

MINUTES OF A REGULAR MEETING OF THE FORT PIERCE UTILITIES AUTHORITY, TUESDAY, NOVEMBER 15, 2011, 4:00 P.M., CITY COMMISSION CHAMBERS.

Members Present: Chairman, Pamela K. Cully; Vice Chairman, Michael A. Perri, Jr.; Secretary, Darrell Drummond; Deputy Secretary, Daniel M. Delulio; Mayor Robert J. Benton III; and Anne Satterlee, Ex-Officio Member/Acting City Manager.

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

The meeting was called to order by Chairman Cully.

Invocation was given by Pastor Alice Lodomirak of Pearl Ministries.

The *Pledge of Allegiance* was recited.

The roll was called and a quorum declared.

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

1. Approval of the Minutes of the Regular Meeting of November 1, 2011.
2. Approval of Florida Municipal Electric Association (FMEA) Dues in the amount of \$35,910.00 for the period October 2011 through September 2012.
3. Approval to complete improvements to Circuit 1354 in the amount of \$42,845.
4. Approval to relocate existing electric facilities in the amount of \$85,180 for improvements in the Paradise Park Subdivision.
5. Approval to relocate existing electric and gas facilities to accommodate roadway and sidewalk improvements along Sunrise Boulevard in the amount of \$169,700.
6. Approval of Public Resources Management Group, Inc. Agreement to Update the Rate Sufficiency Analysis for the Electric, Water, Wastewater and Natural Gas Systems in the amount not to exceed \$25,000 for the period from August 1, 2011 through June 30, 2012.

7. Approval of payment in the amount of \$39,138.70 to the St. Lucie County Tax Collector for 2011 Ad Valorem Taxes and Non-Ad Valorem Assessments on properties owned by FPUA.
8. Approval of Gas Operations Post Budgeted Project/Budget Request in the amount of \$36,000 to support relocation of gas mains for FDOT I-95 Widening Project.
9. Bid No. 5951 (Single Source) GSA Contract #GS-35F-0195J - Approval of Microsoft Licenses Software Assurance Maintenance, from CDW government, Inc., Vernon Hills, Illinois, the amount of \$73,106 with a three-year renewal option on terms and conditions that are mutually acceptable to the parties.
10. Bid No. 6057 – Fused Cutouts – Approval to accept the lowest and best responsive responsible bid from Wesco Distribution, Orlando, FL, in the amount of \$31,200 annually. The term of this contract will be for one year, with two one (1) year renewal options.
11. Bid No. 6082 – Single/Sole Source, Piggyback for FY 2012 – Approval to piggyback City of Naples Bid No. 041-11 for Water Well Rehabilitation Services from Wellmaster, Inc., and to authorize a post budget work order in the amount of \$70,000.
12. Approval of the Minutes of the Regular Meeting of October 4, 2011.
13. Approval of Budget Transfer Request in the amount of \$35,600 to cover interest payable on remaining balance of funds advanced by St. Lucie County for Sunland Gardens MSBU Phase II.
14. Approval of a budget transfer of \$148,000 to the Water Treatment Plant Lime Softening Unit 1 Rehabilitation Project for a FY 2012 project cost of \$868,000.
15. Approval to piggyback GSA Contract #GS-30F-1028G for the procurement of an Altec Model No. AA55 Bucket/Material Truck from Altec Industries, Inc., in the amount of \$179,979.00.

Mr. Thiess said the next item is a summary of expenses for the bond work with the Bond Counsel, our Financial Advisor, and Bond Insurers to move forward. He said this started with the first workshop going all the way back and going through the approval of the amendment to the Bond Covenants by the Bond Insurers. As a quick overall summary, a spreadsheet is attached in the Board packet that sums it up. When the spreadsheet was put together, we thought of everybody except our attorney and we have expenses on our side here as well. The Bond Counsel of Bryant Miller Olive has estimated through completion \$42,431 and we believe it will come in below that. The \$10,000 that is estimated for October, we received the invoice and it was about \$8,500. The Bond Insurer Fees, Assured Guaranty is estimated at \$7,500 to

\$10,000 and AMBAC is estimated at \$25,000 to \$35,000 for a total estimate of \$45,000. Mr. Thiess said those are not necessarily not-to-exceed figures, they are provided by our Financial Advisor based on his past transactions. Hopefully he has the high end covered, but based on history; they should be below those numbers. RBC Capital Markets, Mitch Owens is our Financial Advisor and he estimates his bill to be a lump sum of \$25,000, plus expenses. That covers from day one at the first workshop through the end of the process. Staff believes that is a reasonable fee on a lump sum basis. Bryant Miller Olive is time and expenses, so they bill for hours during the project. We have some effort with our Rate Consultant PRMG and their estimate to finish the project with them is \$7,074. Their work was mostly coming up with scenarios, looking at the rate projections going forward, and looking at the distribution amounts for the various scenarios. Mr. Thiess said this does include some of the work particularly on the Bryant Miller Olive invoices where we looked at the City Ordinance and did background research on whether or not that required a referendum. A good chunk of that initial \$22,000 was for that work as well. The total for all those entities is \$121,505 and we hope that is an upper end estimate. We just saw an invoice from Attorney Koblegard and he has a little more than \$17,000 to this point in time. His time will pretty much be limited going forward on this one issue. The total expenses would be the \$121,505 plus the \$17,000 of Attorney Koblegard, which would total roughly \$139,000 to get through the whole process. Staff is looking for approval of all these amounts and it was put together so it would be in one place so the Board would know what the costs are for the entire process in terms of legal counsel and bond services.

Mr. Perri asked if the City was going to help FPUA pay some of these fees.

Mr. Thiess said that was brought up in a workshop and they got a resounding no as a response.

Mr. Perri said it disturbs him the rate payers have to pay for this service for us to give the City another \$1.25 or \$1.5 million every year and that is contrary to our Charter. He still cannot get it through his head and maybe he is a little dense.

Mr. Drummond said he continues to believe this is the cost FPUA needs to pay to make sure we protect ourselves going forward in terms of what we ultimately decide to do. The cost, although he is not pleased with it, should be handled by FPUA. His biggest question is Mr. Thiess stated that it is his estimate and asked if Staff has a confidence level that this is probably the maximum exposure. Will there be some trigger if there are additional unanticipated costs that it would come back to the Board so we would know how far down the road we are getting.

Mr. Thiess said he is fairly confident this is a figure that will not be exceeded. Mitch Owens, our Financial Advisor is very aware of our concern with all this and if anything looks like it is going to go over the estimates he will contact us. The Bond Insurers' fees are the one that are further out there and we have the least control over. Mr. Owens will notify Mr. Thiess immediately.

Mayor Benton said he questioned this when we held the workshop and he still does not understand why when FPUA is talking about less than 1% of their budget, we have to bring all these folks into the picture. If it was a concern he thinks they would let us know. He wonders if

we were FPL wanting to put a few dollars more to our shareholders, whether it would require spending this money and getting these answers. It is one thing if it threatens your ability to make any kind of bond payments you had or it challenged your rating, but he does not think 1% would do that. Mayor Benton thinks it is a way for certain professionals to get money out of a government agency. He said it is the same thing with the City, but in the private sector he does not think this would have happened.

Mr. Thiess said he does not know if it would affect the rating and he cannot say it would not. There was a good chance if FPUA went ahead and did this without going through the Bond Insurers and if the Bond Holders who the Bond Insurers represent got wind of it we could be found in default. This has been a very public thing that has been in the paper. The Bond folks do follow what we do down here. They read the newspaper on line, are up on what we are doing, and sometimes they know it before we do. The chance of this going through the whole process with them not having any wind of it would be very slim. Mr. Thiess said before the meeting he passed out a copy of the proposed amendment to the Bond language that went up to the Bond Insurers on Thursday. We may not have been in default on the Bond Covenants, but we certainly would not have been consistent with the language in the Bond Covenants as they were written. Mr. Thiess said we had all these people ready to go before he came before the City Commission to present for the second time what the UA Board had to offer. The Tuesday morning after the Monday night City Commission meeting, they were going out of the blocks first thing Tuesday morning. This language was hammered out between Mr. Thiess, our Attorney, Finance Director, Bond Counsel, and Financial Advisor within one day. This whole package including the revised Covenant Bond language went up to the Bond Insurers on Thursday so within 2 ½ days after the City Commission gave their conceptual approval, we had the package up to the Bond Insurers. Mr. Thiess told the Board that we are moving as fast as we can go to make this happen in time. If we were to do it without going through this process, we could not even get an estimate on the probability of getting caught. If we did get caught the penalties would be very severe and if we got caught and defaulted on our Bond Covenants, then our rating on our bonds could have been marked down. That would stay with us forever. We are not going back to the bond market anytime real soon, but we will defiantly go back when we build our wastewater plant, 15 years out and that would follow us right up to that bond issue. It could hurt us real bad as far as the rate we would get and ratings we would get on those bonds. Staff thought even though this was somewhat expensive, it is a pretty cheap insurance policy when it is compared with a possible bad outcome on the other end if we went through it without approvals and got caught.

Mayor Benton said he understands what Mr. Thiess is saying, but his frustration as with the City, is they just took a look at their rating. It would be one thing if the City was at its \$10 million cap, but when they challenge the rating and want to drop it even when they did not raise the millage rate and do not have a financial issue. They have reserves and in the past a few years ago the only time they had issues with lowering your bond rating was when you got to your millage cap like the City of Homestead years ago after the hurricanes. Mayor Benton said today it is amazing how they are jumping in. He does not think this would have been challenged as long as you have the ability to raise rates and not that this would cause that. In the City's case if they had to raise taxes it may challenge it, but when you look at the City's

millage rate and compare it to what it was years ago, it is the way they do business and Mayor Benton said he does not agree with it because he believes government is dealt with differently than the private sector. He said government is sometimes an open checkbook and he does not agree with it.

Mr. Thiess said to some extent it is a reflection of where the entire financial world has gone lately. Who would have thought five years ago we would be getting 0.25% interest rate on our short term investments.

Mayor Benton said if you had for instance a City Council that was in charge of the rates, where they sometimes refuse to raise rates, period, and he has seen where retirement systems are challenged now. When you have not had a problem meeting any of your bills, and you are not late, he does not know why you would need to spend this kind of money just when you are talking about less than 1% of your budget.

A motion was made by Mr. Drummond, seconded by Mr. Delulio to approve: (1) Expenses for FPUA Bond Counsel Bryant Miller Olive in the total estimated amount of \$42,431 for work related to evaluation of City Distribution options and Bond Covenant amendments; (2) Service Agreement from RBC Capital Markets for Financial Advisor services related to restructuring electric and gas rates in the amount of \$25,000, plus approved expenses up to \$2,000; (3) Estimated expenses up to \$45,000 for Bond Insurer services and fees to complete the required Bond Covenant amendment work; and (4) Attorney Koblegard's estimated fee of \$17,000. Those voting for the motion were: Mr. Delulio, Mr. Drummond, and Mrs. Cully. Those voting against the motion were: Mayor Benton and Mr. Perri. The motion was approved.

John Tompeck, Superintendent of Gas Operations presented the Electrical and Gas Operations Post Budgeted Project/Budget requests to support procurement and construction of the new Waste Pro CNG Filling Station. He said staff is requesting approval for two post budgeted work requests for electrical and gas operations associated with the Waste Pro project. Since this is a new project and the Board may not be familiar with it Mr. Tompeck said he would like to give a brief profile on the project. Several months ago, FPUA was approached by a company called Clean Energy and they design and build Compressed Natural Gas (CNG) stations for their clients. They were interested in evaluating the feasibility of a CNG station in Fort Pierce for one of their clients which turned out to be Waste Pro. After some preliminary analysis and work, Clean Energy recommended the Fort Pierce site to Waste Pro. The project is a CNG filling station for Waste Pro's fleet of trucks and the facility would be located just across the street from Waste Pro's existing facility on Selvitz Road on the north side of Prosperity Drive. Waste Pro will be buying all new CNG powered trucks, about 80 in all, at a capital expense of \$24 million and that figures out to about \$300,000 per truck. If you combine that with the new facility, their total investment in the area would be \$35 million. Mr. Tompeck said the station would provide slow fill capability to fill trucks between 5:00 p.m. and 5:00 a.m. every day. In addition, that facility will also have a fast fill dispenser for public use. In talking to some of the Waste Pro folks, they have already had some inquiries about utilization of that public facility from the Sheriff's office and Southern Distributors so they have a chance to make some money as well. The participants

in the program are: Waste Pro as the owner; Clean Energy will be doing the design of the compressor station, the fueling stations and the gas distribution system; Culpepper and Terpening is doing the site design and the civil work; and Realtime Property Development is the General Contractor. Mr. Tompeck said work on the property is progressing pretty quickly. The design is complete, they are in the final permitting stage. Site work should begin in mid December, and the facility should be on line in late April or early May. FPUA's work will be done in late December or early January and that is the two post budgeted work requests the Board has in front of them. Displayed on the screen is the artist rendition of the filling station and it is a little hard to see, but in the far corner is the actual compressor station. It also shows the lines of trucks in which each of them would be fueled every evening. The rendition also shows the public filling station, a maintenance garage, and an office building as well. The impact of the project to FPUA affects a couple of different groups. Water and Wastewater has a low impact with them adding Waste Pro as a normal commercial customer, although we will be utilizing a new existing main on Selvitz Road. There will be moderate impact to electric who will be adding them as a normal commercial customer with expected revenue of \$14,000 a year. The major impact is with natural gas. At the full operation, the facility will use 60,000 cubic feet per hour for 12 hours a day, 5 days a week. That is at the top end when they have all 80 trucks. They plan to start out with about 20 trucks and ramp up to eventually the 80 trucks. Once they are up at the 80-truck level, they could be using as much as 170,000 decatherms (Dths) a year. If we compare that to our total system load, which is about 280,000 Dths, you can see that is a fairly large increase for our total system. To put the number in a better perspective, it is more than the total gas that is being used now for our 3400 plus residential customers. Waste Pro would become our largest customer and the revenue increase would be in excess of \$1 million a year. Mr. Tompeck said that is why FPUA is pretty excited about the project and it is a good project for Waste Pro too. They will cut their fuel bills in half and it is kind of a green project as well because of using natural gas. There are a couple of outstanding items that will need to be brought to the Board. Staff is currently working on a Gas Purchase Agreement with Waste Pro and negotiations on the agreement will be starting shortly. FPUA currently does not have sufficient capacity entitlements for this volume of gas so Staff will be working with FGU and our fellow FGU members to obtain these entitlements which will require a written agreement that the Board will have to approve. An access agreement with Realtime Property Development for them to utilize our property on the south side of Prosperity Drive will come to the Board. FPUA has two lots there that are intended for future substation expansion and are currently empty. Realtime has asked if they can use those lots for parking and lay down.

Mr. Drummond asked Mr. Tompeck if when he says "use" would it be a part of any permanent site plan.

Mr. Tompeck said no, they want to use it for lay down area for parking during the construction of the project. The agreement will make sure they do not make any permanent physical modifications to the property. Right now the property is just a grassy field. Staff is asking for approval of the post budget work request for the work associated with providing the electric and gas service infrastructure to the site.

Mayor Benton asked if Realtime is going to be charged anything for using that property. His concern is liability issues.

Mr. Tompeck said FPUA had a couple of cases where we have allowed some folks to use our property for parking. Several years ago when they were working on Avenue A, OPS requested to use our property by the cooling tower to park their cars. FPUA did not charge them anything for that, but we did make sure they had insurance and that kind of thing. It will be included in the Realtime agreement.

Mrs. Cully asked what the capacity and entitlement agreements were.

Mr. Tompeck said if you could imagine a pipeline and everybody has a piece of that pipeline. In order to bring in gas, you would have to have entitlement or a part of that pipeline. FPUA's part of the pipeline is not enough to handle the volume that we are talking about here. There are other members of FGU that have more pipeline capacity than they are using so FPUA can work out an agreement with them to use their capacity to handle our additional volume.

Mr. Drummond asked if there is a need to increase the size of our pipelines to accommodate this additional capacity.

Mr. Tompeck said no we have an existing 4-inch main on Selvitz Road that we will have to extend a little bit and bring it over across the street to the new facility. He said what FPUA will probably do is increase the pressure on the line a little bit. We are able to do that as long as we do not exceed the maximum allowable pressure of 60 pounds. The pressure right now is about 42 and we will probably bring it up to 50 pounds which will help Waste Pro in their compression.

Mr. Perri asked about the public dispensing facility and who would monitor it. If he had a car or truck that ran on this fuel, would there be an attendant there if he were to use it.

Mr. Tompeck said he believes it would work exactly the same way as a normal gas station. You go in and slip your credit card and natural gas up.

Mr. Perri said that is a good thing and it might encourage some people to use it.

Mr. Tompeck said he thinks it will and it is one of the things he likes about the project. He said they are talking about maybe expanding it to two dispensers.

Mr. Perri said he does not know why the government is not hammering on that rather than electric. He said he knows an internal combustion engine that runs on gas will run forever almost without an oil change. It is run so much cleaner than gasoline and he relates it to a truck he bought from Vero Beach about 30 or 40 years ago from Public Gas Company when he was in the dock building business. The truck had 300,000 miles on it and they never changed the oil and it looked like salad oil. He ran the truck for another 110,000 miles before he got rid of it.

Mr. Tompeck said the engines last much longer.

Mr. Perri said it did not take long after they took their conversion off it for gas that the oil got real dirty looking and had to be changed every couple thousand miles.

Mr. Tompeck said it is going to save Waste Pro a lot of money because they spend a lot of money each month on diesel. This will cut their fuel bill almost in half. The equivalent gasoline price is about \$2.10 for natural gas. It is a real good project for them as long as you have \$35 million to make the initial investment.

Mr. Perri said it is a good project for FPUA.

A motion was made by Mr. Perri, seconded by Mayor Benton and unanimously carried to approve Electrical and Gas Operations Post Budgeted Project/Budget Requests to support procurement and construction of new Waste Pro CNG Filling Station.

Valerie Schulte, Supervising Engineer of Water/Wastewater Engineering presented the Design-Build Specific Authorization GT 11-5 with Globaltech, Inc., for the design and construction of replacement Well No. W-4R. She said the "R" is for replacement. In 2009 FPUA completed a surficial aquifer water supply study that recommended strategies to optimize our well field operations and insure FPUA can meet their water use permit withdrawals. Mrs. Schulte said one of the strategies was to replace the older lower yield wells with new wells. She said Globaltech is one of their continuing services consultants and has expertise for this type of project. The \$289,190 will provide for the permitting, design, hydrogeological services, and well construction. The remaining budget money will cover all the in house costs.

Mr. Drummond asked Mrs. Schulte to explain the capitalized interest.

Mrs. Schulte said it comes from Finance and basically she believes it is the interest on the amount of the project of \$300,000.

Ms. Hurtubise said the Accounting Standards make them do it. It is essentially if they were borrowing the money to build the project. It is what it would cost for the use of the money while the project is being built, cost associated with funding the project.

Mr. Drummond asked if it is our money and we are supplying it.

Ms. Hurtubise said that is correct.

Mr. Drummond said he is lost.

Mrs. Schulte said they do not like it either.

Ms. Hurtubise said they really do not like it. It is money that is not being expensed; it is going toward the cost of the project. She said money is not free. The IRS does not like us giving interest free money. It is like we are borrowing our own money from ourselves. IRS does not allow an interest-free loan, there has to be some interest built in there somewhere.

Mr. Drummond asked how much interest we are charging.

Mrs. Schulte said she believes the last time she saw it was ½% per month, which is what they have been using to calculate so their budget has enough money in it.

Ms. Hurtubise said it is about what our average interest rate we are paying out on our bonds. She said the Accounting Standards require us to do this.

A motion was made by Mr. Perri, seconded by Mr. Drummond and unanimously carried to approve the Design-Build Specific Authorization GT 11-5 with Globaltech, Inc., for the design and construction of replacement Well No. W-4R for an amount not to exceed \$289,190.

Nina Hurtubise, Finance Director presented the Status Report on Electric Power Cost Adjustment for October 2011. She said the Power Cost Adjustment (PCA) is a direct recovery of our power costs paid and FPUA does not make a profit through this adjustment. Any over or under collection and over recovery is recorded as a liability to or a receivable from the customer. The table displayed is a quarterly recap, with the exception of the October numbers on the bottom, of our over/under historically since September 2008. In the month of October, we had yet another over collection of approximately \$146,000, bringing our cumulative over recovery to about \$2.9 million as of October 31st. The rate FPUA was billed from FMPA went up to \$88.50 for 1,000 kWh for the month of October. That is a \$16.01 increase as compared to September, yet we still over recovered. The reason for that is the amount of the power purchased in October was about 44 million kWh, but we sold 48 million kWh. We bill after the power is purchased and in September, which is a hot month, we do not bill everything for September in September. Some of it rolls over into October. We sold more than what we actually purchased in that particular month. It reverses over time and all works out in the end. Ms. Hurtubise said although the rates went up dramatically and the cost we paid was more than what we actually charged the customer, yet we still over recovered because we sold more than we purchased in that month. Last month we were looking at the over/under compared to FMPA's projections and we saw a bunch of red numbers in the month of September. What those red numbers depicted was when we received the bill for September, the amount we got billed was more than what they were projecting. If that would have continued it could have been very bad. Ms. Hurtubise said she is pleased to report in the month of October, only the month of September did they under project. What we saw was an average of 4.7% more than the actual rate billed was what was projected. It looks like that was a temporary condition. We are not requesting a change in the PCA this month. We are postponing the \$1 increases we are still expecting we are going to have to make. What we are seeing as compared to last month's graph where we were seeing the projected over recovery and under recovery is very much more on the bottom than it was in the previous projection because we are postponing

the increase as long as we possibly can. We do have a \$2.9 million over collection and certainly recognize that is a great deal of money. Staff expects that to deplete fairly quickly in the next couple of months. We felt we could put it off at least for another month and again hope their projections get better. If they do not, we will have to raise them at that time. In the meantime we will allow the over collection to deplete more than we had been planning. The projections this month were not significantly different than those we saw last month. We are in a fairly good comfort zone, but what we are expecting is we may need to increase \$1 per month beginning January 2012 through May 2012 for five consecutive months. That will bring it up to \$40 for 1,000 kWh and perhaps October 1st up to \$42. If there were no over collections, the average power cost for 2012 is projected to be \$43.69, just to break even. We do have the over collection and we will make use of it. In 2013, the average cost per 1,000 kWh is \$41.41 so maybe it will not quite have to be \$42. These numbers change every month and that is why she keeps coming back every month to give the Board an update to see if anything has changed dramatically or not. At this time we are not recommending any change and are deferring an increase for at least one more month. This is an information only item and no action is required by the Board.

Mr. Delulio said this projection is at the 50% confidence level and asked if it is safe to assume the farther we go out we are getting below the 50%.

Ms. Hurtubise said the 50% comes from FMPA. They have 50%, 70%, and 80% confidence levels. Over a year ago, we were using the 80% confidence levels and they were just a little too conservative. The 50% was more where their numbers were actually coming in so we got a little more daring and decided to accept their 50% confidence levels. Mr. Delulio's statement that the further you go out, the bigger the estimate is correct. If the price of natural gas were to suddenly spike, all these numbers will change instantly and that is why we come back every month. Right now natural gas prices are incredibly stable and John Tompeck has passed that along to the Board with the information on the natural gas side on our purchases.

Mr. Delulio said if we go out to August 2013 and we are at an 80% confidence level, what would the number be?

Ms. Hurtubise said she could not tell Mr. Delulio that off hand. She would have to have the Consultant run those numbers. She guessed it would probably be a significantly higher number.

Mr. Drummond said he would dare to suggest if we were living at the 80% confidence level, both the PCA would be higher and our over collection would be a lot higher.

Mr. Delulio said the City would probably think we would need to revisit what we are going through right now with the PCA.

Ms. Hurtubise said it would make the estimates look very much higher, but they are more conservative. In some circumstances you might want to be more conservative and some cases you want to be more realistic. We tried to go with the more realistic at this point and that is why we look at the historical chart to see how well FMPA is doing at that 50% confidence. The

older agenda items showed both the 50% and the 80% and you could see how much out of whack it was. Ms. Hurtubise said she could provide Mr. Delulio with some historical ones so he could see. At least with this chart there is a little bit of red and a little bit of black, where the others were all black. The estimates were almost always over what the actual rates turned out to be.

Mr. Drummond said this is a recent phenomenon just a few years ago our 80% projections were not even coming in 50% of the time. This is much better than it used to be.

Ms. Hurtubise said there were some staffing changes up at FMPA and the person that was doing the projections was given a better opportunity to do a better job. They took a different approach or something changed at a certain point and time and the projections suddenly got better.

Mrs. Cully said she thinks that was when all the Cities started screaming and they had to do something.

Ms. Hurtubise presented Resolution 2011-12 - Temporary Suspension of Capital Improvement Charges for the Electric System through October 31, 2012. She said there is not a lot more to add other than what is presented in the agenda item and she read Resolution UA 2011-12 as follows: "A RESOLUTION TEMPORARILY SUSPENDING THE IMPOSITION OF CAPITAL IMPROVEMENT CHARGES AS SET FORTH IN RESOLUTION NO. UA 2010-07, FOR THE SERVICES AND FACILITIES FURNISHED BY THE ELECTRIC SYSTEM OF THE FORT PIERCE UTILITIES AUTHORITY, FORT PIERCE, FLORIDA, IN ACCORDANCE WITH THE CHARTER OF THE CITY OF FORT PIERCE, FLORIDA, ARTICLE XII, AND PROVIDING FOR AN EFFECTIVE DATE HEREOF". Ms. Hurtubise said FPUA charges Capital Improvement Charges (CIC) to defray the cost of improvements needed to serve new development for the electric, water, and wastewater systems. At this time, a quick review of our capital budget 5-year capital plan shows the electric system plans on using no capital improvement charges from 2012 through 2016 and that is what is planned at this point. There is a balance of \$384,000 of unexpended CIC's in the event that any necessary upgrades that were not planned to arise in that time frame. This is a temporary suspension and it is intended to be for about one year from the date of adoption of this Resolution until October 31, 2012. FPUA is not collecting very much in the way of CIC's right now and we are hoping the temporary suspension will encourage residential and commercial development in FPUA's service territory. Staff is requesting approval of this resolution.

Mr. Perri said he thinks it is a very good idea to try and encourage business to pick up. Maybe somebody is waiting around for a little nudge and this might be it.

Mrs. Cully said she thinks it is a good idea also and a good use for the money.

Mr. Delulio asked about water and wastewater down the road doing something like this.

Ms. Hurtubise said we might see it on the water side, definitely not on the wastewater side. With wastewater we are down to no remaining CIC's, but we do have quite a few water CIC's. We plan on spending them in FY 2015 for the deep injection well at the water plant. We have plans for those funds although we have a large balance at this time. The wastewater CIC's are down to just about nothing.

Mr. Delulio asked if we could transfer money to that account.

Ms. Hurtubise said we have to keep our funds separate.

Mr. Thiess said this is the first step toward an economic development package we can roll out for new development or expansion of existing business. Staff is looking at this, dropping electric CIC's, and looking at putting together an economic development rate similar to the one we did for Orchid Island Juice when they moved here from Indian River County. Economic development rates are usually over a 5-year span, where at the end of 5 years you work up to the full rate. There is a declining benefit a lot like the tax abatement program the City and the County does. Staff is looking at the economic development rate for electric and we may look at it for water. We are also looking at a discount in water CIC's. We will bring all these things together and other things as well that we can hopefully roll out early in 2012. Mr. Thiess said there are some projects in the works right now that will benefit from this resolution, even the Waste Pro fueling station since they have not paid their fees yet. When FPUA gets this package together, they will get with the City and mesh with their tax abatement program and other things they can do to help to give incentives to get some infrastructure and development here.

A motion was made by Mayor Benton, seconded by Mr. Drummond and unanimously carried to approve of Resolution 2011-12 – Temporary Suspension of Capital Improvement Charges for the Electric System through October 31, 2012.

Mayor Benton said he received a letter last week from Wells Fargo Bank about the condition of 5th Street. There has been some discussion over the last year on whose responsibility it is to pave that road and put it back in working order. He said it is his understanding it is the Contractor's responsibility through a handshake or verbal agreement. It has not been done yet and maybe it is not in their plans to do it. Mayor Benton said the Contractor has told Wells Fargo that it was FPUA and the City's problem. Today the Contractor cancelled a meeting where the Mayor, representatives from Congressman Rooney's and Senator Nelson's office, and FPUA and City personnel planned to attend. We are hoping to resolve this and hope to get a packet off to everyone. Mayor Benton said he believes we are talking about \$50,000 or less and he wanted the public to know it was not something that was scheduled for FPUA or the City. This was something the Contractor was suppose to do and when it comes to a Federal project, local codes and inspections are preceded by the Federal Government. If this was a local company building we could hold back their Certificate of Occupancy, but that is not the case. The Federal Courthouse will be completed within the next week or so and will be open for business in December. Mayor Benton said his job is to try and resolve that to the threat to where if he has to escort the dignitaries to the ribbon cutting in March he will do it walking

down 5th Street to show them the condition it was left in. He was not sure if any Board Members have received complaints, but they are trying to resolve it.

Mr. Thiess said Staff is putting together the information so the Mayor can send a letter to the Contractor and lay out our understanding. Our understanding is very clear and we have a lot of backup on what was said and what was done. He will try to get the information to the Mayor as soon as the facts are all put together. We will have something out there in advance of a meeting so everyone can look at it and come up with some kind of conclusion. It is pretty clear to FPUA staff that it was not our responsibility. FPUA would never have gone in and dug up the road and put the main in if they had not said they were going to pave it. That was the only reason the water main was replaced. It is a matter if their word is as good at a construction meeting or whether it is worthless.

Mr. Perri asked the status of the King Plant cleanup and if we are going to get some more information and meet with the people that are doing it.

Mr. Thiess said he had a meeting last week with the Treasure Coast Regional Planning Council, the Contractor, and Jon Ward's office. He said it was a good meeting and we are all finally on the same page as far as what communication needs to happen. The type of information we have been requesting has been out there, FPUA just has not been getting it. We are finally tied into the communication end of the project. Now there is a meeting scheduled with FDEP on the 29th of November so going forward we can make sure FDEP knows where we all want to go with this. Mr. Thiess said it is very clear what FPUA's position is and that is to get it done through the grant funds and not have any big liability hanging over our customers to pay for anything beyond that. He believes the communication issues have been solved and everybody is on the same page now and we are moving forward the way we should have all along.

There being no further business, the meeting was adjourned.

ATTEST:

SECRETARY

CHAIRMAN