

AGENDA ITEM 3-a

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

Chairman Davenport opened the Regular U.C. Meeting. Commissioner Smith led in the Pledge of Allegiance and Commissioner Conrad provided the invocation.

Safety Message by Vernon Steele – Electric T&D Safety Improvements:

Chairman Davenport stated okay, next on the agenda we have Vernon Steele, our message please sir, regarding Electric T&D Safety Improvements, thank you.

Mr. Steele addressed the Commission by stating good afternoon everyone. The safety moment is I'm going to highlight some of the Transmission and Distribution safety improvements that we've been going through over the past several months. Proceeded to his first slide and stated so a lot of these improvements focus on three key areas preventing slips, trips, and falls. Also preventing sprains and strains by using equipment to do the work instead of our arms and legs. And of course increasing hazard, you know, recognition of the hazard by employees.

Mr. Steele went to the next slide and stated so the first one, to prevent slips, trips and falls, the ice machine area at the Field Street office. Where our folks go to get their ice for their coolers and things every morning was always wet. There was ice laying around it, it was just slick concrete, which is shown in the left-hand photo. On the right-hand photo we bought a mat that's about an inch thick, so it allows the ice to fall through and keeps their feet above the moisture so there's less exposure for slips and trips there.

Mr. Steele went to the next slide and stated also to prevent slips, trips, and falls, we're kind of researching high visibility steps into and out of the vehicles. So the picture on the left shows the way trucks typically come with a black, white or a silver step into the cab. And then the picture in the middle and the picture on the right shows the high visibility green and the high visibility orange that when the operator opens the door it's very visible where the step is, particularly at night.

Mr. Steele went to the next slide and stated to prevent sprains and strains we've done a lot of tool upgrades. Historically the tools our folks used were very manual, a lot of wear and tear on the body so we've started adopting more battery operated, hydraulic tools so the tools are doing the work instead of the employee. And a lot of these improvement ideas come from the employees, you know they help us identify what's a good tool that will take the place of a mechanical tool; so they're very engaged in the process as well.

Mr. Bunch then stated to Mr. Steele just a quick question, so it might be easier for us to assume that those pictures being that size, that these are hand-sized tools. What kind of pressure's required to accomplish the work in the course of going from a mechanical device to the pneumatic or electrical, how many thousands of PSI are you accomplishing, and what types of injuries might result from over and over doing that type of stuff manually?

Safety Message by Vernon Steele – Electric T&D Safety Improvements (cont.):

Mr. Steele stated so the press tools that you see here exert up to 2, 3 tons of force when they're squeezing them, and it's repetitive, right. You know it's a scissor action over and over again to build up that pressure. And then on the right, the battery tools, you just squeeze a trigger, and it applies the force. So you don't have that repetitive motion of squeezing those handles together over and over and over again. And these tools are used multiple times per day so it's dozens or hundreds of opportunities for a strain or sprain injury.

Commissioner Conrad stated how much do they weigh?

Mr. Steele stated so the tool on the left in the top weighs about 15 pounds, probably about 10 pounds for the tool on the right. So they're still kind of heavy and bulky but you know once you get them up on the line and squeeze them, now they're holding themselves; so there's a lot of improvement there.

Mr. Steele went to the next slide and stated and in the final slide is increasing hazard recognition. We've started doing 360 vehicle walk-arounds before every trip and every use. I've even started doing it on my vehicle at home, you know before I back out of the driveway. Always kind of just making sure nobody is walking their dog down the sidewalk or something. So we not only do it at work, but we do it at home as well. We're also doing daily vehicle inspections to identify leaks. You know problems with the vehicles before we get out on the roadway and find them the hard way. So every day the employees will go through a checklist of their vehicle before they leave in it. And then the pictures at the bottom, we're looking a lot at better work lighting which not only helps the employee while they're working at night, but it makes the employees much more visible when they're working on the side of the road. You know the lights moving around and things like that, so it's not only benefitting the employee but its benefitting the public as well. So that's all I had for you today; any questions or comments for me?

Chairman Davenport stated let me ask you, do we have any type of incentive for our employees to come up with ideas for safety? Do we do any type recognition like even a magazine or just say hey, make it a game almost, come up with give me an idea, show me something different.

Mr. Steele stated yes, that's a great idea and that's something we've been discussing. You know maybe a competition or some kind of recognition program. We don't have that now but that is something we've been discussing in our department as well as in the safety department.

Chairman Davenport stated I'd like to see that, that just gets that game going you know. And also just a little bit in the insurance business, the slips and falls, I can't even begin to tell you how it starts out over \$50,000 and turns into \$500,000; it's crazy. The other thing I noticed here Mr. Bunch when we were down at our meeting and Mr. Chavez and Commissioner Smith, Milwaukee Tools put on a big event for us and showed us, giving away a bunch of things and showed us these tools. So they're really supportive of this industry. Let's see what else, that's all I have to say, any other questions or comments?

Safety Message by Vernon Steele – Electric T&D Safety Improvements (cont.):

Commissioner Kelly added I think it's a great idea.

Chairman Davenport stated okay, thank you very much Mr. Steele, appreciate your presentation.

Roll Call:

Chairman Davenport stated next, roll call.

A roll call was taken, a majority of the U.C. Commissioners were in attendance as follows:

Commissioner Richard Hawes (Absent)

Commissioner Lawrence Kelly, Jr.

Commissioner James Smith

Commissioner Lillian Conrad

Chairman James Davenport

Others in attendance were as follows: J. Bunch, General Manager/CEO; E. Chavez, Director, Finance/ CFO; J. Couillard, Director, Engineering; M. Travers; System Ops. Supervisor; B. Keehn, Director, Information Technology; S. Heil, Water Production Supervisor/ Interim Water Resources Director; B. Beck, Director, Central Services; V. Steele, Director, Electric Operations; John McMurray, Director, Strategic Programs; Laquavius Green; Help Desk Technician; M. Spellers, Sr. Help Desk Technician; D. Simmons, Exec. Mgr./ Recording Secretary; General Counsel Thomas Cloud Esquire – Gray| Robinson Attorneys at Law; FMPA Representatives - Rich Popp, Treasurer/Risk Director and Gloria Reyes, Asst. Treasurer/ Investments; John Moss, Lisa Martin, Chuck and Corrine Morant (803 Schoolway Avenue, NSB); all members of the public in attendance on site.

(1) Agenda Changes, Additions and Deletions:

Chairman Davenport stated next, any agenda changes, additions or deletions Mr. Bunch?

Mr. Bunch stated Chairman I have none from my portion. Mr. Cloud did you have an item that you wanted to add on your portion?

Mr. Cloud stated yes sir. There is one of these 5G pole attachment agreements which it was discovered by staff had been sort of floating around, they're actually using it. They signed it but we haven't and I was going to bring that up under my part of the agenda. Or you can, if you want, you can add it to the consent agenda, it's your call. And I'm happy to discuss it at the time of my agenda.

Mr. Bunch stated because we're introducing it now, I might suggest that we do the former and cover it under your portion and give folks a chance to ask as they haven't seen it.

(1) Agenda Changes, Additions and Deletions (cont.):

Mr. Cloud stated yes, I'd be happy to do that.

Chairman Davenport then asked for confirmation of where to put it.

Mr. Bunch stated we'll put it under Section 5. General Counsel's Report.

Chairman Davenport stated okay, thank you sir.

Mr. Bunch added that way he can, Mr. Cloud can walk you through it and if there are any questions at that point we'll give you a chance to ask.

Chairman Davenport stated okay, all right, no more additions or changes.

(2) Public Participation:

Chairman Davenport then stated public participation. We have one person that would like to speak today, Chuck Morant from 803 Schoolway Avenue, New Smyrna Beach. It's an electrical service issue he'd like to talk to us about today Commission. Go ahead Mr. Morant, if you would introduce yourself for the record, please sir, step up.

Mr. Morant stated sure, good afternoon Commissioners. My name is Chuck Morant. I live at 803 Schoolway Avenue in New Smyrna Beach, Florida. And I'm here with my wife Corrine. We're here today after speaking with Mr. Davenport by phone about an electrical problem that occurred at our house on the 23rd of August and the subsequent decision that was made by the Utilities Commission regarding this incident. We emailed each of the Commissioners on August 27th about this but never received a reply. First of all we'd like to let you know that everyone we contacted by phone or came in contact with, in person at the Utilities Commission, were very professional and the service we received was outstanding. The line crew that responded to this incident was very knowledgeable and quickly fixed the electrical problem. The final resolution is our complaint.

Mr. Morant continued and stated to summarize quickly, we returned home late on the evening of the 23rd of August to our house being very warm. The air conditioner was humming but not cooling, that dreaded condition that many of us have happened during the summer. But we have lights, and the refrigerator was running. We did some troubleshooting ourselves but not being electricians we could not determine the cause. Ultimately, we could not make the air conditioner work, we turned that off. We do have a gas stove and a gas hot water heater, each of them worked fine and all the electrical outlets in the home were working. So first thing the next morning, the 24th of August, we called our air conditioning company and set up and appointment. They could not get out until the next day, the 25th. But later that morning we noticed that our dryer was not working either. It is an electrical dryer, so with two major appliances out, our only choice was to call our electrician, Castle Electric, thinking that we had an issue with our electrical panel which had been previously repaired. Castle Electric arrived that afternoon about 3:00 p.m. and began to diagnose the problem. He was able to quickly determine that we were not receiving the proper voltage to our home from the main Utilities Commission's lines. And so he called the emergency number that I'm sure all the

(2) Public Participation (cont.):

electricians have and reported the problem. Less than an hour later at 4:00 p.m. the Utilities Commission arrived and began troubleshooting the problem from outside our home. They found that the main lines in front of the condominium which is to the east of our property on Schoolway Avenue, about 150 feet from the home were broken and needed to be repaired. By 4:45 p.m. the lines were back up and working and a separate crew had trimmed all the trees on the entire street. Our electrician remained on site once the power was restored to make sure that everything was working properly and that there was no electrical damage to our panel and that our air conditioning was back online. He finished about 5:15 p.m. and found everything was working so we called the air conditioning company and cancelled the appointment. We were relieved that there was no additional damage to the home's electrical service but now I was faced with a \$250 electrical bill for two hours plus of an electrician being on-site and diagnosing the problem.

Mr. Morant continued, on August 25th I called the Utilities Commission to discuss the issue. The operator that answered the phone connected me with Crystal in Operations. I thanked her for the quick response from the line crew, their professionalism and explained the \$250 bill that I now have to pay with the cause being the main lines that were down the street from our home. She was very understanding and said there was nothing she could do but would put me in touch with customer service. Denise from Customer Service called back later that afternoon, she again was very professional, understood the issue but said that the main lines were damaged by the trees which is not the Utilities Commission's responsibility. She went on to say it's an Act of God and we should have called the Utilities Commission first when we didn't have power to the home. She stated that the Utilities Commission would not cover the cost of our electrician. We inquired as to why we would have made the choice to call the Utilities Commission first. We had power to our home, we just did not have the proper power. Not being electricians it was natural for us to assume it was something within the home especially since we had had to have a previous repair made. If the power would have been completely off, absolutely we would have called the Utilities Commission, especially if all the neighbors had power and we were the only ones without it. She reiterated that we should always call the Utilities Commission first.

Mr. Morant continued, I elevated the issue to John DeFries, the Manager for Safety and Risk. John understood our issue and said he would evaluate our request as the cause of the problem being with the Utilities Commission's lines, not with the feed just to our house and it was not because of any trees that were on our property. On September 21st he sent us a letter via email and denied our request. He said again that it was determined to be an Act of God. My final recourse was to Britney Beck, Britney's your Director of Central Services. Again very professional, she collected all the facts, understood the issues but ultimately on September 20th stated and I quote, "The Utilities Commission of New Smyrna Beach was not at fault and is therefore not liable for any costs we incurred as a result of the event." During the discussions with Denise, with John, with Britney, each of them reiterated that we should always call the Utilities Commission first. We asked if we called the Utilities Commission because our air conditioner was not working would you come out and repair it, and they said no. We asked if we called the Utilities Commission because our dryer was working would you come out to repair it and they said no. So we said why would we have called the Utilities

(2) Public Participation (cont.):

Commission, we had power, just not the proper power. Calling the electrician was what we thought could be the normal recourse in what was prudent in this matter.

Mr. Morant continued, so we respectfully disagree and think that the Utilities Commission should cover the cost of our electrician's bill for the diagnosis and follow-up. But more than that we think the Utilities Commission should relook at their policies and make exceptions when events like this occur. It should not be a blanket policy that anything happening to power lines is an Act of God. We as customers are not responsible for the trees or for the main power lines or trimming of trees. That is the job of the Utilities Commission. If it was the result of trees on our property that caused the damage, if it was a hurricane, that would be understandable. We're lucky that in these uncertain times that \$250 bill that we had to pay did not take food off of our table, but many customers that you serve would not be so fortunate. I just wanted to bring this to the attention, Mr. Davenport asked if I would come and iterate the facts.

Chairman Davenport stated and Mr. Morant thank you very much. And I want to interject here, when you called me, by the way you were so graciously complimentary of our organization and the service that they gave here and that makes us all feel good and that's the way it should be. And I told you that I could not overrule it or any decisions made but I said who possibly could is come to our Commission and let's talk about this here at the dais and get the other Commissioners involved to understand what has happened here for the amount of money. Because like you did tell me it's not about the money, it's about how it kind of happened, it's a catch 22 here for \$250. So that being said, I'm glad you came down to express it and I would like to have some conversation about it to see what my other Commissioners think.

Commissioner Conrad stated well, my experience in the past with other power companies is exactly like Mr. Morant's is, and it would have been my responsibility and it would have been an Act of God. So I understand what our Utilities Commission has for its obligations and its insurance that's covered in this instance and if we were to do something different, I would find it different than my experience over the last 40 or 50 years with utilities.

Chairman Davenport stated yes sir, Mr. Bunch.

Mr. Bunch stated Mr. Morant, that was an excellent summary and presentation. We appreciate you coming in today and we're sorry you suffered that a) inconvenience and b) the expense. So in asking for comments I might suggest that Britney Beck come up and provide some input because I'll be honest with you, I remember seeing an inquiry, I was copied on one of the emails Mr. Morant and I don't remember the details. So I would ask Ms. Beck to come up and discuss what she found through the inquiry and then I hope that will inform any additional questions.

Chairman Davenport stated thank you Ms. Beck.

Ms. Beck came up to the podium and stated so I wasn't aware that I would be asked about this tonight or about Mr. Morant's appearance so I apologize for not having the letter in front of

(2) Public Participation (cont.):

me, but I was able to pull it up on my phone. The last denial letter he received was on September 29th of this year and our investigation revealed that the secondary feeder cable that runs from the main line to the service lateral that serves several homes on that street, on Schoolway Avenue, was damaged and caused partial power to his home at 803 Schoolway Avenue. The secondary feeder cable was damaged as a result of vegetation or tree limbs from a large tree that was located at 805 Schoolway Avenue. In the claim denial letter there's a photo of that tree in that location included. So our crews had responded promptly as he stated to the trouble call. They repaired the line, they removed excess vegetation. We denied it because there was no negligence on our part and in accordance with our policies. That is not something that we could have helped, so we denied the claim in accordance with our policies.

Chairman Davenport stated okay, my question then, we just spent hundreds of thousands of dollars trimming trees all around the whole, in our service area. If this had been properly serviced would this have happened?

Ms. Beck stated that's probably a better question for Ms. Couillard or Mr. Steele, this was a tree on private property and we to my understanding do not...

Chairman Davenport interjected it was on private property, that tree?

Ms. Beck stated yes sir, 805 Schoolway.

Mr. Morant stated I'm not sure that it is, I mean I have a picture of the line.

Ms. Beck stated I also included a picture in his denial letter.

Mr. Morant (unintelligible – speaking from the audience), it's on the side of the property lines, because usually the utility poles are the demarcation between private property and the right of way. You do have a rather large right-of-way onto Schoolway.

Chairman Davenport stated the reason I asked, when I said the Commission, I remember Mr. Bunch, we had our situation sir with the, if you remember, the power surge a couple of years ago, about a year and a half ago. That situation we got into with the one gentleman, one family, I don't know.

Mr. Bunch stated so I'll give you my opinion based on here, experience here and elsewhere and an understanding of the law as well. We've got hundreds of miles of system, we do maintain it. In this case, so a tree or a limb caused what we would call a partial outage. It's not uncommon for that also to happen if a secondary cable, and it happens more so on underground services where you will get an underground service failure. Then we have to go out and dig in and replace or repair the cable. In this case it appears as though it was on an adjacent property. Those are things that are just beyond your control when you have the extent of system exposure that we do and typically and I sometimes get asked to weigh in on them, I didn't weigh in on this one. But typically you then have to say well was it something that we could have reasonably precluded and if not then you just have to weigh in on it's an Act of God. And I, again, based on what I understand how we've dealt with things here and

(2) Public Participation (cont.):

Elsewhere, they typically don't compensate for expenses. Now Mr. Morant, Mrs. Morant, obviously did incur a cost and they took what they thought were reasonable means to call the person that they thought could fix it. And so I would look to Mr. Cloud to say do you have a legal opinion that is either in line or contrary to what I'm offering up.

Mr. Cloud stated I think that the Commission board is not obliged to change the determination, but I do believe they have the discretion to make a determination based on all the facts and circumstances. You know I've experienced something not unlike this and why I bought a whole house generator at one point. Which is something that most people can't afford to do. And if you're lucky you have a gas line by your house where you can do that because you don't know when power will go out and when something that occurs off of the property line that leads to a situation like this. I think that gives some degree of discretion to the board, you could vote either way and it would be legally defensible.

Mr. Bunch stated I would just say if its, if the service line was on a private property, we do not typically trim trees on private property. It's typically when those that threaten the overhead lines on the main and also danger trees that we think are going to fall into the road or onto people's property. But in this case I don't think it's a line that we would have trimmed inside on somebody's property. And again, typically with hundreds of miles of exposure between overhead and underground systems and water, unless there's something that we've done to cause it, utilities aren't typically compensating customers because the exposure would just be constant and throughout the year, to be honest with you. We get a lot of inquiries like this, albeit not quite I would say sort of in the case of Mr. and Mrs. Morant, they didn't necessarily have a situation that said my power's out, I'm going to call the utility. I do understand that, it's slightly different.

Chairman Davenport stated I appreciate you Mr. Bunch and Mr. Cloud. After a couple of comments, he then asked if anyone wanted to make a motion? We've heard from the attorney.

Commissioner Kelly stated I will, I'm not questioning, and I apologize on the email, I was registered but I wasn't set up yet, I had just come on the board. And Mr. Cloud's response was is that even in our realm of ability to do anything about it. My thoughts I look at it is we're a local Utilities Commission, this isn't you know some conglomerate or something like that so it's good to know that we would have the leeway or not the leeway. It sounds like staff did an amazing job and you know your compliments to them. I'm new here, every time I call them, I'm amazed at you know how well its run because it's a local business run by local people, it has more of that flavor. Being in business, to Chairman Davenport's point, is by doing something does that open us up to change in policy, if you do something once it might change policy, that Mr. Cloud's answer I think answered that, and I certainly want to be in support of staff. But I've got to tell you, I would not, I had mine go out, a surge caused lightning or something to take out the air conditioner, I didn't call the Utilities Commission, I called my air conditioning company and they told me you have no air conditioner, and we can't get the parts for a month, so we got a new air conditioner type thing; thank God we could do that. So I would be open to hear what the other Commissioners say and do but I also

(2) Public Participation (cont.):

don't want to set a precedent you know without knowing how you guys at the end of the day would feel about that. I don't want to put the staff into a position to where you'd have to make decisions based off exceptions.

Commissioner Conrad stated I think what Chair Davenport was saying and what Mr. Morant was saying, my interpretation of what I heard was it isn't their incident that is the problem and it isn't the Utilities Commission's handling of the problem, it's a policy change that's being requested or considered here. And I believe I heard Mr. Cloud say we had discretion to study and consider whether we needed a policy change. Mr. Cloud is that what you said?

Mr. Cloud stated no, I apologize for being obtuse. What I was saying is that was quite the opposite. I think that based on the unique circumstances of this situation you could decide this either way. I think you can go with your policy, it's a safer way, it's exactly what your staff is recommending. They absolutely brought the right recommendation forward. But that's why you sit in these seats, is to decide when facts and circumstances would permit you to make an exception to the long-standing and I think valid policy that you have.

Commissioner Kelly stated I make a motion we make an exception to pay it, that's a one time motion on this.

Chairman Davenport stated do I have a second?

Commissioner Smith stated I'll second it for discussion.

Chairman Davenport stated discussion. All right based on what's been done here I need to exclude myself from voting because Mr. Morant is one of my insureds, so I would not be able to vote. Would that be fair?

Mr. Cloud stated well, what is the relationship, can you explain?

Chairman Davenport stated I have no other than I'm an insured, if he needs me I'm going...

Mr. Cloud stated does he have a business relationship with you?

Chairman Davenport stated no, well, no, none at all.

Mr. Morant (speaking from audience) he's my agent for car insurance.

Chairman Davenport stated that's it.

Mr. Morant continued, or State Farm is and he's their representative of State Farm.

Chairman Davenport stated right, but I just want to have that out there, in this day and time you just want it on the table, don't, perception, so. We do have a motion that I do...

Commissioner Kelly stated for discussion.

(2) Public Participation (cont.):

Chairman Davenport stated tell me what you think about what we just heard there Mr. Cloud, regarding me.

Mr. Cloud stated well, you don't answer to him, right?

Chairman Davenport stated no, not at all.

Mr. Cloud stated okay. And it is, I'm trying to think of the right word, it is a de minimis contact, not somebody that works for you and you do not, you are not an employee of theirs, they're not a part of your business.

Chairman Davenport stated right.

Mr. Cloud continued, they're a customer in your business, the same thing would be like if we, you have customers of the board. If you applied that logic you'd never be able to hear complaints of your customers, so I don't think it's a conflict under the statute.

Chairman Davenport stated thank you. Okay, any more discussion?

Commissioner Smith stated I have a suggestion.

Chairman Davenport stated okay.

Commissioner Smith stated why don't we meet him halfway and issue a credit on his next, on their next utility bill.

Commissioner Kelly stated that sounds feasible.

Mr. Bunch stated we can do anything you suggest, I'm just asking for clarification. So we're not changing the policy, would be administering a credit per Commissioner Smith's suggestion on the next bill. And you're asking in the amount that was requested - \$250, I think that was the amount.

Chairman Davenport confirmed \$250.

Commissioner Smith stated it would be \$125.

Commissioner Conrad interjected he said 50%.

Mr. Bunch stated you're suggesting 50%? So I have to ask for clarification, I wouldn't be approving that, I think the Commission would be, you're suggesting and then the Commission would vote on approving that?

Chairman Davenport stated we're going to have to modify this motion here, if that's the direction.

(2) Public Participation (cont.):

Commissioner Kelly stated yes.

Chairman Davenport stated personally I'm leaning towards going with Commissioner Kelly's, personally, which there's other Commissioners here so.

Ms. Beck stated can I just caution you that you're going to have every claimant that gets denied coming to you.

Commissioner Kelly stated well, that was what my question was earlier, I didn't know that, three months here, that that was even an option for us before, that was open for that. And I do not want that for the staff, and you guys did, I mean the whole staff did their job, we held the policy, we did what we're supposed to do. You guys did an amazing job, so that's part of the dilemma and that was all public record, people would find out, the next thing you'd know we'd have a line out the door making exceptions. So the question I would have maybe to Mr. Bunch is there any other type of alternative to just paying the \$250 that we could issue or do, or nothing like that?

Chairman Davenport stated I just feel each individual case Ms. Beck, should be handled on an individual case, and after me hearing and seeing what I heard I said I have no decision here, just if you've got something to say come and say it.

Mr. Bunch stated so I would just say in adding to what Ms. Beck said earlier, if you were to make a judgment in favor of the request, I would not be recommending a change to the policy, recognizing this as an exception. And let's say next month if there was another situation in front of you where the customer didn't call us first, they had an electrician, or an AC mechanics or plumber come out, we would probably be recommending not to approve that. But if on the warrants of this case you think its an exception and your recommend awarding it, we're going to look at this as a one-off exception award.

Commissioner Kelly stated it goes against, and Ms. Beck, they did due diligence, you guys did due diligence, the Commission did due diligence, so its almost a...

Chairman Davenport then stated Commissioner Conrad, what's your thoughts on what Commissioner Smith said, regarding his suggestion.

Commissioner Conrad stated I'd like to ask a different, I'd like to bring up something a little different. I'd like some clarification from Mr. Morant as to whether he's asking for, and this is an either or and question. Are you asking for recovery of your \$250 or are you asking that we consider changing a policy so that other people will get some relief in the future or are you asking for both of those things?

Mr. Morant stated yes ma'am and to Mr. Bunch's question, in my original email I asked for a credit on my bill, so yes, I am asking for the, to be compensated for the \$250. And I'm asking that you look at your policies for exceptional cases so that it is not black and white in the writing and that everything becomes an Act of God. Because otherwise we need, the citizens need to have a tree trimming service that makes sure all the trees are trimmed if that's part of

(2) Public Participation (cont.):

what needs to be done. If we don't want to be without power and I think any of us as customers would say that we assume seeing the crews that are always out trimming the trees that is what you take care of when they are in the right-of-way which is where this incident occurred. So it means both of them.

Chairman Davenport stated thank you.

Commissioner Conrad stated I have no problem with Commissioner Smith's recommendation, I still do not think we need to review the policy; my personal opinion.

Chairman Davenport stated I totally agree with you Commissioner that we do not need to review the policy. The policy is as is, however this particular situation, I asked him to come. So we got a motion, so now we've got...

Commissioner Kelly stated Mr. Chairman, you know looking at it a little further, thinking about it, it opens us up and the staff up to be an exception board down the road. Maybe even backing up on what I was thinking, is that going to be what our policy's going to be going forward, that we're going to be a board or staff of you know exceptions. And that was my second question, I mean being a citizen myself and having dealt with some of that I do feel bad for them, the \$250. I'm not even sure the \$250's the point, it's more of the process.

Commissioner Conrad stated right.

Commissioner Kelly continued, and the way that it went down, and you know it was handled professionally on both sides. So you know again, I think Mr. Cloud or Mr. Bunch would have to tell us, hey, this is opening up the staff for the board to being..., we're not the City Commission, you know what I mean. We have to maybe get some more input on that.

Chairman Davenport stated Commissioner Kelly the more I hear you talk and the more I hear us talk we've got enough going on, that's a change in policy and getting like Ms. Beck said. It's an unfortunate situation but definitely we don't want to have to be dealing with this all the time, we've got, not that your situation is not very important, it is, that's why you're here. But by the same token, I just don't want to see policy changed if we've got it down. So what do we want to do about this motion and second. Do you want to keep your motion or do you want..?

Commissioner Kelly stated I'd probably defer to Commissioner Smith's motion if anything at all but I want to amend what I said before after thinking through it just a little bit. I want to say yes to you (directed to Mr. Morant), because I do understand what you're saying but from the policies and procedures and that type of stuff it would just, and it's not us, we'll be here once a month. It's the staff and everybody else that deals with it daily and not everybody is going to deal with it professionally like you did. And you know, I'm in business locally so I see both sides of that and I'd really like to help you on this, but I think I have to pull my motion.

Chairman Davenport stated okay, so your motion's been withdrawn?

(2) Public Participation (cont.):

Commissioner Kelly stated yes.

Chairman Davenport stated okay, that's motion been withdrawn. Then to Commissioner Smith, you made a motion?

Commissioner Smith stated I made a discussion.

Chairman Davenport stated discussion, okay, excuse me.

Commissioner Smith added just for clarification. But I can make a motion but what I discussed was compensating for, split the difference.

Chairman Davenport stated right.

Commissioner Smith stated so we could make that a motion and have it as a credit on the utility bill.

Chairman Davenport stated is that a motion?

Commissioner Smith stated that's the motion I would suggest.

Chairman Davenport stated okay, so there's a motion made on the floor for, to give a credit for 50% of the bill, of the charge of \$250, or \$125. Do I hear a second?

After a brief pause, Chairman Davenport then stated I'll second that. After a pause, he stated I can't?

Commissioner Conrad stated no, I didn't say that.

Chairman Davenport stated okay, so discussion here.

Ms. Beck stated can I just make one more statement that this is based on an Act of Nature, and Nature is the number one cause of outages in the State of Florida and we deny several of these all year long.

Chairman Davenport stated okay, and based on that Ms. Beck I'm going to withdraw my second. I'm going to withdraw my second. Do we have a second anywhere on this?

Commissioner Kelly stated yes, I will go back and say if we're going to do it, just do it all because it sets the same precedent, whether it's 50% or 100%. We'd be 100% admitting guilt in that aspect and like I said while I sympathize with them in a similar situation. And I do, think calling the power company, I don't know why we would call the power company, somebody would have to tell me that when my air conditioner goes out, I would not call. I'd go down to the gym and get Mr. Chavez down there while he's working out in the morning.

(2) Public Participation (cont.):

Chairman Davenport stated there you go. Okay, well, based on what we've had here, and I've withdrawn my second, based on Ms. Beck and hearing other people – motion fails for no second. And it will stand as is, Mr. Morant, thank you so much for coming in today sir, I appreciate you and your lovely wife for taking the time.

Mr. Morant stated yes, and we appreciate everything you all did, and we certainly understand.

Chairman Davenport stated yes sir, thank you, and you gentlemen.

(3) Approval of Consent Items:

Chairman Davenport then stated moving on here, approval of consent items. Do I have any, anybody want to pull any of the items, a., b., c., or d.?

Commissioner Conrad stated no.

Commissioner Smith stated I move for approval, the consent agenda; specifically a motion to approve the consent items – item 3-a. Minutes of Regular U.C. Meeting Held 10-26-21, annotated version, approve as submitted; item 3-b. Granted and Accepted Third Party Utility Easement (Jefferson St. Parking Lot – City of NSB), ratify the acceptance of this third party granted utility easement – granted for the Jefferson Street Parking Lot (611 Jefferson St.) from the City of New Smyrna Beach; item 3-c. Project Approval – Lift Station No. 10 Improvements Project, approve this project and total project budget of \$1,760,972., including professional engineering services by Tetra Tech, Inc. in the amount of \$304,972. and authorize the General Manager/CEO or his designee to execute all documents associated with this project; and item 3-d. Contract Renewal – Cogsdale Annual Software Renewal, Extended Maintenance and Support Services Contract, approve renewal of software, extended maintenance and support services for the U.C.'s Financial Management, Customer Information, and Billing Systems, in accordance with attached sole source procurement, authorization of the expenditure of \$209,129.46 to Cogsdale Corporation and for the General Manager/CEO or his designee to execute the documents associated with this matter.

Commissioners Conrad and Kelly simultaneously stated second.

Chairman Davenport requested and a roll call vote was then taken on the motion.

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

(4) General Manager's Report:

Chairman Davenport stated all right, number four, General Manager's Report, Mr. Bunch.

Mr. Bunch stated thank you, okay, so we have a couple of items this month, we'll do the normal financial status report, I'll ask Mr. Chavez to come up and then behind that Ms. Beck will give a presentation on electrification. Before Mr. Chavez speaks, I'm just going to mention that because this is the first month in the new fiscal year, we're not going to present

(4) General Manager's Report (cont.):

the key performance index, KPI's, we're going to hold off and do those quarterly, but they are provided in the General Manager's report in case you have any questions. Mr. Chavez, to you.

(4-a) Financial Status – October 2021:

Mr. Chavez stated good afternoon everybody. In this presentation I'll be covering three topics, the October performance, the Wholesale Power Purchase Transaction Policy that's in your packet, as well as the investment policy. So I just wanted to kind of preface that I'm going to cover all three topics in this discussion. So October 2021 results, he went to the first slide and stated the October 2021 change in net assets was \$1.6 million. Driven really by increased revenue, usage and volumes, and then the lower purchased power and some other operating expenses; but I will go through that in the waterfall in the next couple of slides. October 2021 capital expenditures, \$1.3 million for the month, about \$600,000 in major projects and \$700,000 in annual projects. On the major projects we had the substation SCADA work, and Sugar Mill cable replacement is wrapping up. We spent on that project \$1.1 million over the life of the project, so that was the final, just more of a FYI of the level of investment that we're doing in certain areas. The line 25 and 16 feeder reliability improvements, so those are as we've discussed, as Mr. Steele discussed at last Commission meeting and Mr. McMurray as well on the feeder reliability improvements that we're implementing. And then the reclaimed pond expansion, that's a big one, they're digging out more of that so we could hold more reclaimed water; that's a very active and ongoing project. On the annual side, really focused on gravity sewer lining and rehab, as well as new business electric and water installations; our normal bread and butter work.

Mr. Chavez went to the next slide and stated this is just the comparison of October 2020 from last year versus October 2021 this year. So you'll see the larger blue all the way to the right - \$1.4 million is our change in net assets that we discussed earlier. You'll just see the breakdown on the increased revenues, the change in purchased power as well as the decreased operating expenses. Now mind you it's only one month into the fiscal year but it's at least a good story.

Mr. Chavez went to the next slide and stated the change in net assets, this is once again where we talk below, the one previous was the change in operating income or loss, this one's at the change in net assets level which takes into consideration the net other expenses, depreciation and amortization and the capital contributions. So they're really not, just to add on from the prior slide, on the capital contributions we were at \$200,000, which was primarily contributed capital and cash. So we're a little, we're \$100,000 higher than the month, the year before, prior.

Mr. Chavez went to the next slide and stated so now I'll turn to the Wholesale Power Transaction Policy. Well, first, any questions on the financials results?

Commissioner Conrad stated one. When you talked about the \$1.1 million on Sugar Mill, when that project first started what was the expected expense; roughly.

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

Ms. Couillard stated a million.

Commissioner Conrad stated so it was a small variance, 10%; thanks.

[7-a. Wholesale Power Transaction Policy, U.C. Resolution No. 2021-12] -

Mr. Chavez stated okay, so next I'll be turning over to 7-a. Wholesale Power Transaction Policy, 2021-12 (U.C. Resolution No.). So what I'll do is I'll go through it and then as we go through the New Business then you can vote on it at that point if you can. After going to the next slide he stated our Wholesale Purchased Power Policy, we're in essence formalizing what we're already doing. In prior, what we've done is we've had FPL and Duke for the majority of our baseload and some of the intermediate load after that, and then we fill in with medium term, small purchases, spot market purchases. So what we've done now is we used a consultant in front to kind of look at our process, look at how we purchase power, in essence make sure that we have the right internal controls around it, make sure we have, respective for our size and the like. So the policy statement, secure power in the wholesale energy market not currently governed by the policy, but you would always see these contracts, the large ones you would get those for approval. The scope, what transactions are permitted, what are prohibited. On the prohibited side would be any sort of any terms of contracts 20 plus years in length, washing of trades which is buying and selling, that's more on stocks and securities but in essence you could technically do that with purchased power – that's a prohibited transaction. Market making where we're actually being a market maker to procure power and then sell it again. So what we're sticking with is we are buying for our long-term reliability, we're buying for our immediate short and medium term needs and we're leveraging the FPL and then other larger contracts for the bulk of our load and filling in as we need it. Processes and procedures, the short, medium and long-term, internal controls, controls over our records, invoice processing responsibilities. On the reporting side of it the CEO, Mr. Bunch, is over all matters. As far as the CFO, my position, the evaluation of counter parties, we're using standard contracts for these small purchases. And then Mr. Beyrle, who's not here, Mr. Beyrle and Ms. Travers and her group System Ops. are running the operations as it relates to the procurement of the power as our system requires it.

Mr. Chavez went to the next slide and stated this, the purchasing policy that we approved a couple of years ago, blurry now, the Wholesale Purchased Power Policy is separate from that, but what we did do was model the levels of authority. So for zero to \$10,000, Ms. Travers and the System Operators, as well as Mr. Beyrle, can procure what we call spot market purchases. They look at their daily needs for the system based on some good pricing, they'll lock in that. Those transactions on average are about \$3,000; so really not a large transaction. But \$0 to \$10,000, that would be covered. \$10,000 to \$75,000 consistent with the Purchasing Manual approval authority, that would be Mr. Beyrle, Mr. Bunch, and myself. Above \$75,000 would be Mr. Beyrle, Mr. Bunch, myself and the Commission. Now when you get contracts or transactions for approval above \$75,000, it would be the large contracts that we currently have right now. Previously a few years ago it would have been FPL and Duke, now it's primarily FPL and then we fill in with other spot market purchases that are typically advantageous for the U.C. to acquire. He then stated I'll pause there, any questions?

(4-a) Financial Status – October 2021 (cont.):[7-a. Wholesale Power Transaction Policy, U.C. Resolution No. 2021-12 (cont.)] -

Mr. Chavez went to the next slide and stated the majority of our purchases are based on long-term firm capacity and energy contracts. At the present time FPL's providing the bulk of the purchased power and that's between 65 and 95 MW's. In December 2023, which Mr. Beyrle had come for previous approval, we'll have 10 MW's of FMPA solar, so that will be at an attractive price point as well. For the spot market purchases we typically, of our total \$24.6 million in purchased power, these smaller purchases that will be done by System Operators. It's about 1.8%, it's less than \$400,000 for the whole year and your average transaction is about \$3,000. So pretty stable, you know we're using, we're leveraging the market to get the best price on purchased power that meets our needs and within the policy. On the \$24.6 million, right now the bulk of that is FPL, plus our ownership interest in St. Lucie plus other smaller. Like we'll purchase from EEI type entities which would be Constellation, New Hope Energy, a lot of these other smaller providers. Once again as part of our requirements in what we need as far as load too, on our generation. But \$24.6 million, our total annual budget revenue top-line is \$66.5 million, so purchased power is 37% of our total. So it's substantial, it is the single largest line item on our expenses.

Mr. Bunch stated if I could just add a comment. So if you think back to last year we approved a governance resolution, talked about the big picture, how we run the organization, things for added transparency and clarity. This is the same sort of a thing, it's as Mr. Chavez pointed out, \$24.6 million, the single biggest line item, we didn't really have a policy that said and this is how you go about procuring this. And the way you or I would see it in the past was when it came time for renewal or a negotiation of an extension of that time frame to a new contract, we would see the contract for approval. Not that anything was going on that shouldn't, this just will outline for the future how we go about purchasing these types of contracts and to also delineate that we will not engage in things like hedges and other risky endeavors that can also be costly. So as Mr. Chavez said it's clarifying what we're already doing but it also provides governance around how that will happen now and going forward.

Mr. Chavez stated unless there's any other questions I would request your approval for item 7-a. as it relates to the Wholesale Purchased Power Policy. So I don't know if you want to vote now or do you just want to wait until after, that's fine as well. I can go on to the next one...

Commissioner Conrad stated I would make a motion to accept that policy as presented; specifically a motion to approve the Wholesale Power Transaction Policy and proposed Resolution No. 2021-12 as submitted; resolution and policy effective immediately upon passage. *(as mentioned above, listed on agenda as New Business item 7-a.)*

Commissioner Kelly stated I second it.

Chairman Davenport stated okay, we have a motion on the floor.

Commissioner Conrad interjected anybody have any discussion.

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

[7-a. Wholesale Power Transaction Policy, U.C. Resolution No. 2021-12 (cont.)] -

Chairman Davenport stated discussion here, yes. Then confirmed with each Commissioner no further discussion desired and requested a roll call vote on the motion.

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

[7-b. Revised Investment Policy, U.C. Resolution No. 2021-13] -

Mr. Chavez stated okay, thank you. So going on to the next one, this will be the Revised Investment Policy, 7-b., Resolution 2021-13. So this one, as we've done and presented over the last couple of years, we got our bond rating, we did a new Master Bond agreement. We then did a new, did our rate study, enforced the new rates that were effective 10-1-21. The other item that we wanted to go after and revise and update, was the Investment Policy, That's what we'll go through next, but this was the related item that we didn't get a chance to adjust yet. And visitors from FMPA, Gloria Reyes is Assistant Treasurer and Rich Popp the Treasurer of FMPA came in as support. And just to give you a little more background, as we had indicated with the bond issuance and the master resolution, we wanted to update this. This policy was established in 1995, so 26 years ago, the last one. There was a slight revision in June 2015 but really no wholesale revisions and we wanted to bring this up to current benchmarks, current best practices. To give you a little background, currently Bank of America, which is where we have the bulk of the bond proceeds and really that is our bank and we are not changing. We have all the dollars, the excess cash sitting there and its currently earning literally about .025%, which if you carried that out it's literally .00025. On some of the bank statements it rounds to zero. So just to give you a frame of reference we have about \$90 million in all the various accounts. The interest for fiscal year 2021 on \$90 million is about \$22,000 or \$1,900 a month. So don't get me wrong, we are still retaining extremely conservative preservation of capital but there are truly better opportunities out there than .00025.

Mr. Chavez continued, so your revised investment policy reflects updated governance and investment selections while retaining the preservation of capital as the highest priority. One of key items that governs us and governs the investment policies is section 218.415 of Florida Statutes, and it's the Prudent Person Rule. Which is very key, and I'll read it, "Investments should be made with judgement and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived from the investment." So that's consistent in all the investment policies, that was in the old one, that's in this one. This one is just bringing it up to current standards and what we should be investing in and having Bank of America as a default is not in our best interests at the current time.

Mr. Chavez went to the next slide and stated so the investment policy or the investments purchased by the Commission will conform with all applicable federal, state and local legal requirements, the Master Bond Resolution, all Commission resolutions and then any ordinances adopted by the City of New Smyrna Beach that may have an impact on us, if at all applicable. No person may engage in the investment transaction except as provided under the policy. We may appoint an outside agent which we are considering and working on, going to

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

[7-b. Revised Investment Policy, U.C. Resolution No. 2021-13 (cont.)] -

work with FMPA to assist us with our investments and how we approach it. The outside, of course, will meet the requirements and details in the U.C. policy, but I think the biggest thing from a safety and security standpoint is our funds, and it would not be, would only be a portion of our funds that we would review and invest, would be in a custodial account. When its in a custodial account, those funds are there and those funds are only applicable for the U.C. Any investment proceeds are only for the U.C. Those funds cannot be used in any other form or fashion for any other entity, only for the U.C. I'll pause there, any questions so far?

Commissioner Kelly stated you said a portion, what portion will that be?

Mr. Chavez stated well, so that's what we're going to, the \$90 million that we have, at any one time, we would only look at putting a small portion of that amount into a custodial account to be invested in a different manner, other than at Bank of America.

Commissioner Kelly stated yes, it makes sense, I mean it makes really good sense, the BOA thing makes no sense.

Mr. Chavez stated yes, exactly.

Commissioner Kelly stated so it's just what that portion would be, to know what that would be.

Mr. Chavez stated yes, and that will be what we decide next. What we wanted to do here was get the approval and then I'll come back, and you know.

Commissioner Kelly stated okay.

Mr. Chavez stated but wanted first to get your approval around the policy and such before we go forward.

Commissioner Smith stated you know there is a statement in the agenda item for this that I think by law should be hanging in every financial advisor's office. And it's "earning as much yield as possible with minimal risk". And I think that's what we're talking about here.

Mr. Chavez stated that's exactly what we're talking about.

Chairman Davenport stated I kind of like the statement Will Rogers once said, it's not so much return on your money, it's the return of your money.

Commissioner Kelly concurred and added that's a really good one, that's classic.

Chairman Davenport stated you think about return when it's not there anymore, wish I had it back. Thank you, go on Mr. Chavez, doing a great job.

(4-a) Financial Status – October 2021 (cont.):[7-b. Revised Investment Policy, U.C. Resolution No. 2021-13 (cont.)] -

Mr. Chavez stated thank you and proceeded to the next slide – the security selection. So we may buy or sell securities to improve yield, maturity or reduce credit risk. For us it will be to improve yield. We will use the following criteria, which I outlined in the policy. So we'd have a list of financial institutions that meet the qualifications. detailed in our procedures, every year. We would also look at a review of the national rating agencies of those institutions. And our partnership with FMPA, that's where Ms. Reyes and Mr. Popp would definitely assist in that endeavor. So it's a partnership with us, with FMPA, because they already have the expertise in managing their own funds. We would then just be our own custodial account for the U.C.'s funds. So select securities that provide the highest rate of return in the risk parameters of the policy. Those securities and where they will be placed will be chosen using competitive bids or comparison of the current market prices as indicated by market pricing resources. So here, the authorized types of securities and this is the key: U.S. Government obligations including federal agencies unconditionally guaranteed by the U.S. Government. So you know its not only treasuries it's federal agencies that are also guaranteed by the government. Bonds or other indebtedness issued or guaranteed by an agency or instrumentality of the U.S., C.D's or Certificates of Deposit and bankers' acceptance of the 50 largest banks in the U.S., local government surplus trust funds of Florida. So there's Florida Prime, and there's countless others, and money market funds. The bottom one, corporate bonds and notes, so on that one those are investment grade securities, highly rated investment grade corporate bonds and notes. So anything we're looking at would be highly rates, highly investment grade, no junk bonds, not risky securities.

Mr. Chavez went to the next slide and stated on the benchmark, the current benchmark that FMPA is using on its own investments is the average of the monthly year before of the Florida Prime and the U.S. Two-Year Treasury. So that benchmark right now is 0.29%, so I know it doesn't seem like much, but it is when the other one was .00025%. So we will leverage FMPA to act as an agent on behalf of the U.C. to provide investment management assistance in accordance with our policy. And then as part of my regular financial update, will provide quarterly investment performance updates as well.

Commissioner Smith asked Mr. Chavez what was the relationship between inflation and the return that you're looking for?

Mr. Chavez stated so really its not the inflation so much that has the impact on return. Right now the yield on, when you have, how do I say it, when the federal funds rate is between zero and .25% that has the biggest impact to what entities like government securities would earn, the most conservative. So as the Fed., as you listen or get, bring updates on the news, the Fed. is going to try to in essence stop the asset buying, increase the interest rates. As they increase interest rates, the yield on these types of securities will increase because the Federal Open Markets Committee will then adjust, instead of being rates at zero to .25% basis points, they will increase as the Fed. increases rates. So for example right now as the 10-Year Treasury is 1.6%, those things are as a 10-Year Treasury goes, mortgage rates and that are tied to it. So that's why you'll see a natural correlation between the 10-Year yield and mortgage rates. A year ago on the heart of that, here's a good example, we got 2.76% on our bonds, well we were at the bottom of the bottom. So now as the economy's creeping back, the Fed. is talking

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

[7-b. Revised Investment Policy, U.C. Resolution No. 2021-13 (cont.)] -

of increasing rates, that has a better correlation. So as they raise that, the banks are then able to raise what they charge but at the same time our interest yield or the yield in the money that we have will also increase. But what eats into that yield, as you indicated, would be inflation, so as costs of goods and services. So yes, we may be in the future making more money but the inflation will start eating into that, into your return on that.

Commissioner Smith stated right.

Mr. Chavez went to the next slide and stated next steps. We will establish the custodial account once, if this policy is approved, the custodial account will be established at Wells Fargo. Once again that's a custodial account to hold the assets and it will only be a portion of the U.C.'s cash. Cannot be transferred or used for any non-Commission purpose. The CFO - I will review the funds to be transferred to the custodial account for investment and then of course as we look at that we will not interfere with working capital requirements for our normal operating expenses. Then the CFO and FMPA will review and determine where to invest those funds in accordance with the policy.

Chairman Davenport stated what are the fees on this?

Mr. Chavez stated actually this is the other, Mr. Bunch and I have met with other advisors and there's always a fee. In this one of course the costs of the account and that, but FMPA charging us fees, there is not, its included in their hours since we are a member of FMPA.

Chairman Davenport stated right.

Mr. Chavez continued it's included in their support. Now any costs directly associated with the set up of the custodial account whatever it may be of course we would bear those, but their support and assistance would not, would be part of our normal fee that we pay them for FMPA.

Mr. Bunch stated they treat this as a project, any member can have any number of projects. If the number of hours in any project exceeds 120 then we pay their costs for labor, but they did not expect this to exceed that. But let's say it takes 200 hours, we would then pay 80 hours times their labor rate, which wouldn't be more than a handful of \$1,000 dollars and it would still be very reasonable.

Chairman Davenport interjected perfect.

Commissioner Smith stated what are we paying in dues now to FMPA?

Mr. Bunch stated so I seem to remember \$43,000 a year and we pay it through FMEA.

Commissioner Kelly stated and FMPA is affiliated with Wells Fargo, that is their..?

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

[7-b. Revised Investment Policy, U.C. Resolution No. 2021-13 (cont.)] -

Mr. Chavez stated well, that is where their accounts that they have, the custodial accounts that they have are at Wells Fargo. And we would have our own set up for our own custodial account.

Mr. Bunch stated I have a question Mr. Chavez, and if you want to bring Ms. Reyes up if she wouldn't mind, that's fine as well. Maybe you could talk about how much you manage with FMPA and how you would manage the combination of the funds if we went into the agreement of one that Mr. Chavez is saying would be likely. I don't mean to embarrass you or put on the spot, but you drove an hour and if you wouldn't mind, I think that's a pretty good question.

Mr. Chavez stated I did promise her (Ms. Reyes) that I would not bring her up here.

Chairman Davenport stated you just violated your promise.

Mr. Bunch interjected as usual the boss fouled that one up, but thank you Ms. Reyes.

Ms. Reyes addressed the Commission by stating good afternoon. So we currently manage about \$500 million in our portfolio and its diversified, first of all its by project. So I'm sure you're familiar with the St. Lucie Project, All Requirements, and so on and so forth. So each of the investments are diversified per project and then per investment type. Meaning we have a certain percentage of U.S. Treasury and agencies. We have municipal bonds, we have a portion in Florida Prime, we have a small portion in money market, in the Wells Fargo money market fund, just as mostly in our O&M accounts, operating and maintenance accounts so that we can also pay our bills. And the benchmark that you mentioned, .29%, that's actually what we benchmark against and so far in the last year or two years we've actually beat the benchmark by diversifying and investing in different things.

Chairman Davenport stated I will say this to you, just for information purposes, being a State Farm agent for 47 years, our mutual funds are one of the top rated in the world and it's a heck of a mutual fund. You might want to just look at it some time to see its performance.

Ms. Reyes stated okay.

Chairman Davenport stated now I can't get any part of it, I don't want any, but I have all of my money invested in it, a lot of it, and I know how good it is. So if you're doing mutual funds, might want to look into that.

Ms. Reyes stated good to know, thank you.

Chairman Davenport stated thank you. Does that answer everything?

Mr. Bunch simultaneously thanked Ms. Reyes and also Mr. Popp for also coming; appreciate it. Then added sorry, Ms. Reyes, for putting you on the spot.

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

[7-b. Revised Investment Policy, U.C. Resolution No. 2021-13 (cont.)] -

Ms. Reyes responded that's okay.

Mr. Chavez then stated thanks to Mr. Bunch and added ever since we did the bond issuance, I've gotten approached by a number of different advisors and such and of course, that's where the fees are, and their performance is nowhere near even the benchmark. So that's where I just really wanted to do it methodically in the sense of look at the investment policy, bring it up to current standards, sat with Commissioner Conrad, Purvis (auditor), Toby Wagner (financial advisor), that assisted us with the bond issuance, he also looked at it and weighed in. So this has been seen from a number of different angles to ensure the highest preservation of capital with earning a little better yield. Unless there's any other questions, I would request approval.

Chairman Davenport stated I personally am very excited about this. Since I've been on the Commission and looking at all this money and the balance sheet, all this cash and it just makes me crazy. This is one of the best things. Yes, it makes me nuts – it's a three syllable word for nuts, no, it did. But now we've got, this is just really, really, this is huge, this can be thousands of dollars, literally.

Mr. Chavez stated no, adding more than the pittance that we're receiving.

Chairman Davenport stated thank you Mr. Chavez and thank ya'll. So that's what probably we'll wind up paying for FMPA annually by the money we're going to make with all that money sitting in that account. That would be really interesting to see the balance there.

Mr. Bunch stated it would more than pay for it, I think, and others concurred.

Chairman Davenport then stated to Commissioner Conrad, and you worked on this Commissioner, you've talked to them about it?

Commissioner Conrad stated I talked with the external auditors, I've talked with FMPA, I've talked with Mr. Chavez. We've gone through the files two or three times.

Chairman Davenport stated thank you.

Commissioner Conrad continued, and I think they've done an excellent job of presentation and preparation and a lot of thought has gone into this. And I, of course, am not an investment guru, I am more of a control and process person and I feel like all my questions were very satisfactorily answered. And I feel like having our external on board as well is very important to us and so I feel comfortable that they're well aware of this policy and they've worked with FMPA in the past as well.

Chairman Davenport stated well, that makes me feel awfully good because since I've sat on this board, we've always had a CPA on it so I call it watching my back and our backs so thank you. I'm glad to hear your input here, adding because Commissioner Britz-Parker would sure

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

[7-b. Revised Investment Policy, U.C. Resolution No. 2021-13 (cont.)] -

give it to us, and we appreciated her input. Okay, anything else Mr. Chavez? Great report, I'm excited about this.

Mr. Chavez indicated nothing further, just request your approval.

Commissioner Smith stated one thing Mr. Chairman.

Chairman Davenport stated yes sir.

Commissioner Smith stated in my reading of this, it sure puts a lot of weight on Mr. Chavez. His role in this, implementing this policy, so I wish you the best of luck.

Chairman Davenport stated he's probably going to want to keep that in mind when his review comes up too.

Commissioner Conrad then stated do you want a motion to approve?

Mr. Chavez stated yes please.

Commissioner Conrad then made that motion; specifically to approve the updated/revised UCNSB Investment Policy and proposed Resolution No. 2021-13 as submitted. Resolution and policy effective immediately upon passage. *(listed on agenda as New Business item 7-b.)*

Commissioner Kelly seconded the motion.

Chairman Davenport confirmed there was no further discussion desired on this motion and then requested a vote to be taken.

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

Mr. Bunch then stated thank you to Mr. Chavez and to the FMPA representatives for coming over from Orlando and participating in the development of this. Honestly it puts it in the hands of professionals who do this full time and allows Mr. Chavez to focus on the financials. So thanks again, Ms. Reyes and Mr. Popp.

(4-b) Presentation: Electrification Overview and UCNSB's Approach:

Mr. Bunch stated okay, next we have Britney Beck who's going to talk to us about EV's and electrification. This was follow-up to a discussion we had several months ago and maybe Ms. Beck can remind us what meeting that took place at. If not, maybe about three months ago when we said we would follow up.

Ms. Beck stated that sounds good, we'll go with that. She then addressed the Commission by stating hello again, this time I'm up here for a lighter topic but with a lot of information. I'm not asking anything from you tonight, I'm not asking for approval on anything, this is just

(4-b) Presentation: Electrification Overview and UCNSB's Approach (cont.):

educational for your information about electrification and our approach. So I know that this topic will no doubt spur a lot of questions, maybe a lot of ideas and comments but for right now this is just meant to be a brief overview because we all in here could talk for hours on this topic.

Ms. Beck went to her first slide and stated what is electrification. So in general, electrification refers to the process of replacing technologies that use fossil fuels. So coal, natural gas, oil, with technologies that use electricity as that source of energy. The most popular area for electrification today, as we all know is with vehicles. And depending upon the resources used to generate the electricity, electrification can potentially reduce carbon dioxide emissions for the transportation building and industrial sectors. The potential for electrification though varies greatly across and within sectors and will impact us in various ways. For many businesses today, interaction with a utility may be limited, but as electricity replaces gas or diesel in company vehicles and companies become reliant on electricity for more aspects of their business, the utility will become an essential partner. So we have to determine both the possibilities and the challenges of electrification within our organization.

Ms. Beck went to the next slide and stated so our considerations for electrification are within the transportation and buildings sector. So electrification of transportation, we're talking about our own fleet, we're talking about EV public charging infrastructure. And electrification of buildings, looking at buildings as a grid approach. You know, so as we build new facilities how can we do, where we make these buildings grid responsive, meaning we use technology for automated demand response to control costs and energy usage. And that can be done through things like a smart building management system, that's how you make a building smart and thus grid responsive. I'll provide a little bit more detail later on.

Ms. Beck went to the next slide and stated most light duty vehicles, so cars, SUV's, small trucks, they run on gasoline. While your heavy-duty vehicles, like our large bucket trucks, run on diesel fuel. As you know the most popular form of electrification currently is in the transportation sector, with the focus on electric vehicles. Ultimately the range of benefits on emissions reduction depends heavily on the types of fuels used for electricity generation. So for example, a car that has been charged in Washington state primarily with hydroelectric power has a lower carbon footprint than a car charged in Wyoming with power from coal plants. However, even with those considerations driving an electric car currently produces fewer carbon dioxide emissions than a gasoline car when charged anywhere in the United States due to the lack or elimination of tail pipe emissions. So in addition to the environmental benefits, electric vehicles can also provide benefits to the electric grid by charging when electricity is abundant and demand is low and discharging to the grid when demand for electricity is high. This capability could be particularly useful for accommodating variations in electricity production from variable renewables. One phase of electrification of transportation would be consideration of our own fleet, but currently the U.C.'s fleet is made of 8% light duty, 89% is medium to heavy duty and 2% are EV's already. So the impact to the U.C. of EV integration in the community, what that impact has on our system, how we best manage that as well as our role in public charging infrastructure is also a consideration.

(4-b) Presentation: Electrification Overview and UCNSB's Approach (cont.):

Ms. Beck went to the next slide and stated the U.S. Department of Energy estimates that 80% of EV charging is currently done at home. So assuming that this pattern holds, utilities must take steps to ensure the sustainable growth of this important source of future revenue. Large scale EV adoption would create a massive increase in the amount of energy pulled from the grid as people come home at the end of the day and charge their cars. Various efforts to meet this demand will be necessary from ensuring our grid and infrastructure is able to meet the demand, to programs and education that works to encourage customers about the most economical time to charge their EV's. Large scale EV adoption also means that public charging stations need to be widely accessible. Although EV owners living in single family homes have a charging station, those living in multi-family housing developments do not, especially those living in low income areas. And even those drivers who can charge at home, want the comfort and security of knowing that they can charge when they need to wherever they are. Public charging will need to be convenient and it will need to be easy. And then fleets are a much greater challenge as supplying power to neighborhoods. Even neighborhoods where more than half of the households have an EV or two will likely pose fewer challenges than supplying power to a fleet of electric delivery trucks or a bus depot. So think the school buses near the airport. When a local business converts a fleet this could increase site load requirements by double or even triple digits. It might even require new substations or transmission lines. Solutions might not be fast, easy or inexpensive. And just a little fun fact, a typical Tesla semi can be the equivalent of 114 Tesla Model 3 vehicles or 50,000 kilowatts per hour per month to charge it.

Ms. Beck went to the next slide and stated electrification of buildings. So this is another area of potential electrification, especially as it relates to our own new facilities, as those are designed and construction. So taking buildings as a grid approach allows us to be grid responsive, lowering energy costs and demand on our own system. Smart building management systems allow for this to be automated. So for example, let's say that high summer temperatures are driving up cooling loads. This causes the marginal costs of power to increase and T&D systems become congested. Our system could be notified of a curtailment of or real time price of electricity, which provides real time visibility to a facilities manager. And then what follows is the smart building management system. It can adjust space temperatures and chilled water temps. setpoints, ensure fans don't overcompensate for those new chilled water setpoints, throttle servers for non-critical applications, automatically dim lighting, prevent EV's from charging during peak hours. Additionally the buildings as a grid approach unites the power needs of buildings and EV's with on-site renewable energy generation. Solutions include a comprehensive and integrated charging and distributed energy resources offering to optimize sustainability, resiliency, and cost effectiveness. So with this approach you can use infrastructure such as EV's and charging to tap in and pull some current back, distributing that power elsewhere during peak periods.

Ms. Beck went to the next slide and stated so of course, anything vastly different and new has its challenges and we need to understand what those might be so that we can develop strategies needed to overcome those ahead of time. Some considerations are that wide-spread electrification of light and heavy-duty vehicles face many economic and technical challenges such as wide-spread adoption challenges due to limited charging infrastructure and high price tags. Although with the approximately 2.1 million EV's sold in the U.S. to date, the current

(4-b) Presentation: Electrification Overview and UCNSB's Approach (cont.):

state of the market shows that about half of used EV's are less than \$25,000. Currently we are facing inventory shortages, which means all used cars, not just EV's but also used EV's are in high demand. And one of the most acknowledged barriers to EV adoption for many drivers is the fear of running out of power far from anywhere to charge. This has commonly been called range anxiety but as battery ranges have increased, many in the industry are beginning to use the term fuel anxiety. So shifting the focus to the availability of charging options. As the number of EV's grow, they could put pressure on the local power grid by substantially increasing the amount of electricity used. We need to study this, project this, plan for it. We need load profiles to ensure sufficient capacity and system reliability. This means we need charge data. EV's don't necessarily have a track record for predicting load growth that traditional utility methods do; so projections can vary widely. And for those who are charging at home, we can't tell the difference. So some creative ways utilities are gathering data for forecasts are by performing pilots, installing utility-owned chargers and offering incentives for customers to share their data. And then heavy-duty vehicles face even more obstacles to electrification relative to light duty, as they require much larger batteries. These batteries take up a lot of space which ultimately limits the space available for their tools and equipment needed to perform the work. It also increases the gross weight of the vehicle which can pose a problem when traveling interstate. So you have a vehicle that runs on electricity but the moment the driver gets in, you're overweight. Other challenges are potential regulations for EV integration, charging infrastructure, government zero carbon goals. As a government entity we're not privy to the tax incentives like other organizations who receive such for EV integration and charging infrastructure integration. And we're competing with the disparate economic models we have versus the IOU's to pay for EV charging infrastructure. So for example, FPL has a 10.7% return on investment approved by the PSC on \$150 million in public charging infrastructure, plus the charging revenue. So they are low to no risk whereas we would have to pay for the cost of capital invested at a bond rate and the return on investment would depend upon the charging revenue. Currently there are no tax incentives or PSC incentives for muni's like us. A third-party partnership might yield alternatives but only time will tell.

Ms. Beck went to the next slide and stated so what are we doing about this? We have to take an educated approach, learning what others have learned since the beginning of EV integration and electrification as a whole. We must determine both the opportunities available to us, the possibilities of what we can do, and the challenges associated with such. The truth is that electrification brings the opportunity for greater revenue as more people use electricity in place of fossil fuels. This is great, and we should take advantage of that opportunity, but we also have to be prepared for it so that our grid and our systems and our people can properly handle it. In the area of the U.C.'s fleet and electrifying that, we look at what's our objective, why do we want to transition to EV's, what's the motivation, and that's going to drive the schedule. What incentives or local regulations apply? What does our current fleet look like? As I stated earlier 89% of our fleet is medium and heavy-duty, the market isn't necessarily at a point today where we would be comfortable transitioning these vehicles to all electric. So we think about which ones can we replace with EV's based on current market availability and proven stability. Which ones do we need to push off into the future because the market isn't ready. What is our plan for building out sufficient charging infrastructure? A dozen or so class 1 or 2 EV's have a much lighter impact to existing electrical supply than say

(4-b) Presentation: Electrification Overview and UCNSB's Approach (cont.):

50 or more vehicles. And getting into the heavier classes results in significant new loads per facility. And then we think about resiliency, how do we plan for continuing EV operations during storm response and other scenarios where there's no electric power. I often joke about this but the short time solution is using fossil fuels or diesel powered generators to power up your chargers. And that's a bandaid but there needs to be long term solutions.

Ms. Beck went to the next slide and stated in the area of investing in public charging infrastructure we look at what's our long-term vision for charging station penetration. We need to understand the changing landscape of charging habits – so home charging versus public charging. The interconnection processes, this is true whether it's us installing chargers or someone else. So the available grid capacity at that site, the cost to increase capacity if needed at that site. And you know you've heard the term groundbreaking technology often requires breaking ground, so that is very true and then that means permitting is required for charging stations and sites. We look at what revenue growth opportunities exists and with that, how do we charge for it, what rates and programs should we have. What are the capacity impacts and how to tackle that. And also distributed energy resources profiling opportunities, how can we leverage EV load and network intelligence to forecast potential peak challenges and identify demand response opportunities. So AMI or smart meters, which we're working on, is an enabling technology which is necessary for taking advantage of the opportunities that come with EV charging and its infrastructure. And of course with this comes preparing for impacts on our power supply and infrastructure, predicting the impacts of localized loads to identify substations and feeders that are potentially at risk, and preparing those systems for such capacity impacts. Again, rates and programs, not only for EV users but also commercial and residential buildings that may begin to implement smart building systems.

Ms. Beck went to the next slide and stated so needless to say there's a lot to learn, a lot to consider as it relates to electrification and that's exactly what we plan to do. As you've been seeing on the sub-title of these slides a feasibility study is coming in 2022. We are currently working with FMPA actually to identify potential consultants who work in this area for utilities just like us, who can help us survey the current landscape, the future and help us develop a plan for everything that we talked about. Our main focus initially will be on public charging infrastructure and the role we should play in that area. Additionally, AMI and already in place electric system modeling technology will be key to successfully enabling and managing electrification, its impact on the grid and other modernization roadmap programs. And recently passed infrastructure bills are likely to provide some amount for public charging infrastructure but it's to be determined whether muni's like ourselves will be part of that. So again, this presentation was meant to just be an overview, even though I'm seeing eyes glazed over. But as we move forward we will continue to pursue our modernization project portfolio and in fiscal year 2022 we will develop an EV and public charging strategy based on this study's recommendations. And we will of course provide you with periodic updates on what we are learning, what our plans are, and our progress. Thank you.

Commissioner Smith then indicated he had a comment.

Chairman Davenport stated go ahead.

(4-b) Presentation: Electrification Overview and UCNSB's Approach (cont.):

Commissioner Smith commented you know my greatest fear about electrification is I'm going to get run over by a Prius because I won't hear it coming. But the thing is, I hope that you look at also because you're looking at this pretty focused on vehicles and issues dealing with providing charging places for them. But it's not too far in the near future that we're going to be dealing with boats, pleasure boats, and we're going to be dealing with aircraft. That project that's going on, was it Lake Nona, where the Germans* have designed a commuter plane that runs on electricity (*Lilium Lake Nona Vertiport). So I don't know if that's coming to New Smyrna, but you know if there's people who are living here and that's an option for commuting to Orlando to go to work. But anyway I would say you know look into that also because I know this, and I think I mentioned this previously but Correct Craft which builds Ski Nautique, which is the world's number one boat for skiing and wake boarding and all that. Indicated in ten years all his boat's will be electric, and that's going to be a lot of boats. Stated that should be a consideration within this planning. And then added, I was impressed, this is really a great summary of where you're going and how you're going to get there, and I think that's very wise and well done.

Ms. Beck stated thank you.

Chairman Davenport additionally stated thank you and added what gets me Commissioner Smith is it's one thing to be on the water but its another thing to be up in the air with that electric motor and battery – electric airplanes, I still can't get a grasp on that.

Commissioner Smith commented a long extension cord on that one.

Chairman Davenport then stated Ms. Beck, great job, very important. Commissioner Kelly, I missed the meeting but I think you mentioned it, was it you that said by the year 2025, 50% of vehicles...

Commissioner Kelly stated 2025 is most of the manufacturers' goals to have at least 50% of their production; by 2030 there's certain other manufacturers. An excellent presentation by the way because I've sat through a year and a half of zoom meetings and Mr. Bunch probably thinks I'm negative towards EV's, I'm negative towards zoom meetings talking about EV's. So you summarized like a year and a half in 20-30 minutes there. Yes, they say by 2030. I'll just tell you one of our brands, Cadillac by 2030 will be fully electric. I saw a picture of an electric Escalade the other day. So you've got a 5,000 lb. vehicle pushing around with electrification. I'm good with it and like I said the technology is changing so fast. Ford and the University of Purdue just came up with the five-minute full recharge on a battery. So what does that do to charging, what to how much electric you need, what does that do, you know to changes to your mind on transferring. You're in Naples, there's a hurricane, you got to get out of Florida, you know you're not going to go past Jacksonville without a full charge. A lot of people, we have people express it to us and everything, and the factories are aware of that. But what was the term you used, anxiety?

Mr. Cloud interjected range anxiety.

Ms. Beck confirmed, range anxiety, now they're saying fuel, fueling anxiety.

(4-b) Presentation: Electrification Overview and UCNSB's Approach (cont.):

Commissioner Kelly stated yes, so they want us to sign in for rental car programs to have more cars on our lot for people who have range anxiety, one way or the other so we can give them a car. So now we're going to need electric cars for fuel anxiety, but I do think it's a great program. But it is coming whether we, whether people like them or not like them, they're great vehicles. They really are fabulous looking, they operate so well, if you didn't know it was an electric vehicle, unless somebody told you wouldn't be upset with it. I'm not an expert on it, I mean Jack Holcomb was on the board before but it, you sit in it, they're going for it, it's full steam ahead and the technology is only going to get better. I think that was commented to Mr. Bunch a couple of times, my personal, I just think it is, it's changing so fast, it's not even in times of months and year and stuff, it's exponentially greater than that. It's a difference of a 20 mile per hour wind and a 100 mile per hour wind – it's not just 80 miles per hour faster.

Chairman Davenport stated they (at FMEA Annual Conference), did a presentation Commissioner Kelly and other Commissioners. Well, you were there Commissioner Smith, weren't you. Yes, it was fantastic, it was like, you're like sitting there looking at that going, really? And the Florida electrical...

Ms. Beck interjected FMEA.

Mr. Bunch stated it was at the FMEA/FMPA Annual convention.

Chairman Davenport commented one of those acronyms.

Mr. Bunch interjected you had all the letters right.

Chairman Davenport continued, but it was fascinating, it really was when it came to electric cars, and they were talking about just what you're saying.

Commissioner Kelly stated Mr. Chairman two interesting more facts on that. The reason that the manufacturers are getting these cars right, you order a Tesla, it comes to your door, they drop it off, they don't have a dealership network. They want to use the dealership grid and network as infrastructure, to have charging stations at the dealerships and things like that. So it automatically gives them a leg up if that manufacturer has a network of chargers already put in. We've spent \$300,000 electrifying our Cadillac/GMC store. So that's an investment that the manufacturer doesn't have to make, nor the municipalities or anything, there's going to be grids with chargers. You go in, you put your credit card in the machine, you get your car charged up and move on with that.

Ms. Beck stated only if it were that simple.

Commissioner Kelly asked Ms. Beck what was that?

Ms. Beck reiterated her statement adding I think one of the comments I have up there is a lot of people they only see that side of plugging, of like plugging in your iphone, and to them it is simple but on the backend there's so much.

(4-b) Presentation: Electrification Overview and UCNSB's Approach (cont.):

Commissioner Kelly stated oh yes, to re-underground...

Chairman Davenport stated I went to Advent Health last week to visit someone in Orange City and I couldn't believe the number of chargers they had at the hospital. It looked like, what are all these for. Okay, thank you Ms. Beck, anything else?

Ms. Beck stated no.

Chairman Davenport then reiterated great job.

Mr. Bunch stated nice job, thank you.

Chairman Davenport stated okay, see where we are here. We moved on to, done with our report Mr. Bunch?

Mr. Bunch stated yes sir, that will take us to the General Counsel.

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

Chairman Davenport then stated General Counsel's Report, Mr. Cloud, you're up.

(5-a) Interlocal Agreement with the City of New Smyrna Beach – Related to Management of Utility Property Title:

Mr. Cloud stated yes sir. In your agenda you'll find three items, one is sort of a narrative of things that occurred. The second is a letter that this board sent in the summer of 2020 to the City Commission. And the third is a proposed agreement, an interlocal agreement under the interlocal agreement statute regarding property title management. There are six entities in Florida that are managed, including this one, that are managed with what I'll call a board separate from a City Commission. And historically that has been a board made up of business people and probably the oldest one would be the Orlando Utilities Commission. Often times the creation of such a board has been sort of the quid pro quo, in order for the local government to be permitted by its local citizenry to get into the utility business. Each of these six entities deal with title to property differently, we're all different, and it has as much to do with the historical formation of those utilities as anything else. For example, OUC has to have the consent of the City of Orlando before selling property because Orlando originally bought the system following a purchase option arbitration in the 1920's. It's the oldest documented municipalization in Florida. And your first counsel, Mr. Jack Bolt, aptly named I would say, and a former, I believe, a Marine Corp fighter pilot from World War II.

Chairman Davenport commented he was with the Black Sheep and the airport's named after him.

Mr. Cloud stated that's exactly right, Mr. Bolt rendered a two-page opinion, sort of perfunctory if I do say so myself, to the City. The City raised the question about how title was held, and Mr. Bolt said well, we hold it as Utilities Commission, City of New Smyrna Beach and that is

(5-a) Interlocal Agreement with the City of New Smyrna Beach – Related to Management of Utility Property Title (cont.):

sufficient to comply with the Charter's admonition that title be held in the name of the City. Now the importance of that opinion is it actually permitted this body to issue revenue bonds and that has had a massively beneficial impact on the City of New Smyrna Beach. Why, because our rating and Mr. Chavez can tell you this, has benefitted the City's rating. Not just in the last 2020 revenue bond issue but going all the way back. This is not unusual, OUC's revenue bond rating has a beneficial impact on the City of Orlando's and the same with Ft. Pierce, the same with KUA and the City of Kissimmee and so forth. So it's a fairly important thing because being able to issue bonds separate from the City has all sorts of benefits in the financial market. So this has been a perennial policy issue, goes back to the beginning of the Commission. It's come up in 1980, it came up in 1985 when they amended the Charter, it came up in 2005, 2008 and then of course in the summer of 2020 when we really weren't expecting it to come up and it came up as a little bit of a surprise. I got a phone call from the City Attorney, Carrie Avallone, saying the Charter Commission is starting to look at this and of course she had, you know we had privately talked. She's asked me questions about this since she became City Attorney and I openly shared with her everything that I have. And I don't know how else to have a relationship with our City Attorney. So the latest change, which there was a change that was proposed in the summer of 2020 to the Charter, did not come from the City Attorney or the City staff or the Charter Commission. Because Mr. Bunch and I spoke with the Charter Commission and they didn't come forth with a recommendation. It actually came from the City Commission. And so a number of us, including members of this board addressed the City Commission about this. The concerns that were expressed were, well the way its stated is confusing to some or what about the Canal Street property, the building we're sitting in right now, what happens to that if the Utilities Commission decides that they want to sell it. And then what about the property that the City held prior to 1967 when the Utilities Commission was formed. And what about all that surplus property west of Interstate 95; those were the questions that were raised.

Mr. Cloud continued, and I think the simplest way to put our position is the Charter is not broke, please don't fix it and that you don't really need to amend the Charter, but you can enter into an interlocal agreement under section 163.01(1) to clarify any confusion that may exist about any of these properties. And we made a representation to the City Commission that if they would permit this to happen that we would follow through on it and we did. We have dealt with the issues like selling off the pre-1967 City lands which was dealt with an agreement, Mrs. Simmons can tell you long ago, really is a part of the Charter. And we've kept a list of that, I'm not sure the City had it but Mrs. Simmons found it and sent it over to them. You know, I don't know that the Commission will ever sell this building, I really don't because it's hard for me to judge when there will be a need for additional office space. I'm not the best person to judge that, there's a gentleman sitting down there at the other end of the dais who is, but I haven't heard any discussion of that issue in any of the meetings. But there is a big concern about that, there's been some discussion from time to time about a hotel being in this building, perhaps because people have seen that there's a hotel in the old OUC building in downtown Orlando. I don't know, this is not something that I've lost a lot of sleep about. But in the agreement, we have provided a right of first refusal option with value to be set by two appraisers should the Commission decide that this building, it no longer meets any of the needs of the Commission. It's hard for me to imagine that happening but you know I'm not the final

(5-a) Interlocal Agreement with the City of New Smyrna Beach – Related to Management of Utility Property Title (cont.):

arbiter of that, you are. And with regard to the selling off of the lands west of I-95, the agreement provides, much as your bonds do, that you would have to have a surplus determination in your current definition of surplus before transferring any of those lands. Again, based on the optimization study that's been performed and what I've heard from your Engineering Department, it's not likely you're going to be selling any of those lands to some big developer or to anyone. Because you're going to need them for your own operations in the future, including operations that may involve joint facilities with the City. There are none that are currently pending. I know there was some talk of a transportation facility, but I think that's sort of on the back burner right now. But these are things that do not, really don't affect how we manage things that are covered under this agreement. And there's an acknowledgement in the agreement that we hold title in trust for our customers. I think that's really important because ultimately, we're the facilities, whatever facilities might be sold, other than those facilities the City originally owned before we set up shop as a utility, the funds, whatever money is made from that is held in trust for our customers. It's not held in trust for any one of us, it's held in trust for the people that we provide service to, as it should be. So the City has agreed to this, they have adopted it at their last meeting and all of your staff, and your General Counsel strongly recommend that you approve this agreement.

Chairman Davenport stated okay, anything else?

Mr. Cloud stated no sir, not on this.

Commissioner Smith stated I make a motion we approve the Interlocal Agreement, specifically to approve the Interlocal Agreement Between the City of New Smyrna Beach and Utilities Commission, City of New Smyrna Beach, Florida, for disposal of lands – specifically for the U.C.'s "800 acres" – Western Utilities Complex and 200 Canal Street. Is that what you need to happen?

Commissioner Conrad commented if that's what you want; second.

Chairman Davenport said okay, we have a motion on the floor and a second for approval of the Interlocal Agreement. Correct?

Mr. Cloud stated yes sir.

Chairman Davenport stated discussion?

Commissioner Smith stated I have just a comment, what an excellent job you've done.

Mr. Cloud stated no, no, you, Mr. Bunch, everyone involved, Mr. Chavez, everyone worked together with the City Commission. The City Commission loves working with your staff. I mean you can't, lawyers don't do that, you as a group do that and that's why we brought this agreement forward.

(5-a) Interlocal Agreement with the City of New Smyrna Beach – Related to Management of Utility Property Title (cont.):

Mr. Bunch interjected Mr. Cloud's being humble here, he drafted the agreement, there were minor revisions, but Commissioner Smith I want to echo that. He drafted it and worked with staff to get it finalized but between he and Carrie Avallone, they did the bulk. Mr. Cloud did the bulk of the work with some support from the City.

Commissioner Smith stated well, it's just a significant document and like most legal documents it's hard to find the meat, the maters and taters in the document, but I think this one was really well done.

Chairman Davenport stated okay, any more discussion? There being none he requested Mrs. Simmons to call the roll.

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

ADD-ON (5-b) Pole Attachment Licensing Agreement Between U.C. and Level 3 Communications, LLC:

Mr. Cloud then stated the final item I have, it was brought to my attention today by your Chief Engineer that there's an agreement that's sort of been sitting out there. It's actually been signed by the communications company, Level 3 Communications, LLC, for a joint use - not a joint use, I apologize, an attachment of 5G small wireless. It's not a joint use facility like AT&T. It is consistent with the AT&T agreement. It was held up last year during the legislative session and I, you know I think we lost track of it and it's been passed out. It follows our typical form and it has the same kind of protocol within it so that staff can review this appropriately. And I would ask that you pass a motion to approve this agreement for execution.

Commissioner Conrad stated I'll make that motion; specifically a motion to approve the Pole Attachment Licensing Agreement Between U.C. and Level 3 Communications, LLC, as submitted and with copies provided at this meeting. (Note – Level 3 Communications LLC selected the 5-Yr. Fixed Cost option on this agreement. Due to that term length, this is pending City approval of the pole attachment licensing agreement form.)

Commissioners Kelly and Smith simultaneously stated second.

Chairman Davenport stated the motion has been seconded by Commissioner Kelly; discussion? There being no further discussion, requested a roll call to be taken on the motion.

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

Mr. Cloud concluded by stating that's it.

(6) Old Business:

Chairman Davenport then stated any old business we need to discuss?

(6) Old Business (cont.):

Mr. Bunch stated no old business.

There were no old business items to consider.

(7) New Business:

Chairman Davenport stated new business?

Mr. Bunch stated so we've covered a. and b. I just want to comment to the Commission and staff actually. So we had a customer come into the meeting, it's not often that we get a customer come in like that, I think Mr. Morant did a really nice job of presenting his case. I think you demonstrated a nice fair approach to considering his request. As with politics, it's kind of like making sausage, we don't have a process that says this is how you do it, but I think folks here and hopefully the Morant's also feel that at the end of the day their case was justly heard. And while they may not have agreed with the outcome, I believe what you decided on was the right thing to do. We as a utility, as I mentioned, have hundreds of miles of overhead system, underground, water, people hit our poles all the time, we get lawsuits far more than you're aware of. One recently, a customer tried to sue us \$300,000 as they were leaving the Breakers down by the beach, walking across the street, tripped on a manhole, did a face first. I saw the pictures, the lady did I'm sure a very painful face plant in the street on the sidewalk. She thought she fell over a manhole, well what we determined she actually fell over was where there used to be a palm tree and there was a circular spot that the City filled in with concrete and that was uneven. Well it turned out not to be our lawsuit but the city's, but those aren't unusual situations, and in this case, truthfully the Commission was not at fault and we do see a lot of things like this. But I want to commend you on giving Mr. Morant the time and place to vet his request, I think you did a nice job.

Chairman Davenport stated thank you. It was very interesting. I didn't know how to go with it, I said I can't make any decisions, all I can suggest is you come before us and lay it out there and we'll go from there.

Commissioner Conrad stated what was more difficult though was the fact that it was \$250. If he was asking for \$25,000 how would we have looked at it.

Commissioner Kelly stated yes, it would have been an easier no.

Commissioner Conrad stated and that is the real issue.

Commissioner Kelly stated that's correct.

Commissioner Conrad stated if it's a policy issue, the dollar amounts don't make any difference.

Chairman Davenport stated exactly.

Commissioner Conrad stated I appreciate it and the attention.

(7) New Business (cont.):

Mr. Bunch stated on the other hand had we been at fault, Ms. Beck, everybody's name he mentioned along the way, at some point along the way somebody would have said yes, we wronged this customer, they should be compensated. And you would have heard that from us as well.

Chairman Davenport stated I will assure you, after me studying it and reading it and looking at it personally, after Ms. Beck, after Mr. DeFries, after Mrs. Dean. By the time I got through counting the number of people, there was a half a dozen, and then you got me involved with my time. I'm thinking this guy's already got \$3,000 to \$4,000 right here in time and labor. That's what we've got to do, we've got to sit here and listen.

Mr. Bunch stated like he said, he honestly believed in the case that he was presenting, so I respect him for coming forward and hopefully he felt like the process served.

Chairman Davenport stated okay, no more business from you Mr. Cloud?

Mr. Cloud stated no sir.

(7-a) Wholesale Power Transaction Policy (Governance) – Proposed U.C. Resolution No. 2021-12:

This item, policy and resolution (No. 2021-12) was approved above within the Mr. Chavez' presentation for agenda item 4-a. Financial Status – October 2021. Commissioner Conrad made the motion, Commissioner Kelly seconded the motion, and which then passed unanimously on a roll call vote.

(7-b) Revised (Updated) Investment Policy (Governance) – Proposed U.C. Resolution No. 2021-13:

This item, policy and resolution (No. 2021-13) was approved above within the Mr. Chavez' presentation for agenda item 4-a. Financial Status – October 2021. Commissioner Conrad made the motion, Commissioner Kelly seconded the motion, and which then passed unanimously on a roll call vote.

(8) Possible Other Business – Time for Commissioners:

Chairman Davenport stated time for Commissioners – Commissioner Smith?

Commissioner Smith commented I started out my morning getting a needle in my eye and my day has improved immensely after that. And I appreciate the reports of the staff, I really appreciate people from Florida Municipal Power; do I got that right, for coming. And I appreciate the consulting you're going to be providing for the Commission. That's a very good deal for us I believe; and that's it.

Chairman Davenport stated Commissioner Kelly?

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

Commissioner Kelly stated I think the staff in that whole situation, I would have just like to have done that for them and after you made the second and had discussion, I thought that was a good way to go through it. To Mr. Bunch's point it really, I think they know we wanted to do it for them, believe in their story and I think they had a point. I mean I wouldn't, still I wouldn't call the power company if my house was all electrified and my air conditioner didn't work, you know. But the compliments on the staff and you know the only thing I can see, just being here on the board for this period of time is that you have an excellent staff. Things that we pass and do and don't do, that will have to be duplicatable if Mr. Bunch isn't here and the staff isn't here – they have to. So I appreciate the way that you guys dig in deeper to things and look at it because at the end of the day, it's an excellent staff. And I think that was a nice compliment.

Chairman Davenport commented the best.

Commissioner Conrad stated and I think Commissioner Kelly and Commissioner Smith, you've joined us a little bit in the last year at least and to have sit here for more than a year, not near as much as Chairman Davenport, but I see all of the procedures and the updates to the procedures. Things that haven't been touched in 15, 20, 25 years, so that staff is building processes. Leadership within the organization is building processes and if something changes and somebody leaves, there's now a process in place that's been updated and a plan to review them and update them periodically at a reasonable period of time in the future. And I am grateful to be on a board that does that and with an organization.

Chairman Davenport stated that's great. My comments are that you know sitting here the number of years, first of all I would sit beside our Chairman, former Chairman, and he would go, well people talk to me about this or call me about... Well, I never got called, but now that I'm Chairman I'm going hmm, Chairman Holcomb I'm starting to understand what you've been saying now. That being said, but Mr. Chavez and Mr. Bunch, and all of you, these reports, these overheads and the way it's explained to us compared to when I started to where we are today is night and day. And it's so interesting to watch it grow, watch this thing turn, this big, it is a big ship, turn around and get it going in the direction you want it because of the passion this board has. That being said I just wish everybody a happy holiday season, don't eat too much turkey and have fun and be safe, enjoy your family and friends. And with that, this meeting is adjourned. Thank you all, have a great holiday everybody.

There being no further business to come before the Commission, Chairman Davenport adjourned the meeting, and the Regular U.C. Meeting closed at 4:56 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.}