

AGENDA ITEM 3-a

MINUTES OF REGULAR (REORGANIZATIONAL) MEETING OF THE UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA, HELD MONDAY, SEPTEMBER 28, 2020, AT 3:00 P.M., AT 200 CANAL STREET, NEW SMYRNA BEACH, FLORIDA

(NOTE – THIS REGULAR U.C. MEETING WAS HELD ON-SITE (WITH MASKS AND SOCIAL DISTANCING) AND WITH LIMITED ON-SITE PUBLIC PARTICIPATION – VIA APPOINTMENTS)

Vice Chairman Holcomb called this Regular Meeting of the Utilities Commission to order.

(1) Agenda Changes, Additions and Deletions:

Vice Chairman Holcomb asked Mr. Bunch if there were any agenda changes, additions or deletions.

Mr. Bunch stated one change Mr. Vice Chairman, I propose moving item 8-a. up to just after the reorganizational item, which would be Election of new Officers and the Regular Meeting scheduled for 2021; so move it up after that.

Vice Chairman Holcomb stated okay, so after I., right, okay.

Mr. Bunch stated better said.

Vice Chairman Holcomb then stated we're missing a body, so we need to appoint first, and said we need to call up Mayor Russ Owen.

Prior to Mayor Owen coming to the front, Vice Chairman Holcomb then requested Commissioner Davenport to lead in the Pledge of Allegiance and Commissioner Conrad to lead in prayer.

ADMINISTER OATH OF OFFICE TO JAMES N. SMITH – MAYOR RUSS OWEN:

Subsequent to these two events, Vice Chairman Holcomb stated Mayor Owen would be administering the oath to James N. Smith, our new Commissioner.

Mayor Owen and Commissioner-Elect Smith came to the podium.

Mayor Owen asked Mr. Smith to raise his right hand and then administered the City's Oath of Office to newly appointed U.C. Commissioner James Smith*. (**Appointed by the City Commission on 8-25-20 for a three-year term ending 9-2023.*) At the conclusion, Mayor Owen stated congratulations to Commissioner Smith, thank you so much for your service; those in attendance then applauded.

Vice Chairman Holcomb then stated welcome to Commissioner Smith.

Roll Call:

The below U.C. Commissioners were in attendance for this meeting (*alphabetical voting order – September Reorganizational Meeting*):

Commissioner Lillian Conrad
Commissioner James Davenport
Commissioner Richard Hawes
Vice Chairman Jack Holcomb
Commissioner James Smith

Others in attendance were as follows: J. Bunch, General Manager/CEO; E. Chavez, Director, Finance/CFO; J. Couillard, Director, Engineering; B. Pitcher, Director, Central Services; T. Beyrle, Director, System Ops.; B. Keehn, Director, Information Technology; T. West, Director, Water Resources; M. Schings, Interim Director of Electric Ops.; E. Fisher, Communications Coordinator/Community Relations; J. Michel, Infrastructure Engineer; M. Spellers, Senior Help Desk Analyst; T. Holt, Cabling Technician; I.T. Intern Laquavius Green; D. Simmons, Exec. Services Mgr./Recording Secretary; General Counsel Thomas Cloud Esquire – Gray|Robinson Attorneys at Law; John Moss, and Donna Athearn (arrived at 3:25 p.m.), both members of the public – on-site via appointment.

I. Reorganizational Item:

(I-a.) Election of Officers:

Vice Chairman Holcomb stated I-a. is Election of Officers. We've kind of gone through, obviously Mr. Biedenbach's term has expired (three consecutive terms) and we are bringing Mr. Smith in, and we need to, every year elect new officers. So with that being said I open the floor for conversation.

Chairman:

Commissioner Davenport stated I'd like to make a motion for our Vice Chairman to move up to Chairman, if you would accept that. You've done a great job Mr. Holcomb, I've enjoyed serving with you so far, and I hope it continues that way.

Commissioner Hawes stated I would second that.

Vice Chairman Holcomb stated Mr. Biedenbach sat in front of us, you know this is a group of five, so I'd be honored to and but again I look to the other four that sit up here with us to guide us. What I've liked is the unity in trying to find a common goal, find a way forward and then obviously applying the oversight that's required. So I absolutely have no problem with that and we're moving forward. I think I have to call for a vote, and then confirmed a vote on each one (office). On the Chairman we have a motion with a second.

Mrs. Simmons stated right, there were no further nominations.

Vice Chairman Holcomb stated that's it; right.

Mrs. Simmons stated we'll call for a vote for Chairman – Commissioner Holcomb.

(I-a.) Election of Officers (cont.):

Vice Chairman Holcomb was unanimously elected as Chairman on a roll call vote.

Chairman Holcomb started to go to the next agenda item and Commissioner Conrad indicated they needed to elect the rest of the officers.

Secretary-Treasurer:

Commissioner Hawes stated I'd like to make a motion for the Secretary-Treasurer of Lillian Conrad.

Chairman Holcomb stated I'll second that motion.

Mrs. Simmons then asked about the position of Vice Chair.

Vice Chairman:

Commissioner Conrad then stated Commissioner Davenport, would you accept the motion to be Vice Chair.

Commissioner Davenport stated I would.

Commissioner Conrad stated I'll make that motion.

Commissioner Hawes stated I'll second it.

Chairman Holcomb stated okay, motion made and seconded for Commissioner Davenport to be Vice Chairman.

Asst. Secretary-Treasurer Davenport was unanimously elected as Vice Chairman on a roll call vote.

Secretary-Treasurer (cont.):

Mrs. Simmons stated okay, the next one Secretary-Treasurer.

Chairman Holcomb commented I think we've got a good one.

Mrs. Simmons then called roll based on Commissioner Hawes prior motion.

Secretary-Treasurer Conrad was unanimously elected to remain as Secretary-Treasurer on a roll call vote.

Assistant Secretary-Treasurer:

Commissioner Conrad stated we need Assistant Secretary-Treasurer, I nominate Commissioner Hawes.

Commissioner Davenport stated I second that.

Chairman Holcomb stated there's a first and second.

(I-a.) Election of Officers (cont.):

Commissioner Hawes was unanimously elected as Asst. Secretary-Treasurer on a roll call vote.

[The FY2021 slate of officers elected by the Commission: Chairman Holcomb, Vice Chairman Davenport, Secretary-Treasurer Lillian Conrad, Asst. Secretary-Treasurer Hawes, and Commissioner Smith.]

(I-b.) U.C. Regular Meeting Schedule for Calendar Year 2021:

Chairman Holcomb stated item I-b., U.C. Regular Meeting Schedule for Calendar Year 2021.

Commissioner Conrad stated do you need a motion to accept the calendar?

Chairman Holcomb stated yes.

Commissioner Conrad stated I'll make that motion; specifically a motion to approve the final U.C. Regular Meetings scheduled for 2021 (as submitted).

Commissioners Davenport and Hawes seconded the motion.

Commissioner Conrad's motion then passed unanimously on a roll call vote.

(8-a) Presentation – Appreciation of Honorable Service – William (Bill) Biedenbach (Resolution No. 2020-12):

Chairman Holcomb stated okay, we're going to move item 8. up next, and that's a presentation of appreciation of the honorable services to Mr. Bill Biedenbach. And Mr. Bunch has a resolution that's he's going to read and then I'll go down and say thank you also to Mr. Biedenbach; for how many years of service?

Mr. Biedenbach stated nine*. (**Mr. Biedenbach was initially appointed by the City Commission on 8-23-11 for a three-year term, and subsequently, consecutively appointed for two more three-year terms, a total of nine years – the total of consecutive years a U.C. Commissioner is legally allowed to serve.*)

Chairman Holcomb reiterated nine, and I'm going to tell you I really appreciated the time I spent with you, it was nice communicating with you. The things that you did, we were able to just have a good conversation, sometimes things weren't easy. But I remember when you came to me when I was appointed before I was sworn in, in my office at the Chrysler store. And sat down with true concern, and wanted the best for the community, wanted the best for the employees of the Utilities Commission and there was a true, you know for what I felt, was a true compassion for this business, our community and for our people here, the employees. I personally want to say thanks because that was the first introduction that I had and it kind of showed me the way. So I appreciate your service and sitting next to you learned a lot; thank you for that. He then stated, Mr. Bunch.

(8-a) Presentation – Appreciation of Honorable Service – William (Bill) Biedenbach (Resolution No. 2020-12) (cont.):

Mr. Bunch proceeded to read U.C. Resolution No. 2020-12 in its entirety. At the conclusion he stated I just want to add to what the Chairman said, and thank you personally for your service, it's been a pleasure to serve with you and I wish you well and continued success.

After applause by those in attendance, Mr. Bunch also presented Mr. Biedenbach with a plaque in appreciation of his honorable service as a Utilities Commissioner, which included four consecutive years as Chairman.

Mr. Biedenbach thanked all in attendance for the presentation.

Mrs. Simmons then requested a motion to approve this resolution.

Commissioner Conrad stated I'll make the motion to approve the resolution just presented; specifically a motion to approve U.C. Resolution No. 2020-12 – a resolution of appreciation for the honorable service of William (Bill) Biedenbach as a Utilities Commission from September 2011 to September 2020.

Commissioner Hawes seconded the motion.

Commissioner Davenport asked what the motion was for.

Chairman Holcomb stated to approve the resolution for Mr. Biedenbach.

Commissioner Davenport commented I don't know about that, but then added I love you man and miss you to Mr. Biedenbach.

Commissioner Conrad's motion then passed unanimously on a roll call vote.

Chairman Holcomb then stated again, we appreciate it Mr. Biedenbach. And then added, thanks Mayor Owen for stopping by and doing that for us; we welcome Mr. Smith.

(2) Public Participation:

(2-a) Request to Appear – Donna Athearn / Corbin Park Sewer System Plans:

Chairman Holcomb stated public participation, we have a request to appear from Donna Athearn, and then asked if she was in attendance.

Mrs. Simmons commented that she was supposed to have been at the meeting physically.

Chairman Holcomb asked if someone was trying to reach her.

Mrs. Fisher indicated she would try to do so.

Commissioner Davenport stated while you're trying to do that, I did receive an email. I don't know if the other Commissioners received it. I do know Ms. Athearn over the years regarding

(2-a) Request to Appear – Donna Athearn / Corbin Park Sewer System Plans (cont.):

Corbin Park, about getting sewer there and so forth. And then I spoke to Ms. Couillard a couple of weeks ago about my passion for, right down here on A1A there's somebody looking for property and called me from Naples. And it was right in the middle of Sea Woods and it had no sewer, and then added thank you to Ms. Couillard for what she did there. I found it kind of interesting they're going to build a half a million dollar house and have to put in a septic tank right here in the middle of our beach and I'm thinking, I don't know, it's not right. I have spoken to Deb Denys everybody; I have spoken to Senator Wright about this. And I'm very passionate, this term that I'm serving if we could work with, and I spoke to people in Silver Sands. If we could come together some way and do Corbin Park and Silver Sands and look into this expansion of our utilities, after all we're selling services. That would be a monumental feat especially with our water table as high as it is right now and everything we're doing to stay out of the Indian River. So Ms. Athearn did reach out to me and I'm very supportive of anything we can do, and I just think there's a way Mr. CEO, we've spoke, and I've spoke to FIND before, Florida Inland Navigation District of the state. There's a way but it's just going to take us all coming together to do it Mr. Chairman, we can do this; but this is what she's alluding to, her sewer out there.

Mr. Bunch stated and we'll give her a chance to show but Commissioner Davenport I'll remind the group that we're also committed to working with the City this year to do a septic elimination study, so we'll look territory wide and I'm sure it will be based on a number of factors. The environmental factors being one, the economics of what would be the easiest areas, and also other folks have done this to prioritize those sorts of investments. But the Commission would be involved in that as well, and if Ms. Athearn comes up, we can talk about that with her as well.

Mrs. Fisher then confirmed that Ms. Athearn was on her way to this meeting. This item was delayed awaiting her arrival – would be considered later in the meeting when she was in attendance.

(2) Public Participation (cont.):

Chairman Holcomb then confirmed there was no additional public participation at this time. There being none, he closed that part of the meeting, but added we'll come back to her (Ms. Athearn).

(3) Approval of Consent Items:

Chairman Holcomb also confirmed with Mr. Cloud that he could move forward to the consent agenda and then go back to public participation. He then stated item 3., approval of consent items – open up for discussion; and then confirmed the Commissioners did not want to pull any items from the consent agenda for discussion.

Commissioner Davenport then stated I'll make a motion that we approve 3-a. through 3-f. - consent items; specifically item 3-a. Minutes of Regular U.C. Meeting Held 8-24-20, and item 3-b. Minutes of U.C. Workshop Meeting Held 8-19-20, approve both as submitted; item 3-c. Ratification – ITB No. 26-20 – South Beach Pump Station Upgrades and Approval of Increased Project Amount, ratify the awarded contract to McMahan Construction Co., LLC in

(3) Approval of Consent Items (cont.):

the amount of \$895,000.00 for ITB No. 26-20 and approve a \$115,000 increase in the overall project budget for a total amount of \$959,841.00, with continuing authorization for the GM/CEO or his designee to execute all associated project documents; item 3-d. Granted and Accepted Third Party Utility Easement - Planet Fitness – RCC new Smyrna Beach Shopping Center, LLC (waterline easement agreement for offsite water main) and for Coastal Woods (GEOSAM) – Elbert Land Company, LLC, to ratify the acceptance of these easements attached to the agenda item and submitted to the U.C.; item 3-e. Developer’s Infrastructure, Capacity and Inspection Agreement – Coral Villas (fka North Causeway Townhomes) – Coral Ville, LLC, approve the Developer’s Agreement as submitted and authorize the GM-CEO or his designee to execute the documents associated with this matter when contingencies are met; and item 3-f. Ratification of Annual Purchase of Polymer, FY2021 Renewal – City of Palm Coast Piggyback Agreement – based on Palm Coast ITB-UT-18-64, ratify the piggyback agreement attached to this item for the estimated usage of 58,000 lbs. during FY2021 at \$1.12 per lb. for a total award of \$65,000.00* (*part of U.C. annual chemical awards but delayed due to completion of bid renewal documentation by City of Palm Coast).

Commissioner Conrad seconded the motion.

Chairman Holcomb requested Mrs. Simmons to call the role.

Commissioner Davenport’s motion then passed unanimously on a roll call vote.

(4) General Manager’s Report:

(4-a) Introduction of Interim Director, Electric Operations – Michael Schings:

Mr. Bunch stated I’ll take this minute or two to introduce an Interim Director, Mr. Mike Schings. And I’ll ask Mr. Schings to step up to the podium but while he heads in that direction, I’ll say a few comments on his behalf. Mike Mines, the current Director of Electric Transmission and Distribution Ops., told us several months ago that he planned on retiring around June of this coming year. Given that advance notice, which we don’t normally have with a departure, we decided to name Mike Schings as Interim Director and give him an opportunity to step up to the role during that time and demonstrate his capabilities. Mr. Schings just joined us a couple of months ago, but he had pretty significant experience prior to coming to us. I wanted to introduce him and give him a minute to tell the Commission about himself.

Mr. Schings then addressed the Commission and stated my name is Mike Schings, my wife Paula and I moved here about three months ago from Michigan. Worked, for the last 14 years for Toledo Edison as a substation manager. Retired from there and looked for another opportunity. In dealing with everybody I talked to or had any dealings with the City of New Smyrna Beach, it was clear that this was a great place to live with great people. I very much look forward to the opportunity and thank everybody here for the opportunity to come and serve the community and make it a safer, better place to work and live. We live here, we’re renting right now, but we’re looking for a home after our place in Michigan sells; so hopefully this week. But 14 years of experience in the utility industry, 35 years’ experience in the electrical industry as a contractor and electrician, and kind of came up through the field

(4-a) Introduction of Interim Director, Electric Operations – Michael Schings (cont.):

working with my hands. So again, look forward to the opportunity, met a lot of really good people, every interaction I've had, everybody here has been great as an ambassador of New Smyrna. Whether it's somebody at the gas station or staff or employee that works at the Utilities Commission. So it was obviously a good choice for the opportunity, I'm thankful to be here, so thank you very much.

Commissioner Davenport commented and your winters will be a lot different won't they.

Mr. Schings indicated yes and commented on the sun and heat here.

Chairman Holcomb commented sunblock - 90.

Mr. Bunch then stated thank you to Mr. Schings, and added good luck in your role.

(4-b) Financial Status – August 2020:

AND

(4-c) Balanced Scorecard and Enterprise Metrics – August 2020:

Mr. Bunch stated so if I were to start the financial status portion, we'd probably move 10 or 15 minutes. Do you want to move into that or give Ms. Athearn a few minutes to show up?

Chairman Holcomb stated let's move forward.

Mr. Bunch stated okay, I'll ask Efren Chavez, our Director of Finance and CFO to step up and move ahead with the financial status and then if Ms. Athearn shows we can take a break and allow her time, and then jump on to the next portion.

Chairman Holcomb stated let him finish and then we can bring her in after.

Mr. Chavez stated okay, that sounds good. He stated so what I did do, this does have the Financial as well as the high-level overview of the Purchasing Manual, but we can take a break when needed. He then proceeded to commence his August 2020 Business Performance Results presentation and stated August year to date reflects a positive change in net assets of about \$2.6 million. So we're still seeing the impact of the fuel charge set to zero for those two months, it was for two months but it does impact us for year end. We do have those increased operating expenses due to the 2020 bond issuance costs, but as we go further on, you'll see that our controllable expenses on operations are great. So we're keeping, slightly higher than last year, but really in pretty good shape. On the very bottom of this slide, the August year to date capital expenditures, \$12.3 million (sic \$10.3). We expect to be about \$12.5 million once we wrap up the year end, which is within a half a million from our \$13 million forecast that we gave a couple of months ago. So we are working with Ms. Couillard and her team, we've already started a new project management and her folks are managing the projects. So we meet monthly and we have a forecast system in place to provide periodic updates during the new fiscal year; every month on that we're making much more progress than we did previously.

(4-b) Financial Status – August 2020 (cont.):

Mr. Chavez went to the next slide and stated so August operational stats., pretty good overall. We'll go through the waterfall on the next slide but here the good thing to note is our purchased power is at \$41.01 per MWh which is really good. So that's \$5.31 lower or 11.5% lower than the prior year. If you go to the very bottom there, you'll see on our volumes total electric sales overall, 2.4% higher than the year before and water, wastewater and reclaimed higher than the year before. So every month, I believe every month this year we're higher than the previous month. Our customer counts, over there on the right hand side, still consistently higher than the prior year and we still see that in our new customers and the growth that continues on the west end, but we do have a lot of fill in going on as well.

Mr. Chavez went to the next slide and stated so this is the Income/(Loss) graph or bar chart. So you'll see there \$816,000 was last year's operating income and this would be the controllable revenue, operating expenses, gets us to the operating income loss. So, \$816,000 last year, we're at a negative \$285,000, but the largest driver of that is the \$1.6 million in the red there, the fuel charge set to zero. But as far as controllable on a number of other items, net purchased power, we're up \$705,000, and that is the purchased power favorability that we have, running better than we did last year, slightly offset by the over-recovery that we have and still net, net positive. You'll see there the \$578,000, other revenue change, so in essence those revenues consist of electric and reclaimed higher than the prior year. We do have the \$275,000 of the AT&T settlement. Just as a side note on that, Ms. Couillard and I and team are in negotiation with AT&T for a go forward. The settlement was a resolution of prior years and now we're negotiating for a go forward contract, along with Mr. Cloud.

Mr. Bunch stated so a question on the year-over-year comparison, if we didn't do the fuel charge for two months, and for Commissioner Smith's benefit, in April and May we zeroed out the fuel cost, now we had money in reserve which was an over collection. But if we had not had that what would the year end, year to year comparison be?

Mr. Chavez stated so we'd be at \$1.3 million, positive.

Mr. Bunch stated we'd be slightly better than last year and in the green, so they say.

Mr. Chavez stated yes, but just based on kind of our peers and what was best for the community at the time, we knew that based on our analysis that we could afford to do a suspension of the fuel charge. Just to help out at the time, to our residents and our customers. Related to that, we also were very cautious on the accounts receivable, on the sales, to make sure on our collections. So we did have a temporary dip in the sense that during COVID, in the high time, where receivables got a little larger. But now for the last couple of months we're better, we're right where we were for pre-COVID, meaning receivables are back where they need to be. Which is, for us, 98% is current, on our receivable on the books today, 98.4% are less than 30 days old; so we're running really consistently with what we were running pre-COVID.

Mr. Bunch stated and I had asked Mr. Chavez' team to monitor that closely because as we went back in the direction of normal collection practices, we wanted to make sure there wasn't a big part of the community that was then getting disconnects. But as he just indicated we glided to exactly where we were prior to COVID in terms of the amount of arrearages and

(4-b) Financial Status – August 2020 (cont.):

the number of disconnects aren't big. So I think it's a reflection of our demographics which are a little better than the County, on par with the State, and a lot better than some of the smaller municipal peers that I speak to around the State.

Mr. Chavez stated, and I think it was definitely pressing on our end that we helped out and made customer payment plans available and we worked that out. But we definitely did not want to do an extended period of giving the fuel charge because we wanted to make sure, didn't want our customers to get too much of an arrearage from a receivable standpoint; so it's worked out.

Chairman Holcomb stated I will tell you the one thing that I liked about that is this, we're going through this and everybody's always critical looking back but when you're dealing with an unknown and basically an unknown in the future of what we were dealing with, the ability to act and get that in. You know, we're not going to go and fix what's going on but if everybody does a little bit and to each one of our ratepayers and customers that starts to total up to be a lot. And we couldn't go and fix everybody's problems, but we can participate in and help in the community. And I like the ability and getting in immediately, making that adjustment, and then obviously, working our way out with a little bit of humble experience to work with people. And because you know, no one's going to know the exact circumstances of the other person, so we have to have the flexibility of to not operate in a box when dealing with the customers on the receivables side. I really appreciated that as a person in the community that says we're flexible enough, even though we're a big entity in that government that we can break it down to the individual person and see a way through. And that for me was very impressive, just the way that you all did that, so give yourself a little credit on that. Because that was, and again we don't know if we ever need to do that again, but it was nice to have the forethought to do that and I appreciated that. So you're not going to solve everybody's problem but at least you can help with as much as you can.

Mr. Chavez stated we did as much as we could, and we'll continue to keep an eye on our finances as well. He then went to the next slide and stated so this is the extended view. This adds on the bond issuance costs, interest income, so it's the other items on the income statement. But the one that will stand out, that's all the way to the right, which is one we've discussed previously, is really the contributed capital. And that purely is, since those assets really are the developments when they transfer over, purely timing in the sense that just had more assets contributed the prior year, less this year. But that's more of a function of when the projects were complete, because we know that we're still adding new customers and developments are still building.

(4-c) Balanced Scorecard and Enterprise Metrics – August 2020:

Mr. Chavez went to the next slide and stated KPI's. Safety and risk, and this is in your packet, the detailed sheet, just giving you the overall highlights. So safety and risk we had one OSHA, no lost work time, minor incident no time loss. Third party claims, two very small and then one was forwarded to insurance, and no motor vehicle accidents in August. From the reliability standpoint, SAIDI, which is customer outage or the time for an outage, positive month year to date, year end. CAIDI, which is how long it takes to restore, trending positive year to date, year end. SAIFI, which is the outage frequency or number of outages

(4-c) Balanced Scorecard and Enterprise Metrics – August 2020 (cont.):

that a customer gets or receives, that's over just because of the more active storm year. And we all know that just with the rains, but Mr. Beyrle and his team and everyone on the force really trying to manage that as best as possible; so overall good story. Water Resources – green and Customer Service – green. On the customer service side 98% of meters read first attempt, and that's consistently high all year and we expect to continue that. Materials Management, purchase order issuance – green. Actually just did a physical inventory (warehouse materials) and the dollar amount was under \$500 of an adjustment. So pretty clean physical inventory at year end, and that was on Friday.

Mr. Chavez went to the next slide, continuing with KPI's, H.R. recruitment time is green. We are under budget by 16 positions, but that's been throughout the year, and that we remedied in the 2021 budget by taking out those positions that we really didn't foresee needing for the business. So we're taking those out and realizing some budget savings, but that was just more of positions that we did not have a line of sight to fill. I.T. side, cybersecurity participation, help desk tickets, those remained green. I think one thing to really highlight here is there's constant tests, phishing attempts, they're fake by Mrs. Keehn and her staff to try to train our employees to make sure that you don't click on things, and even if there is, there's kind of a lessons learned afterwards. Really good attempts on that to minimize employees clicking the wrong items. Customer Service, AR (accounts receivables) balances...

Commissioner Davenport asked if he could ask a question.

Mr. Chavez stated yes.

Commissioner Davenport stated say that they do click on the wrong thing, if you will, what is the.., I know what my consequences are at State Farm and I don't like it, I've got to go do an hour course or something. Do we have something like that, that you require? So, you won't do it twice if you go through that course.

Mr. Chavez stated so what happens is, and I'm not sure of all the details because I haven't clicked inappropriately, but I know if they're internally generated, kind of a fake one, then it gives a lessons learned. Mrs. Keehn can probably speak to this a little better but in essence it tells the employee hey, if it's got the banner that says this is an out of organization email, don't click things. So it will refresh you and folks are focused on much more, that awareness factors a lot just from the fact that there's constant testing being done.

Mr. Bunch added everybody also takes part in monthly training activities so there's videos, there's tests you take, probably 15 to 20 minute exercises. But I think from what I've seen we're far ahead from most of the municipal peers and I think it tends to be more reactive in most folks like us. Mrs. Keehn and her team have done a really good job of trying to implement best practices for us and I think it served us well so far.

Commissioner Davenport stated and I'm not trying to get more for them, I was just curious, just sitting here and thinking.

Mr. Chavez stated but to Mr. Bunch's point, every employee, I'm not certain how the field

(4-c) Balanced Scorecard and Enterprise Metrics – August 2020 (cont.):

force gets factored in, but there's mandatory trainings, we get emails and then we have to log in to a specific site.

Chairman Holcomb stated let me ask a question, are we doing internally, or with vendors, or even go to meetings, Zoom?

Mr. Chavez stated we're using Teams.

Chairman Holcomb stated so one of our issues that I'm going through currently is those are very, and Mrs. Keehn can speak to this, on our main server we don't allow it because they are very susceptible right now. The problem is it's not what we're doing on our end, it's we can't see. So you know again, what we've done is the same thing, like if I'm going to communicate with vendors and what not, we go off our server into a guest server, I guess to keep them away. Because this is outlawed or you know banned for now because you can't see them; it's like a big deal. And I was kind of caught off guard at first, but I was just curious about here and I'd like to hear what Mrs. Keehn has to say about that while we're talking about it.

Mr. Chavez stated yes, she can talk about it a little more, but since we're a Microsoft shop, we leverage Teams, so in essence we're using the license for them.

Chairman Holcomb stated so you're okay, alright because that was an issue.

Mr. Chavez continued, so that's what we use, now some vendors and consultants have others that we dial into but typically we know that other party, so...

Chairman Holcomb stated that's the part I didn't understand, it's like we're not the problem, it's the vendor. So I just wanted to make sure, I've learned a lot over the last week to 10 days to figure out how to communicate with the rest of the world from my glass bubble.

Mr. Chavez stated so that risk for the I.T. security is kind of about Microsoft because we're leveraging, we're using their software.

Mr. Bunch stated could I ask Mrs. Keehn to come to the podium for a minute.

Mrs. Keehn indicated she was confirming with Mr. Michel, and she also commented that the U.C. is in Office 365.

Chairman Holcomb stated you just explained it to me, you're not in your server; so right, they can't get to it. I learned that part of it this week, what that actually meant.

Mrs. Keehn then came to the podium and stated so Mr. Michel can speak more to the technical but Office 365 that's not on our server, that's in the cloud. Microsoft hosts it so it's completely separate from what we do, and we do use Teams; so through that it's isolated.

Chairman Holcomb stated perfect, it was just something that was I never even felt was in the realm. I mean an email came and it was over.

(4-c) Balanced Scorecard and Enterprise Metrics – August 2020 (cont.):

Mrs. Keehn stated right, and for the remediation that we do on the clicks, we do phishing attempts all along through the month. So there's always something coming through and they're specific to the divisions and if they click on them there's a remediation training that they do immediately. And for each employee we have a risk analysis for each employee in each department so we can see if we need to do additional training on specific things throughout. And then training this year we're really focusing on their specific job roles and what they have to be aware of, it's different for everyone. So we do both, we do the monthly training, but then we focus directly on each employee.

Chairman Holcomb stated that's good, it's getting crazy, I mean with the different portals they're finding ways to get in.

Mrs. Keehn stated yes, it's constant.

Chairman Holcomb stated appreciate that, thanks.

Mr. Chavez then stated I do have a funny story, there was one that was sent and it was a fake one that I.T. generated. And I forwarded it to Mrs. Keehn and said hmm, and they said yes, that was one of them.

Chairman Holcomb stated kind of a new cheese for a mouse.

(4-b) Financial Status – August 2020 (cont.):

Mr. Chavez then went to the next slide and stated so this was one item and I didn't know where else to put this. But we had talked about it I believe a month ago, related to Omaha Public Power District (OPPD) submitting an invoice (for Mutual Aid), about 11 months late. So they did that to OUC and us both, they sent them very late. So just having some discussions, had a few conference calls with them and really got to the bottom of it, looking at it logistically, what should be a reasonable charge for that. They understood and agreed that it seemed excessive and maybe folks were estimating, it's our only guesstimate. But what we came to, a mutual agreement, was \$67,000. It was labor, per diem for meals, vehicles, and a little bit of lodging, but that was it.

Chairman Holcomb stated and you kept a good relationship.

Mr. Chavez stated yes.

Commissioner Davenport stated so they would come back again.

Mr. Chavez stated yes.

Commissioner Davenport then commented, Omaha, don't we have people a little closer that could help us?

Mr. Bunch stated they were actually in Orlando, so hence the OUC involvement. They were in Orlando, if you recall Hurricane Dorian went further off the coast so when Orlando was in

(4-b) Financial Status – August 2020 (cont.):

the clear they released them, and we said hey, we'll take them because it looks like it's going to hit us. Well, it turned out that we got tropical storm force winds, didn't get the big hurricane. Honestly, I don't think they did anything on purpose, I think they didn't have good records, they overestimated the number of days to get back, and Mr. Chavez negotiated true to form to get to a good number. Everybody's still in a good relationship and I'm sure they would come back if asked.

Commissioner Davenport stated great.

Mr. Chavez then indicated he could go on to the Purchasing Manual discussion or take it after (during New Business – item 7-c.); whatever the Commission prefers.

Mr. Bunch stated why don't we come back to that per the agenda.

Mr. Chavez and Chairman Holcomb confirmed there were no further questions regarding the financial presentation at this point.

(2-a) Request to Appear – Donna Athearn / Corbin Park Sewer System Plans (Continued):

Chairman Holcomb then stated I'd like to call Donna Athearn up for public participation, referencing the Corbin Park Sewer System Plans.

Ms. Athearn addressed the Commission by stating thank you so much for your patience.

Chairman Holcomb stated no problem.

Ms. Athearn stated I appreciate the time you're giving me; I'm working with the City on the drainage system right now. Currently I sit on the Turnbull Creek Preservation board and in that I'm working with the City to try and get the Turnbull Creek opened up in areas where they have bought land and where there are clogs along that; and that has a lot to do with what I need to present to you guys. In the past I have done my research and I have found out that there are no plans for sewers to go into the Corbin Park area. Now that's a very large subdivision and it consists of over 200 homes back in there and as we continue to grow on S.R. 44, I've brought it to the City's attention that this is a drainage system that needs to be looked at, like farm irrigation. It was farm irrigation with all the sugar cane that was grown out there and knowing that we're growing exponentially along 44 and in those back areas along Glencoe Road with these apartments. Sewers are brought out on 44 but nothing coming south in any of the subdivision areas, Corbin Park, Ellison Acres; there's a lot of areas that it's not even offered. And now with the intense flooding that we are experiencing all through that region, it's important now to start really looking at what we're doing to the pollution underground. As you know water rises from underneath, as the water table rises, and the Turnbull Creek is getting affected by it. The Corbin Park area is less than half a mile from the Turnbull Creek and Ellison Acres sits right on the Turnbull Creek and on both sides of it. But yet there's still no plans at all in place for sewers out there.

Ms. Athearn continued and stated now recently we did get the Tractor Supply Store and I know that they were very uncomfortable with putting the pump station and the lift station in

(2-a) Request to Appear – Donna Athearn / Corbin Park Sewer System Plans (Continued):

that they did, it's a huge one. It's enough to supply everything in Corbin Park and again, yet, there's still no plans in the 10-year outlook. And so I'd like to come to the Commission with more documentation and paperwork to show you that the County is stressing this to be done with the green policies. There are grants available from the state and federal and also for the preservation of that Turnbull estuary area, it's very important. I'd like to just show it to you in a better manner than just in a few minutes of public participation. I wanted to bring it to your attention first and then ask for the agenda item that we can come back next month and really show it to you.

Chairman Holcomb then stated any questions?

Commissioner Davenport stated no, I just appreciated you coming in. Before you got here, that's something really important to all of us, but especially important to me because Silver Sands, that area out there. And I remember when I did the apartments, involved in that 20 years ago, Limestone Ranch, or 15. I remember pulling the sewer lines right down Paige Avenue, coming in the back there, all that stuff; I'm with you.

Ms. Athearn stated we have the force mains, but I can't connect to any of those force mains. We have a force main that was put in by Weaver for his development at Waterford Lakes, but again we got missed. And now with the increased need to pave Paige, you can't do it without using Paige Avenue all the way down because it's the only thoroughfare corridor that would allow for a pump station or a lift station, at Paige and Corbin. Also, further in down on Corbin Park Road you have Water Treatment Plant that's right on Paige. So we're in a perfect spot where the roads aren't paved right now, this isn't going to cost an enormous amount of money to repave or cut into the roads. We're at a spot where we're just feeling a real push with the overflow of water in that Turnbull Creek and now, we're moving a little forward with that. But now it's got to come to where we've got to look at the drainage systems and so we can flush.

Commissioner Davenport stated our CEO here just mentioned a while ago, Mr. Bunch if you would brief her on where we are.

Mr. Bunch stated sure, so we started having this discussion with the City about a year and a half ago actually, in terms of doing a joint study. Whether you call it sewer elimination, infill, but I'm sure stormwater is on their horizon as well. And this year it is funded, for 2021, to do that study, and we'll look territory wide. Environmental will be a factor, the density, the economics, which area would be easiest and most efficient to do the infills. And then come up with a prioritized list of projects that will be presented to the joint Commissions for consideration. But Ms. Couillard, our Director of Engineering, will be working with the City to coordinate that effort and as it stands right now it's in both of our budgets to do that study this fiscal year.

Ms. Athearn stated that's terrific. In the meantime the overflow from the septic tanks that are pumping into that estuary are a concern. I mean it is a concern, water is rising.

Mr. Bunch stated understood.

(2-a) Request to Appear – Donna Athearn / Corbin Park Sewer System Plans (Continued):

Ms. Athearn continued, and I am working with the city on that and Randy Hartman (City Commissioner) has been there, he's seen what we're working with right now. And I can get by because a lot of us have understood that we aren't going to have anything in the next five to ten year plan. We just need to see that it is in the plan and that it is being addressed. And then the other thing that we as residents are, you know we all are concerned. We're at this age, I'm collecting my Social Security at age 62, but I have a limited budget to work with, so I'd like to be able to pay for it while I'm still employed. And so giving us an idea of where we are with costs, even to send out notices to the residents, because none of our residents have heard anything. We know that Tractor Supply has a big enough system that they can take on Corbin Park, but we have no idea what it will eventually cost per footage of our properties to even consider it. So, even to give us a tidbit would be nice, in the interim, in the interim so that we know what we're planning. Right now I'm getting an above ground septic system put in because I have no other way of doing this. I'm fortunate that I can get a smallest enough system that will fit, but there are other residents who aren't and they're doing all that they can to keep what they have working, as older people. So it's a request from our neighbors and from the core of our people, can you send us something. Can you let us know some update of where you are, where this can be.

Chairman Holcomb stated I think that would be, as far as again, two things. I really appreciate the way you guys are approaching this, first to let us know and two to bring us more information. I'll be honest with you, my daughter lives in Corbin Park and when we were building her house we put in a septic tank. And I believe I asked Mr. Bunch, it's kind of odd we're about a half a mile off of 44 and we don't have sewer. The reality is we don't, okay, and then again what we're going through right now as a Commission and we're working on, is identifying the gravest problems, highest vulnerabilities, prioritizing references, you know what we're going to go work on. That doesn't mean that, so when we start with doing something, somewhere, whether it be electric or sewer or whatever, so people can understand why we did it. Because you're going to want your area taken care of first, if you're in Bethune or some place, you know different areas are going to want different things. And we're going to have to go first one time, you know there's not enough money and resources and grants and all the things you spoke to, to solve all that immediately. The good news is you have the City and us discussing it and as you said, there's a pretty good relationship with the County. So I think what you're wanting is happening because before there wasn't a discussion, there wasn't a conversation, they weren't looking at numbers, they weren't looking at grants. So if you want to leave with a little bit of optimism that's it and it doesn't guarantee an outcome, but it does guarantee a conversation and those are the things I think you're asking for. And like I said I was shaking my head when I was having common plumbing put in, a septic system. So I agree with you but we're trying to figure out where our highest priorities are at, we don't know that yet, we're going to work on that, we've been working on that for a couple of years now and we're getting closer. But these conversations and meetings, the City and the U.C. seem to have a very good working relationship right now, the communication between the two parties is probably better than the five years that I've seen it at any time. So be patient but I encourage you to stay involved and we'll make sure as we move forward, Mr. Bunch, and if you're the lead on that, that we communicate with you when there's any kind of progress or updates. Just so you understand, you're wondering where we're at, the meetings on this date, and then they can communicate back to you or if they had a conversation between the engineers. But just to kind of keep you in the loop as to

(2-a) Request to Appear – Donna Athearn / Corbin Park Sewer System Plans (Continued):

what's going on and any kind of progress. I think communication's free and it's harmless, so that's it.

Commissioner Davenport stated in addition to that Mr. Chairman, like I said I've been working on this really hard, I guess 18 months I've been working at it. And Deb Denys, who's up for reelection is passionate about getting rid of septic, which I love, and we've talked about Corbin Park. And Senator Wright, I sent him a letter a year ago; everybody's let's get it done, let's figure out how and the money, there's lots of attention being got by this.

Ms. Athearn stated again, it is that communication. I mean I haven't heard nothing from if you're moving forward, if there's a plan, if there's anything. You know, just a simple tidbit with our electrical would be nice, just to let us know it is a consideration. And if you want more feedback from the community, you just have to tell us what's up. Because when I left the neighborhood today, just worrying about the flooding, you know our concern is we've never seen a letter. How much is this going to cost us if they decide to bring in sewers. Maybe we could front some of it if we knew how much we're expecting, that kind of information.

Commissioner Davenport stated well, aren't you in the County, I mean too, Ms. Athearn, out in Corbin Park?

Ms. Athearn stated yes, there's several enclaves.

Commissioner Davenport interjected so that's another issue right there.

Ms. Athearn continued, enclaves within and several that are being eliminated now. I'm in a section of ours and there's three down the street and there are enclaves that are eventually disappearing. That still doesn't mean that we're not customers of the U.C., we still are and we are always going to be, there's no place to go. But in that, you know, it's just the communication, we have no idea of anything until I come out of my shell and say hey, I'll ask the questions. So if it would be possible we just simply would like you to send out a note, just if any of them are interested to move forward faster or what to expect with costs or development of a sewer system in the area; just so we can know.

Mr. Bunch stated what I can offer between now and your presentation, and we've got your contact information, we can get the discussion started with you, to meet with our Engineering folks and talk through a generic process of what you just described. If I have a neighborhood and I want to get onto the sewer system, what does that look like, and water system, and we can talk through that. And in the meantime, you've got that information as we begin the study this year and as you talk with your neighbors as well.

Ms. Athearn stated as far as drainage studies I have some of those that are done because of the Turnbull Creek preservation issues. So great, so can I expect this would be something we can hash out or at least discuss a little further at next month's meeting?

Chairman Holcomb stated I can guarantee the communication. I cannot guarantee the results because we don't have all the information. So until we have all the information I can't really,

(2-a) Request to Appear – Donna Athearn / Corbin Park Sewer System Plans (Continued):

I'd hate to make a promise and have you guys, you go back to your community and tell them hey, this is what's coming. What we're going to do right now is we're going to start the communication, we're going to figure out what's going on right now with the information that the engineers have, who wants to play ball from the City to the County and the residents. You know you're talking about a lot of parties. So what we've done today is as we update, that meetings got to happen, they've got to have that information, and then just make you aware of the progress as we move forward. Like I said, the result, if you're looking for certainty it doesn't exist at this bench. What I will tell you is that we will communicate our updates and I think they've offered that.

Commissioner Davenport stated correct me if I'm wrong here, Ms. Couillard, could there not be two approaches to this, and the two approaches be okay, yes, they're going through with the study, the City of New Smyrna Beach and the U.C. with the study. But also another approach could be okay, I want sewer, so you go out and spearhead all your residents, we give you a cost based on this, you know without going through the study and so forth. So you could, in my opinion, could that work that way maybe?

Mr. Bunch stated yes, that's the dialogue we'll start now with Ms. Couillard and then that will give Ms. Athearn and the residents some information and then when it gets a little further down the road with the study, you know a couple of possible outcomes. It turns out to be an area that is feasible, then it moves ahead. If not, that option of being driven by the residents would be the more feasible and safer; so in the interim...

Commissioner Davenport stated and the key is to try to get the cost, the grants, that's the whole key here, make it affordable.

Ms. Athearn stated and that can be done because of the grants available with the Turnbull Creek involved in this because it's a nationally recognized historic site, so it falls under a lot of extras where other creeks wouldn't.

Chairman Holcomb then stated like I said, step one is what you're doing right now. And then obviously we had our step one on this calendar, so those things are going to happen. And then Mr. Bunch and his team get out to you, as obviously they touch that section they will communicate with you to give you updates at their pace or when it happens or when they feel necessary. I don't want to speak on them to when's the right time but as the information becomes available that they feel is worth in your best interests that you need to know, I'm sure they'll let you know. And that's one of the goals for us is to be as transparent as we possibly can, and like I said it doesn't yield results, it gives answers, and we've got to get the information before we can find answers and that's what I think they're doing. So, stay engaged, we appreciate it and I appreciate you coming; thank you.

Ms. Athearn stated thank you, thanks a bunch.

(5) Commission Counsel's Report – General Counsel:

Chairman Holcomb then stated okay, where were we.

(5) Commission Counsel's Report – General Counsel (cont.):

Mr. Bunch commented I think that takes us to Counsel Report.

Chairman Holcomb stated yes, there we go.

(5-a) Florida Statutes Chapter 112 – Section 112.3143 Voting Conflicts Compliance – Publicly Read Commissioner Holcomb's Form 8B into Record:

Mr. Cloud stated yes sir, there's really no need to read the form into the record, it's just entered into the record.

(5) Commission Counsel's Report – General Counsel (cont.):

Mr. Cloud then stated just a couple of things, first of all I'm still working on the Interlocal Agreement draft. On the Hypower trial, it is concluded but we don't have a result yet. We are working on some rate structure issues that will come to the Commission when the rate study is completed. As Mr. Chavez noted, the AT&T Agreement is in the final stages, working out the go forward number. And then with regard to the last item, three things to think about. I've worked on about a dozen implementations of, you know, after construction extensions of sewers. And obviously you have to determine a design and a cost but there's usually three pots of money. And one which would be nice which we've referenced, grants. And the State has what is called the SRF (State Revolving Fund) program, which is money for sewers, and normally would be a really good place to go look for some of the money. They also provide for a low interest loan, but I'm not sure that that accomplishes much. What concerns us all, people who work in that area, is the State budget right now has taken a shellacking because of COVID and the indications that our lobbyist groups are getting now is that there's going to be a significant shortfall. But there may be some and that's one area. Other areas are of course, contribution in aid of construction. And third, of course, there's special assessments, which is more of a, you know, payment over time.

Chairman Holcomb interjected, which the City has to do because we cannot assess the community.

Mr. Cloud stated that is correct, those are your three options or some blending of those options. And that's all I had to report.

Chairman Holcomb stated appreciate it, and then confirmed there were no questions for Mr. Cloud.

(6) Old Business:

There were no Old Business items for consideration.

(7) New Business:

Chairman Holcomb then stated New Business.

(7-a) Risk Management Insurance Coverage for FY2021 (FMIT and CHUBB):

Mr. Bunch stated I'm going to ask Mrs. Pitcher to come to the podium and talk about risk management insurance.

Mrs. Pitcher addressed the Commission by stating good afternoon. I have before you this afternoon a request for the next year, 2021 (fiscal), risk insurance coverages renewals. So that includes property, crimes, general liability, professional, inland marine, automobile, and workers' compensation, as well as our contractor's fuel island pollution policy. This year we're looking at about a 17% increase and most of that is due to the change in the type of property coverage that we went to. Last year we changed carriers for property, and our prior carrier did a campus style property coverage. So in essence they didn't inventory all of our assets and base our coverages on the value of each of our assets. Well, FMIT does an inventory style coverage, so they cover every single asset that you would want to be covered. So what they did this year is they went through and did an asset survey for us and identified all of our assets and their corresponding values. And so for now, we are still going through the exercise of looking through that very long, extensive list and identifying what do we actually want to keep covered. For example, what's under our deductible that we would just pay for anyway. So in the interim of us doing that, we still want to have them covered because it's hurricane season, we don't want to leave anything to chance. So that's making up the bulk of the premium increase that you see here and I'm pretty confident that we can get some of that down as we go through that list and reduce the property that's covered. And then of course, increases in payroll and wages, and as we have new automobiles that we trade out for our old ones, the value is higher, so that also links to an increase.

Chairman Holcomb stated on the asset evaluation, are they taking book value or are how are they, because again if we have an asset that may be on the books for "x", but if it was damaged beyond repair, the replacement cost might be "x". How do we navigate?

Mrs. Pitcher stated its replacement cost, is what they're valuing. So in some cases on properties such as buildings, they use a standard system that calculates the cost of what it would be to rebuild the building.

Chairman Holcomb stated and when we look at, and again I don't know because when you're speaking to that the first thing that comes to my mind is because our history isn't going to support our performance. So what I mean by that is what our loss runs are not going to, because it's just a different style of insurance. We're insuring assets versus before you weren't, when we put values on them is that increasing or self-insuring some of the stuff internally.

Mrs. Pitcher stated so that's what we are working through right now is from those assets what do we want to basically self-insure, that would make sense for us, rather than having it through them. So we're still working through that exercise but in the interim we want to make sure we're covered, and then of course the premiums would be pro-rated if we were to make changes.

Commissioner Davenport stated so I'm seeing a \$50,000 deductible.

Mrs. Pitcher stated we do have a \$50,000 deductible, yes.

(7-a) Risk Management Insurance Coverage for FY2021 (FMIT and CHUBB) (cont.):

Commissioner Davenport stated is that, I mean, my thoughts are that's a lot of money obviously out of our pocket. And for instance our buildings, we've got a \$50,000 deductible on our building too? I mean what about, so I'm trying to get a visual, we've got a car accident, we've got a \$50,000 deductible on our trucks, is this just flat...

Mrs. Pitcher stated no, this is just property.

Commissioner Davenport stated well, I see automobiles up here and I see properties.

Mrs. Pitcher stated right, so everything is broken down differently when you get into actual levels of coverage.

Commissioner Davenport commented I was hoping.

Mrs. Pitcher stated so general liability has no deductible, auto has no deductible, property has a \$50,000 deductible. And granted, we are talking buildings that are millions of dollars in value.

Commissioner Davenport stated okay, so you're telling me there's no deductible on automobiles?

Mrs. Pitcher stated correct.

Chairman Holcomb then stated light duty right, because you're telling me we have no deductible on that pump truck that's \$700,000.

Mrs. Pitcher stated we have no deductible on auto liability.

Chairman Holcomb stated and again, the classification of the automobile is, it's not. We all think it's the same but it's not.

Commissioner Davenport stated what would that drop to put up a deductible, a \$1,000 deductible on there, it would be substantial I would think.

Mrs. Pitcher explained, so I've given you an overall premium, these are different coverages. So our auto liability premium actually went down, not up; it's our property that makes up the bulk of it.

Chairman Holcomb stated and your fleet's more.

Commissioner Davenport stated how many vehicles in the fleet again?

Mrs. Pitcher stated about 82.

Commissioner Hawes stated and I have a question for you as well, in terms of security, and I don't know I'm new to this as well. If something were to happen, someone were to hack in and steal our customer list or something, is there a cybersecurity piece on that?

(7-a) Risk Management Insurance Coverage for FY2021 (FMIT and CHUBB) (cont.):

Mrs. Pitcher stated yes.

Commissioner Hawes stated could you talk a little bit about that?

Mrs. Pitcher stated oh dear, not in detail, but I do know that we do have cybersecurity coverage. I can't tell you without pulling up the certificate of coverage what specifically that is, as far as levels of coverage but I know that we have it. She asked Mrs. Keehn if she remembered details about the coverage.

Mrs. Keehn commented briefly about FMIT, saying they were very proactive. She had worked with them and they gave the U.C. a grant, offering this coverage as a service because of the crypto lockers that were going around. What they did was give us three years of service for free as getting their insurance and all of our critical infrastructure is now on it. We have several different ways we set up, but this is just an additional security for us if something would happen like that; they're very proactive and involved. It's tiered, how they do it, so it's very specific to the incident, the cyber threat or whatever happens as a vulnerability, but reiterated they were very proactive. They're much better as far as the cyber aspect than the previous insurance, much more helpful.

Chairman Holcomb stated in premium, you're saying that we're having an increase of 17%, so I'm doing a little bit of math here, so it's about \$65,000.

Mrs. Pitcher stated \$70,000.

Chairman Holcomb stated so when we talk about a \$50,000 deductible on the possibility, I don't know what our loss runs are, the \$70,000 increase is a reality, not a possibility. So for me, what I ask is, we're approving; you made it sound like you're still working through this?

Mrs. Pitcher stated so, these renew October 1, we're working through the property schedule as far as honing in on what we want to keep on our schedule moving forward. So they will adjust our premium as we pull stuff off. We're not locked into no, this is exactly what you have to keep on. But in the interim, we need to renew our policies so we can have coverage moving forward this following year.

Commissioner Conrad stated can I ask a question please?

Chairman Holcomb stated absolutely.

Commissioner Conrad stated okay, you said that the real property increase is \$30 million, what was it before? So what's the total of real property value?

Mrs. Pitcher stated so currently \$58 million and then we're moving to \$84 million and change.

Commissioner Conrad commented it's not all that different from what I see in condo associations these days.

(7-a) Risk Management Insurance Coverage for FY2021 (FMIT and CHUBB) (cont.):

Chairman Holcomb stated right, I mean the difference is when you start looking at, you know again, the deductible was the question, and then the self-insuring internally, we can accrue money. And because they're looking at the assets, what our most vulnerable assets are, what you said there is you really don't have a good grasp on that yet, you will as the year goes on. So you're going to go evaluate those assets, you're going to come back hopefully next year when we redo this, and hopefully have eliminated some of those assets and maybe have a plan where we can, I don't know self-insure a little bit more internally and beat that down. Again, a \$50,000 deductible, to me that's nothing, I'd rather have a \$100,000 deductible and not spend the \$74 grand. So there's a lot of scenarios, it's a new insurance policy; that's all I ask.

Mrs. Pitcher stated yes, for example every asset has a premium linked to it. So for example if we have a \$75,000 generator, it's \$499 in premium a year. Well, we're going to pay \$50,000 of that deductible if we have to completely replace that, so do we want to self-insure, you know, \$65,000 essentially. That's what we need to work through is where are we comfortable and then how much is that actually reducing our premium. Is a \$500 reduction really worth insuring another \$15,000.

Commissioner Davenport stated do you have a line item of all of our assets here.

Mrs. Pitcher stated not with me today, but yes.

Commissioner Davenport stated something I'd like to see is maybe, it's due October 1st and we're at the 28th, maybe if we could do it 60 days in advance next year, talk about this to get our heads around it a little bit better. And another thing, what about a payment plan, I see it's \$400,000 and something, do we have a payment plan?

Mrs. Pitcher stated this is quarterly, so we pay our insurance quarterly.

Commissioner Davenport stated is there a big surcharge, I mean service charge?

Mrs. Pitcher stated no.

Commissioner Davenport stated okay, next thing what protection do we have up here? Say I get sued, or Chairman Holcomb for his conduct up here, how he runs this.

Mrs. Pitcher stated Officials Professional Liability is included in General Liability; you are covered.

Commissioner Davenport stated how much?

Mrs. Pitcher stated we have a million dollar limit.

Commissioner Davenport commented, is that all, I'm worth a lot more than that.

Mrs. Pitcher then added she would have loved to know all of the details; I would have had all of them.

(7-a) Risk Management Insurance Coverage for FY2021 (FMIT and CHUBB) (cont.):

Commissioner Hawes then stated to Mrs. Pitcher, I understand what you're saying is this has got to be done because 30th is the "D" day, and then you're going to come back through and tell us what's going on.

Mrs. Pitcher stated yes, I can do that as we hone in on the property. Insurance, as I'm sure you know, at renewal time it's a tight window and so then having the Commission meetings near the end of the month doesn't help that. So you know we have a very tight window as it is, trying to get 60 days in advance probably isn't realistic.

Chairman Holcomb stated and another thing too, is that nice clean asset sheet she's referring to didn't exist until about uh...

Mrs. Pitcher interjected a couple of months ago, and they (FMIT) did that.

Chairman Holcomb stated I'm telling you that, part of your question was, well, no, it's they're literally just putting that together simultaneously as we're getting insurance. So I'm good with erring on the side of we don't really have all the facts yet, but next year, 12 months from now we should have those and a better understanding.

Commissioner Hawes stated yes, that's kind of what I was thinking.

Chairman Holcomb reiterated there's not a clear asset listing.

Commissioner Hawes continued, she's going to work through it, she's going to tell us what kind of a story it is when it comes up from there.

Mrs. Pitcher stated it's very big, I mean \$84 million in assets is a lot.

Commissioner Hawes stated no, I understand.

Commissioner Conrad stated did you anticipate this, and how much over budget is this going to be?

Mrs. Pitcher stated no, we're good, we anticipated increases and we knew the assets survey was underway.

Chairman Holcomb stated thanks, appreciate it, and then, we need to make a motion.

Mrs. Pitcher stated yes, we need a motion.

Commissioner Davenport stated I'll make a motion we accept what Mrs. Pitcher's proposed to us today regarding our current renewal of our insurance; specifically a motion to approve the continuance of risk management insurance coverages for fiscal year 2021 with the carriers /coverages listed in the summary section of the agenda item, to be effective 10/1/20 through 9/30/21, for a total FY2021 premium amount of \$420,003* (*FMIT plus CHUBB).

Commissioner Hawes seconded this motion.

(7-a) Risk Management Insurance Coverage for FY2021 (FMIT and CHUBB) (cont.):

Chairman Holcomb then requested Mrs. Simmons to call the roll on the motion.

Commissioner Davenport's motion passed unanimously on a roll call vote.

(7-b) New Compensation Program Policy:

Mrs. Pitcher stated so I also have the next one, which is the new Compensation Program Policy that we have before you for approval. Earlier in the year we implemented new pay plans after we did a compensation study and so we wrote a new compensation program policy to support those pay plans. This is for non-union personnel only. The policy consists of sections, what's our philosophy, what's our pay plan structure, when do we do annual salary reviews and what does that mean, how do we determine merit rewards, what kinds of increases do we give. How does reclassifications and special status work, how do performance reviews work, how do we determine how supervisors and management determine rewards, final steps for pay increases. We've got general information in there, changes in employment, compensation studies, our commitment to do that every so often, I think we did three years, and then what the employee performance scorecard would consist of. So we attached that in the agenda for your review and we ran it through our legal department with Susan Spradley, on the labor side. So what we have before you has been reviewed by Mr. Bunch, Mr. Chavez, and myself and Susan Spradley from Gray Robinson; and we're asking for your approval.

Commissioner Davenport stated and you feel comfortable with it, Mr. Bunch, regarding how we're doing this, the employees that are here. You know we got the letter here six months ago about some wasn't done right and anonymously; you feel good?

Mr. Bunch stated yes, it's a pretty standard approach to recognizing individuals for performance where we can for those that are non-Union, exempt and non-Union. Trying to base merit increases more on performance and things like that. And then there was a lot of dotting "i's", crossing "t's", cleaning up some legacy policy that Mrs. Pitcher and team also did. I'm very comfortable with what I see, I think it gives more clarity on how these things will be managed in the future.

Commissioner Davenport stated how about Mr. Chavez, are you good with it?

Mr. Chavez indicated yes, very good with it and we've been through several iterations looking at it.

Chairman Holcomb stated, so obviously how this all starts is two employees talk, one got more than the other one got, and how did that happen and why. And so for me, I see all the rules, right, and it's wonderful, I've got a big ole fat handbook but who do I go to, to explain all those paragraphs that are in it. And do we have that, to explain to them, you know, if you have questions where to go. Because that's the, and again, it's typically, it stems from somebody got something I didn't get that I feel like I was entitled to. And I just want to be able to, before the employee goes through a month of being miserable, it might not have been something they did. Just could have been time, simple, whatever, that they understand, that they ask the question. You know, just don't be that's the typically, I find, if I hand them the

(7-b) New Compensation Program Policy (cont.):

handbook and tell them what page it's on, that doesn't solve the problem. But if I sit down and talk to them and I explain to them what the paragraph is, then there's usually a better outcome, or an understanding or an expectation. So I know that doesn't, listen they still walk out of my office and still say goodbye to me because they're mad at me, so it's not like I've got it figured out and I'm perfect at it. But I just like that remedy of where to go, who to talk to and then encouragement to ask questions with no harm. I mean because a lot of people get themselves just worked up over nothing and that's, you know, then comes the conversation.

Commissioner Davenport stated and hopefully you won't get a four page post written about you when you let them go.

Mrs. Pitcher stated we will be doing education sessions with our employees who will be affected by this policy.

Chairman Holcomb stated and here's why I say this, and don't take this lightly, there's a written statement and standard that says to employees the door's open and then there's reality. And it's who we are as a group that makes that come to life, that line in that paragraph with all those rules and that explanation. There's certain kinds of conversations that I have every year in my position with employees that are new or inexperienced or over time, that's the same conversations I've had for 20 years; so usually over taxes or bonuses or whatever and that's why I say that. Yes, we can document everything, but the environment's the culture and that's why I would encourage you to, you know, because sometimes we cross that box. And I learned that because I thought the handbook was my savior and then I realized that the employees are my savior, keeping them motivated and maximizing their potential. So they get off that one year looking for the raise, to spend three months mad at us.

Commissioner Hawes stated and it's actually, that's kind of, and I don't mean to chime in, but I can't help myself because I was reading through this earlier today. We're going to review sort of October, November, December everybody?

Mrs. Pitcher stated so how this will work is the review period for non-Union employees will be October to September. So the months of October, November, December will be used for that whole process of completing the performance review and then we'll have two review meetings with the Director team. So first you'll have your performance ratings that the leadership does for their staff and then we will review their ratings and make sure that there's no issues that we can see. And then they'll go back and do the exercise of recommending what merit increase would be appropriate for the rating and then the Director team will meet again to review those recommendations. And then we'll be sending out formal notices to each of those employees of what their merit increase will be effective February.

Chairman Holcomb commented that's pretty proactive, that's what I was looking for, that's perfect, that made me feel better about my process, so it's pretty good. Do we need to approve this?

Mrs. Pitcher stated yes.

(7-b) New Compensation Program Policy (cont.):

Chairman Holcomb stated so here we go, unless there was something else you wanted to say, directing to Commissioner Davenport.

Commissioner Davenport stated I was going to make a motion. I'll make a motion to approve agenda item 7-b., policy for the new compensation program; specifically a motion to approve and formally accept the Compensation Program Policy to become effective October 1, 2020.

Commissioner Conrad seconded his motion.

Chairman Holcomb requested Mrs. Simmons to call the roll.

Commissioner Davenport's motion then passed unanimously on a roll call vote.

Chairman Holcomb commented that's concludes our business.

(7-c) Revised Purchasing Policies and Procedures Manual (Resolution No. 2020-13):

Mr. Bunch then stated so we're going to ask Mr. Chavez to come back to the podium. He and others have been working on revisions to the Purchasing Manual policy and I wanted to give him a chance to talk through that, and then we will need to formally approve that as well.

Mr. Chavez requested Mrs. Simmons to go back to the Financial presentation section regarding the Purchasing Manual. He then stated okay, so I'll make it quick. Just to give you a little background, the last time the Purchasing Manual was done was back, at least for substantive revisions, was back in August of 2009. So one of the things that Ms. Lynch and her team and myself we've been looking at, you know, what can we do to streamline it, what can we do to reflect best practices, what's really going on out there. They do a nice job and we just wanted to make sure we codified it to current standards and current statutes. So best practices and this is the reflection of that, and it took, we literally have been working on it for over the last year. We did have the updated approval levels back in September, I believe, of last year, and this incorporates that but then a whole lot more. We also had Mr. Cloud's feedback as well going through it, he went through it page by page. The actual marked up version was 98 pages long, that's how much stuff we were able to eliminate and really a lot of the language, and Ms. Lynch did a nice job tracking from then to now. Really, it's around just getting rid of language that was repetitive or just stuff that isn't current practice today; so we really took it and brought it to a current state.

Mr. Chavez continued and stated one of the things we did, and this is really quick, one of the things that we did was that we put in, I want to say about the same time last year, was a Project Request for Expenditures (PRE). So now we have, according to those approval levels, zero to five (\$5,000) is Director, five to ten is Director and CFO, above ten is GM-CEO, and over \$75,000 is the Commission. We took that, we made that PRE, it used to be manual in the sense that it was all paper. So now what we've done is do it through DocuSign, so everything, it's really, really quick.

Chairman Holcomb stated and you know what I like, when I was reading that, that I thought you did a good job, it's the DocuSign. Actually moving it through the chain, walking around

(7-c) Revised Purchasing Policies and Procedures Manual (Resolution No. 2020-13) (cont.):

with a handwritten piece of paper, trying to find three or four people in a day, I can only imagine how slow that moves. So for me, as we all move with our gadgets, we all have access to one. So that's the one thing from the efficiency part of it and operations side that I thought was pretty cool.

Mr. Chavez stated it's great and actually we're using DocuSign for and within fixed assets, within accounting, so a lot of the things like retirements of disposals, now it's going through DocuSign. So it's really fun, and the best thing is there's tracking, once it's completed or all the signatures were obtained, there's a copy. Ms. McNair, downstairs, for all the PRE's, putting them into a Team's site; so we were able to really roll that in. The other big change, or really, it's more of a statute, Ms. Lynch had done some research on the statutes around the Consultants Competitive Negotiations Act, so it's really the dollar thresholds that had been set, those have been raised. So in essence now we're able to potentially use for construction costs, if there's a consultant that we've already selected, construction costs on something we decided to use that consultant, we can use that on someone up to \$4 million. That just gives us more flexibility as options, so if there's something that is not too difficult, more bread and butter, standard, vanilla, you know, if there's a vendor or a consultant that we've already vetted, the statutes allow us more flexibility; so it's just good things. Of course, all of the approval levels stay the same, you see, you know the increasing dollars, you would still see that, it's just bringing up the statutes to current.

Chairman Holcomb stated does that, for the vendor, basically the better you perform the better, higher limits, the more work they can do. It's kind of like an incentive to do your house cleaning, make life easier on us.

Mr. Chavez stated right, easier. He then went to the next slide and stated so just as a recap on the spending limits. No significant changes from those approval levels that we approved back in September 2019. On the capital, the only reason why it's zero to five (\$5,000) is because it's an asset so we need all the details on any asset, so we just do a PRE on everything, but it's the same process whether it's O&M or Capital.

Mr. Chavez went to the next slide and stated the PRE and Financial approval levels, it just reiterates these. The other thing that we've implemented as well is, so Mr. Cloud have given Purchasing, or drafted up a standard contract for any, let's say we negotiate something, our vendors won a bid, we have a standard contract we fill in with the services. It's got our standard terms and conditions; we get it to the vendor. If the vendor has minimal adjustments, something that we believe is okay, or if it's something we don't feel comfortable with, Mr. Cloud is involved. But we're using the standard that he's developed; we're using that as kind of the benchmark. And then, of course, bigger contracts, unique contracts, he's involved in the sense that we're good from a legal perspective. And then at the very bottom of this slide, this just talks about once we get a project approval, you approved it, but if there's purchases that are greater than \$75,000, it comes back to you guys for ratification. Doesn't hold up the operations, it just kind of makes things move along as they should.

Mr. Chavez went to the next slide and stated PRE Process Flow, so this just goes into a little more of the flow – creates the PRE, submits to the Purchasing staff, the pdf, they take a look at it and then we create the DocuSign process. And then, of course, if it's based on O&M or

(7-c) Revised Purchasing Policies and Procedures Manual (Resolution No. 2020-13) (cont.):

Capital, they set up the approval authorities and how it gets circulated; so it's a really, really nice tool. And that's everything, so a lot of work, a lot of time, but I think it was well worth it and brought us current and some good, looking at everything.

Chairman Holcomb stated I think from our operational standpoint, where there's a roadmap, it's going to make it easier for the people trying to navigate it. I mean again, one of the things that's always been mind boggling to me is how slow things move. And I keep seeing things like this, I know it's just a piece of the onion that we're peeling back but it's another layer that we're getting through. So from an operational and project we're getting, they're in front of us, we need the ability to move and not just be bogged down with red tape. So that's what I keep seeing in these reports and operational processes we're implementing. Thorough reviews, find out what's the problem, make sure we're not exposed. And I appreciate that because there's a lot of thought to the legal, creating standards for the legal part of it to be reviewed. I'm sure there's an I.T. part of it also, security, cybersecurity. So those are all things, and again, operationally that makes us all go faster and makes us more efficient. I appreciate that because I don't want that to be overlooked because that's what we're actually trying to do here.

Mr. Chavez stated no, that's great point because Mr. Cloud understands and that's what we communicated, with Mr. Bunch and I and the team is hey, when we're not comfortable. I mean I've read, I'm not a lawyer but I've seen enough and I know where there could be issues, where we don't feel comfortable on something, we immediately bring it to Mr. Cloud. But at the same time we're using the business acumen to make sure that we're doing the right things, moving things along, and mitigation of risk, that's key all the time.

Mr. Cloud stated what they don't need is a reference to ADA standards rules, there was some really clunky stuff that the staff did a very fine job of ferreting out and getting rid of. I mean ideally, you'd have a three page policy, you know, but that isn't how it works, particularly for a utility. So this is as streamlined as we can get it and still do justice to the level of detail that's required for these kinds of transactions.

Mr. Chavez stated so if it's possible I would like your motion to approve.

Mr. Cloud interjected a motion to approve the policy as amended would be great.

Commissioner Hawes stated I have a question, if I might, first. On item 3-c., we had the one that was McMahan (McMahan Construction Co., LLC) and \$895,000, and there was a guy by the name of Pifer (A. G. Pifer Construction Co., Inc.), and he submitted his bid but then there were some issues because it didn't look like his financials were as straight as they could be. And then as I've been reading through the policy, it covers that type of thing, doesn't it. So I don't have to go back, I mean just the process.

Mr. Cloud stated it was bid, you're absolutely right, the policy covers that, this was bid. There will be times when even though you project a number for the bid, well, it comes in a little higher, you have to work through it. The documents, and I think that Mrs. Simmons can hold them up, the bid package looks like that (demonstrated thickness). These are forms that

(7-c) Revised Purchasing Policies and Procedures Manual (Resolution No. 2020-13) (cont.):

have been developed over time and those, the flexibility for the Commission, to act in that way are within those documents. And you approve that, in fact there's a reference in the agenda item to the minutes from the July meeting. I know this because I had some wonderful questions from our new member about this very item. And so the approvals were made by the Utilities Commission; why, because it exceeds \$75,000. So yes sir, this is a perfect example of how the staff has complied with the policy as written and the changes that we are asking you to make with this motion to approve the modified policy and also this contract is consistent with that too.

Mr. Chavez stated and one other point on that, you know Ms. Lynch and Mr. Fisher and the rest of the purchasing team, the minute something doesn't, appears to be out of process or out of procedure, we discuss it, and then based on the issue we bring it up to Mr. Cloud and/or Mr. Bunch as necessary.

Chairman Holcomb stated well I think, with multiple bids, you actually learn through the bids. If you want to see a lot of issues and problems, just get multiple bids. As one person explained to me, how do you get cheaper, just leave out multiple parts out.

Commissioner Hawes stated and I don't mean to be hanging on this one but when I looked at it, 3-c. I think it was, and we were really approving two things, and I'm just asking for clarification on this. One, we're approving the work, but we're also approving in essence, well, we didn't take our lowest bidder, we took this next guy because of these reasons. And immediately when I see that, in my respect is what are we justifying this against. And what I'm hearing is this is the policy that helps us achieve that; is that correct?

Mr. Cloud stated it is, but it is also consistent with the prior policy and that's why you're asked to ratify and approve the agreement. Because by ratifying and approving the agreement and item 3-c., you approve this.

Commissioner Hawes stated sorry to be nit-picky, but I was just curious.

Mr. Cloud stated no, I'm glad, this is how we learn.

Mr. Chavez stated now mind you, Mr. Bunch and I and the rest of the team, we challenge, if we don't, in discussions and things, the lowest bidder isn't always the most qualified. I had that issue recently with the actuarial services. Well, when you have several bidders, that's part of the process, that's part of the vetting process. I even reached out to our auditor, who typically is better, and of course you can see it in the price. So lowest price isn't always, but there's justification and they do a nice job of making sure if we're not selecting the lowest for whatever reason or we're picking this one, there's justification.

Chairman Holcomb stated no, I agree, I mean you just learn so much. Through the ask, that's the first, when you put it out for bid the procedure's there and then obviously our approving it. We just want to know why we want less than that and hopefully those answers. Because again, the reason it's fresh, I'm going through something right now, we just don't want change orders. When you give me a bid, I want the job done on time with no change orders because cheaper doesn't necessarily mean cheaper until you write the last check. And these

(7-c) Revised Purchasing Policies and Procedures Manual (Resolution No. 2020-13) (cont.):

guys are good, or these people are good at reading through the tea leaves and figuring out how to bid it, with even leaving a few tea leaves out, and then exposing you at the end when the change order comes. So, again, I see a lot of that, I appreciate it, I'm reading between the lines here, but I also like the ability for us to communicate faster, move faster, get things done faster, and not just be bottle-necked at every turn; so I appreciate that.

Commissioner Hawes stated to Mr. Bunch, and this may be way off topic too, but I know when we had our August 19th meeting (workshop), you had some concerns about your approval, does this help with that at all, or not really?

Mr. Bunch stated the ratification approval addresses it, and we really started probably close to a year ago. But we ask the Commission to approve the overall financial cost of any specific project and then after that point, I approve any subsequent award that occurs, and then it comes to the Commission for ratification approval. So previously every single one of those subsequent approvals were approved, there was a month delay, it would come to the Commission to be approved to move ahead. We've compressed out a lot of those delays with the ratification approval process. Now rest assured Mr. Chavez and I are asking questions and making sure that we're adhering to the policy, the decisions are right, there's clarity and transparency and all that good stuff. We're not hiding anything from you, if anything there's more transparency because there's more coming to you with these ratification approvals than previous.

Chairman Holcomb stated you're creating a threshold or standard and when it gets to us, they've checked the boxes. And Mr. Cloud is helping them to make sure that standard and threshold from just doing it right and from a legal perspective is done, so that we are, you know, we're doing what we need to do properly and at speed. Because again, slow is not cheap.

Mr. Cloud stated every month you're getting, and again this is something that didn't happen until Mr. Bunch and Mr. Chavez got here, you're getting these dashboards of the overall financials which did not exist, I'm telling you.

Chairman Holcomb commented a part of the asset sheet.

Commissioner Davenport interjected a lot of things didn't exist, pretty scary.

Chairman Holcomb stated I agree and like I said it's just again one layer of the onion and I'm sure there's a lot more.

Commissioner Hawes commented moving the rock, thank you, appreciate it.

Commissioner Davenport stated so we need a motion?

Chairman Holcomb stated we need a motion.

(7-c) Revised Purchasing Policies and Procedures Manual (Resolution No. 2020-13) (cont.):

Commissioner Davenport stated I make a motion, agenda item 7-c., to amend the Purchasing Policies and Procedures Manual; specifically a motion to approve U.C. Resolution No. 2020-13 and formally adopt the revised, amended and modified Purchasing Policies and Procedures Manual as submitted, with an effective date immediately upon passage.

Commissioner Hawes seconded the motion.

Chairman Holcomb requested Mrs. Simmons to call the roll.

Commissioner Davenport’s motion then passed unanimously on a roll call vote.

Mr. Bunch stated that’s it for New Business, Chairman.

(8) Possible Other Business – Time for Commissioners:

(8-a) Presentation – Appreciation of Honorable Service – William (Bill) Biedenbach (Resolution No. 2020-12):

This item was moved up on the agenda and took place after consideration of the Reorganizational Items (I-a. and I-b.).

(8) Possible Other Business – Time for Commissioners (cont.):

Chairman Holcomb stated all right, no further business, that concludes our meeting. Thank you and have a great day.

There being no further business to come before the Commission, the Regular U.C. Meeting closed at 4:37 p.m.

APPROVED:

ATTEST:


VICE CHAIRMAN


SECRETARY-TREASURER

These minutes were formally approved by the Utilities Commission at their October 26, 2020 meeting.