

AGENDA ITEM 3-a

MINUTES OF A REGULAR MEETING OF THE UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA, HELD MONDAY, MARCH 22, 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)

Vice Chairman Davenport called the Regular Meeting of the Utilities Commission to order and stated Chairman Holcomb will be out today, so Vice Chair, here I am, and I'll try to do the best I can. Also commented will need all the guidance and help we can get up here, thank you. I'll ask Commissioner Conrad please if you will say the prayer. Commissioner Conrad provided the invocation and then the Pledge of Allegiance followed.

(1) Agenda Changes, Additions and Deletions:

Vice Chairman Davenport then stated do we have any agenda changes?

Mr. Bunch stated no additions or deletions.

Vice Chairman Davenport confirmed there were none.

(2) Public Participation:

Vice Chairman Davenport then stated public participation, any public participation?

There was none.

Commissioner Conrad then stated how about a safety minute?

Mrs. Simmons suggested doing the roll call and/or the safety message first; whichever one you want.

Vice Chairman Davenport stated you guide me, which one would you like to do, ladies first.

Mrs. Simmons commented let's do the roll call and then we'll do the safety message.

Vice Chairman Davenport stated yes ma'am, thank you.

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

Vice Chairman James Davenport
Commissioner Richard Hawes
Chairman Jack Holcomb (ABSENT)
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; M. Schings, Interim Director of Electric Ops.; E. Fisher, Community Relations | Public Information Officer; 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; Ronald Whitesides and Kevin Smith, Purvis, Gray & Co. (UCNSB's External Independent Auditors); and John Moss, a member of the public (on-site via appointment).

Safety Message: UCNSB Wetwell Safety – Brandy Keehn:

Mrs. Simmons stated, and then the safety message, Mrs. Keehn is doing it this month.

Vice Chairman Davenport stated good and then stated I do want to say something real quick. In reading all my emails and everything, I just knew that this was one that wouldn't jump up the red stop sign and the flags go off, the phish. Mrs. Keehn hit me again, I'm trying to do the best I can on these.

Mrs. Keehn stated oh, you got a phish, that's good though it brings your attention back to what we're supposed to be doing.

Vice Chairman Davenport commented oh, mercy.

Mrs. Keehn added that's what they're for, as long as its us it's not.., just remember and you've got to check that, if it has that yellow line it's not from us, that little yellow reminds you that's from outside the organization. That's kind of a little catch all because we get busy, everyone gets so busy and you're trying to get through your day and it's just so easy to do, so it's not uncommon.

Vice Chairman Davenport stated right here, right now I'm sorry I didn't realize the line across the top, it's not across there okay. Did you know that Commissioner Hawes?

Mrs. Keehn stated after the meeting I can show you all on an email just so you know what to look for and that's helpful because sometimes they are very deceiving. And that's what we mean to do and make them hard.

Vice Chairman Davenport stated we didn't know that up here, Commissioner Conrad didn't know it either; so thank you.

Mrs. Keehn stated yes, I'll show it to you at the end just so you're aware of it. Then stated so today I'm going to do something a little bit different for my safety message, I am going to talk about lift station maintenance and wetwells. But I'm not going to do that, I actually brought someone to do that from the field and he's going to be my subject matter expert. And he's also going to tell you a little bit about what his division does and how they keep safe in such a, gosh, if you thought of dirty jobs and you've seen Mike Rowe, we've got that right here
Safety Message: UCNSB Wetwell Safety – Brandy Keehn (cont.):

with these guys. They are the lift station maintenance mechanics, operators, this is what they do. And the things that they have to do for us in New Smyrna to keep the water flowing is amazing. And sometimes we take that for granted when we flip up the fountain and we have water or we turn on, we flush a toilet, it just works. Well these guys behind the scenes they do some pretty amazing things everyday and today, I don't know if I mentioned it, but today is World Water Day. So it brings attention to water and it also brings attention to people who don't have clean water. So sometimes we take that for granted as well, that we do all have clean water and we live in a country that provides that for us. But there's people behind the scenes that make that happen and there are a lot of times forgotten, the unsung heroes of what happens. Because really if you think about it with clean water, proper sanitation is one of the greatest things that we do take for granted. So I'd like to start and bring him up, C.J. Sicowitz is going to go through, we have some slides. So the slides are going to have the facts and Mr. Sicowitz is going hit his high points, but he's brought his safety gear in, he's going to tell you all about what he does and how he does it. And bring some attention to his department and I think just some accolades of what they do every single day. She then stated C.J., take the floor it's yours.

Vice Chairman Davenport stated what was your name again sir?

Mr. Sicowitz stated my name is Charles Sicowitz, I go by C.J.

Vice Chairman Davenport stated okay, thanks C.J.

Mr. Sicowitz stated I am a Maintenance Mechanic I for our maintenance division. Referring to the first slide, as you can see there's quite a few of us; that's minus two in that photo. So we have, I think it's a very important job, I would like to say its one of the most important jobs because when the power does go out, we have to keep the water going without power. We spend our times during storms juggling around the generators and the bypass pumps from station to station, moving it along. We have quite a few lift stations, 102 lift stations, 154 miles of gravity sewer lines, 59 miles of force mains, 3,529 manholes. And we go in, most of the time, our lift stations here we do suffer catastrophic failures sometimes, where we have to get there in the middle of the night and for whatever reason corrosion, sewer gases, hydrogen sulfide, and anything in the water you can think of, that likes to destroy everything we have; so yes, it's fun.

Mr. Sicowitz then requested to go to the next slide and stated so here are our connections, potable water connections 28,358, wastewater 23,031, reclaimed water 3,175. So in all of those connections they all go to lift stations, those 102 lift stations. We have them all over the place, all the way from Turtle Mound, all the way through the North Peninsula here and we go west up and down Pioneer Trail, down around Mission into LKQ's or whatever you call them, the campgrounds and what not. He then went to the next slide and stated so the boys in the Water Reclamation Plant face a multitude of obvious hazards, including drowning, slips, trips, falls, confined spaces, inadvertent exposure to energized equipment and exposure to hazardous or chemical gases. Some of those gases, we use chlorine, it's a compressed gas, we have big cannisters of it. Just the scope of hazard if we were to ever lose one of these, that cannister alone is capable of a five mile range (radius) and that's just some of the stuff we play with.

Safety Message: UCNSB Wetwell Safety – Brandy Keehn (cont.):

Mr. Sicowitz stated to go to the next slide, but Vice Chairman Davenport stated may I ask C.J., that statement you just made, a cannister, how big is the cannister and you said..?

Mr. Sicowitz confirmed with Mr. West, they're one ton, one-ton cannisters. So it's roughly about eight feet long, it's got a three foot diameter, easy, three and a half feet.

Vice Chairman Davenport stated and so that's like a bomb huh?

Mr. Sicowitz stated well, I mean if you're beating on it all day, it's thick, its sturdy, it does what it needs to do but it's just gives you an idea of the stuff that we have here that you may not be fully aware of and there are those of us that work on this stuff.

Vice Chairman Davenport stated right.

Mr. Sicowitz continued, we've got operators everyday that change these things out. More than just wastewater, we have fluoride. Fluoride in its raw, concentrated form is capable of taking concrete and making it chalk; like it's bad. So when we have feed systems that we have to work on that put just the right amount of this stuff in the water. And we use ammonia, also chloramines for sanitation in the drinking water. So my experience, I've been pretty lucky, I got my formal training done in Port Orange. I spent five years there in plant maintenance for drinking water and wastewater, which is a really big version of the lift stations. And then I left for opportunity and I went to Daytona where I went to lift stations and I worked two years there. And took a better opportunity to come here, and I mean it's great. And just to give you a little bit of an idea of the safety, it was a fraction of where I trained. We're so much better, it's a best of practice. We go through different checklists on a daily basis, we talk about who needs help, where, what we're going to be up to, what problems we have that exist that we need to keep our eyes on. We go through other auxiliary trainings, we'll do a basic electrical course for like household circuits, because every lift station has at least that, if not higher. We do have pumps, and VFD's that use three-phase power and that equals 277 (volts) across a leg. So there's some juice going through there so we have to at least be able to trouble shoot, flip off a breaker, we've got to pull these pumps out of the wetwell, fish them out, get the rags out and these rags that I speak of - next slide.

Mr. Sicowitz went to the next slide and stated we do compliance based trainings. I have a device here, this is our fall protection and you'll harness off of this and we have to retrieve guys, so we train for that. You know if somebody ever goes down one and they're on the end of that, you reel them in like a fish basically.

Vice Chairman Davenport requested to see the equipment again; adding it was behind that wall and he was just curious.

Mr. Sicowitz stated sure, it's right here, and it's big, there's a long cable, this one goes out really far. And we have a harness that we'll wear, which is right here.

Vice Chairman Davenport asked and it's electric?

Safety Message: UCNSB Wetwell Safety – Brandy Keehn (cont.):

Mr. Sicowitz stated no, it's not electric at all, we hand crank it, you can take it apart. This handle comes off, goes into the side and it comes down, you can crank it. And you wear these (harnesses) every time we go down and depending on what we're doing (showed a couple more equipment items); but we go through all these trainings. He stated then we'll get to the purpose of the lift station, which I already pretty much covered. So take anything you put down your drain, toilet, faucet, shower, restaurant, I mean anything. Even some storm runoff makes it in because I'm sure you've guys have noticed the flooding that happens on A1A and our lift stations actually help move that water off the streets, you know when we're having issues. So the purpose is displacement, and as I like to say, as I'm a gear head, there's no replacement for displacement and that's what these do. So you can imagine toilets, how wonderful they are, you can get quite a variety of things down the toilet and they all end up in there. And as you can see here, this is Daniel Book at lift station 14, down on Wayne Avenue and that's a pump out of that station. If you look at it, it's pretty graphic but use your imaginations, there's quite a bit of stuff hanging out. And that's what everybody flushes down their toilet and it's not toilet paper; so blame some of your costs on that. And I mean it's anything, aluminum products, cleaning wipes, industrial cleaning wipes, anything not made from paper. I mean it gets plastic, it gets wild things you don't even imagine fitting in a toilet, like bowling balls, four by fours, steel cables, airline, cooking utensils, eyewear; I mean everything. Turtle shells, sharpened sticks...

Vice Chairman Davenport commented let's hope we don't have any human remains coming out of there.

Mr. Sicowitz stated it's crazy, we've gotten animal remains, more than just a turtle shell. So that's the purpose for our lift stations and we have to go out there sometimes. And like I said, pipes bust apart, so we go down in there like Tinker Bell with all this stuff on. Sitting on this wonderful chair, and with the fall protection cables everywhere. We've got to have air monitors, face shields, and here's a blower that gives us fresh air from the surface world. So there's a big hose on the end that reaches down there for us. Then requested to go to the next slide; adding a comment it gets really entertaining.

Mr. Sicowitz then stated this is one station, this is after what we would do on a routine P&M (preventive maintenance). So there's a lot of stuff floating in there now, and we usually knock it down, you can kind of see, there's some little inconsistencies but we'll scrape it all down using a three tier telescopic pole, a little scraper, high pressure hose; things like that. We've got transducers, we make sure all our circuits are working properly when we run false alarms to make sure the station's going to react properly. So we know the issue before we get there nine times out of ten, we have a monitoring system that we all have to train extensively on too. With the help of Mrs. Keehn here (I.T.), she hooks us up pretty well (SCADA).

Mr. Sicowitz went to the next slide and stated so this is another lift station, then stated no, this is 14 again. This is where they had the pump split apart, so you can see how far that drag rope goes up into that pump. So here's your cover and this hangs down so you can work on it and you can see for a multitude, on the impellers. So when we have to respond to inside pump failures, or double start failures, we have to go out there and figure out the problem or we'll just be out in general. So then we know to come in and we get in our sludge truck and we go out and pump out, or when these flood levels are getting high, dump it go to the next one,

Safety Message: UCNSB Wetwell Safety – Brandy Keehn (cont.):

suck it out, go to the next one. Turns into a straight line, five or six, that all pump into each other. Of course there's mechanical breakdowns, bearings, seals, impellers themselves because there's a lot of grit and a lot of hard floatables. I don't even want to call them floatables because the water's constantly moving, you wouldn't imagine some of the sand that we get as infiltration here.

Mr. Sicowitz went to the next slide and stated so we've got site hazards, as you can imagine, it's Florida so we have snakes, bugs, etc. And life in general we get cuts and abrasions so we have to make sure that we properly, I like to use Saniderm and there's another, if I have any cuts, I can seal my cuts. We use gloves, depending on the level of protection that we want, how comfortable we are, we have latex, we have mechanical, and other gloves. We've seen, and use like extreme long needle-nosed pliers to grab these things. Sometimes you have to use a little elbow grease, it's not avoidable, you have to stay conscious. I mean people flush hypodermic needles, I've been stabbed personally, just reaching in. Steel cable, it just bites you, gets you. We have confined spaces, hydrogen and sulfide gases, it's a killer, you can't smell it, you just go to sleep, that's it. So that's why we have large crews of guys, I know a lot of people, and I just want to touch on this for a second. I know we have a lot of people that kind of frown on or don't understand when there's a guy in the ground working and they see two or three other guys standing around the hole. Well, that's because if that guy goes down, can you imagine trying to pick me up? I'm 230 pounds and if I fall like a sack of potatoes it's going to take like three to pull me out of there. So that's why we have these procedures you know, you have four guys watching one guy work and then you rotate, that guy gets tired, gets some water, the other guy goes down.

Vice Chairman Davenport stated makes sense.

Mr. Sicowitz continued, and it doesn't take much, you know, it's Florida, it's hot, it's humid, wet, and ergonomic. If you rode in my truck you'd understand that, it's a 4500, there's not much for suspension. We have electrical hazards, like I said, we have to deal with circuits, we run off of floats, we have four floats in a station. You have the float that turns the station on, you have a first pump, you have a second pump, and then you have your high level, so that's 120, can't be afraid of 120 volts. It doesn't hurt I promise, you get bit every once in awhile; clarified not at work, that's just at home. He then concluded by stating gases, we already touched on that and then he went to the next slide. So right here, this one right here is a new photo, this is actually our east clarifier, this is out at the wastewater plant. So it doesn't really pertain to lift stations but everything in there came from a lift station. And me, I'm not necessarily a lift station operator, but it's part of my duties and this is just another one of my duties if it's in a certain rotation where we help out the other plant mechanics. But of course we have other hazards, just as dangerous as the last ones as you can see – Staphylococcus, Rhinovirus, Clostridium, E. Coli, Influenza virus; think of all the sick people. You know what's one of the most major transmissible ways of transmitting any infection, body fluids, and where does all this go. This is part of our hazards, we train for this, we get shots for this. I've got all my shots, even distemper, I joke about this, just in case I bite anybody.

Mr. Sicowitz went to the next slide and stated so we have other procedures, it used to be FOG, now there's a "W", but it's Fats, Wipes, Oils, and Grease (FWOG). This is like the number one beside all the stuff that isn't paper, that stops everything up. I mean think about the bacon

Safety Message: UCNSB Wetwell Safety – Brandy Keehn (cont.):

grease you pour down your sink. Put it in a can, stick a cap on it, it's right there, you can get a cap off a Pringles can and cap it, save them then throw it away. Reuse it, I love reusing bacon grease, it doesn't go bad, just don't put it down your drains. It gets stuck in your p-traps and then you're paying somebody because your side is clogged. And then if you're smart enough and you unclog yours, you're just sending it to me. I don't want to deal with that, it's nasty. So among things, you know people dump other greases, oils, that aren't so friendly, and animal products. We joke about it, we call it cheese right, because by the time it gets in the wetwells it's coagulating, it's just floating, there's chunks of it, it will line the walls; that's what we're scraping off the walls, scraping off the floats.

Mrs. Keehn asked Mr. Sicowitz to please talk into the mic, public couldn't hear on Facebook.

Mr. Sicowitz did so and stated so we'll scrape the walls and stuff and we kind of joke about it because it will take a float that's a little bit bigger than my fist and make it look like a basketball. He then commented that he liked to move around a little bit (when speaking). He said but yes, the fats, oils and grease that's a huge part of everything we have to do because for the most part we're supposed to get it out before it even goes down the lines. It's supposed to stop at the wetwell but we would need a couple more vac trucks for that. But we try to keep it in there, get out what we can, we take big chunks out of it all the time. It's disposed of properly, we've got Waste Pro taking care of all that.

Mr. Sicowitz went to the next slide and stated all right, the safety and training. I already pretty much touched on the training. I myself have a license in water distribution operations which means I'm licensed to work on anything underground; most of the guys are. On the field crew I don't think we require it, confirmed with Mr. West. Then added it would be great, I think we should, it's just a step up for all these guys, based on how to sanitize and what to look out for. Then stated safety gear, we've got some stuff, we have a mask here with carbon filters, you know for going down in wetwells, cutting pipes, hardware, make sure that we keep our debris isolated. We've got other face shields, you know if we're worried about any potential splash we can put on one of these, it doubles as goggles. So we've got regular safety glasses, some on the hat over there are safety glasses but they're tinted. Different gloves, got latex gloves here, safety harness that we have to strap on any time we go into a canned station, which we still have a few of those. It's not very often we have to get into wetwells but we have to constantly be around when you open a wetwell. We've got rubber boots, this is for when we're lowered, I showed you guys. This is what supplies us fresh air when we're down there, this is an accordion hose, it's pretty long I won't mess with it but it will reach us far and to give you an idea of how far this is our air monitor. And which when we test canned stations, because we have to climb down into like a human size soda can, it's about 20 feet under but we test the air at varying levels and we have attachments that go longer. So we make sure the air quality is fine, we have fans that are installed in a tube, and the landing platform on the ladder on the bottom, stuff like that. Regular masks, we have a bunch of stuff, Tyvex suit, we put that over everything, hip waders if we need them. Nothing's ever long enough for my legs, I put trash bags on them, I put all this on and then I'll put trash bags up on my legs, up to my thighs.

Mr. Sicowitz went to the next slide and stated so on top of everything, obviously hygiene is key. You can't do all this stuff, leave it the way it is, we've got to clean all of our equipment.

Safety Message: UCNSB Wetwell Safety – Brandy Keehn (cont.):

The equipment we don't clean, we throw it away, the Tybex suit, we're not going to wash that. Harnesses get too bad we just let go of them, there's no sense, you can only..., you can't really wash that type of material without compromising it. You know the same with the masks, some of the chemicals that touch it will scar up the plastic, we have to get rid of that kind of stuff. We always keep our tools sanitized because we have to work across, everything is not always lift stations. So we have to make sure they're clean if we have to get into some water stuff. Just today I was at the water plant, setting up a pellet softener for some output testing. Of course we wash, we're clean animals, I promise. So, I think that's it, that's all I've got for you guys.

Vice Chairman Davenport stated Mr. Sicowitz, I just want to say this, sitting up here, when I took a tour of the Utilities Commission one thing I noticed was how passionate everybody is.

Mr. Sicowitz stated right.

Vice Chairman Davenport continued by saying and that's what I can see in you and we're glad to have you from up north down here in New Smyrna at these utilities and you really love what you do.

Mr. Sicowitz stated I really do, there's a great variety to it and I'm a tinkerer at heart. I was just telling Mr. West, and you know a lot of the guys I work with, I have a degree. I have a master's degree and I don't use it because I like what I do and I like the people that I work with.

Vice Chairman Davenport stated well, we appreciate you and one thing on the tour that I can't get over you mentioned was Turtle Mound. It's hard for me to fathom flushing a toilet in Turtle Mound and it goes all the way out there and drops down the green, I call it the green chute, the green tube into the bucket, the square bucket.

Mr. Sicowitz stated yes, 100%.

Vice Chairman Davenport continued and I went over, had the nerve to look into that bucket and let me tell you I about passed out. So I can't get over how far it travels, when you said 155 miles of sewer (lines). But thank you all for everything and Mrs. Keehn thanks for having that, that was very informative.

Mr. Sicowitz stated thank you for having me.

Commissioner Hawes stated Mr. Sicowitz I want to thank you and to all of your guys as well, we really appreciate it and it's very important. And I think having some time like this for someone to come in and tell us a little more about, sort of a hands on, really is meaningful.

Mr. Sicowitz stated you know speaking from experience, being a maintenance guy, it is sort of a culture of out of sight out of mind. And I think I speak for my whole crew when I say that its time for people to know because maybe they can help with the problems.

Safety Message: UCNSB Wetwell Safety – Brandy Keehn (cont.):

Vice Chairman Davenport stated and what else you just don't realize is we talk about utilities when I'm out, I'm sure you've heard it, people think of utilities in a hurricane then their lights and their refrigerator. I said well have you thought about your toilet, because if that toilet starts coming up the back, and they don't realize what we do, what you do, the toilet and that's so important; people don't realize it.

Mr. Sicowitz stated right, and then added I appreciate it.

Commissioner Smith stated just one thing, well two things, first I'm sure glad we heard this after lunch. And the second thing is I worked on a project in West Palm, 1,400 acre multi-use project, and we kept having problems, I think you proved it today, with one of the lift stations. And the City Engineer said it was because of all the young people who lived there and their diet, were putting so much fat into the lift station that it kept clogging up.

Mr. Sicowitz stated oh yes, you can tell how good people's diets are based on the lift station, you really can, I'm telling you.

Commissioner Smith stated but we appreciate you coming for sure.

Mr. Bunch also stated thank you to Mr. Sicowitz and Mrs. Keehn.

(3) Approval of Consent Items:

Vice Chairman Davenport stated all right, moving on, item number 3., approval of consent items. Anybody want to pull anything or discuss it? There were none.

Commissioner Smith then stated I'll move for approval; specifically a motion to approve item 3-a. Minutes of Final Public Hearings (Nos. 1 & 2) and Regular U.C. Meeting Held 2-22-21 (*Annotated Version – held on-site w/limited public via appts.*), approve as submitted; item 3-b. Renewal of Annual Contract for Outsourced Utility Locates, for Electric and Water Resources Departments, approve renewal of the Venegroup Services Inc., Purchase Order No. 00016188 in the amount of \$225,000 from March 2021 to March 2022, and with original bid option remaining of two additional one-year periods upon mutual agreement; item 3-c. Assignment and Assumption of Developer's Agreement for Sarinna Lakes, approve the Assumption of contract between PSK Sugarmill Investment, LLC and Meritage Homes of Florida and authorize the General Manager/CEO or his designee to execute the documents associated with this matter; and item 3-d. Project Approval – Preventative and Corrective Maintenance Project – Line 3 and Line 25 Subaqueous Cable Crossings, approve this Project in the total amount of \$175,000 and authorize the General Manager/CEO or his designee to execute the documents associated with this matter.

Commissioners Hawes and Conrad simultaneously seconded the motion.

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

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

(4) General Manager's Report:

Vice Chairman Davenport stated okay, thank you, next item General Manger's Report; Mr. Bunch?

Mr. Bunch stated okay, I'm going to ask Mr. Chavez to come up and give us the financial report and balanced scorecard metrics for February.

(4-a) Financial Status – February 2021:

AND

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

Mr. Chavez came to the podium and requested Mrs. Simmons to go to the first slide of his presentation entitled February 2021 Financial and Operating Performance. The February 2021 financial statements reflect a change in net assets of a loss of \$900,000. So we should, now as we start to go into the warmer months, and this is the case every year, we will then turn the tide on going to a more positive change in net assets. We had lower capital contributions, increased operating expenses and of course anticipated higher debt expense with our bond issuance. But of course we had increased revenue, offset by increased revenue driven by higher electric and reclaimed water volumes and then continued purchased power favorability. On the capital expenditure side we've spent \$5.6 million February year to date, \$3.6 million in major projects and \$2.0 million in annual. Major project spend, PLC replacement, Generator replacements, Smyrna Substation, there is starting design work on the new feeder line for I-95. And on the annual project spend consistent with the growth and continued new developments, pole inspection replacement, water meter installation, new overhead and underground and extensions, and then we did buy some vehicles as well.

Mr. Chavez went to the next slide and stated this pretty much summarizes, as we've shown previously, where we're at from an operating income perspective. So February last year, this time we had an operating loss of \$1.1 million, our operating loss this year is a little higher at \$1.5 million but we have, continued on the first screen, Other Revenue Change, that's the electric and reclaimed volumes increasing. Net Purchased Power, almost \$200,000, offset by Increased Depreciation and Amortization, and that's just really a non-cash item but as we put on more assets our depreciation and amortization continue to go up. And then Operating Expense Increase but that has to do with the majority driven by the Asplundh tree trimming contract, but we factored that in and covered it for the rest of this year. And we are meeting regularly with Asplundh to monitor their performance as well as we've had them focus on the worst performing feeders and have started to see reliability improvements directly related to that veg. management processing.

Mr. Chavez went to the next slide and stated change in net assets. So this one of course, the main difference here is we have the Capital Contributions and then Other Changes and Other Interests and Operating Income. So at February last year this time we were at \$1.1 million in a positive change in net assets, this year we are at negative \$900,000 change in net assets, but the largest driver there, if you see all the way to the right hand side, the Capital Contribution decrease \$1.2 million. So with that, that is more of a timing of when these developments are complete and transferred over to the U.C. Ms. Couillard and her team are coming up with metrics on the housing starts and when we expect to see the assets coming on, but that's the contributed capital. Similar drivers on positive side, the Other Revenue and Net Purchased

(4-a) Financial Status – February 2021:

AND

(4-b) Balanced Scorecard and Enterprise Metrics – February 2021 (cont.):

Power favorability. We do have the increase when you look over the prior year, we do have the increased debt expense as well as less interest income because of the change in rates and the decrease. Otherwise from an operational perspective, we're heading in the right direction, we know the drivers and our reliability is improving.

Mr. Chavez went to the next slide and stated key performance indicators through February year to date. We do have on the safety and risk section, we do have an increase. We had two preventable motor vehicle accidents. Our new Safety Manager, John DeFries, is working directly with the U.C. Directors to kind of try to get ahead of how can we mitigate the trend rates on backing up. And that's what we had seen in the vehicle accidents, more around the reversing and hitting other vehicles, whether U.C. or otherwise; so we should start to see that trend improve. On the electric side, the reliability SAIDI and SAIFI, SAIDI on the duration, SAIFI on the frequency, so those two are green. We do see those, are definitely improvement in January and February from the first three months of this fiscal year. On the CAIDI side it's red for the month but green on year to date rate. On the Water Resources side, nice job by Mr. West's group, green every month and including February.

Mr. Chavez went to the next slide and stated similarly on the Customer Service side, very good performance on their end as it relates to meeting the metrics. Having the lobby close as a result of the pandemic has definitely been an improvement to the metrics because we're able to focus on the phones and otherwise. The main outlet for direct customer interaction is the drive-thru lobby, so there's still an avenue for customers to access customer service. On the organizational capacity no issues there with Purchasing, on the I.T. side green on the cybersecurity. There is definitely a known element of, folks are actively aware not to click on links that they're not familiar with. He went to the next slide and stated so this is just more around KPI's. What I'll do since we talked a bit about already the safety and risk, on the electric reliability, SAIFI the frequency was very low, .01 based on 326 customer interruptions. The year to date SAIFI of .65 reflects an 18% reduction from previous fiscal year to date. So if these trends continue, SAIFI is expected to meet the yearly target. Ideally, focusing on the metric, focusing on doing things to improve that have resulted in improved performance versus last year. SAIDI on the duration side, green and we had no significant outages. CAIDI red for February but green for February year to date. In February 2021 we had a decrease in customer accounts pulled for disconnection. We definitely have seen improvement in these areas, we did have a slight dip back in December, just with the holidays but we're back to normal operating procedures and folks can get, unfortunately, disconnected but we work with our customers to get them reconnected.

Mr. Bunch stated and a note there Mr. Chavez, so you may recall last year in the May to July time frame we either weren't doing disconnects or we were phasing back in. We had a couple of things I believe working for us, our demographics are a little better than the County around us, about on average with the stated. I've looked at some of our other peer utilities, similar number of customers, similar revenue. They were in some areas where you had maybe 30% of the folks living below the poverty line, more challenged demographics and they left that door of not doing disconnects over a longer period of time. They have definitely seen impacts to their bottom line. I don't expect you to remember but Mr. Chavez communicated when we

(4-a) Financial Status – February 2021:

AND

(4-b) Balanced Scorecard and Enterprise Metrics – February 2021 (cont.):

got to September, we were pretty much to normal amounts of revenue in arrears beyond 30 days. So kudos to Mr. Chavez and the team, that showed favorable in our year end audit as well.

Mr. Chavez added, and to that end we did have a two month pause on disconnects in the middle of COVID. Our amount of receivables that were current or under 30 days did dip to 94%, but even compared to other peers in other utilities even 94% is excellent, but for us that's not normal. Our normal is around 97% which is what we're running at now. So for all intents and purposes the team really did a nice job working with our customers to help them but at the same time make sure that our financials are in good order. Mr. Chavez concluded by stating that's it and then offered to answer any questions.

Vice Chairman Davenport stated good job, confirmed the Commissioners did not have any further questions; then stated thank you to Mr. Chavez.

Mr. Bunch stated he just wanted to mention something else, it's in the Manager's Report but not a separate agenda item. During the month we received the FMEA, one of the annual safety awards. So FMEA is just electric so we submit data for the electric side of the business and last year we had no occupational illnesses or injuries for the entire year. So we got the perfect achievement award for fiscal year 2020 and somewhere in the building we have a plaque. Confirmed with Mrs. Simmons the plaque was with Central Services at this point. Then continued by stating kudos to the team and the water side, just had one OSHA last year, not that you want any but one for our business and organization our size it's still good.

Commissioner Smith stated and does that keep your workman's comp. premiums lower?

Mr. Bunch stated it does, our insurance is very low and it's been a downward trend in recent years. So the last two years I think we've had one OSHA, maybe two at the most, but still good numbers from a rate perspective.

Mr. Chavez stated to your point from the insurance perspective, there's a workman's comp. (loss ratio) and if it's below one, typically that's a very good risk. So we've been fortunate that our numbers have been pretty consistent.

Mr. Bunch stated thank you to Mr. Chavez.

Vice Chairman Davenport stated thank you, both of you.

Mr. Bunch then stated that was all for the General Manager's Report.

Vice Chairman confirmed with Mr. Bunch that Mr. Chavez had covered the balanced scorecard; Mr. Chavez hit both of those.

Mr. Bunch added, I believe we're ready to go to General Counsel's report.

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

(5-a) Florida Statutes Chapter 112 – Section 112.3143 Voting Conflicts Compliance – Publicly Enter Chairman Holcomb's Form 8B into Record (for 1-25-21 Preliminary Public Hearing):

Mr. Cloud stated yes. Item a. is just a notice item.

Commissioner Holcomb's Form 8B, declaration of a voting conflict that took place during the Regular U.C. Meeting held on 2-22-21, agenda item 7-b., was attached to the agenda item and publicly entered into the record at today's U.C. Meeting. No action by the Commission required.

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

Mr. Cloud stated there are two items he wanted to cover with the Commission briefly, very briefly. The first is that in the last three weeks we were hired, actually one of my partners was hired to lobby on behalf of UCNSB. He is former House Speaker Dean Cannon, for during the time that we are in session. There is a bill that is actually pending before the first Committee in the House this afternoon. The House Tourism, Infrastructure and Energy Subcommittee, and there's a companion bill in the Senate. And what this bill would do is begin to regulate pole attachment fees in Florida, which right now are exempt under Federal law. The ostensible reason for doing it is that rural areas in Florida area having a hard time getting access to 5G. And if you'll think about that for a minute, you'll realize that of the 35 municipal electric utilities none of them are really what you would call rural areas. So why you would decide that municipal urban areas would need to have regulation of rates when ostensibly the reason is to encourage rural service; doesn't make any sense. Mr. Cannon is actually providing testimony to the subcommittee today and an alternative bill for them to consider as opposed to the one that's been put up by the cable industry, who is really behind it. So that's item one.

Mr. Cloud stated item two, just this Friday a massive rule challenge proceeding settled. Now the final approval of it has not run its course, it has to be noticed in the Florida Administrative Weekly. But for five counties in Central Florida, not including Volusia, the Central Florida Water Initiative Rule was proposed by the Florida Department of Environmental Protection. This rule had the effect of arbitrarily giving cities a haircut, cutting up to 40% of their water allocations with no justification whatsoever, just taking away the water. And which is contrary to what the statutes currently provide about water use permits. And while you can say the five counties, which were Lake, Polk, Orange, Osceola, Seminole, do not include Volusia, I think it is easy to say that had this rule moved forward you would be seeing something like this for the rest of the state before too long. Which would have a very detrimental impact on consumer rates. The consumer rates in many of the cities that filed the challenge against this rule were estimated to increase three times their normal amount. And fortunately the legislature got involved, the Department perhaps realizing that they lacked statutory authority for the rule, went to the Legislature and the Legislature prevailed in asking some good questions. And so there will be a modified rule which will remove the automatic haircut. That is a very good thing, this rule could have very easily have been extended to the rest of the state had the Legislature agreed with the premise of it which is that only cities and urban water supplies should contribute to a reduction of surface and ground water uses. When in fact agriculture is still using way more water than the urban areas. And the phosphate industry, which is

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

basically one company, Mosaic, is using just in one County, 1.6 billion, with a “b”, gallons of water a day. So, just wanted to report to you that that rule is being substantially rewritten and that risk is now off the radar. And that’s all I had to report this month.

Vice Chairman Davenport stated let’s go back to that first one with regulating the rates.

Mr. Cloud stated yes sir.

Vice Chairman Davenport stated in the email you sent us in reviewing that bill, picked up non-profits, would you explain that part, it’s really going to help them isn’t it? We’re going to get taxed or possibly, explain that part of it, you know what I’m saying, referring to?

Mr. Cloud stated yes, what they organizations usually do, the corporations, is they will help fund and create a non-profit corporation like “5G For The Universe”, or “Mother Teresa’s Approach to 5G”; a really catchy name, okay. And this organization comes forward and says golly gee, there’s a need for something, you know. There’s a need for 5G service in the rural areas, they’re underserved in Florida. Well, if they’re a rural area, you know cows don’t need cell phones last time I checked, just saying. I mean urban areas there doesn’t seem to be.., well there is actually a problem in urban areas because there was some massive outages in Polk County last week from the two companies that are pushing this to get additional coverage by being able to use public rights-of-way for free. I mean that’s what this boils down to, they want to use public rights-of-way for free. They want to be able to attach without having to pay for the costs that they cause when they attach equipment. If you’ve ever sat at home one day, as we all have in the pandemic, and watched one of the cable companies start stringing wire you’ll realize that there’s only certain areas on the pole that they can attach that wire without interfering with number one your electric service, number two the existing incumbent cable provider. And so there’s a number of costs that are associated with that, plus being able to charge a sort of rental fee for the use of that facility which was funded by the taxpayer / ratepayer is legitimate. It has been for dozens of decades in the United States, ever since you know power and communications were using the same poles. What typically happens is Ma Bell, AT&T and the incumbent utility have what is called a joint use agreement. Many of these agreements date back to the 60’s and 70’s, you have one. And they have a slightly different algorithm to how they operate, how the formulas are set.

Mr. Cloud continued, but then you have a number of other companies that are getting into the fast-growing field of 5G communications and they want to attach all manner of devices. Some of which deal with fielding the calls, others of which actually are what they call backhaul units. Think of them as a huge black box into which several million communications are transported at any one time. And these are the transmission components of 5G service, sort of like, you know backbone interceptor or a 500 KV line for cell phones. They’re not big huge antennas you used to see on top of the AT&T building when we were in high school. They’re these big boxes, some of these as big as telephone booths, that are attached to poles or actually on the ground. And that’s been debated now since 2017 when the legislature first went in and started permitting the use of public rights-of-way for free by these companies, or for a very minimal fee. Under the thought that these costs, these savings will be passed along to the consumer, which we all know now is blarney to use an Irish phrase. But this is one more attempt to try and take advantage and use publicly financed facilities, facilities that are paid for by taxpayers

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

and ratepayers and the sum result would be to increase the monthly rates. This is the part they never talk about when these bills are raised, that they'll increase the rates to people like the hard-working customers of our electric utility or the other 34 municipal electric utilities. And they believe now I guess, that you can target cities, cities are easy prey for that now in Florida. But we are one of the firms that do lobby for FMEA and have for some time and we are working not only with FMEA but with the Utilities Commission to try and create a kinder, gentler bill that will not remove those savings that are going right now to our customers for having to have the foresight to begin working and allowing attachments. And the non-profit is just the little organization they get to front it as if..

Vice Chairman Davenport commented I'll go back and read that letter again.

Mr. Bunch added, they were also trying to get tax exemption on all this investment that they were getting. So they're a for profit company, they're trying to get tax exemption on their investments and as Mr. Cloud described, trying to get us to pay for a lot of their costs to attach to our poles, which today we get about \$400,000 revenue. That means our customers aren't paying for them being there.

Vice Chairman Davenport stated right.

Mr. Bunch stated the bill is disingenuous at best as Mr. Cloud described.

Vice Chairman Davenport stated thank you.

Mr. Cloud stated yes sir.

Commissioner Smith requested to go back to the point where Mr. Cloud was talking about water and what they were trying to do.

Mr. Cloud interjected CFWI rule.

Commissioner Smith stated yes, you mentioned phosphate mining.

Mr. Cloud added AG.

Commissioner Smith continued AG as being.., but what about outfits like Nestle because they're just pulling millions of gallons of water out of the ground.

Mr. Cloud stated right, but they're creating jobs, right, the guys who drive the trucks that carry the bottles of the water that comes up.

Commissioner Smith stated I've always wondered if we were, if our water bill was based on the cost of a bottle of water.

Mr. Cloud stated you know that was in a different water management district but when I read the story about Nestle getting the water use permit for a million gallons a day up near Gainesville it was like, uh, Nestle can get a million of gallons per day, but little bitty Ft. Meade

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

down in Polk County is going to lose 40% of their water allocation. Sanford on the other side of the lake is going to lose 45% of their water allocation. It didn't seem fair and we are fortunate that a number of cities, 20 cities joined in the attack on that rule. It was a very impressive array of local government utilities that swung into action. And I'm just thankful we don't spend all April in a hearing in front of an administrative law judge; I am very thankful for that.

Vice Chairman Davenport then asked if there were any other questions. There being none he stated thank you and moved on to Old Business.

(6) Old Business:

There were no old business items to consider at this time.

(7) New Business:

(7-a) Fiscal Year 2020 Comprehensive Annual Financial Report (Audit):

Vice Chairman Davenport then stated let's move on to New Business, Fiscal Year 2020 Comprehensive Annual Financial Report.

Mr. Ronald Whitesides, Purvis, Gray & Co., addressed the Commission by stating good afternoon and then his name. He stated this is the second time I've stood in front of you, a couple of years ago I had the pleasure of that and last year I think we did this over the phone. I'm a partner of Purvis, Gray & Co., your outside independent auditors. I've got Kevin Smith sitting here with me and today we're going to go over the results of the Fiscal 2020 Audit. So we're going to look back five months from the numbers Mr. Chavez was just sharing with you, and review. Before we get to the numbers, I'll talk a little bit about how the audit process went. We come in for preliminary work and spend about a week with four to five people here and then we come back in the fall, spend another week to week and a half with the same four to five people, typically, to conduct the audit. We have to wait around a little while for Florida Retirement System to get us some information before we can finalize this. They get us that in mid-January and then we wrap it all up and present this to you and send it on to the GFOA for approval for their award in Excellence in Financial Reporting which you all have gotten for several years.

Mr. Whitesides stated before I look at the numbers, the audit, on how the process went, it went very well. This is, like I said, our third year serving as your auditors and you know we kind of came in right as there was a little bit of a management change. So we're kind of two years into the new regime and the management team. And I can tell you that from our perspective, from what we see as your auditors, we think the organization has embarked on a number of initiatives that have clearly focused on the long term viability of the system and making sure that it's a prudent investment of your ratepayers' funds. The processes and controls we look at, or audit, a lot of what we're looking at is what sort of systems do you have in place to generate this financial information, so that you as the governing board can see accurate information in a timely manner. So we look at different controls, it can be over things like adhering to your internal policies, purchasing, or budgeting, it can be certain

(7-a) Fiscal Year 2020 Comprehensive Annual Financial Report (Audit) (cont.):

statutory requirements. A number of areas get looked at in an audit and I'm please to report we have no, what are called significant deficiencies in those processes, so that is clean. We issue a letter in the back of this report that talks about that, if we had any findings they would be reported there but we have none of those types of findings.

Mr. Whitesides confirmed the Commissioners had an electronic copy of the FY2020 Audit and proceeded to point out a couple of items in the audit. On page 16 of the report, the page that is numbered 16, this is the auditor's opinion letter. So when an auditor conducts an audit of an entities financial statements, we issue an opinion on whether they're fairly presented in accordance with the appropriate accounting principles that you follow. We have issued what is called an unmodified opinion. That's the highest form of assurance that your auditor's can provide. It means that based on our testing of your processes that we believe that they result in accurate financial information in these reports. So congratulations, that's what you want to get. What follows the opinion, starting on page 19, is Management's Discussion and Analysis (MD&A). Management writes this and rather than just looking at the numbers, this section provides a lot of verbiage about why the numbers are changing in the way they are during the fiscal year. It would be my recommendation that the first few pages of this that talk about the financial highlights are the best place in this report to get a high level overview of the different activities and accomplishments during the year and the affect they had on the financial statements.

Mr. Whitesides continued and stated once we get past the MD&A, we get into the actual financial statements. I'll take just a minute to look at page 32. So on page 32 what we have there is a statement of revenues and expenses for the fiscal year. We've got a column for 2020 and we've got a column for the prior year for comparative purposes. Just starting at the top of that you'll see that revenues did decline somewhat from the prior year, from \$60.7 million down to \$59.5 million. In practice sales were up in all departments, so electric kilowatt hour sales, water gallons were up, wastewater, reclaimed water usage is all up, but the sales figure dropped for two reasons primarily. Cost reductions in the St. Lucie power contract and the Florida Power & Light purchased power agreement are the biggest driver. And then there was a hiatus for two months related to the COVID pandemic on passing on the fuel cost adjustment. So when those costs of power, costs of generation decreased, the revenue decreases because those are just a pass through to your customers. So while there was more volume of kilowatt hours sold, because of reducing costs it drove down the revenue number. So it's down about \$1.3 million from the prior year.

Mr. Whitesides continued, expenses are in total pretty much flat, so that's the second section there, operating expenses - \$60.4 million in 2019 up to \$60.8 million in 2020. Various components, increases or decreases. I mention the cost of power reductions you see showing up in purchased power and fuel, St. Lucie costs reductions, flow through other production expenses. The big increases are Administrative and General, which is up approx. \$1.5 million, which about half of that has to do with the various studies and consulting types of projects that were initiated or completed during the year as the organization looks at the long-term financial and operational plans. And then a lot of it is in depreciation, so you see depreciation increasing from \$7.7 million to \$8.9 million, so a \$1.2 million cost increase there. It's essentially offsetting some other cost reductions that I talked about. Depreciation is a non-cash expense, the nature of, especially the electric side of the utility, is you get a lot

(7-a) Fiscal Year 2020 Comprehensive Annual Financial Report (Audit) (cont.):

of contribution in aid of construction that flows in below that line as an income item. You'll see that down near the bottom, \$7.4 million in 2020 and yet those assets get depreciated which shows up back above the line. So what you end up with as an operating income in the middle of that statement is a \$1.4 million loss this year as opposed to a \$300,000 income in the prior year. So really what that's telling you is that you're not currently, through your operating charges, covering the long-term costs to replace the infrastructure. I know you've got a rate study in progress and so that will clearly be part of what gets looked at in that. If you're going to have long-term viability of the utilities, you want that operating income to cover the costs of the plant you're using going forward.

Mr. Whitesides stated looking at the non-operating section, you'll see that there's a big jump in interest and bond issuance costs. That's from the \$80 million of debt that was issued during the year. About half of that is one-time bond issuance costs, some of it is increase in the interest cost because of the volume of debt and going forward you'll see that at an elevated number just because of the volume of debt that's outstanding now. And then I mentioned the contributions in aid of construction. So after you factor that back in you actually have a \$4.8 million excess for the year. That's also not cash excess, the cash position, the operating income was the \$1.4 million loss.

Mr. Whitesides stated then let's look at the balance sheet where that leaves you at September 30, 2020, that's on pages 30 and 31. High level, you'll see on the bottom of page 30 that total assets increased from \$247 million to \$312 million. That is the bond proceeds, so you see that showing up in restricted cash and investments. So those are funds to be used in future projects, increasing from \$20 million to \$85 million. You'll see that the current assets in actuality decreased from \$33 million to \$25 million. We don't consider those restricted funds current and available for operations. What's happening there and you see the converse of the decrease in current assets and the increase in capital assets of \$8 million, operating funds during this past year and year before, are being utilized to invest in the capital infrastructure of the organization pending the availability of bond funds to take their place. So as operating funds, renewal and replacement reserves are utilized to construct and maintain infrastructure assets, what we see on the liability side, at the bottom of the page, we have equity and we see that the utility's investment in infrastructure equity has increased from \$170 million to \$185 million, while what's called unrestricted equity which are funds just available for general operation and include the discretionary renewal and replacement funds, have decreased from \$13 million down to about \$6 million as those funds have been used up.

Mr. Whitesides continued, now that was all part of the operating plan as we approached the issuance of the debt and use of those funds. But that is, in my judgement, about as low as you probably want to be in terms of unrestricted operating funds. So a rule of thumb that is issued by the Government Finance Officers Association, which doesn't exactly translate to the utility world, but their general guideline is you want a couple of months of operating funds on hand, and I think that's pretty prudent. I think a coastal utility system might want a little more than that frankly. So you're a little bit below that at this point so I would say that part of the focus as you go forward is to build that a little bit. You do have over-recovered fuel costs that can be used to reduce any short-term volatility in costs of power to your customers, so that's available to you. And that is at a level today that I feel much better about, when we first came here, I think that was less than \$2 million and that over the last couple of years has been

(7-a) Fiscal Year 2020 Comprehensive Annual Financial Report (Audit) (cont.):

increased to a level where I feel like the utility's position to be able to stabilize any disruption or cost of power adjustment to the customers should those arise. So all in all, what I think we see from this year is we see the plan in action where we're investing in infrastructure. The funds have been borrowed for the next several years of infrastructure investment and are ready to be used. So that's kind of where this September 30th fell in terms of where everything is in that process.

Mr. Whitesides stated what follows the statements themselves are the notes, there's some letters that we issue in the back that I mentioned earlier. If we had control issues we would report them here, or if we had compliance issues. I'm not going to go into those because the letters are clean and there's nothing in the notes that's unusual. I will take just a minute to talk about this letter titled Communication With Those Charged With Governance, it's not in the bound document so I'm not sure if you've got it for the overhead or not. But what this letter does is it covers certain items that auditors are supposed to communicate to the governing body. It's a standard, required communication, but a few of the items I want to touch on in it. It talks about accounting estimates, so it's letting you know that not everything that's in these financial statements are historical fact, we do estimate certain things.

Examples of those things we estimate, you know, the use and logs of assets and the resulting depreciation, actuarial estimates for your net pension liability in the Florida Retirement System and other post-employment benefits are major estimates in these statements. A second part of this letter goes over did we have any difficulties in conducting the audit, you know, that we think you ought to be aware of. The books aren't ready for audit, there were issues that were uncovered in the audit, significant errors in the financial statements; had nothing like that to report to you. Your team is doing a very good job of I'm sure getting you the information on a monthly basis because it doesn't look like it looks at the end of the year when we come in and look at it if there's not a system that's in place that's functioning every month. So we have no issues to report there.

Mr. Whitesides then stated the last item that I'll touch on is in the back of that letter, last couple of pages, we do have a couple of recommendations. So these are items that have been here from our first audit in 2018, basically we're just waiting on the rate study to be completed because they all point back to some things that probably ought to be looked at in the course of the rate study. So those dealt with a fuel cost recovery policy, so that's a suggestion that this board, and direction from management and your rate consultants consider what level overall is desirable for an over-recovery of fuel and power costs from the customers. So things to consider in that are how much flexibility do you want to have on hand if there's a spike, to defer passing that on to your customers. Seems like a lot of times when there's a disruption that causes a power cost increase it's a broader disruption that's causing economic issues you know for your customers as well. This idea of having some availability to smooth those types of things to customers is common in the industry and our suggestion is simply that your rate consultants might want to advise you on what sort of level they think is prudent. Because again when we came in the first year to do the audit, in my opinion it was below where it should have been.

Vice Chairman Davenport stated excuse me one second. Do we have that letter in here that he's referring to in our electronics? If so, which page, I didn't see it.

(7-a) Fiscal Year 2020 Comprehensive Annual Financial Report (Audit) (cont.):

Mrs. Simmons stated no sir, it was emailed to you, but we don't have it in the package.

Vice Chairman Davenport stated it was emailed, then I have it here, thank you.

Mr. Whitesides continued and stated the second item was just the need for a rate study. The last rate study was in 2012, I know its in process and its going to be finishing up shortly, so I won't belabor that. But that's something that I will say, again my opinion, something that you probably ought to be looking at every three to five years is my judgement on rate studies. And finally, fuel cost treatment of St. Lucie participation. So one of the items we talked about, talking to your rate consultants about, for financial reporting purposes anyway is we treat your St. Lucie participation more like a power generator would. In that the fuel costs is a direct pass through to your customers but the other operating costs which are the vast majority of the costs in the St. Lucie participation agreement are treated like Utilities Commission operating costs. No differently than you would your own payroll and overhead and admin. costs. That's not really what St. Lucie is, you're not a power generator to speak of, you're a bulk power purchaser. And so those should really be direct pass throughs to your customers. By doing it the way it's been done, at least in the financial statements, you subject yourself to volatility in terms of the profitability of the utility. If St. Lucie is up or down or less efficient it affects your profitability because its no longer a direct pass through to your customers; so that was another item. I said talk to your rate consultants about this, look at how you're handling it and decide if that's something going forward you want to change. We deal with a lot of utilities but I'm not a rate consultant, so we audit a lot of utilities, but we'll leave that, you know recommendations, to the experts. So again, I would just summarize by saying the audit went very well. I think your management team, from what we see from the audit perspective, the controls, the processes that are in place, are doing a very good job. We had no significant audit adjustments this year, no significant errors, so again the team is doing a very good job. With that I'm happy to answer any questions.

Commissioner Conrad stated I'd just like to make a comment. She thanked Mr. Whitesides and Mr. Smith for the work that they've done with the Commission and added I am very, very pleased that the results of your audit reflect the General Manager's team and the staff that we have at the Utilities Commission and the change that there's been over the past several years. Thank you so very much for that confirmation and thank you Mr. Bunch for all the work that you've done to make this happen.

Mr. Bunch stated thank you and I want to pass that to Mr. Chavez and team; they are on top of it.

Vice Chairman Davenport asked if there were any questions, Commissioner Hawes.

Commissioner Hawes stated I do actually, stated to Mr. Whitesides, I want to tell you that I very much appreciate the thoroughness of what you have kind of gone through on this. I just want to kind of repeat a few things to make sure that I've got them. Is that overall we look very much in compliance and control, nothing really outstanding, an unmodified opinion I think you were saying what it was. However there were a couple of things that you had mentioned about the reserve being a couple three months and that maybe something we ought

(7-a) Fiscal Year 2020 Comprehensive Annual Financial Report (Audit) (cont.):

to work on; is that accurate. Okay, and then the second one was, of course, the operating income issue that's kind of been bouncing up and down.

Mr. Whitesides stated right, so yes, what I was saying was that your current reserve levels, it's \$5 point some million dollars. For an entity of this size, that's a little lower than I would say is ideal in my judgement. Particularly a coastal community that can have you know disruption of revenue and large capital costs come up. And then the last bit?

Commissioner Hawes stated the last piece was the operating income, meaning the very first piece you went over talking about the change from last year to this year.

Mr. Whitesides stated right, it's actually down, and that is because you've negotiated or realized reduced power costs, so your bulk power agreements. So there's less power costs passed onto your customers, even though kilowatt hours sales were up.

Commissioner Hawes stated yes, thank you. And you had a couple of recommendations, but I think we're pretty well on top of those, so thank you.

Vice Chairman Davenport asked Commissioner Smith if he had anything.

Commissioner Smith stated I think it's refreshing to hear this information. I was a consultant with a small community and the clerk had embezzled \$70,000 and it took three years to get it worked out where it was. And to hear a nice clean audit is a wonderful thing.

Mr. Whitesides stated all right, yes, adding we haven't seen any of that.

Vice Chairman Davenport stated I'd like to make an observation, it's nice to know as we all sit up here as business people and being Commissioners that's our responsibility, our fiduciary responsibility to this community and everything. When I first got on here I was kind of, I wasn't really solid with these reports. And hearing this especially after Commissioner Conrad, whom I respect so much, CPA, and hearing her say that; so I said okay, now I'm reassured even more. And then of course, down there, Mr. Bunch, it really is good to know that I can actually feel, I can as a businessman, comfortable with what we just heard here. I would like to ask you (directed to Mr. Whitesides), if you were sitting up here as a Commissioner what would your reserve be as you said awhile ago, knowing what you know and analyzing us. We're \$5 million approximately, you said we're a little low so I'm just curious what you think; you know if it were me sitting up there.

Mr. Whitesides stated well, your rate consultants may address this. I don't know, I would say \$7 million to \$10 million.

Vice Chairman Davenport stated okay.

Mr. Chavez then addressed the Commission, came to the podium and stated as we had our bond feasibility study last year, right before we did the bond issuance we knew our balance sheet and income statement were strong, our target has always been to build up those reserves.

(7-a) Fiscal Year 2020 Comprehensive Annual Financial Report (Audit) (cont.):

So what we're targeting is and in the rate study, it's in the current proposal, 90 day operating expenses or working capital. So we're working on that, that is definitely part of it and we're looking at all of our capital projects as a normal rate study would, but we particularly focused on the reserve part of it; so we're actively...

Commissioner Smith stated what's the 90-day number?

Mr. Chavez stated that's typically, kind of what's best in practice is, having 90 days of operating expenses, just for a rainy day in essence.

Commissioner Smith stated is that the \$7 to \$10 million number?

Mr. Chavez stated roughly, yes it would be and there could be some other parts of it as well, but at a minimum the 90 days in operating expenses for utility businesses.

Vice Chairman Davenport stated just curious, couldn't you take the total expenses and just divide them by 12, subtract out your depreciation and kind of come up with a number.

Mr. Chavez stated yes.

Vice Chairman Davenport stated okay, I've got it now.

Mr. Chavez stated yes, their recommendations its things we've actively incorporated into the rate study, that we're actually going to provide an update to Mr. Bunch on Wednesday.

Vice Chairman Davenport stated I think it's just another thing that gets me and I'm just so proud of, that we had so many people bidding when we did the bond issue in New York. There was like \$650 million going after us, this utility, which says we're in really good shape so people want to give us money, or loan us money, at a great interest rate.

Mr. Chavez stated yes, so when Fitch and Moody's gave us very high rankings, in essence AA, I can't remember, but they were solid, very solid. So that drove the demand for those bonds, which then drove the interest cost to be much lower. We got in at a great time at the market and as well as our solid balance sheet income statement helped as well.

Vice Chairman Davenport stated thanks again Mr. Chavez, good job.

Commissioner Hawes then added thank you.

Vice Chairman Davenport asked Mr. Whitesides if there was anything else.

Mr. Whitesides stated not from me, anything else for me?

Vice Chairman Davenport confirmed there were no further questions or comments.

Commissioners Conrad and Hawes stated thank you to Mr. Whitesides.

(7-a) Fiscal Year 2020 Comprehensive Annual Financial Report (Audit) (cont.):

Mr. Whitesides then stated on behalf of the firm thank you very much, it's a pleasure working with your team here and I look forward to speaking with you again next year.

After confirming there were two more items under New Business, Mrs. Simmons confirmed there should be a formal motion to accept the FY2020 Audit.

Vice Chairman Davenport stated we need a formal motion to accept the audit.

Commissioner Conrad stated I'll make that motion; specifically a motion to accept/receive the Comprehensive Annual Financial Report (Audit) for Fiscal Year Ended September 30, 2020.

Commissioner Hawes seconded the motion.

Vice Chairman Davenport requested and then Commissioner Conrad's motion passed unanimously on a roll call vote.

(7-b) Amended/Revised Purchasing Policies and Procedures Manual (Proposed U.C. Resolution No. 2021-04):

Vice Chairman Davenport then stated okay, back to b., amended revised purchasing manual.

Mr. Chavez stated okay, this will be quick, so as we're looking at how we do business we're actually then incorporating best practices. So one of the things that we are going to leverage is allowing electronic bids which is done by our peers and especially now with COVID. There's an electronic piece of software that will help organize the bids, it will in essence move away from having folks to come here, we open the bid up, we can do it all electronically. So we wanted to make sure the Purchasing Manual has that, and as other best practices come into play we'll also update it but this was one we discussed with Mr. Cloud and Ms. Lynch and the purchasing group. It's a good thing to do and it gives us more flexibility and functionality. He offered to answer any questions.

Commissioner Conrad stated I don't have any questions, whenever you're ready for the motion I can make it.

Vice Chairman Davenport stated okay, then added any comments?

Commissioner Hawes simultaneously stated please do.

After confirming there were no further comments, Vice Chairman Davenport stated and I have a motion.

Commissioner Conrad stated you need a motion to accept the U.C. Resolution No. 2021-04; and asked Mr. Cloud to confirm.

Mr. Cloud stated adopting it, a motion to adopt the resolution.

(7-b) Amended/Revised Purchasing Policies and Procedures Manual (Proposed U.C. Resolution No. 2021-04) (cont.):

Commissioner Conrad then stated a motion to adopt resolution 2021-04; specifically a motion to approve U.C. Resolution No. 2021-04 and formally adopt the updated Purchasing Policies and Procedures Manual as submitted, with revisions detailed in the summary section of the agenda item, and to become effective immediately upon passage.

Vice Chairman Davenport stated that's the motion, got a second?

Commissioner Hawes stated second.

Vice Chairman Davenport stated call the roll.

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

(7-c) Agreement for Banking Services – Bank of America, N.A. (Leveraged City of Orlando's RFP No. 20-0276):

Vice Chairman Davenport then stated c., agreement for bank services from Bank of America. He stated to Mr. Chavez, you're back up, our CFO, adding our wonderful CFO.

Mr. Chavez came back to the podium and stated okay, so on this one, we have two major portions of our banking fees or arrangements. We have our traditional banking, which is with Bank of America, they process all of our direct deposits, all the checks, everything that you would think of with your normal checking account, that's what this is. On pricing, Commissioner Conrad and I had a conversation earlier today, its within budget, actually the pricing just on the banking portion is better than budget because the rates per use are slightly lower. The second part of the banking fees that we have that isn't part of this, it's the credit card transaction fees, in essence the merchant processing. So what we've noticed, and this is outside the Bank of America, now that we've closed the lobby we've definitely noticed that our credit card transaction use is up. But once again we see the credit card transaction fees as a cost of doing business, we're at 97% of our accounts receivable being current, so for us it's about getting the money in and processing as quickly as possible. But we need your approval today on the Bank of America banking services portion.

Commissioner Conrad stated depository, do you want me to make that motion too? Okay, maybe I know how to do it this time, I'll make a motion to adopt, is it adopting this agreement, this agreement No. 20-0276 (City of Orlando's RFP no.).

Vice Chairman Davenport stated all right, got a motion, second?

Commissioner Hawes stated second.

Vice Chairman Davenport stated call the roll please.

Mrs. Simmons requested clarification of the motion made by Commissioner Conrad

Commissioner Conrad stated so we're going to adopt the agreement, we're leveraging...

(7-c) Agreement for Banking Services – Bank of America, N.A. (Leveraged City of Orlando’s RFP No. 20-0276) (cont.):

Mr. Cloud stated there’s a separate agreement, so we are approving a motion to adopt the agreement that’s before you.

(Subsequently revised to adopting or approving an award of an Agreement for Government Banking Services with Bank of America, N.A. (leveraging City of Orlando’s RFP No. 20-0276) for a three-year period at an estimated cost of \$30,000 and authorize the GM/CEO or his designee to execute the Banking Services Agreement.)

Vice Chairman Davenport stated okay, we’ve got that motion and we’ve got a second.

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

Mr. Chavez stated I do want to say quickly that Mr. Cloud was instrumental in really helping us get it through, get it the review process and giving Bank of America in line with what we needed them to do; so thanks Mr. Cloud.

Vice Chairman Davenport thanked Mr. Cloud too, adding he had been helpful in a lot of areas, good attorney.

(8) Possible Other Business – Time for Commissioners:

Vice Chairman Davenport stated okay, next, number 8., time for us to talk. Commissioner Hawes, or Commissioner Conrad?

Commissioner Conrad stated I’m good.

Vice Chairman Davenport went back to Commissioner Hawes.

Commissioner Hawes stated yes, I was going to talk about, but I kind of wanted to wait.

Vice Chairman Davenport stated okay, Commissioner Smith?

Commissioner Smith stated I’m good.

Commissioner Hawes stated well, maybe you and I can talk about this a little bit.

Vice Chairman Davenport stated yes, go ahead.

Commissioner Hawes stated on Friday we were invited to attend a meeting with developers and the like, put on by the City (sic Utilities) Commission. Ms. Couillard, I think you were the leader of the show there. It talked about the new rate change and how that fee was going to be handled and what went on. And it was interesting to me because it was pretty apparent, and I just talked to a couple of people before the meeting, they didn’t really know what to expect. And I didn’t know what to say about it because I’m not an expert by any stretch. But it was a very good meeting, I think that a lot of conversation, comment came out. And I think that the developers, as strange as it might sound, actually appreciated quite a bit. And I think

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

it's really helpful for the U.C., for the Commission, for everybody to have that. We get a little customer feedback and I just have to tell you I thought it went very well; I thank you for that.

Vice Chairman Davenport stated thank you to Commissioner Hawes and then stated thank you Ms. Couillard, you did a great job. Mr. Chavez you were involved with that too, and Mr. Bunch. You all did a great job in that presentation and that was well done. And there were a lot of people in the room, there was a lot of people listening and paying attention, and thankful too, I think. They made some comments but if we didn't have the Commission we have now and the group we have, I made the comment this would never probably be happening right now. But thank you, and the work that you all put in. There were questions for those of you that weren't there on how do we know its transparent? How do we know if it's fair? And you did a great job in answering that Mr. Chavez. And just the transparency and knowing, me sitting up here and knowing how you all operate, you all being the leaders, I trust you and it was good to know sitting there and knowing hey, they did the right way. But thanks again for everything, I appreciate the opportunity to sit up here and especially after hearing today the financial report and hearing the attorney and sitting here from several years ago. Not that it was, but boy it's just a whole different this thing is. I went to a Commodore's Ball Saturday night and somebody, very influential panel, not saying any names, a couple of them came up to me and said we just want to say that Utilities Commission is running as good as it ever has and that Lillian Conrad. No, they did they mention you and Rick Hawes, and I said thank you. They mentioned everybody, it's pretty interesting, and there's a lot of people watching that Facebook (U.C.'s). And I think that's nice, transparency, it's the best way. And I just thank you all and Mrs. Simmons thank you so much for all you do down there, really appreciate it.

Vice Chairman Davenport then stated if there's nothing else, I'm calling this meeting adjourned; thank you.

There being no further business to come before the Commission, the Regular U.C. Meeting closed at 4:32 p.m.

{NOTE – Effective at the U.C.'s 3-22-21 Regular U.C. Meeting, commencing with the minutes for Two Final Public Hearings and Regular U.C. Meeting Held 2-22-21, the Commission will start approving annotated minutes within the agenda package.

These detailed, near verbatim minutes will still be prepared for reference, electronic searches, and will additionally be posted on the U.C.'s website – ucnsb.org.}