are staggering. Ms. Howard said FPL

now is seeking to charge the customers an additional \$196 million for this failing industry. A wind turbine signifies a progressive society. Solar proves consideration for our earth's resources. Reliable tidal currents wait to be harnessed in our inlet. Elsewhere turbines are accepted as part of the landscape with grace and benevolence. Residential turbines and solar provide ample power allowing us independence from the monopolized paradigm of a centralized grid. She said we are not too small to be a leader in moving away from black energies. May we remain steadfast in our determination to bring clean energy to our homes, our businesses, our county and our nation?

Ms. Howard requested permission to read about beach restoration. She said the sand restoration of Fort Pierce South Beach can only be a temporary success with the costly, futile methods currently used. This is not an area known for sand deposition. Sand is highly mobile; a robust north easterly is all that is needed to erase millions of dollars and months of hard effort. Rock, blocks, rebar, tires, ships, steel and all types of used non-toxic materials could be placed, at a safe distance and depth off shore to moderate this relentless depletion of sand. There is a continuous supply of barrier building materials now clogging our landfills. She said this challenge of beach erosion needs to be addressed at sea with solid, dense materials. Our inlet jetty is an example of such solidity, even in powerful hurricanes. Once the reef begins to take shape it perpetuates itself giving rise to a formidable foundation, calming the scour of the shore, then the replenished sand will have improved stability, serving the community for longer. Ms. Howard said land has a natural propensity to level and mere mortals can only slow this erosion. Please require buildings to be sited at a greater distance from shore. Re-vegetate with deep rooted stabilizing plants and create beach corridors for public access. Construct a barrier reef out of materials we no longer need.

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Mr. Drummond asked if Staff or Board Members had any item they would like to remove from the Consent Agenda. *(Nothing was removed)*

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

1. Approval of nominations as recommended for Election of Officers.
2. Approval of the Sunrise Sewer Lateral Replacement Project, budget transfer of \$100,000, and authorize the use of the Unit Price Contractor to complete the construction at a cost of \$95,000.
3. Approval of the Sunrise Boulevard Water Main Replacement Project, budget transfer of \$155,000, and authorize the use of Ditchdiggers, Inc., the Unit Price Contractor to complete the construction at a cost of \$150,000.
4. Approval of a Barter Agreement for advertising in the AT&T Real Yellow Pages Directories.

5. Bid No. 6077 – Asphalt Repairs – Approval to accept the lowest evaluated bid for asphalt repairs from Dickerson Florida, Inc., Fort Pierce, FL, in the amount of \$7.85 per square foot and a minimum charge of \$825 for a total not to exceed \$120,000 annually. The term of this contract will be from October 1, 2011 through September 30, 2012, with two one (1) year renewal options.
6. Bid No. 6081 Personal Computers and Laptops Purchase Computer Equipment Miscellaneous (Hardware & Software) FY 2012 – Approval to piggyback State of Florida Contract #250-000-09-1, for procurement of sixty (60) Personal Computers in the amount of \$102,000 and forty-five (45) Laptops in the amount of \$76,500, from Dell Marketing LP, for a total award of \$178,500.
7. RFP No. 6068 – Professional Auditing Services - Approval of DiBartolomeo, McBee, Hartley & Barnes, P.A., Fort Pierce, FL, to perform Fort Pierce Utilities Authority Fiscal Years 2011, 2012, and 2013 Annual External Audit for a total amount not to exceed \$121,800.

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Chairman Drummond handed the gavel over to Mrs. Cully as the newly elected Chairman.

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A letter was received from Sandra Aguirre thanking Joyce Easterday of Customer Service for being so articulate and informative in helping in getting Ms. Aguirre's meter and service started at her new location in Fort Pierce.

A card was received from Mary Young thanking employees in the Customer Service Department and the Electric T&D Department for helping her get her electric turned back on to two properties.

A letter was received from Frankie Sayles thanking Julie Sizemore of Customer Service for being patient, informative, and polite in helping her set up water services with FPUA.

A letter was received from Kenneth W. DeFontes, Jr. of BGE in Baltimore, Maryland thanking FPUA for sending electric crews to assist them in their restoration efforts following Hurricane Irene.

An email was received from SK3 Aaron Abreu the United States Coast Guard thanking FPUA employees for the care package.

A thank you was received from David K. Brewster thanking the FPUA electrical crew of Daniel Brolman, Bill Crawford, Rick Hall, and Maurice Bacon who were professional, efficient, and courteous as they repaired the down power lines at Easter and Indian River Drive.

Mrs. Cully said those are great letters that we have received and we should thank all of our employees and Customer Service employees for a great job.

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Mr. Thiess said the next item was not put under the Consent Agenda because Mr. Delulio was not at the last Board meeting and it was pulled for the rest of the Board to act on.

A motion was made by Mr. Drummond, seconded by Mayor Benton to approve the Minutes of the Regular Meeting of September 20, 2011. Those voting in approval were: Mr. Drummond, Mr. Perri, Mayor Benton, and Mrs. Cully. Mr. Delulio abstained.

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Mr. Thiess said he would give a very brief history on where we are today on the conceptual plan for restructuring the electric and gas rates. He said this process started at the City Commission meeting on September 6<sup>th</sup> when the City brought an ordinance forward that would change the interpretation of the charter with respect to how the distribution was handled between FPUA and the City. The ordinance was tabled until October 17<sup>th</sup>. Staff was tasked at the September 6<sup>th</sup> meeting to bring some other alternatives to the City Commission at a Special Meeting on September 12<sup>th</sup>, which was done. Those options mostly involved moving dollars from the PCA to the base power. Staff also looked at the cost impact of the ordinance and at the potential for loaning money to the City with repayment out of the distribution. Mr. Thiess said those same options were presented to this Board on September 20<sup>th</sup> and on September 27<sup>th</sup> at special workshop. All of this Board was present at that workshop along with Mayor Benton, Commissioner Perona, City Manager and City Attorney. At that workshop we discussed again that same set of options with a few more added in, looking primarily at transferring dollars from the PCA into the base power cost. The focus of the workshop was really what level of distribution would be reasonable and meet the City's needs without putting an undue burden on FPUA rate payers. Mr. Thiess said digesting all that information, staff came up with what is in today's agenda item and is on page two of the memo. There is a little outline we can go through real quick to give his interpretation of it based on the workshop and the individual conversations he has had with Board Members prior to this meeting and what staff is bringing to the Board for consideration. The central item in this proposal is to move \$30 from the power cost adjustment (PCA) into the base power cost. What that does is the Charter excludes the PCA and if that was moved into the base power cost, the 6% calculation for the distribution is done in the same manner as described by the Charter, but now that base power is a larger number and it gets hit by the 6%. It was discussed in the workshop what the cost of that was because any large expenditure during the year in the budget has a cost. The cost is simply calculated by multiplying the \$30 by the 6% and it is \$1.80 on the cost to the utility. We did discuss that it could be done without a rate increase and we would not have to raise rates to make that adjustment in the rates for the additional distribution. It will lessen our ability to lower rates and Mr. Thiess said he is not saying FPUA cannot lower rates down the road. We might be able to get another dollar or two as we get six months or so down the road and hopefully we can do another decrease on the electric side. The second part of that under electric is to utilize the Public Service Commission (PSC) Deflator Index going forward. This would be included in the

rate resolution for the electric along with restructuring the rate to move \$30 from the PCA into the base rate. It would be addressed in the rate resolution and tariff sheets and it would also address that going forward. This Board would have the ability to use the PSC Deflator Index for electric rate adjustments going forward. Mr. Thiess said he gave everybody over the last week a summary of the PSC Deflator Index and they actually project that index out 10 years. He said staff looked at the first five years because anything beyond five years is a little shaky as far as being reliable. It starts in the 2011-2012 year at 1.5% going forward to 1.2%, 1.3%, 1.4%, and 1.5% so it starts and ends in the next five years at 1.5% and goes down as low as 1.2%. Staff would propose to apply the PSC Deflator Index only to the \$42.32 of the base rate, not the base power cost, but the base rate itself. The reason for that is the wholesale side of the rate equation is pretty much self governing by the adjustments in the PCA. We take care of the fluctuations of the wholesale costs by adjusting the PCA. We would only need to apply the deflator index to the base rate and that is the part of the rate we run the utility with here in Fort Pierce and St. Lucie County. Mr. Thiess said it looks like based on what our rate consultant is telling us, if we do this, we probably would not need to use that deflator index on electric for the next five years as far out as we are projecting. He said their projections indicate there may be potential for another rate decrease down the road at some time. There are no promises and we need to get a little further, probably at least another year down the road. That is the electric. Two items, move \$30 from PCA to base rate and apply the PSC deflator index from that forward. On the electric, October 1<sup>st</sup> the PCA went to \$35, which was the \$1 increase at the last Board meeting. If you move \$30 out of the \$35, that would leave \$5 in the PCA and this moving of money from the PCA into the base power cost, in no way effects what we are projecting going forward for adjustments to the PCA. If we were projecting a \$2 adjustment for next month, we will still need that adjustment. All this does is move dollars that are characterized as PCA, taking them out and putting them in the base, but the adjustments are still the same. On the gas, we would move \$0.17 from the Purchase Gas Adjustment (PGA) to the base rate and would go ahead with the 2.5% increase to the gas rate with this gas rate resolution. When the rates were brought to this Board and the City Commission last April, we were looking at 2.5% increases, roughly Consumer Price Index (CPI) increases, over the next five years. That could up or down depending on how our costs go up or down. Costs escalate in the rate analysis at 2%, so we are looking at 2% cost plus ½% rate increases in those three utilities over the next five years. Mr. Thiess said we would go ahead with the 2.5% increase on this rate resolution and from that point forward, use the deflator index to handle adjustments if we could. He said on water and wastewater, again those utilities we looked at the 5-year rate analysis that was done last April and part of lowering the \$4 on the electric required adjusting the other utilities up to where they would be self-sufficient. That plan was five consecutive years of rate increases about the CPI level of 2.5%. What staff is proposing to do with this rate resolution is one more increase on water/wastewater at 2.5% and from that point forward have the deflator index to work with. Our rate consultant ran that in his rate model doing 2.5% for gas, water, and wastewater this time and assuming we are going to have the deflator index from that point forward. He said it looks like we can get out there to the 5-year mark and still be in as good shape as we were with the original analysis of having the 2.5% go all the way out. The difference is the cash reserves at the end of this year look a little better than the projection that was done back in January 2011 and that is going to carry us to support those utilities until

they catch up. That is Staff's proposal and we will incorporate any changes the Board desires to make. Mr. Thiess said that going forward he would suggest the Board make a decision here because the City Commission is looking for some kind of response from the Utility at the October 17<sup>th</sup> meeting. This is the only meeting we have before October 17<sup>th</sup>. The first action would be a decision by this Board on what seems reasonable to do in this direction in regards to the transfer. The next action would be taking whatever this Board decides is fair and reasonable to the City Commission as a proposal on October 17<sup>th</sup> at their next meeting. If we receive approval at that level, the next thing to do is have our Bond Counsel and our Financial Advisor bring back proposals to address the bond issues. This was discussed in the workshop and all of these options need to be addressed in the Bond Covenants. There are two bond insurers and both need to sign off on this to keep us out of jeopardy of the Bond Covenants of being in default. Mr. Thiess said the next major step would be taking the rate resolution and the revised tariff sheets to the Utility Authority's Board. He said what we are hearing from our Financial Advisor at the workshop is it would be about a three-month process. If this goes all according to plan, we would hopefully bring the rate resolutions to this Board by the end of the year. If it goes smoother than planned we may beat that by a couple of weeks or a month. After this Board approves the rate resolutions and the tariffs sheets, it would then go to the City Commission and hopefully we could get that done by the end of the year or the first of 2012.

Mr. Perri asked if we have an email of another proposal or way to do it.

Mr. Thiess said there was another proposal brought up by a Board Member to look at a three-year supplementary distribution that would be addressed in the Bond Covenants and would not require a restructure in the rate so it would not require a rate resolution. It would be addressed in the Bond Covenants as a separate paragraph under the description of the existing method of calculating the distribution by adding a paragraph with a supplemental distribution for a fixed period of time of three years at a \$1 million. Mr. Thiess said he does not believe the City will like that option. It would go three years and then end and it would presume in that three-year period we would have to do something whether it is getting together with the City to amend the Charter and maybe doing something totally different with the way we calculate the distribution, but to address the long term thing in that three-year period. It was Mr. Delulio's idea and he will let him address the idea. Mr. Thiess said he sent the email out today knowing that it may be discussed and it is another option.

Mr. Delulio said he is kind of green here so if any of his assumptions are wrong, please let him know. He said it appears to him in reading through the Bond Agreements and the Charter and sitting in on the meeting last week, that what we are proposing to do here today is we are proposing to make a permanent change as to how we compute the customer base rate. We are basically in essence saying we will shift another \$1 million a year roughly as part of our payment to the City from here until eternity. We will be making a decision under what he considers not really duress, but where the Board is moving a little bit faster than he is used to moving in the business world. We are being asked to make a permanent decision to solve what he considers possibly to be a temporary problem and the problem being the City is in financial

difficulty now just like all the other cities in the Country. They are looking for a source of additional revenue and are looking at us to assist them. Mr. Delulio said he does not have any problem, if we can afford it and the Bond Covenants allow it over the next two or three years, to provide them with an additional \$1 million per year to help them get through this time. In the meantime we need to sit down with the City and have some discussions to figure a way in the long term to satisfy the need of the customers, of the City employees, and the utility employees and move forward with this in a more agreeable manner instead of veiled threats of lawsuits and voter referendums to clear up what is now defined as a problem with regards to how the rate is determined when in fact for the last 17 years it has not been a problem. Now all of a sudden we have a problem with the rates being defined from the FPUA's point of view and another way from the City's point of view. If it has been wrong for 17 years, we have 17 years of Commissioners, Board Members, Mayors, Attorneys and CPAs that have got it wrong and all of a sudden somebody has seen the light and he does not agree with that. We are all in a pressure situation to get through the next three years and regroup and then see how we can go forward from there. Mr. Delulio said his proposal which was thrown together over the weekend was to try to bridge that gap, take us where we are at, and allow us to somehow figure out through the Bond Covenants how we can satisfy the needs of the City for the next three years. In the meantime let's get together and figure out a way to work together on this.

Mr. Thiess said he did call our Financial Advisor and Bond Counsel on Mr. Deiulio's proposal. Our Financial Advisor made a phone call to one of the Bond Insurers and there does not appear to be any more issues with that than there were with the other proposal. In fact, it might be received more favorably because it is for a shorter duration and less outflow of cash from the Utility for other non-utility related items. There are no bond issues that are very different from the ones we are facing with the proposal that is in the agenda item than there are with this proposal. It would still have to go through the Bond Insurers and an amendment. This entire method would be done in the Bond Covenants in a separate paragraph.

Mr. Delulio said he believes it will require some amendments to the Charter as well at some point in time whether we accept this or the other alternative.

Mr. Thiess said if we are going to do a permanent fix that would change the distribution to the City going past the three years; it would require some kind of an amendment to the Charter. That would presumably happen during that three-year period, before the expiration of the three-year period.

Mrs. Cully asked if that amendment would require a referendum to amend the Charter.

Mr. Koblegard said his opinion would be based on what he has said before that a lot of cities have written to the Attorney General's office and asked for opinions on if after 1972 they revised a portion of their Charter by way of a referendum, can they after that revise that section again by an ordinance or does it require referendum. Every time the Attorney General has responded that once you have amended by way of a referendum after 1972, you can only

amend by way of referendum the next time. There does not seem to be any equivocations or exceptions to it.

Mr. Drummond said he would suggest that it is a very gracious suggestion and in the short term it may provide some assistance that the City is looking for. He will hearken back to how he has gotten to where he is. Mr. Drummond said he does not have any great difficulty in agreeing that we never envisioned the power cost adjustment (PCA) would be as large as it is. Moving a portion of it out of the PCA and into the base power cost is not problematic for him. He continues to believe the PCA itself should not be included in the calculation of the 6% and therefore that is why he is not comfortable in moving all of it over into the power cost. Rather than trying to do something short-term, this also provides the relief the City is looking for and in his mind it is sustainable and we do not get into the concerns about how we will restructure the return of those additional dollars or how we would calculate them by using that methodology. Mr. Drummond said he is more comfortable with doing it the way Staff is recommending it.

Mr. Delulio said he cannot agree with Mr. Drummond about that. One reason is because the way the Charter was written and the way he reads it, whoever wrote the Charter and whoever approved it had the foresight to realize this PCA could be an issue. Because of that, it was specifically left out of the calculation for gross revenues for that reason. He said for whoever wrote it and how it was handled took that into account. For an example, at the time it was written, it was written in kind of a way you would look at sales tax because it is a pass through. We collect the money, we remit it. If you handle it equivalent to a sales tax, if the sales tax goes up to 20%, we would collect more money for sales tax, then with the same logic we would remit it or it would get included in the computation for what we have to remit to the City. He cannot agree with that because whoever made the agreement and did all the work on it, Mr. Delulio said he would commend them for it because it took care of what we are dealing with now. It is a separate thing and if we take and adjust the base power to include part of the PCA, then we are just muddying the water with it. When we do that, we are basically in violation of the Bond Covenants and are also in violation of the agreement we have had with the City for the last 27 years. We would be mixing it and it just gets even more confusing. He said it may be clear to you all, but it is confusing to him, the ratepayers, and the citizens. Any adjustment where we are going to include the PCA in the new customer base rate Mr. Delulio said he cannot agree with.

Mr. Perri said he has some comments about the base rate issue. He said in his opinion this action is not in the best interest of the rate payers. Keep in mind that all rate payers in the city limits are taxpayers via the utility tax charged by the City. On the other hand, all taxpayers are not rate payers; absentee property owners that are landlords, etc. This being the case, most businesses lease their facilities. This means to him the utility rates have a greater impact on their bottom line. Mr. Perri asked if this will be a deal-breaker for future business endeavors. He does not know for sure, but it will certainly stand out in any business plan. This action will negate the Board's efforts of any planned rate reductions in the coming years. The first of these planned rate reductions would have taken place in April of 2012. Mr. Perri said this action, in his opinion, will forever keep the door open to the City for any future changes that

they deem necessary to increase the transfer to meet any budget shortfalls in coming years. He said this action, in his opinion, could very well affect the Board's ability to conduct future business in the most cost-efficient manner. Here again, rate payers could face additional burdens. We at this point in time do not even know if in fact this action is legal, or if it will pass the muster of our Bond Covenants. We do know there is going to be a cost to rate payers to find that out. A figure of up to \$200,000 was suggested at the workshop meeting last week. Mr. Perri asked if our bond rating would be subject to any changes or will our credit rating be affected, will the cost of the debt service increase. He cannot give or get a concrete answer to any of these questions and it troubles him greatly. It is his belief that the rate payers will be adversely affected now and far into the future if this proposed change is implemented.

Mrs. Cully said Mr. Delulio has a good point and she agrees with a number of things he said and she agrees with a number of things Mr. Perri has said. She is troubled that she has to make a decision right now although when she first walked in here and looked at everything over and over, slept on it, and woke up thinking about it, she is really debating if the Board is doing the right thing. Staff has come up with a plan that she feels is doable, but truthfully all we know is that if this is the plan and the City will accept it, we still have to go back to the Bond Counsel and they may not accept it. Mrs. Cully said at this point in time the City does need help and she feels that this Board should give them some type of help and is willing to go along with the plan as such.

Mr. Delulio said the City does need help, but the plan as such would provide them help at what point and time.

Mr. Thiess said the additional revenues from the increased base power cost would start accumulating after the rate resolutions are approved by the City Commission. If the three-month period that our Financial Advisor gave us is correct and we put the rate resolutions in to effect January 1, 2012, the additional revenues would start accumulating and the April 2012 distribution to the City would not be affected because that is based on the year we closed out last week. The 2013 distribution to the City would include the additional accumulation from January 1, 2012 to September 30, 2012.

Mr. Delulio asked when they get that money.

Mr. Thiess said that would be April 2013.

Mr. Delulio asked when they could get the money under the other proposal. When could they possibly start receiving the money there?

Mr. Thiess said it is hard to say. Certainly that scenario would work for Mr. Delulio's alternative as well. If Mr. Delulio is asking as to whether it could be done for April 2012 distribution, which is a question for Bond Counsel and the Bond Insurers as to whether it can be made retroactive and go back into a closed fiscal year and increase the distribution for that year, Mr. Thiess said it may be doable, but he does not know.

Mr. Delulio asked if it was doable under the first proposal.

Mr. Thiess said it is definitely not doable under the first proposal because the additional funds do not start accumulating until the rate resolutions are passed and the rates restructured.

Mr. Drummond said he whole-heartedly agrees it was not the intent to include the PCA in the calculations; however, the City along with the Utilities Authority over these past 17 years most certainly had the availability to have increases in the rate which would have in effect moved dollars over out of the PCA as we saw the trend for the cost of wholesale power increasing. He does not think that is contradictory to the intent of the change of the Charter that allows for the 6% gross revenue formula. He does not have a problem with that. He thinks at one of the meetings Mr. Koblegard suggested that for the last 17 years the PCA has averaged right around \$27, if he understood him correctly. We have seen that the costs have gone up over that period of time and we do not envision it going back down to a level to where it was when we initiated this in 1994. Mr. Drummond said for him that part is consistent and he agrees with the Chair lady that this suggestion that is being brought forward by Staff most certainly addresses the needs of the City. It still protects the definition that the PCA not be a part of the 6% calculation.

A motion was made by Mr. Drummond to accept the recommendation of Staff as outlined and to somewhat learn from past sins that he may have made in 1994 to be clear that it is to include having it go through Bond Counsel first and get approval ahead of any rate resolutions that would be forwarded back to this Board and on to the City. The motion died for lack of a second.

Mayor Benton said it was the City's stance that this would be in the 2012 transfer, which would be in April and retroactive.

Mr. Recor said that is correct.

Mayor Benton said he was not sure if that was clear and that is why the City moved so quickly on this issue and set the deadline for the next City Commission meeting for that reason. He said he knows this is the compromise that we came up with, but if that is understandable and clear then he could have supported the motion. It sounded like to him that this was going to start in 2013 and he does not think the City is going to be acceptable with that.

Mr. Drummond said the only problem he has with that is whatever we would be doing would be something new. He never anticipated anything being retroactive and would have problems suggesting that it would be calculating for a period before. Mr. Drummond said he would be very uncomfortable because to him it leaves the door open to have greater conversation about retroactivity. He said when we have a rate resolution and it is approved, then that triggers additional calculation of dollars.

Mayor Benton said if there were bond issues, he could understand where that might slow it down. He is going by what he has heard from the City's side.

Mr. Perri said he thought at the workshop meeting it was understood it would start whenever we got the extra money, when we initiated the new calculation from that point on. He did not hear anything in that workshop about it being retroactive from no one.

Mayor Benton said he thinks the City expected it and that is why the action was taking place so quickly was because the City was looking for it in this coming year's transfer.

Mrs. Cully asked if the City's budget for 2012 was already balanced.

Mayor Benton said yes, but because of the expected deficit in the following two years that is one reason they were looking to go back to the roll back rate with taxes was to bring in \$500,000 not needed for this year's budget with a balanced budget, but to offset next year's \$2.5 million deficit they are looking at.

Mrs. Cully asked if the City receives \$1 million each year from us for 2013 and 2014, plus \$500,000 from the millage that is \$2.5 million and wouldn't that go towards the City's \$3.6 million deficient.

Mr. Recor said the projected budget deficit for FY 2013 and 2014 is just over \$6 million so the dollars that the City was attempting to identify would be set-aside dollars. They would be restricted reserves to offset those future deficits. He said there was some discussion at the meeting where the Utility Authority budget was approved where the City Attorney asked the question of the budgeted figure and the approval of the UA's budget and whether or not approval of the UA's budget at that time would restrict the ability to amend that figure for 2012. Mr. Recor said the discussion and the topic is certainly a relevant one and the timing is important because of that fact. He said these are dollars the City is looking to set aside as restrictive dollars to offset those gaps. If we miss a year, it is a significant amount.

Mr. Drummond said he may an old fogey here and that is understandable and he recognizes in the discussion we have had and listening to the City Commission, he understood that part of what was being done at that level was to look at other areas of revenue that may be available. Part of that discussion as he understands it, was a belief that the interpretation of the calculation was wrong. He does not agree with that, but that was the impetus for going forward. Mr. Drummond said as he has said repeatedly, he concurs that it makes sense to look in terms of a larger portion being there, but he has not concerned himself at all with any deficits that the City has because what he is looking at is what is reasonable in terms of what we send forward, not what is reasonable in terms of helping them with their deficit. That is a totally different discussion and that is where he then finds himself looking at Mr. Perri's suggestion of a loan. If we are talking about what should be rightfully due them, then from Mr. Drummond's mindset it would be looking at what FPUA currently does, possibly changing it, and from that day forward having those dollars available as part of the calculation. He just

cannot get into the discussion about whether there is \$1 million or \$10 million deficit on the City's side. For him it is purely what is reasonable and what is expected in terms of what is the definition of the transfer from the Utilities Authority for its operation to the City.

Mr. Perri said taking dollars away from the Utilities Authority, we have stripped our capital budget, we have not made improvements of our deteriorating infrastructure for several years now, and this is just going to impact it further. He said it is of no fault of ours that the City is in the shape it is in and he feels for them, but he does not feel for them bad enough to put ourselves in peril for the future by changing the way the distribution is calculated and tendered. Mr. Perri said the City seems to be kind of muscling in here in his opinion. He said the Charter says the "Authority shall operate as a separate unit of the City government and except as otherwise provided in this article, the Authority shall be free from the jurisdiction, direction and control of other city officers and of the City Commission". Mr. Perri said he does not think the City is working in the spirit of what that statement says.

Mayor Benton said he would like to add that many years ago before he was involved with the City, when this referendum took place as they did throughout the State of Florida with other utilities when they decided what percentage would go to the City's general fund anywhere from 3% with some cities upward to 7% or 10% by one of the cities, there was a reason for that because of the tax system in Florida basically with only property tax and maybe ½ cent sales tax, basically there is a lot of infrastructure in every city in Florida that needs replacement as in Fort Pierce. As Mr. Drummond knows, not just the utility pipes under the roads, but the roads are falling apart too and it is because of the lack of taxes that come in to do the work. Mayor Benton said he thinks in his opinion we will see a change. Maybe that referendum needs to be out there and the public has a choice to increase that number from 6% or higher as other cities have done if they decide the infrastructure really needs to be replaced in the City. We had the ability when property values went up to do it, but now we do not and God knows how long this is going to last. Other cities are going to be looking at this too so maybe it is something we will have to go to referendum. Then again there are going to be a lot of other issues if there is a referendum. If you combine like a lot of other cities do, the Utilities Authority Board and the City Commission, you also will cut a budget and you will cut out duplication of services. A lot of cities have done that. Mayor Benton said he is not saying that he wants to; he is just saying it has been done in other cities. Governments are going to have to do business differently for many years to come. If the public wants their roads fixed and some of this work done, then they are going to have to get creative because we have very limited resources when it comes to taxing in Florida.

Mr. Thiess said if a majority of Board Members are okay with the concept we put out here in our agenda item, we can probably take care of the timing issue with advancing payment. He said if the rate adjustment starts January 2012 and when we get midyear in fiscal year 2012 go ahead and advance the distribution based on the estimate in the budget, advance it in 2012 and that can be done going forward for a number of years. Eventually we might want to start sliding it back out to being paid like it is today, but we could advance it for a number of years and true it up the next year, advance it again, and that way the City could get the distribution in

2012 that may be based on three quarters instead of four, but they would get the distribution in 2012, 2013 and then on out. At some point and time, start sliding it back forward to where it is calculated after the year is closed out and do it in the second quarter in the following year.

Mr. Delulio said that sounds like an interest free loan; it just keeps rolling forward each year.

Mrs. Cully asked if we are back to a loan.

Mr. Delulio said the advance is really a loan.

Mr. Drummond said it makes him extremely nervous because that just becomes one more thing that has to be remembered to what the intent was.

Mrs. Cully said she agrees and feels the same way.

Mr. Drummond said he would like something to be clean and clear.

Mr. Koblegard said it could be drafted into the resolution.

Mrs. Cully asked if he meant the advancement and how many years.

Mr. Koblegard said it could all be worked out and put in writing as to how it would be followed and then there would not be any question about it, if that would help the Board to make a decision.

Mr. Drummond said his only problem with that is he thought we had placed everything in our Interlocal Agreement and found out he was wrong about that. He just wants to be sure it is something clean and something clear.

Mr. Delulio said the other problem he has with that is how you determine the amount. Will it be based on projected revenue for a year out?

Mr. Thiess said it is in the budget every year. Every budget has the projection of what the distribution is forecast to be in the next year and it is usually fairly accurate. It might be off by \$50,000 or \$75,000.

Mr. Delulio said the distribution is based on an audited amount.

Mr. Thiess said that is correct. If we did that, we would have to true it up with the next distribution. We would not miss it by 20%; it might be by 2% or 3%.

Mr. Perri said he is with Mr. Delulio that it sounds like a loan and he thought that scenario was shot down by our advisors at the workshop.

Mr. Thiess said we obviously have not run that by them because this just came up tonight. He believes the advancing would be considered slightly different than a loan, but again we would have to run it by the Bond Counsel and the Bond Insurers.

Mr. Perri said he is in favor of a loan, if we could get paid back.

Mr. Recor said he would like to thank the Director for the on the fly activity and he would like to see the thinking continue in this regard.

Mrs. Cully asked if Mr. Recor meant on the advancement.

Mr. Recor said particularly the timing because it is crucial.

Mr. Thiess said there are other ways to look at this. If it is the desire of this Board to make an increased distribution in FY 2012 and give Staff direction to take care of FY 2012 separately than the rest of it, we could certainly look at ways to do that. We could not bring that back to the Board until our next meeting or special meeting between now and October 17<sup>th</sup>.

Mrs. Cully asked if we could have a special meeting and have staff bring it back between now and October 17<sup>th</sup>.

Mr. Drummond said he wants us to get past this. He would love to keep this separate. If we can agree on the concept and move forward with it, how it is distributed could be brought back to this Board at a future time, up to April if that is where the time constraints are for the City in terms of getting dollars. We can mull over exactly how we would make that transfer and how we would put it in writing that we would get it back. Mr. Drummond said it would all be predicated on whether or not this Board and the City Commission agree on the new formula for how we will be calculating the transfer for the City. He would like to keep that clean and clear.

Mrs. Cully ask if this plan was clean and clear.

Mr. Drummond said that is what he offered.

Mr. Koblegard said what Mr. Drummond said is correct. If this Board decides to pass what Staff is recommending, then at another time can agree to advance funds to the City. He does not believe that is a bond issue and thinks it could be covered under our present Charter. It may not need amending of bonds to make an advancement, which he assumes would be a onetime thing to get started.

Mrs. Cully asked if that means we would not have to go to Bond Counsel.

Mr. Koblegard said the concept as far as moving the money into one of our rates should, but he does think the Utility Authority under the current Charter can make an advance to the City

under some of the general provisions under our Charter. He also said it may not be an issue for Bond Counsel. Mr. Koblegard said he could be mistaken, but he does not believe it is.

Mrs. Cully asked if that means there is no issue to do advancement to the City.

Mr. Koblegard said that is correct.

Mrs. Cully passed the gavel to Mr. Perri.

Mrs. Cully made a motion to use the conceptual plan that Staff has offered today and have the Staff look into any possible advancement instead of what we have right now.

Mr. Drummond said he was okay with it until she mentioned the advancement.

Mrs. Cully said the advancement part is a good idea if we could do it that way so they could have the money in 2012.

Mrs. Cully revised her motion to approve acceptance of the Staff's conceptual plan that is in front of the Board now.

Mr. Perri asked if the motion is to accept the recommendation of the staff and eliminating Mr. Delulio's suggestion about advancement.

Mrs. Cully said that is correct.

Mr. Delulio said he did not make a suggestion of advancement.

Mr. Thiess said that was his suggestion.

Mr. Delulio said he interpreted the advancement as a loan.

Mr. Drummond seconded the motion for discussion.

Mr. Drummond said he wanted to be clear that this motion includes the language that says we will get approval and or amendments from our Bond Counsel ahead of any resolution coming back to this Board and then moving forward to the City Commission.

Mr. Thiess said that is correct. He said if we come up with something that this Board and the City Commission are in agreement on at that time, the next step is to go to the Bond Counsel and Financial Advisor and go through the Bond Covenant issues until we resolve it. It is not until we resolve that that we go ahead and restructure the rate resolutions to move the dollars from PCA to the base and come back with revised rate resolutions.

Mr. Drummond said we could take up the issue of advancements separate from this and he is not opposed to that discussion with regard to the timing for the City. It would be predicated on what this change and formula would provide.

Mr. Perri said we have a motion on the floor and a second and called for the roll.

Those voting in favor of the motion were: Mr. Drummond, Mayor Benton, and Mrs. Cully. Those voting against the motion were: Mr. Delulio and Mr. Perri, the motion passed.

Mayor Benton said he went along with the motion because at least there was discussion about being able to look at part of the transfer in 2012, but he was hoping it would be more of a unanimous decision. He does not know how that is going to sit with the City Commission because he knows there are issues there too. To him he hopes it was a compromise and that it is something that can work. Mayor Benton said he does not know what to expect on the 17<sup>th</sup>.

Mr. Drummond said he does not know how much and he knows he does not depend on the press for anything, but he does not know how much of these meetings our Commissioners watch, but he would hope that there is discussion possibly from Mr. Recor and even from our good Commissioner Perona that this is not an attempt to not assist the City. It is a question of how to get there.

Mayor Benton said he has that lucky position of having two jobs so he will see what the City argument is. He said at the City he is like here, the last vote so he guesses he makes the decision sometimes.

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Valerie Schulte, Supervising Engineer for Water/Wastewater Engineering, said she is presenting the water looping projects that are brought to the Board every year. She said this year Staff is ahead of the curve because they usually come later in the year after an analysis is done and decide on the loops. What happened last year is that all of the loops did not get done so Staff is asking for reauthorization for these projects. They were selected to improve water hydraulics, increase fire flows, reliability, and improve water quality in the system.

A motion was made by Mr. Perri, seconded by Mayor Benton, and unanimously carried to re-approve three Water Main Looping Projects; South 7<sup>th</sup> Street from Skylark Drive to Farmer's Market Road, South Market Street from Oleander Boulevard to west of US 1, and Looping at North 27<sup>th</sup> Street and Avenues M, N, and O, for a combined project cost of \$217,500, approve the budget transfers, and authorize the use of the Ditchdiggers Inc., the Unit Price Contractor, to complete the construction at a cost of \$202,000.

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Nina Hurtubise presented the rate comparisons for the month of August 2011. She said these are comparisons of residential electric rates as compiled by the Florida Municipal Electric Association. The graph displays the municipal electric bills in the State of Florida for usage of 1,000 kWh. FPUA

is identified in yellow and is now 14<sup>th</sup> from the right at \$125.84 and is the exact same as it was last month. Since July three utilities have increased their bills and nine have decreased their bills. Perhaps they are saving it up for September or more likely October which is the beginning of the fiscal year. Williston reflects an increase of \$11 and is now at the top of the comparison. Starke reflects a decrease of \$15.82 and it is at the bottom of the comparison. Williston is at \$140.84 and Starke is \$100.88 so \$120 is about in the middle and we are a little bit above that. Ms. Hurtubise said on the 2,500 kWh comparison for August it shows FPUA as 14<sup>th</sup> and it has improved by one step to the left for the month of August as compared to July. The next comparison displayed is of residential electric, water and wastewater rates as compiled by FPUA staff and for Fort Pierce, Port St. Lucie, St. Lucie County Utilities, and Vero Beach. There is no change from last month on this comparison. Mrs. Hurtubise said this is an information only item.

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Ms. Hurtubise presented utility bill payment options for customers. She said in the last couple of weeks Staff has been very busy transitioning over to our new banking institution Seacoast National Bank. The bills that FPUA is sending out at this time still have our old bank on the back of those bills and there are a few of our customers that do pay at our bank. Seacoast National is our new bank and they are set up to take payments at their Fort Pierce location of 1901 South US 1. Ms. Hurtubise said she wanted to give the customers all the possible ways they can pay their bills because the convenience is theirs and not ours. If customers want to pay in person we have other off-site locations and they can pay by phone. They can pay by speaking to a live representative or through our automated telephone system. Payments can also be made online by debit card, credit card, or electronic check. The most efficient way for customers to make their payment from both sides of the isle is the automatic bill payment that we call EZ pay. This is where the customer agrees to have the amount deducted from their bank account each month and there is no way their payment can be late.

Mayor Benton said he had a complaint from someone this week that was a little late on their bill and when they went online to pay their bill they would have to pay for last month and the new month. They could not pay for the month they were a few days late on.

Ms. Hurtubise said she would have to look into that and get back with him, but she could not imagine they would not turn down any payment.

Mayor Benton said the understanding was somebody could come in here and say they had a \$1,000 electric bill because he knew this person got the cut off notice and paid a few days before and when they went on line to do it conveniently they would have to pay for the next month too.

Ms. Hurtubise said she would be more than happy to address that and make sure the word is gotten out if that is indeed the case.

Mr. Thiess asked for a name and address on the account Mayor Benton was referring to so Staff could chase it down.

Mayor Benton said he would let them know later.

Mr. Delulio asked if the "choose your place to pay" charges a fee from the vendor.

Ms. Hurtubise said no that FPUA does pay a fee to those vendors to take the payments, but it is substantially cheaper than to have them walk into our lobby. We pay for the service of having the credit cards, debit cards, and taking checks, nothing is free.

Mr. Perri asked when they pay at one of the "choose your place to pay" if they get immediate credit. He said there was a problem a year ago or so about getting immediate credit so if they were getting ready to be cut off at noon and they paid at 11:00 a.m.

Ms. Hurtubise said she regrets to say that we still are not fully live with those. If someone is about to get cut off, they really need to come downtown which is a safer bet.

Mr. Perri asked if there is a way to get these people that are accepting the payments to tell them.

Ms. Hurtubise said it is posted in the locations, but she will check on it.

Mr. Perri said he happened to be in the lobby the other day and a girl was complaining about that. She said she would not have given them the money if she knew it was going to get cut off. She would have come downtown to pay it and now they were charging her a reconnection fee.

Ms. Hurtubise said if Mr. Perri can get her the detail of who that was she would take a closer look at it.

Mr. Perri said he did not get her name; he overheard her conversations in Customer Service.

Ms. Hurtubise said Staff is trying to get that up and running live and there are a number of issues related to it we are working on. Staff will continue to work on it because we really want to be able to allow our customers to pay where it is convenient for them and give them immediate credit.

Mr. Perri thanked Ms. Hurtubise and said he understood.

Ms. Hurtubise said customers can pay at 206 South 6<sup>th</sup> Street in the lobby, open from 9:00 a.m. to 5:00 p.m., the drive through, and there is a drop box in front of the front door that is available 24 hours and is only emptied first thing in the morning. If customers drop a payment at 3:00 a.m. that will be the quickest credit, but if it is dropped in that box at 8:00 a.m. it will probably be another whole day before it gets posted. We have a new lock box, post office box #13929, in conjunction with our new bank and payments are being received by that lock box as

we speak. We wanted to get the word out to our customers of locations that are available to them. She will look into the questions and get back to the Board.

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Mr. Thiess said he believes he heard today this Board wants Staff to look at options to somehow by advancement or other means to make a distribution to the City in 2012. He asked if that is the wish of the Board. If the Board wants to address that prior to the City's October 17<sup>th</sup> City Commission meeting, we would have to do it very quickly and set a special meeting of this Board prior to the 17<sup>th</sup>.

Mr. Drummond said he is a little confused. He asked if Mr. Thiess is saying if we want to make a distribution or suggest how we would do it.

Mr. Thiess said we talked about one option of advancing the distribution for an unspecified period of time. He said the way he understands it we would have to advance it either every year for a number of years or forever to not have that interruption in cash flow from what the City desires versus what we are intending to do. There might be other ways to do it. Staff could try to come up with other alternatives in consultations with our Attorney and our Bond Counsel of other ways to accomplish that. Mr. Thiess said he does not know what they are at this point.

Mr. Drummond said he is not sure he wants to be in such a hurry; he wants to get it right. In consultation with the City and what meets their time frames, he is willing to have Staff investigate and bring back to us, but we do not need to do it before the 17<sup>th</sup> in terms of how we would structure it.

Mrs. Cully said her only reasoning for that was so the City would have a better understanding of what we are thinking. If they see our plan that we are going to do it in 2013, which is what this plan says, then if we can we should get something said or done on paper so the City knows what we are thinking.

Mr. Drummond said it seems to him that there needs to be discussion at the City level with the Commission to really determine what is going to work for them or how we would structure it. If the City does not have a need for it ahead, as he understands Mr. Recor, April of next year, then we have time to come up with some sort of structure on how to do it. Mr. Drummond does not see the reason to rush on that portion of it.

Mr. Recor said he is going to be very careful of what and how he speaks. He again thanked Mr. Thiess for the creativity, but he has a daunting task in front of him in completing his meetings with the City Commissioners individually. The Mayor expressed concern about the vote and the reason why he supported the motion, but Mr. Recor said unless Mr. Thiess has some response to that question those commissioners that have certain expectations as far as the transfer, Mr. Thiess has to have that information. The City does not have to have an answer definitively by the 17<sup>th</sup>, but he believes it is going to be part of the discussion. Mr. Recor encouraged the

Board to be at the City Commission meeting on the 17<sup>th</sup>. He said the Mayor and he will have to share the tone of this meeting and the tone the Board took that they do recognize and are cooperative. It helps Mr. Thiess in meeting individually with the Commissioners if that is the sentiment of the Board. It does not have to happen by October 17<sup>th</sup>.

Mr. Drummond said he is comfortable if it helps the Staff when they go before the Commission to have an approval at this level of the desire to look at providing some sort of advancement, but the actual nuts and bolts of it, he does not understand what we have to have for the Commission to say yes they are in favor of working with us.

Mr. Delulio said he would think we have a lot of due diligence to do before we make any kind of commitments and he would hope the City understands that and perhaps gives us the time to do what we need to do.

Mrs. Cully said she is in agreement with that. She said it is not that she believed we have to rush it, just if we could have something we can say yes this is what we would like to do and give it to them. It would be easier for them to make a decision.

Mr. Drummond said we have done that.

Mrs. Cully said she is talking about advancement if we did the 2012 rather than 2013.

Mr. Delulio said all this we are talking about, if the Bond Counsel comes back and they start throwing threats at us and putting us in a difficult spot, we may not be able to do anything. He said there is an assumption on the part of the City that this is just a formality or something easily done. Mr. Delulio said in his dealings with bond companies, he believes it could not be farther from the truth.

Mayor Benton said from what he was told this is 1% of FPUA's budget we are talking about and his dealings with the City's bonds, he does not think that is going to become an issue. He said the other company that is holding a bond is basically in bankruptcy so it would surprise him if we get a response from them at all. Whoever takes over that company, we will probably hear from down the road, but he would not expect to hear from them because they have bigger problems than the City. As long as FPUA's ratings are what they are, Mayor Benton thinks a lot was made of nothing.

Mr. Delulio said it may be nice to quantify it as 1%, but Mayor Benton is talking about \$1 million forever, the way FPUA defines gross revenues, possibly changing the Charter, having to change the way we present our financial statements, and we are suppose to sit here in one meeting and make all these commitments knowing in the back of our heads we have all these other concerns we have to deal with. He said this is his first meeting and if this is how we do business, then we need to change how we do business.

Mayor Benton said we have been dealing with this for quite some time and he gets stuck in the middle, but this is one item he thought was addressed and apparently it was not addressed. He said the City just currently found out about their financial issues in the future and everyone thought things were going to get better. The City is acting as quick as they can in the guidelines they have, but even if there was a referendum next year and the public decided to go with this, the Bond Counsel would not have any choice but to change things.

Mr. Delulio said either that or FPUA would be in default and that is the position they are being put in.

Mayor Benton said it would surprise him if FPUA would be in default unless they could not make a payment.

Mr. Delulio said that is what the attorney presented at the workshop.

Mayor Benton said that is their opinion.

Mr. Delulio said that is what we pay them for; a good opinion.

Mayor Benton said he has good attorneys also from the City side and the City also basically has to sign for some of and oversees some of these bonds. He said they have dealt with some of the same bond people and that concern has not been shown on their side.

Mr. Delulio said maybe FPUA is better represented.

Mayor Benton said he would not say that.

Mr. Delulio said we are going to find out.

Mayor Benton said it could be because like he said the City also has the ordinance in front of them and the Commission could decide to move forward with that ordinance and he would hope not, but he could see it heading in that direction.

Mr. Delulio asked if that is looked on as a negative thing.

Mayor Benton said apparently from Mr. Koblegard it is because he has challenged it as far as he says it needs a referendum, but the City sees it as being legal with an ordinance when there is a public hearing with it.

Mr. Delulio asked if the public is allowed in the whole issue.

Mayor Benton said with an ordinance there is a public hearing.

Mr. Delulio said maybe it may not be such a bad thing.

Mayor Benton said that is what is being tabled until the 17<sup>th</sup> because the City Commission was considering going forward with this, which would automatically put the whole PCA in the transfer.

Mr. Delulio asked if during the whole budget process during the last year when the City and FPUA were putting together their budgets, what we are talking about tonight, was not brought up as a big issue then.

Mr. Recor said the City entered into a settlement agreement and had essentially the same discussion regarding the 2006 transfer and Commissioner Perona, Mr. Recor said he wishes he was still here to give him the credit that is due him, championed a settlement agreement to set aside the retroactive and they agreed to disagree. There were a number of other issues that were identified and they entered into a conflict resolution. An agreement where the City was just going to agree to disagree and they were going to settle all outstanding claims that FPUA had with the City and that the City had with FPUA with the 2006 transfer for \$200,000. Mr. Recor said they saw that as prohibiting them from going further back retroactively, but not clarifying what the City believes to be the true intent of the Charter, which was 6% of gross revenue.

Mr. Delulio asked if that was the Board's understanding.

Mr. Drummond said it was not his understanding.

Mr. Perri said it was not his understanding and said he thinks the City breached that agreement.

Mayor Benton said then you have two City Commissioners for some time have felt that once this discussion started should have been included since day one and they are not going to change their mind. He said there are some City Commissioners that for some time that believe this Board should be eliminated through referendum and have the public give them a chance to put it under the City Commission.

Mr. Delulio said that is an example of a veiled threat as far as he is concerned, but if that is the will of the City or the taxpayers, then let's see.

Mayor Benton said that is how this Board was created and every so many years they revisit it. He said it just has not gotten the votes to put out a referendum and he thinks this works because this Board is usually made up businessmen that make business decisions. A lot of the rhetoric that has gone back and forth, the City is the enemy and has created some problems out there and he hears it from both sides. Mayor Benton said he is doing his best to try and resolve this because he still thinks as long as it is called Fort Pierce Utilities and at one time Fort Pierce Utilities was underneath the City and a direct part of the City under the City Manager and now it is not. That was changed he does not know how many years ago.

Mr. Perri said in 1972.

Mayor Benton said it can be changed again.

Mr. Delulio said until it is changed he asked for clarification of what this Board's duty is as far as Board Members until that happens.

Mayor Benton said the Charter says FPUA's job is to run this utility the best they can for the best rates for our rate payers and that is that.

Mr. Delulio asked if that means without any interference.

Mayor Benton said he does not call it interference, he calls it when your brother gets hurt you offer some help to your brother to see how to get them through it. He said as he passed out the chart last week, as long as the City Commission, in his opinion appoints these FPUA Board Members and they approve or disapprove the budget, they do have some control. Mayor Benton said the Charter defines that control, but we are all a part of the City with the exception of FPUA, he does not know the number of customers that live outside the city limits, it is a small percentage about 5%.

Mr. Thiess said it is more like 20%.

Mayor Benton said those 20% are helping Fort Pierce out, but they also live on the fringe of the city limits and get the benefits of the City without paying City taxes. He said the City is trying to get through some tough times and hope that everybody pulls together and understands why. It is happening in Washington and it is happening in Fort Pierce.

Mr. Delulio said he can appreciate that and as a Board, he would assume we would do whatever we can to help the City and work together on this, but he would hope it is done in a way where there is some more order to it. Maybe over a period of time where we can have discussions and talk about these issues without bringing up the issue about resolutions where you just do away with the Board. Mr. Delulio said it may take some time to rebuild the relationship that has fallen apart. He said as an outsider, the way he has seen it fall apart the last couple of years, the way we do it is going to be the tough part. As a Board we have agreed to do it in a way that may end up being a permanent way now, but going back to the whole bond thing, we have some duties in regard to the bond holders. We may be in violation of it.

Mrs. Cully said everybody has been able to share their thoughts today and it was a good back and forth response here.

Mayor Benton said he thinks there was a compromise before and he thinks that is what the City wanted to hear.

Mrs. Cully said the City knows now where we stand to a certain extent. She said some of the comments are not necessarily thoughts of all the Board Members. We can definitely get together and work something out here for this time. It is time to move on and Mr. Thiess and Staff can check out what we need to do. Mrs. Cully asked what the Board Members thought about a special meeting.

Mr. Thiess said he will work on some options with Staff, our attorney, and Bond Counsel to look at ways to pay some distribution whether it is advance or additional distribution in April 2012. He will send that information to the Board and talk to each Member individually.

Mr. Delulio said he may be out of town and does not know what the protocol is when you have a member out of town.

Mr. Thiess said we will make every effort to make sure we have a full Board for this discussion because it is a very important discussion. We will try and schedule it around everybody's schedule to make sure we have a full Board. That is more important to do it right than trying to do it fast.

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Mr. Perri said that FMPA and FPL have come to an agreement on their wholesale transmission settlement and the upshot is it is going to save the All Requirements Project about \$1.3 million. He said that is part of what they do and that is why we are involved in the All Requirements Project. They do us some good contrary to the belief of a lot of people.

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Mr. Drummond welcomed Mr. Delulio to the Board.

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There being no further business, the meeting was adjourned.

ATTEST:

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SECRETARY

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CHAIRMAN