

[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 MONDAY, APRIL 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 (WITH MASKS AND SOCIAL DISTANCING) AND WITH LIMITED ON-SITE PUBLIC PARTICIPATION – VIA APPOINTMENTS)

Chairman Holcomb called the Regular Meeting of the Utilities Commission to order. Commissioner Conrad provided the invocation and Commissioner Davenport led in the Pledge of Allegiance.

Roll Call: All of the U.C. Commissioners were in attendance as follows:

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

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; B. Beck, Director, Central Services; M. Schings, Interim Director of Electric Ops.; J. DeFries, Safety & Risk Manager; Laquavius Green; Help Desk Technician; M. Spellers, Sr. Help Desk Technician; D. Simmons, Exec. Services Mgr./ Recording Secretary; General Counsel Thomas Cloud Esquire – Gray|Robinson Attorneys at Law; NSB City Commissioner Michael Kolody; Nick Powell (GEOSAM), Bill Biedenbach and Lorraine Sharp, members of the public (on-site via appointment).

Safety Message: Intro. of Safety & Risk Manager and Safety Topic – “Rubber Glove Inspection”:

Chairman Holcomb stated John DeFries is doing the safety message.

Ms. Beck, Director of Central Services, introduced the U.C.’s new Safety Manager, John DeFries, to the Commission.

Mr. DeFries then addressed the Commission, discussed a little more of his background, and then provide the safety message regarding rubber gloves utilized by UCNSB linemen and associated electric system voltages.

(1) Agenda Changes, Additions and Deletions:

Mr. Bunch confirmed there were none, stated under item 4. General Manager’s Report.

(2) Public Participation:

There was no public participation.

(3) Approval of Consent Items:

Commissioner Hawes pulled consent items d., e. and f. for discussion.

Commissioner Davenport pulled consent item h. for discussion.

Chairman Holcomb then stated we need a motion to approve the other consent items: a., b., c., g., i., j., k., l., m. n. and o.

Commission Action:

Commissioner Hawes stated so moved; specifically a motion to approve the remaining consent items - item 3-a. Minutes of Regular U.C. Meeting Held 3-22-21 (*Annotated Version – held on-site w/limited public via appts.*), approve as submitted; item 3-b. Approval of Award – RSQ No. 05-21 – Continuing Professional Service Agreement – Pond & Company, approve this selection for the Exterior Design Services category under this RSQ and authorize the General Manager/CEO (GM/CEO) or his designee to execute the attached Continuing Service Agreement with this firm; item 3-c. Smith St. Decommissioning Post Remediation Testing – Natural Attenuation Monitoring Requirement, approve additional funding in the amount of not-to-exceed \$24,800, over the next two calendar years for quarterly monitoring of the Decommissioned Smith St. Generation site by G&S Good Environmental Inc.; item 3-g. Barracuda Bridge Project Infrastructure Cost Share Agreement – UCNSB and City of NSB Asphalt Restoration, approve the cost share agreement between the City of New Smyrna Beach and UCNSB and authorize the GM/CEO or his designee to execute all documents associated with this matter; item 3-i. Ratification – ITB No. 08-21 – Glencoe Farms Rd. Water Main Improvements and Spruce St. Water Main Replacement Project, ratifying the awarded contract for this ITB for this project to ThadCon, LLC in the amount of \$252,815.00. Previous overall project authorization, referenced in the agenda item, for the GM/CEO to execute all associated project documentation is ongoing; item 3-j. UCNSB Arc Flash Hazard Study – FMPA and Burns & McDonnell, approve the contracting with Florida Municipal Power Agenda (FMPA) to hire Burns & McDonnell Engineering Company, Inc., under FMPA’s Master Services Agreement in the amount of \$94,500.00 for an Electric Distribution and Substation Arc Flash Hazard Study and authorize the GM/CEO or his designee to execute all documents associated with this matter; item 3-k. Airport Substation – Transformer No. 1 Radiator Replacement and Testing – Corrective Maintenance, to approve this project in the total amount of \$280,000.00 and issuance of a P.O. to Duke Energy in the amount of \$238,702.00 and authorize the GM/CEO or his designee to execute all documents associated with this matter; item 3-l. Ratify Subcontract to Pike Electric, LLC for Sugar Mill Electric Upgrade Project, ratify subcontract to Pike in the amount of \$283,532.00 to complete the remainder of cabling and equipment work within the Sugar Mill Electric Upgrade Project. Previous overall project authorization, referenced in agenda item, for the GM/CEO to execute all associated project documentation is ongoing; item 3-m. Phase 1 of Telecom Network Consulting Services (FMPA / Burns & McDonnell) – Project Approval and Ratification, approve the overall Telecom Network Consulting Services in the total amount of \$94,500.00 and ratification of the attached Phase 1 portion, in the amount of \$74,500.00 and authorization for the GM-CEO or his designee to execute any additional documentation for this project;

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

Commission Action (cont.):

item 3-n. Interest on Customer Deposits, approve the interest rate of 0.005% which would become effective with the first billing cycle in May, 2021; and item 3-o. Supplemental Funding – Tyndale Company / Managed Uniform Program – 1st Year, approve supplemental funding in the amount of \$76,000 on P.O. No. 00017237 for Tyndale Co., Inc., resulting in a total cost of \$150,000 for year one of the new managed uniform program.

Commissioner Davenport stated second.

Commissioner Hawes' previous motion then passed unanimously on a roll call vote.

(3-d) Developer's Agreement – Copper Creek Subdivision – Copper Creek, LLC

AND

(3-e) Developer's Agreement – Old Mission Cove, Phase 1 and 2 – Old Mission Cove, LLC

AND

(3-f) Developer's Agreement – Donatti Boat Storage – Donatti Industries, LLC

Commissioner Hawes inquired and confirmed reason for infrastructure fees being shown as zero in these developer agreements.

Mr. Bunch stated, and just a reminder and I think you headed towards it, but we used to have two fees, infrastructure and capacity. We now have one fee, the capital connection fee and hence the reason for the infrastructure fees being shown as zero.

Ms. Couillard added, and those are effective June 1st (capital connection fees). So we'll have that on the new form too.

Commission Action:

Commissioner Hawes state so moved; specifically a motion to approve consent item 3-d. Developer's Agreement for Copper Creek Subdivision by Copper Creek, LLC, item 3-e. Developer's Agreement for Old Mission Cove, Phase 1 and Phase 2 by Old Mission Cove, LLC, and item 3-f. Developer's Agreement for Donatti Boat Storage by Donatti Industries, LLC – to approve all three developer agreements as submitted and authorize the General Manager/CEO or his designee to execute any documents associated with these matters.

Commissioner Davenport seconded this motion.

Commissioner Hawes motion then passed unanimously on a roll call vote.

(3-h) 5th Street Bridge Replacement Project:

Commissioner Davenport stated yes sir, regarding h. I thought I had an email sent to me from someone at the Yacht Club, the General Manager, but I didn't get it, so I'm okay with it. I'll just have to wait until next time, he had asked some questions and I didn't have answers so..., but I told him to send me an email.

(3-h) 5th Street Bridge Replacement Project (cont.):

Ms. Couillard stated if you want, if he sends it to you or if he wants to call me, I'm happy to talk to him, or the three of us can talk.

Commissioner Davenport stated perfect, that's all I need to know.

Ms. Couillard then stated so we're doing an electric, water and wastewater relocation. Also provided information regarding this work in general and what the agenda item was requesting.

Commission Action:

Commissioner Davenport stated I'll make a motion to approve; specifically a motion to approve the 5th Street Project Cost Sharing Agreement (Specified Proportionate Construction Costs) between Charter Communications Holdings, LLC (25%) and UCNSB (75%), and authorize the General Manager/CEO or his designee to execute all documents associated with this matter.

Commissioner Hawes stated I'll second.

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

(4) General Manager's Report:

Chairman Holcomb stated all right, Mr. Bunch.

Mr. Bunch stated no changes on the agenda. Before we get into the General Manager's Report, I just want to recognize Commissioner Kolody, Mike Kolody is here today – thanks for attending. Added as a comment, we would typically recognize you, but we got right out of the gate fast, and added thanks for being here. With that I'm going to ask Efren Chavez to come up and cover the financial status and then I'll go over the metrics report for this month.

(4-a) Financial Status – March 2021:

Mr. Chavez presented and discussed the financial portion of March 2021 Financial and Operating Performance presentation. Change in net assets reflect a \$1.3 million loss. Going into summer, usage and revenues will pick up and will not have a loss. Largest impact right now is lower capital contributions, which is really more of a timing issue. On capital expenditures, it was \$6.4 million March 2021 fiscal year to date - \$3.7 million in major projects and \$2.7 million in annual projects. He mentioned ongoing material sourcing issues and added purchasing/materials management were working with the U.C. vendors to work through those issues. Operating income loss of approximately \$2 million currently, it was \$1.4 million this time last year. Operating expense increase is a large driver which is due to acceleration on vegetation management – was accelerated and completed ahead of schedule within the three-year plan. Tree trimming and vegetation management will be adjusted in the fiscal year 2022 budget. Definite improvements on the reliability side of electric operations have been realized with this clearing of the overhead lines. There's continued favorability on net purchased power. Regarding customer count, still seeing almost 2% customer growth in electric, water and wastewater, with 11.4% growth in reclaimed water.

(4-a) Financial Status – March 2021 (cont.):

Mr. Bunch stated last month Engineering put together a chart, it's embedded somewhere in the packet, and next month we'll highlight it. But in prior months we talked about a timing issue with contributed capital, we actually had almost no contributed capital during a twelve-month period. So it makes the income sheet look a little weak but between now and the end of the fiscal year Engineering estimates we're going to pick up about \$5 to \$6 million in contributed capital from a lot of the developments you see going on, out in Coastal Woods and some of the remnants of Venetian Bay, that make that look light at this point in time. So next month I'll ask Mr. Chavez to project that into what we think will be happening between now and the end of the year. But we think you'll see a pretty big jump if they finish those developments. And it's not finishing development, it's finishing the construction of the water and irrigation construction that they then turn over to us, and sewer infrastructure. That then shows up as contributed capital on our income statement. So we'll see a bump later in the fiscal year.

(4-b) Balanced Scorecard and Enterprise Metrics – March 2021:

Mr. Bunch then presented and discussed the metrics portion of the March 2021 Financial and Operating Performance presentation. He stated I wanted to cover the metrics this month, normally Mr. Chavez covers them but there's some nuances in there I wanted to highlight. Within this discussion he pointed out the frequency of outages is reduced – the year to date SAIFI number of 0.69 was a 30% reduction compared to last year. Also discussed the associated vegetation/trimming expense, the U.C. was seeing less vegetation and wildlife caused outages. Also explained the March water loss metric, it was red and appears to be a high-water loss but was due to more consumption reads completed during March. This is related to once a month readings and billing groups. Actual water loss can be pinpointed once the U.C. gets further down the modernization roadmap and has more advanced metering in place – more frequent, detailed meter reads.

Mr. Bunch also announced that the U.C. just crossed the 30,000 electric customer threshold in March. And then concluded with all remaining metrics were pretty much business as normal. Customer Service green, with accounts receivable remaining current, in the 97% range. Commented all of the customer related metrics are at a better level than they were pre-COVID because of less face to face time. But stressed all was getting done, are meeting customer needs, just adjusted the way they meet with us and pay us. As a result, more time to answer phones and get things resolved more quickly. Also mentioned that I.T. was working on a potential grant with FMPA for 24/7 cyber monitoring of U.C.'s operational (electric) systems.

(4-a) Financial Status – March 2021 (cont.):

Mr. Chavez then stated so two other things from a financial standpoint. The letters went out for the infrastructure refunds due to the termination of the infrastructure program. And the last item was Fitch, the rating agency that looked at the U.C.'s financials, had an annual meeting with them after the Consolidated Annual Report was completed. Fitch reiterated our rating, was just a part of their annual process; good story, no issues.

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

Chairman Holcomb then stated Mr. Cloud, General Counsel's Report.

Mr. Cloud provided a report/update to the U.C. Commissioners regarding the pending Florida Broadband Bill (HB1239 and SB1692). Within the informational packet he provided the Commissioners for this item there was a copy of Mr. Cloud's report, fact sheets about the U.C. which were provided to legislators, House and Senate staff analysis on these bills, and the bill language.

After discussing the history of these bills and existing laws and regulations, Mr. Cloud indicated that FMEA, the U.C. - Chairman Holcomb and your GM-CEO, along with two lobbying firms' support, were able to explain the facts to the legislators. The worst language in the proposed bills was removed. What remains in the bill language is some municipalities, in areas with certain densities, is a promotional attachment fee of \$1 that may be requested by the communication companies for three years only.

Mr. Bunch added Mr. Cloud had forgotten somebody. As we were working to resolve the dispute with AT&T that went back to 2008, Mr. Cloud was the one that pulled in the APPA contract and calculation template for pole attachments. So when people said well, how are your rates calculated, we were able to say that we were using generally accepted methodologies, not random numbers.

(Note – Approximately \$350,000 per year in actual costs for pole attachments in the UCNSB's service territory will be preserved and continue to be paid by the pole attachers and not have to be paid by U.C. electric customers.)

(6) Old Business:

(6-a) Approval of Agreement – Infrastructure Fee Final Reconciliation, Reimbursement, Credit and Release Agreement Between GEOSAM and UCNSB:

Mr. Chavez stated as part of the infrastructure termination and refund process we request your approval on the GEOSAM and Utilities Commission contract. This covers the refund portion as well as the credit portion. There is a portion on the credits that will be paid out over time as it relates to the completion of some projects underway. But we request your approval to kind of put this to bed.

Mr. Chavez explained the difference between this, and the other ones, is this has credits and refunds. The bread and butter of everybody else was they just had refunds. Now there will be one more contract similar to this, for one more that has refunds and credits, but that's it, after that no more.

Commission Action:

Commissioner Conrad stated I'll make that motion; specifically a motion to approve the GEOSAM/UCNSB Infrastructure Fee Final Reconciliation, Reimbursement, Credit and Release Agreement.

Commissioner Davenport stated I second it.

(6-a) Approval of Agreement – Infrastructure Fee Final Reconciliation, Reimbursement, Credit and Release Agreement Between GEOSAM and UCNSB (cont.):

Commission Action (cont.):

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

(7) New Business:

(7-a) Feeder Reliability Improvement Plans – Level 1 Projects (Total of Six (6) Projects):

Ms. Couillard provided and discussed her presentation entitled: "Update: Electric System Reliability Improvement Plans" and stated this was an update on the reliability improvement plan that was presented last July. Stated bringing you up to speed of where we are and then I will be asking for approval on specific projects in that area. The presentation included the history, goals for the U.C.'s electric system reliability, reliability 2020 indices, 2021-2023 status update on improvements and future work plans.

Ms. Couillard explained the reliability projects Commission approval was being sought for were the U.C.'s top six worst performing circuits: Line 11, 12, which are 28, and it will be 29 and 31, 14, 25, and 26. These are also the groups that were trimmed first; so we hit these guys hard with the vegetation management. We also took advantage of a project we were working on and we added another feeder that was paid for under the capital project. So we got an additional feeder this year, line 17 trimmed in total, as part of that project. Also reminded the Commission that this would be six circuits out of thirteen total. Explained the planned work on these feeders were splitting line 31, then adding TripSavers and reclosers, to be installed along each of the lines. Depicted and discussed creation of six work orders, one for each feeder, with the budget amounts to purchase the reclosers, the TripSavers, and install them. Our plan is to use the U.C. internal crews to install them at this point, but may outsource to Pike if needed.

Mr. Bunch explained that a recloser or a TripSaver will actually work on about 75% of the transient outages. And added, when you do have outages, because you segmented your system much further, fewer people actually get in the outage. So you hit it two ways, fewer people see outages and less outages.

Ms. Couillard stated right, less truck rolls is what they're called. And so the TripSaver will, I call them self-healing, but it will trip and then it will put itself back. And it only needs a couple of amps to actually operate. A recloser, we put on the main line, so that's for any kind of a three-phase fault you might see. It prevents, I'm thinking we're looking at about three per feeder, depending on the size. It prevents the recloser in the substation from tripping the entire feeder, so it reduces the impact again. And so a recloser can be programmed so we'll program them. A lot of time you'll see blink, blink, blink, so it will do three blinks to try to clear it and if it doesn't clear, then it opens. So we'll have those, and they're all coordinated too so this one over here won't trip the substation one; it also reduces the impacts on customers. So reclosers, TripSavers, feeder split; and requesting \$2.9 million across these six feeders to purchase the equipment and install it, do all the programming and put them all into place.

(7-a) Feeder Reliability Improvement Plans – Level 1 Projects (Total of Six (6) Projects) (cont.):

Commission Action:

Commissioner Davenport stated I'll make that motion that we follow through on what Ms. Couillard's recommending here, the \$2.8 million. Specifically, a motion to approve the Feeder Reliability Level 1 Projects (six projects) in the total combined amount of \$2,856,000.00 (inclusive of a pre-approved amount of \$67,050 for 18 TripSavers on Line 25 project) and authorize the General Manager/CEO or his designee to execute all documents associated with this matter.

Chairman Holcomb commented on the updated electrical system.

Commissioner Hawes stated I would second that.

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

(8) Possible Other Business – Time for Commissioners:

Commissioner Davenport stated yes, what a great job Ms. Couillard. It's just so awesome to sit up here and watch, and Mr. Chavez, watch the reports. And Chairman Holcomb you made a statement a while ago about how it's laid out there and it's easier for us to read and the transparency that we see is so different. And I just want to tell you thank you very much; good job everybody.

Commissioner Conrad stated I agree with him, Commissioner Davenport. It's nice to see our former Chairman here in the audience today, looking good.

Commissioner Smith stated just one thing, well two things. One is to congratulate Commissioner Davenport for being appointed to the Florida Inland Navigation District, I read that in the paper this week.

Commissioner Davenport stated thank you.

Commissioner Smith added I know he'll do an excellent job. I think he's the second New Smyrna State Farm agent to be appointed to the Inland Navigation District. The other thing is, and I don't know where it is, but I read about this award for safety. In my humble opinion the sign of a well-managed organization is safety. I congratulate the CEO and his staff for the great job that they're doing.

Chairman Holcomb commented on the U.C.'s improved relationships with contractors and developers and the City. Indicated the U.C. is not lowering standards but being more considerate of the process and support. Current feedback from developers is the U.C. understands and has consideration for their dollars, time and opinions. Indicated reputation is the number one marketing tool and similar consideration is also being displayed from the U.C.'s Customer Service area. Also commended the current status of the I.T. Department. Then recognized the former U.C. Chairman, William Biedenbach, in attendance and who contributed to these accomplishments. And added I keep hearing good, positive feedback and

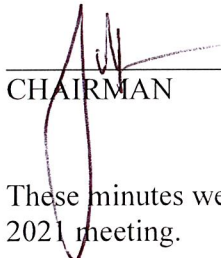
(8) Possible Other Business – Time for Commissioners (cont.):

we all benefit, this community benefits with a good working relationship with our City. And I'll always go back to the number one reason that I was asked to serve on this board, was that we have a good relationship with the City. So just keep moving forward, I love to see all this stuff we've got in the weeds, you know we're basically looking forward but it's all coming together and we're checking boxes and sooner or later you're not going to have these lines to clear and all these lines to fix and we're going to be doing a lot better. So I appreciate everything you guys all do, sometimes it doesn't get stated and I just wanted to say that; missed you last meeting. Chairman Holcomb then stated and with that, we're adjourned.

There being no further business to come before the Commission, the Regular U.C. Meeting closed at 4:19 p.m.

APPROVED:

ATTEST:



CHAIRMAN



SECRETARY-TREASURER

These minutes were formally approved by the Utilities Commission at their May 24, 2021 meeting.