

[ANNOTATED VERSION]*

*[*NEAR VERBATIM / DETAILED VERSION POSTED ON UCNSB WEBSITE – UCNSB.ORG]*

MINUTES OF A REGULAR MEETING OF THE UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA, HELD TUESDAY, OCTOBER 26, 2021, AT 3:00 P.M., AT 200 CANAL STREET, NEW SMYRNA BEACH, FLORIDA

(NOTE – THIS REGULAR U.C. MEETING WAS HELD ON-SITE)

Vice Chairman Hawes opened the Regular U.C. Meeting (Chairman Davenport was out of state and participated via conference phone). Commissioner Kelly led in the Pledge of Allegiance and Commissioner Conrad provided the invocation.

Safety Message by Brandy Keehn: Cybersecurity Awareness Month – 10-2021:

Mrs. Keehn, the Director of I.T., explained October was National Cybersecurity Awareness Month. Was started 18 years ago by the Department of Homeland Security. I.T. staff efforts this month to raise awareness was coordinated with monsters, as the last day of the month falls on Halloween. Monsters utilized were vampires (phishing, vishing), zombie's (viruses, malware), werewolves (insider threat, locking, protecting devices), and Frankenstein (privacy, U.C. and customers' data).

Ms. Keehn also provided some associated factoids – 91% of successful data breaches start with a phishing attack. The U.C. has performed 75 simulated phishing tests this year and our phish click rate, from three years ago was 27%, and this month at the U.C. it is now less than 1%. There have been 84% of U.C. employees completing their security awareness training this year. The security awareness training is weekly, monthly, and as needed for reinforcement. The I.T. staff are continuously developing ways to improve and tighten security controls to address these ever-evolving threats.

Various U.C. Commissioners commended Ms. Keehn and staff for the great job and all the efforts being taken to address these very real security threats.

Roll Call:

Vice Chairman Hawes then requested a roll call and all of the U.C. Commissioners were in attendance as follows:

Chairman James Davenport *(participated via conference phone)*

Vice Chairman Richard Hawes

Commissioner Lawrence Kelly, Jr.

Commissioner James Smith

Commissioner Lillian Conrad

Roll Call (cont.):

Others in attendance were as follows: J. Bunch, General Manager/CEO; E. Chavez, Director, Finance/CFO; J. Couillard, Director, Engineering; T. Beyrle, Director, System Ops. B. Keehn, Director, Information Technology; T. West, Director, Water Resources; S. Heil, Water Production Supervisor/ Interim Water Resources Director; B. Beck, Director, Central Services; V. Steele, Director, Electric Operations; John McMurray, Director, Strategic Programs; J. Michel, I.T. Manager, Infrastructure (*in room at beginning*); #Laquavius Green; Help Desk Technician; M. Spellers, Sr. Help Desk Technician; D. Simmons, Exec. Mgr./ Recording Secretary; General Counsel Thomas Cloud Esquire – Gray| Robinson Attorneys at Law; with no members of the public in attendance on site.

(1) Agenda Changes, Additions and Deletions:

Vice Chairman Hawes stated any agenda changes, additions, deletions Mr. Bunch?

Mr. Bunch indicated consent item 3-b. should be removed from consideration. A decision was made subsequent to this agenda release that this project will be deferred via some equipment maintenance to support the upcoming system replacement by last year's piloted water softening process. A little bit of investment in the equipment versus replacement. Also a correction on consent item 3-e., revised the LLC on the Developer's Agreement for Hyatt Place, had two levels of LLC, and LLC of property ownership was required for the D.A. Ms. Couillard and Mr. Cloud corrected. A member of the community, Ms. Lisa Martin, brought this forward.

(2) Public Participation:

(Public participation was considered below, after the approval of consent items.)

(3) Approval of Consent Items:Commission Action:

Vice Chairman Hawes confirmed the Commissioners did not want any consent items pulled from the consent agenda for discussion.

Commissioner Smith made the motion to approve the consent items, minus items b. and with the revision to item e., to be approved; specifically a motion to approve the consent items – item a. Minutes of Regular (Reorganizational U.C. Meeting Held 9-28-21, annotated version, approve as submitted; (item 2-b. Removed from Consideration: *Purchase – IMS A-758 Lime Slaker System for Water Treatment Plant (Glencoe) – Single Source Purchase - Integrity Municipal Systems, LLC*); item 2-c. Assignment of Work – Pike Electric, LLC, Asplundh Tree Expert, Co., and Osmose Utilities Services, Inc., approve the issuance of purchase orders in the outlined amounts – Pike a total amount of \$1,675,000, Asplundh a total amount of \$1,160,000, and Osmose a total amount of \$100,000; to complete the annual FY2022 budgeted, planned work and authorize the General Manager/CEO or his designee to execute all documents associated with this matter; item 3-d. Developer's Agreement – Ocean Gate PUD, Phase 2, approve the agreement by Ocean Gate Commerce Center, LLC and authorize the GM/CEO or his designee to execute any documents associated with this matter; item 3-e. Developer's Agreement – Hyatt Place New Smyrna Beach, approve the agreement by Lagoon

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

Hospitality, LLC (*revised from Waterside "8" LLC*), and authorize the GM/CEO or his designee to execute any documents associated with this matter; item 3-f. Developer's Agreement – Greenlawn Manor (The Housing Authority of the City of New Smyrna Beach), approve the agreement by the Housing Authority, City of NSB and authorize the GM/CEO or his designee to execute any documents associated with this matter; item 3-g. Project Approval – Lift Station No. 7 Reconstruction, approve the proposal/scope of services for this project from CHA Consulting, Inc. in the amount of \$138,593.00 with a total project budget of \$823,593.00, and authorization for the GM/CEO or his designee to execute any documents associated with this matter; item 3-j. Red Flag Identity Theft and Prevention Program – Annual Update Report, no action required – compliance item – submission of the annual report (10-2021) for the U.C.'s "Red Flag" Identify Theft and Prevention Program; and item 3-k. Phase Two Access Control – Continuation of Security Project, to approve Phase Two, purchase and installation for the locations noted in the summary section of the agenda item (3129 S.R. 44 (HEB), 3119 S.R. 44 (WRF), and 2640 Paige Ave. (WTP), with award to Genea Energy Partners, Inc., a single source vendor, for a total cost of \$74,921.21.

Commissioner Kelly stated second.

Vice Chairman Hawes then requested a roll call vote to be taken on the motion.

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

(2) Public Participation:

Vice Chairman Hawes opened the floor for the public at this time. Then confirmed there was no public participation at this time.

(4) General Manager's Report:

Mr. Bunch requested Mr. Efren Chavez, Director of Finance and CFO to come to the podium and address the financial stats.

(4-a) Financial Status – September 2021 (Preliminary / Unaudited):

Mr. Chavez presented and discussed his presentation, entitled September 2021 Financial Performance and Year End Scorecard. He mentioned the September numbers were preliminary, the end of the fiscal year was at the end of September and then the audit occurs. Will reflect the accruals and other things and then will be finalized; adding that this status report was however a pretty good representation. September year to date, the U.C. has a change in net assets of approximately \$7.4 million, driven by increased revenue [usage and volumes] and higher capital contributions, based on comparison to prior year. On the capital side, September 2021 fiscal year to date capital expenditures were approximately \$15.9 million - \$8.2 million in major projects and \$7.7 million in annual projects. Mentioned this spend level was accomplished even through COVID and other associated challenges during the past fiscal year. Prior fiscal year end loss was \$1.4 million compared to 2021 fiscal year end of a \$700,000 loss. Indicated the biggest driver for that had been a substantial increase in revenue of \$2.1 million. Also had increased purchased power, operating expenses, and depreciation and amortization. Pointed out customer year over year growth, with increases

(4-a) Financial Status – September 2021 (Preliminary / Unaudited) (cont.):

in volumes and use continuing and expected to continue for the foreseeable future. The aforementioned higher capital contributions were about \$1.5 million and were also expected to continue.

Mr. Chavez mentioned, to kind of give a wrap up, on the capital side staff is undergoing development and implementation of a major projects scorecard. The wholesale purchased power policy will be presented at the November Commission Meeting. And the investment policy at the November or December Commission meeting.

Prior to moving forward to the next item, Mr. Bunch asked Mr. Chavez how the \$15.9 million capital expenditure compared to history.

Mr. Chavez stated the U.C. has been trending up every year, definitely in the upswing, getting better and better at executing a higher capital percentage based on what has been budgeted and should continue supported by ongoing improvements.

(4-b) FY2022 Strategic Goals, FY2021 Organizational Accomplishments, and September 2021 Enterprise Metrics:

Mr. Bunch then went to the scorecard visual slide and proceeded to present and discuss fiscal year end 2021 enterprise metrics. Stated at a high level, we've got about 98% all green metrics. The two metrics not reached were minor in terms of business. Then proceeded to cover some of the various metrics. Discussion included only one minor OSHA injury, none on the electric side of the business, and zero days away from work due to injury. There have been no additional preventable motor vehicle backing incidents since June and the prior incidents had only minimal damages and no related personal injuries. Indicated electric reliability would be covered in a subsequent presentation today. Stated the water loss identification and recovery will be improved with smart meters, they are currently based on averages and there's wide variability month to month due to the only one monthly read and the existing bill groupings. Pointed out there has been continued excellence in customer service – reached a 98.26% of all bills being 30 days or less in accounts receivable and uncollectible revenue, as a percent of billed revenues, was at .13% for fiscal year 2021. Extremely good results comparing to industry benchmarks. Then commended the Director of I.T. for keeping the cybersecurity training fresh; good participation levels and results.

Mr. Bunch then concluded by stating rather than going through all the metrics, stated it was a very good year from a metrics standpoint and as we transition to the next couple topics that Ms. Couillard and Mr. McMurray will cover, you're going to see we've got a lot of significant progress underway for a lot of important things that are in our plans. In the agenda package, and it's not an item for approval, but just information only, we've got the 2021 accomplishments and the goals for the year. Largely it's going to be continuing the path we're on, executing the projects and programs that you've approved for in the past, and hopefully reporting on successes like we're beginning to see today with reliability. So I'll pause there if anybody had any questions on the monthly stats or year-end close out.

Vice Chairman Hawes and Chairman Davenport commended U.C. staff for the pride shown in what they do and the U.C.'s exemplary, ongoing safety record.

(4-b) FY2022 Strategic Goals, FY2021 Organizational Accomplishments, and September 2021 Enterprise Metrics (cont.):

After some additional discussion on metrics, Mr. Bunch stated thank you. I won't review the 2021 accomplishments and goals (2022) in detail. This isn't something requiring approval. What I would ask is for you to have a read through and if you have any questions feel free to ask now or at the next meeting, if you want to bring something up, feel free. But largely, a very good year for execution and as we roll over into 2022, a continuation of the real strategic and important things that we've started. And again, as we get into the next couple items, I think you'll see some good progress.

(4-c) Electric Reliability Improvement Program (ERIP):

Ms. Julie Couillard, the Director of Engineering and Mr. Vernon Steele, the Director of Electric Operations they presented and discussed the Electric Reliability Improvement Program (ERIP). The presentation provided the history of the program, its goals and benchmarks for the right levels of our size system and municipal utility. Also provided status updates on the ERIP programs – ongoing and planned. Some of the items covered and discussed were for vegetation management in distribution – in year one 60% of the system was completed or cleared. This includes trimming for projects as needed. Planned for FY2022 is the completion of the transmission system, and also remainder of distribution, with both being maintained on a recurring three-year cycle – to continue the completion of the entire system ongoing over three years.

Mr. Steele then discussed the protection and control device coordination, sectionalizing equipment – TripSavers and reclosers. It is planned for 150 TripSavers to be added to the system over 2021 and 2022. Pole mounted reclosers will be added to 18 overhead feeder mains, commencing next month through 2022.

Ms. Couillard discussed new feeder configurations, standardized equipment with standardized maintenance plans and new design standards, which also includes associated tracking and reporting. Planned projects include AMI, SCADA integration, telecom strategies and distribution automation, tied into the smart grid improvements. Working toward real-time knowledge and system operational controls. Also presented a three-year performance history and improvement targets. The ERIP goals are to reduce average outage duration to less than 60 minutes, and frequency to less than 1.0 and to maintain restoration of 55 minutes. Realized improvements to date included CAIDI improving over 39% and SAIDI over 38%. Momentary interruptions were also reduced by 28%.

Vice Chairman Hawes confirmed with Mr. Bunch, the governance of a municipal utility assists in faster reviews and approval processes for system improvement projects.

Commissioner Kelly, Chairman Davenport and also Mr. Bunch commended U.C. staff for realizing these reliability improvements.

(4-d) Modernization Projects (Update):

Mr. Bunch explained the Director of Strategic Projects joined the Commission a few months ago to assist with the modernization program workload.

(4-d) Modernization Projects (Update) (cont.):

Mr. John McMurray, Director of Strategic Programs then presented and discussed the status of the UCNSB's modernization projects. The presentation provided the modernization program's history, goals, plan for electric and water modernization with associated project timelines for electric – 2021-2027 and for water 2021-2026. Additionally explained the telecom strategy to support the modernization projects. Provided as an example, AMI (advanced metering infrastructure), and explained UCNSB will be increasing from 55,000 meter reads per month to 161 million reads per month.

Mr. McMurray also presented and explained the numerous, enabled benefits with the planned AMI and smart grid, e.g. efficiency, conservation, outage and system management, advanced business analytics and new customer service options. Currently in the process of preparing UCNSB capabilities for distribution energy resources, electrification, and Water Resources' long-term sustainability. The modernization projects will also ensure ongoing future safe operations and real-time automated systems management, including work and asset management systems.

Commissioner Smith inquired about electric equipment existing on an overhead pole, with knowledge Commissioners may be able to help support system status communications in the interim period, until additional modernization projects are completed.

Mr. Bunch indicated there are some capabilities now, a lot more planned in the next couple of years, but Commissioners may call him for normally quick responses and if there is an immediate unknown, will also inform Commissioners of that as well.

Commissioner Kelly indicated regarding EV's (electric vehicles), had just attended a day and half meeting, and they indicated 50% of all new cars produced will be EV's by 2025, all new cars sold. Cautioned they're going to be produced and UCNSB needs to be ready.

Based on a prior comment by Mr. McMurray, Vice Chairman Hawes indicated there was no need for U.C. staff to rush through their presentations – all presentations have been professional and definitely worthwhile for the Commission.

Mr. Bunch indicated he wanted to reinforce one of the things Mr. McMurray was providing in his role. Pointed out the items presented were really important and all are expensive technologies. Confirmed AMI was approximately \$16 million, and because of these being large investments, choosing the right vendor and right system is extremely important. UCNSB has existing core systems and there's a lot of systems that could be chosen to go into in the future. In his career he's seen those that do it well and those not so well. Already seeing it here, there are systems that appear to be a better fit with existing, would be an easier migration at a lower cost. Those are the kind of things that Mr. McMurray and the Director team are working with consultants on – we want to get it right the first time. This is not about a shiny new system or how much money we can spend, but about what's best for our customers, our community, we want to make sure we get it right with the first money that we spend. Will also be relying on our vendors to steer us through the RFP process and avoid the pitfalls a couple of Florida muni's experienced in their AMI projects. Also added, and just like we committed to last year, we'll give you periodic updates on both of these items – the reliability improvement plan as well as modernization.

(4-d) Modernization Projects (Update) (cont.):

Mr. Bunch then announced a Director transition, Thomas West, current Director, Water Resources, is taking a job opportunity in California, at the Lawrence Livermore Laboratories. All thanked and applauded Mr. West for his efforts during his time at UCNSB. Also stated that Scott Heil, the U.C.'s current Water Production Supervisor, will become the Interim Director of Water Resources, until such time as a replacement search process is conducted.

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

General Counsel Cloud reported that the City Attorney had contacted him regarding the drafted Interlocal Agreement from September 2020 (U.C. had drafted this in response to the City's request). Indicated that comments would be forthcoming and may have something to respond to before the next U.C. meeting; just wanted to alert the Commissioners that this was still out there.

Mr. Cloud also mentioned a recent suspected phishing email received at the U.C., from the Social Security Administration, which ultimately was found to be legitimate. Recommended continued suspicion for emails from Federal agencies.

Mr. Cloud then concluded with information to the Commission regarding a recent proposed Senate bill, no. 280, which would require all local governments to include business impact statements when adopting ordinances. Even though the Utilities Commission utilizes Resolutions, also sometimes require Ordinances, so this bill could actually end up impacting UCNSB. There may be a carve out for proprietary operations. Indicated he would keep the Commission aware of the status of this proposed bad legislation.

Commissioner Smith inquired about the delay for the Interlocal Agreement submitted to the City in 2020.

Mr. Cloud replied this was a request and commitment to the City Commission last year, that the U.C. would work on an Interlocal Agreement as opposed to a Charter Amendment. He stated he does not believe this will be a bad exercise in talking with the City Attorney, he believes they are working in good faith to develop something that will not harm the financial positions of both entities.

(6) Old Business:

There were no Old Business items for consideration.

(7) New Business:

There were no New Business items for consideration.

(8) Possible Other Business – Time for Commissioners:

Chairman Davenport commended the CFO and GM/CEO for the very small percentage of uncollectibles. Also mentioned he had been contacted with a complaint from a customer, one who has a dry cleaning business in town. Indicated he had a gotten a bill and had used more

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

electricity than normal, got into demand – commercial, which increased his bill to about double his monthly amount.

Mr. Bunch requested Chairman Davenport to forward the information from the customer and he will have our billing folks review this.

Commissioner Conrad mentioned an upcoming City Workshop at the Brannon Center, 2:00 to 6:00 pm, on Thursday, 10-28-21. Stated this was the City’s Economic Development Advisory Board’s summit and they will be providing planning and vision information. Suggested the Utilities Commissioners may want to attend if possible, believe it would be beneficial to have this knowledge.

Mr. Bunch then indicated that two of the Utilities Commission staff will be attending that workshop – Kenny Ho, Manager, New Business and Ellen Fisher, Public Information Officer.

Vice Chairman Hawes then expanded his prior comment regarding U.C. staff presentations to include agenda packages and all prior presentations. All have been very professional, well laid out, a lot of information in them, and very meaningful; which then assists in the ultimate decisions by the Commission.

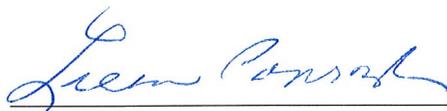
There being no further business to come before the Commission, Vice Chairman Hawes adjourned this meeting. The Regular U.C. Meeting closed at 4:39 p.m.

APPROVED:

ATTEST:



CHAIRMAN



SECRETARY-TREASURER

These minutes were formally approved by the Utilities Commission at their November 22 2021 meeting.