

AGENDA ITEM 3-a

MINUTES OF REGULAR MEETING OF THE UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA, HELD MONDAY, JULY 27, 2020, AT 3:00 P.M., AT 200 CANAL STREET, NEW SMYRNA BEACH, FLORIDA
(NOTE – DUE TO THE CORONAVIRUS/COVID-19 DECLARED EMERGENCY THIS REGULAR U.C. MEETING WAS HELD TELEPHONICALLY – VIA WEBEX MTG. NO. 132 417 5421)

To commence the Regular U.C. Meeting, Commissioner Hawes led in the Pledge of Allegiance and Chairman Biedenbach provided an invocation.

(1) Agenda Changes, Additions and Deletions:

Chairman Biedenbach confirmed with Mr. Bunch there were no agenda changes, additions, or deletions.

(2) Public Participation:

Chairman Biedenbach stated all right, public participation. He requested Mrs. Pitcher to support this item.

Roll Call:

While Mrs. Pitcher was coming to the podium, the Recording Secretary confirmed with the Chairman that the roll call should be taken. The below Commissioners, and staff members, were in attendance on-site (socially distanced) at this virtual Webex meeting:

Commissioner Lillian Conrad
Commissioner James Davenport
Commissioner Richard Hawes
Commissioner Jack Holcomb
Chairman William E. Biedenbach

Others in attendance were as follows: J. Bunch, General Manager/CEO; E. Chavez, Director, Finance/CFO; J. Couillard, Director, Engineering; M. Mines, Director, Electric Ops.; B. Pitcher, Director, Central Services; T. Beyrle, Director, System Ops.; B. Keehn, Director, Information Technology; T. West, Director, Water Resources; D. Simmons, Exec. Services Mgr./ Recording Secretary; General Counsel Thomas Cloud Esquire – Gray|Robinson Attorneys at Law; Anthony Hight plus two other technicians - Ant Farm Media; and a few unidentified WEBEX/call-in participants.

(2) Public Participation (cont.):

Mrs. Pitcher stated we had no participation comments come in beforehand so right now we'll just ask if anyone is on the line and would like to participate. So seeing and hearing none, this then closed the public participation portion of the meeting.

Chairman Biedenbach stated thank you to Mrs. Pitcher.

(3) Approval of Consent Items:

Chairman Biedenbach stated okay, we have the consent items, ladies and gentlemen what's your pleasure on a. through h.? Hearing nothing can I have a motion to approve them.

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

Commissioner Davenport stated I make a motion to approve; specifically a motion to approve items a. through h. – 3-a. Minutes of Regular U.C. Meeting held 6-22-20 (*held via Webex Mtg. No. 132 522 7418*), approve as submitted; item 3-b. Granted and Accepted Third Party Utility Easements, ratified the acceptance of easements granted by HSC NSB, LLC (and Special Warranty Deed), from Rajesh K. Ailani, and from Beacon Residences, LLC, for their respective projects, copies attached to the agenda item and hereby submitted to the Commission; item 3-c. Renewal of Port Orange / UCNSB Interlocal Agreement for Potable Water and Reclaimed Water Interconnects, approve the first renewal of the Interlocal Agreement between the City of Port Orange and UCNSB for the use of potable and reclaimed water interconnect and authorization for the GM-CEO or his designee to execute any associated documentation; item 3-d. Project Approval – Remote Terminal Units (RTU’s) Expansion and Enclosure Project, approve as detailed in the agenda item and documents attached in a total amount of \$232,000, utilizing Open Systems International, Inc. (OSI) and Belcher, Inc., both sole source vendors, and authorization or the GM-CEO or his designee to execute any documents associated with this project; item 3-e. Project Approval – I-95 and Pioneer Trail Interchange (FDOT), a FDOT project including UCNSB electric and water relocations and improvements, total project amount of \$3,414,318.00, and sole sourcing of associated design work to FDOT’s selected engineer Stantec Consulting Services, Inc. in the amount of \$268,316, and authorization for the GM-CEO or his designee to execute any documents associated with this project; item 3-f. Project Approval – South Beach Pump Station Upgrades, approve in the total amount of \$844,841 and authorization for the GM-CEO or his designee to execute any documents associated with this project; item 3-g. RSQ No. 20-20 – Continuing Professional Hydrogeological Services, award this RSQ to the highest scoring qualified consultant – Kimley Horn, to approve the Continuing Services Agreement attached to the agenda item and authorize the GM-CEO or his designee to execute all documents associated with this matter; and item 3-h. Project Approval – Sugar Mill Drive 20-Inch Reclaimed Water Main Relocation Project (ITB #27-20 Award Pending), approve in the total amount of \$550,000, and authorization for the GM-CEO or his designee to execute any documents associated with this project.

Commissioner Holcomb seconded this motion.

Chairman Biedenbach stated moved and seconded, and then requested for a roll call to be taken on the motion.

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

(4) General Manager’s Report:

Mr. Bunch stated okay, for the General Manager’s Report I’d like to start with Mr. Chavez and updates on our Finance and budgets please; and also the scorecard.

(4-a) Financial Status – June 2020:

Mr. Chavez summarized his presentation entitled June 2020 Business Performance Results; copy provided to the Commissioners. He stated June year to date, June was the month that we executed the bonds. So the debt and all the schedules have been reflected but this is the month, of course, that we took the bond issuance costs and those were expensed so that’s impacting the results. Plus the waterfalls (charts) that we have, we’ll go through a little more.

(4-a) Financial Status – June 2020 (cont.):

So June year to date a positive change in net assets of about a million, driven by lower revenue driven by the fuel charge. The fuel charge we set to zero for May and June and then a revised amount in July. Increased operating expenses, that would be the Series 2020 Bond issuance costs and lower contributed capital. On the capital side, year to date capital expenditures \$8.3 million. So that was \$1.7 million more than the month before. And we also have an update on our full year forecast, for the full year. June year to date capital expenditures reflect \$3.5 million in annual projects and \$4.8 million in major projects. Some of the annual projects, \$3.5 million, SCADA Upgrade, Overhead and Underground Extensions, New Services, Pole Replacements, and the like. On the major projects, Western Utility Complex, Smyrna Sub., Sanitary Sewer Systems 10 and 11, and then South Riverside Force Main Replacement.

Mr. Chavez went to the next slide (no. 3) and stated so this is our full year capital summary. Just from a global perspective we did have a number of issues, a delay in start of some of the projects or timing because of COVID and some other resource issues. The good thing is when we developed the 2021 to 2030 budget, we actually baked those in. So some of the items that we saw were being delayed, we were able to budget for those in 2021, so we did take that into consideration. So our budget right now is \$19.9 million for the fiscal year 2020, our revised forecast is about \$13 million. So on the next couple of slides, and if you just look to the left there, you'll see in annuals the YE budget was \$7.5 million, the revised forecast is \$6.1 or \$6.2 million. On the majors we were at \$12.4 million, our forecast is \$6.9 million for the full year.

Mr. Chavez went to the next slide (no. 4) and stated so some of the drivers, on the annuals side and this was definitely a big win – annual projects \$1.4 million lower than what we budgeted. A million of it was the Central Services, the centralization and the vehicle standardization project. So in essence when we did the 2020 budget, we were still in the decentralized mode of budgeting for vehicles based on departments' requests. What Mrs. Pitcher and her team have done was look at all the vehicles, look at what a standard is, look at kind of a five-year replacement plan and really a consolidation of all of our vehicles. So we had non-standard, we just were able to maximize or optimize the fleet. So a million of the \$1.4 million is really driven by the fleet vehicle standards and really what we had budgeted, since it was on a decentralized basis, and she had presented the five-year budget and then we're executing that plan. But that resulted in a million dollar lower forecast than budget because of the revised vehicle ordering and such. On the wastewater side, just usage of pumps and motors were lower this year. On the annual projects it's typically things that we do year in and year out, so those things could just have less equipment replaced. On the electric side the timing of transmission pole replacements and reliability improvements. On the transmission pole replacements, that will be more towards the end of the year and that's because of the outages that they need to schedule, so that will go into 2021. On the reliability improvements, Mr. Beyrle and the team working with Burns and McDonnell to look at the reliability initiatives and once we get those results in, we'll then be able to actually execute those and at the right time. But overall since we know we've been running, that we were going to run favorable to budget, we confirmed with all groups that any necessary capital expenditures needed, to make sure we operate the business effectively that folks knew, we put them in. Now, to the extent we can, we can't fill the hole that we have this year, but we definitely made sure that our groups have what they need to operate on a daily basis.

(4-a) Financial Status – June 2020 (cont.):

Mr. Chavez went to the next slide (no. 5) and stated major projects, what we did was a \$5.5 million decrease - \$2.7 million on wastewater projects, \$1.7 million on the I.T./Admin./ or Central Services, and then \$600,000 on water and \$500,000 on electric. For wastewater, the PLC (Programmable Logic Controller) Project...

Ms. Couillard interjected that company shut down completely during COVID and did not release any of their employees until June to travel. So that project was put on hold, we just started it in June.

Mr. Chavez stated on the Admin./Central Services decrease, just for the timing and really figuring it out, we made the determination earlier this year that this building would eventually be replaced by a headquarters building on the WUC (Western Utility Complex) property. Also working with the logistics of working with the City on a combined Fleet Facility building. So there's definitely timing on the Western Utilities Complex and that development. And we also had the Williamson Boulevard going back and forth regarding where that path will eventually go. On the water projects – South Beach Pump Upgrade and the Coastal Woods Project timing. This was another one that was...

Ms. Couillard stated this was another one we put out for bid, they asked for more time because of COVID. We're getting ready to award the South Beach Project so we pushed into next year, the capital will be in next year. The water main is based on the Coastal Woods build out and they're not at that point yet so that got delayed as well.

Mr. Chavez stated on the last one the electric, so the timing on the 115 kV Transmission between Airport and Field Street, on that one the engineering's underway. And that has to do with the timing of the outage on the transmission line.

Ms. Couillard stated we bid the equipment, we open bids on Thursday, and because the outage time frame is limited, especially this year with FPL doing all their transmission work, we're looking to do the actual work around January, February time frame. And we're getting ready to go out for bid on the construction piece.

Mr. Chavez stated the other big thing that we've done as well, significant changes, and really, it's been a gradual since Ms. Couillard started, was on the forecasting. So what we're doing is, although Engineering Project Managers are giving a project by project detail of what they are forecasting for the full year, but the next three months are what they have the clearest line of sight to, and where are we going to be at as far as the operational execution of the projects. So this year was a tough year, we are favorable to budget, but I believe we have the tools in place to make better execution next year on the budget. At least if nothing else we know what our forecast is, a better line of sight.

Chairman Biedenbach asked, have any of the COVID delays affected us negatively in what we do for a living here, for putting in the water, wastewater and the electric. Or is this just one of those things that...

Ms. Couillard then responded not for our day to day.

(4-a) Financial Status – June 2020 (cont.):

Chairman Biedenbach stated okay.

Ms. Couillard continued our folks do day to day, these are consultants who come in doing studies at the plants or getting ready to design something you have to come here and do a survey; those were impacted. So it was mostly our major projects impacted and shifted a little bit, but nothing that affects our day to day work.

Chairman Biedenbach stated or that will affect it in a year from now because we're late.

Ms. Couillard stated right.

Mr. Chavez stated and to that end on the annual projects which is the bread and butter, new services, no. We have the necessary materials and a lot of that work is done in-house. We did use some contract labor but they're already on our property, so we didn't lose anything. We're in good shape.

Chairman Biedenbach stated any other questions?

Commissioner Davenport stated I'm curious Mr. Chairman, how many vehicles do we have?

Mr. Bunch stated Mrs. Pitcher, would you like to speak to the vehicle question.

Commissioner Davenport stated 70?

Commissioner Holcomb commented the average age was eleven years old because we did this a year ago, or whenever I asked the question, or two years ago. I think when I asked the question a couple of years ago the fleet was somewhere around the 70'ish number and the average age of the vehicles was 11.1 years. And the target date was a seven year term, and which Mr. Chavez just stated is a five year term?

Mrs. Pitcher was at the podium at this point and stated no, a few years ago was a bit different. We were up to, I want to say 88'ish vehicles and we've since gone down about twelve, we reduced by twelve. So we're in the high 70's right now for our vehicles. We have a five year forecasting for what vehicles need to be replaced in the next five years but our life cycle is between seven and ten years and mileage. So we're looking at condition of the vehicle, age of the vehicle, mileage of the vehicle. It's not an in stone that at this age we're going to replace the vehicle because it might be in fantastic condition or the opposite, it might be in really bad condition at six years. So it's a guideline that we put in place.

Commissioner Holcomb stated and just curious, I brought this up and I don't even know who it was to, but it was dismissed pretty quickly. From a cash flow perspective, and some are service vehicles, some are just too big that leasing doesn't make sense, but our light duty stuff and medium duty stuff. From a cash flow perspective have we even entertained, with rates as low as they are, looking at leasing. And the reason I say that is because I have some friends with larger fleets than we have, substantially, so their numbers make bigger on cash flow as they try to grow their companies. I mean 70's is not a huge number.

(4-a) Financial Status – June 2020 (cont.):

Mrs. Pitcher stated we have looked into leasing and our opinion is it doesn't make as much financial sense for us because we're ending up paying more in the long run; but we have looked at it.

Commissioner Holcomb stated fair enough, as long as we did, I'm good, to not look was, you know, looks are usually free.

Commissioner Davenport stated on those approximately 80 vehicles, do we have our own servicing. And the reason I'm asking all this is just recently I was in Tennessee at a utilities, a big place and started meeting and talking with a guy and the next thing you know I bought a Ford truck from a fleet, they were selling it, it was an auction. But he was talking about how they had their own service and every single record from changing the air, that's what made me think. Do we have our own service here, do we have our own people that service these vehicles on a regular basis?

Mrs. Pitcher stated we do; we have two fleet mechanics and we service our own vehicles.

Commissioner Davenport stated I couldn't answer him then, but I was just well, I'm going to go back and ask.

Chairman Biedenbach stated the two new electrics, when are they coming into the fleet?

Mrs. Pitcher stated well, we have them and they are in our fleet but they're currently being wrapped, so once that is completed then they'll be out and about in the community. And we've since installed an electric charging station in our parking lot.

Chairman Biedenbach stated he had seen the electric charging station and he was just wondering.

Mrs. Pitcher stated unfortunately we've been dealing with COVID delays too for the vendors to complete the artwork.

Commissioner Davenport inquired if that would charge golf carts. He added I'm serious, we should have an adaptor, people have asked that.

Mrs. Pitcher stated it's not for the public, this one is just for U.C. vehicles, it has a lock on it.

Chairman Biedenbach stated do we have an expected delivery date on the wrapping of those two vehicles?

Mrs. Pitcher stated I'll have to confirm but the vehicles, I believe, are at the site right now. So I just have to confirm with our Fleet Manager the expected date of completion.

Commissioner Hawes stated he was a subscriber of Standard and Poor's local intelligence which talks about all kinds of things and this morning there was a seminar for lack of a better word, sort of a Webex, on solar energy and what's going on and in fact I was trying to get the details because it was actually pretty interesting, I thought I should send to you. But the other

(4-a) Financial Status – June 2020 (cont.):

thing that kind of came across that I thought was interesting was they did a survey of 44 large public companies, utility companies based on energy and alternative energy, and the question was are they keeping up with their capital expenditures or are they going to slow down because of COVID and so on and so forth. And the bottom line answer was they're moving forward and in particular one of the things that was pointed out was, I think it's NextEra Energy that owns FPL, and some of the things specifically that are going on in that way. So I found it, if nothing else, kind of conforms to what we're doing around here and it was good to know, I guess, that the energy is not slowing down, they're moving forward the best they can.

Mr. Chavez stated yes, with our stable financial situation, with rates being low, it's a good economical environment for us. Mrs. Pitcher and her team put together the plan, she's looking out five years, and based on their standards we were able to consolidate the fleet, get more efficient, making sure we have the right vehicles so we're not over spending on the maintenance. So, it makes sense.

Commissioner Hawes stated and this was actually beyond vehicles, they weren't talking about vehicles, they were actually talking about the whole infrastructure.

Mr. Chavez went to the next slide (no. 6) and stated I know this is the eye chart, and so we'll go through the waterfalls next, but I'll just hit on the highlights. So right now our purchased power is \$41.48, that's about the middle of the page. So it's \$6.31 better than this time last year, so we're still trending very well. Mr. Beyrle and his team, we have really good contracts with FPL and St. Lucie is part of our base load. And then if you go to the bottom, in essence usage, electric sales slightly up from last year, 1.6%, but that is purely a function of weather and just usage. On the wastewater sales, 2.9% higher. Reclaimed sales 9.4%, and of course reclaimed always looks high just because of small numbers (customers). But if you look over to the right, the customer count, electric 3.5% higher customer count than this time last year, 3.0% on water, 3.6% on wastewater, and 19.7% on reclaimed. So we're still seeing the trends that we've seen for the last several months, COVID or no COVID. We still have usage based on weather and our customer counts are looking pretty good, they're still continuing to grow. Things are not slowing down from that.

Mr. Bunch stated to Mr. Chavez, we don't distribute it, but I know you and the Manager of Customer Service track it internally on accounts in arrears by numbers, the dollars. Can you maybe speak at least qualitatively about how that's gone in the last couple of months – up, down, where we are now.

Mr. Chavez stated yes, it's actually gone really well. We've put in, you know we knew when this was coming that we could have some issues but I think based on the pro-active planning in all of our parts to make sure we really leveraged that time that we were not doing disconnects to work with our customer base to make sure they had the means necessary. So we worked with them, reached out to them during that period and actually we haven't seen that much of a hiccup at all. We track it weekly and every week it goes down, so we are in really good shape. So thanks to the team, and you know otherwise we're doing pretty good.

Chairman Biedenbach stated thank you for that forward looking because there was a lot of people that had real budget problems and we were able to continue to provide the services

(4-a) Financial Status – June 2020 (cont.):

that we provide without shutting them off. Thank you, thank all of you for that.

Mr. Chavez continued, and we definitely had a big drop, the week of 15th of July to the week of the 22nd, a good size drop off. So we definitely had, to date from when we started tracking it, are down 44%. Really, we did start from a very big number and dollars, but it's already come down significantly. So thankfully we're keeping on top of it and we'll definitely give you updates as we proceed.

Chairman Biedenbach stated thank you again. Any other questions from up here?

Commissioner Holcomb stated do you see anything that would give us concern, say if you had another spike, what are we, and the reason I ask the question is it's kind of hard to prepare for an unknown. The unknown is a little clear of what it is, you know how to operate, how to function. Because you know at the end of the day what we do is pretty substantial, I mean there's a lot of things connected to those outlets and we want to keep this going. So obviously we're learning from this but...

Mr. Chavez stated I think, and to your point, what's really helped us is, and it's kind of two-fold really, having the lobby closed has in essence helped contain any spread because we don't have folks, external folks to the U.C. coming in. But that's also helped in our folks, have really focused on the calls. So we'll go through the KPI's, but I believe we're over 98% answering calls within 60 seconds; so it's really shifted. When folks walk in off the street, it takes an inordinate amount of time versus a phone call. But the other thing that's been used very effectively by the customers has been the drive thru. So there's a drop box and that's spiked up which is great because that gives the customers an avenue to actually have that contact.

Commissioner Holcomb stated and on-line bill, has that gone up?

Mr. Chavez stated I don't have that with me.

Commissioner Holcomb stated the reason I say that is I'm just curious because it's kind of like it's nice to have drive thru's, but you've got to build them. It's nice to have drop boxes but you've got to build them. The way we're going to the future is not keep building drop boxes and drive thru's.

Mr. Chavez stated no, totally, that was more of a customer avenue but yes, the customer bills and that has steadily increased because folks, and this is the way that it's moving to so it's expedited. He then went to the next slide (no. 7), June 2020 Operating Income (Loss). Commented I think you have hard copies up front, so this is the waterfall to walk us from June year to date last year to June year to date this year. So if you look in the, starting on the left hand side, June 2019 year to date we had an operating date of \$119,000. So what I'll do is I'll walk you to where we're at today, and this is at the operating income level which is what's controllable. So right now we had an operating loss of \$1.9 million. The two biggest impacts to that are \$1.6 million, a decrease in revenue because of the fuel charge going to zero. We went from \$22.68 in April to May and June zero, which is what we agreed to, to help out our customers and such. Now what we've revised that to, we went from zero, we

(4-a) Financial Status – June 2020 (cont.):

didn't go back up to \$22.68, we're at \$15.75, but that impact is in July. But for May and June that fuel charge impact was \$1.6 million, a \$1.6 million decrease. And the other item was increased depreciation and amortization which is a non-cash item. So as we keep putting out more assets, the depreciation that goes along with that, it's increased expense but it's a non-cash item. So those are the two biggest drivers and then I'll go through the other ones, intermediate there. So other revenue change, net of everything going on, \$155,000 decrease. Depreciation and amortization, I just talked about, that's \$700,000. Now due to the rates that we get from purchased power, we're very favorable on purchased power but we have to book an over recovery, the difference between what we bill the customer and the favorability that we're getting on the purchased power. The net impact of that is a pick-up of \$400,000. Meaning even after the over recovery that we have to record, we're still \$400,000 better because of the lower purchased power, better than last year. The AT&T settlement, that was the one for the prior years, I believe it was 2010 to 2018, just going from memory, but that was \$275,000, that settlement that we had. And then if you look at the very last one before getting to the end blue column, after all that our operating expenses year over year we're in essence flat. We're \$46,000 different this year versus this time last year. So we're doing a really good job, the team is doing a great job on managing expenses, and that's reflective as we did the budget. The fiscal year 2021 budget reflects that, that's the first budget where we've actually gone down year over year, a revised head count. We really looked at the cost and made sure that we're operating as effectively and efficiently as possible. Mind you, we make sure that we have the capital funds necessary to operate as well as the operating funds. We're not short-changing and being short sighted. Added, this was the walk from last year to this year.

Mr. Bunch stated Mr. Chavez, a quick question, on the fuel charge to zero. We talked earlier in the year about having a reserve, so does that actually get funded by the reserve or are we funding that out of cash.

Mr. Chavez stated actually, so what we have right now, Mr. Beyrle and I reviewed the numbers, so right now the over recovery, after everything as of the end of June is \$5.9 million. So we know roughly, we're doing the rate study now, which is proceeding very well, we know it's going to be around the \$4 million range. That \$15.75 helps us make sure that we stay within our targeted over recovery, and that's projected.

Mr. Bunch stated and the reserve actually funded that \$1.579 million.

Mr. Chavez stated yes, the over recovery.

Mr. Bunch stated it wasn't paid for out of other cash reserves.

Mr. Chavez stated exactly, that was funded out of the over recovery that we already had. He then asked if there were any questions before moving on to the next slide. There being none he went to the next slide (no. 8) and stated the next slide is the change in net assets. So that's the bottom line that you see on your income statement. Operating comes more from where we're at from a controllable standpoint. This will have the same drivers as the previous slide, what I'll do is just touch upon a couple of things that are not on the operating income. If you look over to the right, the Series 2020 bond issuance costs, \$752,000, that's a non-operating

(4-a) Financial Status – June 2020 (cont.):

expense. That's required per accounting, to record that as an expense in the month that we incurred it, which will be June. We issued the bonds and then these were paid appropriately. Net other, to the right of that, is really lower interest income and just other normal, that's what driving it is really we're not getting as much interest income as we would have the year before because the rates are substantially lower this year versus the last. And the biggest driver here between the change in net assets, last year versus this year, is the decrease in contributed capital. Now we are, Ms. Couillard, myself, and Mr. Ho are looking at what kind of indicators that we can provide. Because this is the contributed capital meaning when a housing development is done this is the capital that they put back to the U.C., that they're responsible for the first year and we then take it afterwards. But just to give you kind of a hint of what was in last year, we had Coastal Woods B-1, B-2, and C, we had Palms 2-B, we had Riverwalk Condos. So you had a number of developments that were in essence transferred to the U.C. in 2019. It's purely timing, you can't really say COVID because when these projects get done, they get turned over; it's always, just depends on when things get done. Now in 2020 the biggest development that we have that we took on was Palms 3-B and 4. So 2019, you know Coastal Woods is huge, we definitely had a number of large developments finish and then those assets were then transferred to us. But that's the decrease in the capital contributions over to the right, the \$6.7 million.

Commissioner Hawes stated I'm not sure I understand that so using Coastal Woods as just an example, so they're putting in all the infrastructure and all that, they pay for that.

Mr. Chavez stated they do.

Commissioner Hawes continued, and then they turn this over to you a year later or something.

Mr. Chavez stated well no, they turn it over when it's complete. They're on the hook for maintaining it for the first year.

Commissioner Hawes stated okay, and how does that decrease the capital?

Mr. Chavez stated well, so we record that as an asset but since we didn't have as many developments finish in 2020, that's less.

Commissioner Hawes stated okay, it's the change.

Mr. Chavez stated yes, exactly, we had way more contributed capital last year, much less this year. But we don't control it, it literally you record it when it comes in.

Commissioner Holcomb commented you want to see a lot of land developments in your agendas and you won't have that problem. If you're looking how to solve it, that's how you solve it, okay.

(4-b) Balanced Scorecard and Enterprise Metrics – June 2020:

Mr. Chavez confirmed there were no further questions before he went to the KPI's (slide no. 9). Then stated June 2020, so consistent from a financial and operational performance, we're

(4-b) Balanced Scorecard and Enterprise Metrics – June 2020 (cont.):

operating pretty efficiently, always looking at ways of how we can streamline. But from a KPI perspective, which these are how we drive our business. Safety and Risk, no OSHA, motor vehicle or third-party claims in June. Electric reliability, SAIDI, is trending positively in month and year to date, and that is around duration. Frequency or SAIFI is red due to the high customer interruptions but Mr. Beyrle and the folks are working on those. CAIDI is red in June due to the high duration, the underground cable failure in Sugar Mill, that's being worked on as we speak. So good overall but there's plans to remediate and get better as the months go on. Water resources metrics are green, month and year to date. There was one 6" water main break in June. Customer Services I referenced earlier, 98% answered within 60 seconds and then over 98% of meters are read the first time, first attempt in June. Materials Management, P.O. issuances are green – month and year to date. And then H.R., we're green for the month in June. Our headcount is under by sixteen positions but based on our 2021 budget and kind of our resources, we definitely revised our headcount to optimize that in the 2021 budget. And then I.T., participation, help desk, resolution done very well. The cybersecurity really has done, has kept and remained positive in the areas, over 95% because of the cybersecurity training and the phishing exercises that are going on. Our team is very well versed in looking out for inappropriate or improper emails. That's a lot of how intrusions get into systems.

(4-a) Financial Status – June 2020 (cont.):

Mr. Chavez went to the next slide (no. 10) and stated lastly, and I touched on it earlier, this is what I referenced earlier about enforcing our customer policies but our working with the customers has really helped us and I think to your point Commissioner Holcomb, if we have a resurgence we already have the processes in place. We may see some numbers tick up, but I think we've got the right focus of trying to work with the customers and what can be done.

Commissioner Holcomb stated and the reason I asked that is no one could have projected it four or five months ago that we're going to be dealing with this, right, or even our thought processes of what we're going through. And then on the transaction part of it, you know one of the things it was kind of being thought of but the way we transact now has changed. And my goal for us is to be a completely touchless transaction, service, sales, whatever. And it's interesting when you start looking at all the things that you both commonly touch, you start checking boxes and getting those off, but the technology has really stepped up too. Like the vendors have challenged themselves and I've seen things that I didn't think were possible, possible now. And then the security side of this, how do we pay for it if we're not going to touch, talk, or hand the keys to each other and make sure that everybody's stuff is protected. So I encourage that because I've seen a, you know the cars that we deliver away from the store now has significantly increased and the demand has gone up. So it's either you play ball or you get passed by. It's the demand of our ratepayer or our customer and I would encourage all of you to be open minded throughout this process because things that we just didn't even think were relative are the new norm. And actually are easier, we've learned going through it we've actually made the process easier and the customers on the other end, once they learn how to do it, navigate it, the transaction is a lot better. So I encourage you to be very open minded through this period because you're going to see things that believe it or not I wouldn't even think we'd be looking at.

(4-a) Financial Status – June 2020 (cont.):

Mr. Chavez stated yes, I think this is a sign of the new normal. We've had pretty good success and we'll just keep working on what we're doing and deal with any changes as it comes up, but we'll definitely execute them. He then stated that's everything and offered to answer any questions, or further comments.

Chairman Biedenbach confirmed there was nothing further from the Commissioners.

There being none, Commissioner Davenport commented great job, and then various others thanked Mr. Chavez and Ms. Couillard for the presentation.

(4-c) Southeast Volusia Sci-Tech – Support Request:

Mr. Bunch indicated he had one more item, item 4-c., which was brought to us by way of Mr. Cloud last month and it was a request of support from Southeast Volusia Science Tech Middle School which I believe is also known as Burns Tech. So it's a Middle and High School and the request really is for, they're not asking specifically for a financial request but things like promote support throughout the community for the unique opportunity the school will offer the students, share experiences, expertise such as staff being speakers, mentors, potential teachers, trainers, assistance in obtaining equipment, and volunteer time. So the Director of Central Services, Mrs. Pitcher has an ongoing relationship with the school over the years and we can certainly do more having a lot of technical, technicians, engineers, folks like that, we can do more of what they're asking. And what I'd recommend, and we can do it a different way, is that I sign on behalf of the Commission and we reach out to them and let them know that we did it in response to the request and offer to do the kinds of things that they're asking about. I think we can do job shadowing, we can have folks go out there and do speaking, and mentoring, job shadow days here, things like that; but with that I'll step back.

Commissioner Davenport stated Mr. Chairman, then Mrs. Pitcher is this information the new Burns High School?

Mrs. Pitcher responded yes.

Commissioner Davenport stated absolutely. I think for those of you who don't know I've been involved in this school forever, actually they're a beneficiary of my life insurance. I've got a \$10,000 policy here. This school is really, really special, anything, and the talent that they have. I went in there one day, I went in there one afternoon on a Friday and went down the sidewalk and the sidewalks are named no bullying boulevard, respect boulevard, kindness. And it's just an amazing school, love the school, so I'm very supportive of it. When I get a chance to plug Burns and their new High School and what they do. The only person I've ever met in my whole life that's equivalent to Dr. Jan McGee, is Doc Leeper – the founder of the Atlantic Center of the Arts. That woman is one powerful, I mean when she's got her mind set on something, she'll get it done. I have to plug them.

Mr. Bunch stated that's good to hear.

(4-c) Southeast Volusia Sci-Tech – Support Request (cont.):

Commissioner Conrad stated I'd like to point out if other schools in our service area have similar kinds of programs that the Commission would support those as well. I think we should be consistent in our service area with what we offer to the community.

Commissioner Davenport stated absolutely.

Mr. Bunch stated and I would respond that we can support more than one local school in our area for sure. I knew that we were working with some schools, but I didn't know until I spoke with Mrs. Pitcher that we were working with Southeast Volusia Burns. So Chairman I don't know if this is something you want to sign on behalf of the Commission or you would want me to sign, we've got some flexibility.

Chairman Biedenbach stated I can sign it, you can sign it, either or. Do we need a vote to do this or do I need a resolution, what do we need; Mr. Attorney? Do I need to do anything other than sign the thing or say yes?

Mr. Cloud stated the Commission can have a voice vote; you don't need a written resolution for it.

Chairman Biedenbach stated okay, then I need, all those in favor of signing this letter that we're going to support. And I think we should support any of the education people in the community. But this particular one for Burns Science Center, I'm looking for a voice vote.

Commissioner Davenport stated I'll make a motion to approve the support of it and any other schools that we may need and be of general consensus in the community. As we're doing right now, that Mrs. Pitcher's already doing, going and making speeches and doing the right things.

Commissioner Conrad seconded the motion.

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

Mr. Bunch stated that's all I had Chairman.

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

(5-a) Ratification and Emergency Declaration Extension Resolution (Proposed U.C. Resolution No. 2020-10):

Chairman Biedenbach then requested Mr. Cloud to proceed.

Mr. Cloud stated normally this Commission meets in person. The charter actually says that a quorum is made up of people present. And there are a number of opinions that say this in presence requirement is basically a legislative matter. So when the Attorney General earlier this year suggested that the Governor could waive it, some of us were torn, nevertheless a number of people who are in local government who meet in this fashion are putting their lives at risk because a number of us are over 65. And it's not just your lives at risk, it's everyone in

(5-a) Ratification and Emergency Declaration Extension Resolution (Proposed U.C. Resolution No. 2020-10) (cont.):

your families. So I think there were sound reasons for waiving the quorum requirement by Governor's Executive Order. However the requirement is legislative, and we've had a discussion internally going on for some time now that Governors really can't waive that requirement. It's good that he did, but we've come up with a solution to that and that is what is before you right now as the first item. And that is a ratification resolution now that we are meeting again in person. I believe you can adopt this resolution and it ratifies all your past actions, including the bond issue, so that no one ever raises the question and there is no debate about it and that is the purpose of this resolution - the first purpose. The second is to extend the emergency declaration which of course the City of New Smyrna Beach, the State of Florida, and in fact our Federal Government still have in place. And so if you are agreeable to this, I would ask that someone make a motion to approve Resolution 2020-10.

Commissioner Holcomb stated so moved, I make a motion to approve Resolution No. 2020-10; specifically as submitted and to take effect immediately upon passage.

Commissioner Davenport seconded the motion.

Chairman Biedenbach stated it's been regularly moved and seconded, does anybody want to talk about this thing, everybody clear on what we're doing? There being no further comments he requested Mrs. Simmons call the roll on the motion.

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

(5-b) Discussion Item – Interlocal Agreement with City of New Smyrna Beach:

Mr. Cloud stated the second item is just a brief discussion. You may recall in our last meeting I brought you up to date on some discussions we had been having when in the beginning of June we were informed that there might be a charter amendment before the Commission. Which came as a little bit of a surprise, not only to me but also to the City Attorney. At the time I had suggested that we use an interlocal agreement and the initial meeting we had with the City Commission they never really addressed it. But I believed it would be a good alternative to a charter amendment because it's flexible, it's changeable, and it's quickly implementable. So we believe, and I believe Mr. Bunch indicated as well in our last meeting that we thought this might be a good alternative, and we engaged each of you in the quest to help communicate this issue to the City Commission. And I'm really very thankful that you all answered the call to make calls and so as a result, the City Commission has agreed, as of the last time we met, that they would then proceed forward with developing an interlocal agreement. And as a part of that effort, on your behalf, I promised the City Commission that the Utilities Commission would work to conclude an interlocal agreement. And it is our goal to complete the interlocal agreement in the fall and I will continue to address this issue with you individually as we proceed forward to obtain the interlocal agreement with the City Commission. And that was all I wanted to update you on, and that is all I have.

(5-b) Discussion Item – Interlocal Agreement with City of New Smyrna Beach (cont.):

Chairman Biedenbach stated the City Commission Attorney and yourself have been communicating on this. Do you have a framework at this time or am I asking the wrong question?

Mr. Cloud stated no, it's a fair question. We have been in communication, we probably haven't talked in the last couple of weeks, I know she's been pretty busy and so have I. Frankly the three or four days when we were working on this, they were pretty intense. I think they were pretty intense for some of ya'll too. But I plan on sending her a draft once I have gotten input from each of you, as well as Mr. Bunch, Mr. Chavez, and Ms. Couillard. But I don't plan sitting on this and we shouldn't, we should try to get this completed as soon as practical.

Commissioner Holcomb stated I would agree with that and I appreciate you keeping us abreast of what was going on. And it was interesting as the communications started and conversation started, really when you talked to everybody, everybody was aligning, everybody agreed, everybody understood, and it was just a matter of how to say it and put it on paper. I think you and Ms. Avallone have a good working relationship, that's the City Attorney. But one thing I want to stress is as a board why I stand in believing an interlocal agreement versus just kind a big swipe at the whole process of what we do. An interlocal agreement identifies an issue, singular, and it has the ability to be amended, to survive, expire, and it's a living, breathing type of document. As much stuff as the City does, as much stuff as we do, to try to handle you end up with unintended consequences because you try to over legislate, manage, operate, whatever it is, overreach, whatever it might be. And I like the fact that we don't get in the weeds, well like we didn't mean that when we did this agreement but that's the unintended consequence and we're stuck with that.

Commissioner Holcomb continued by stating, you know for ten years of being on the Economic Development Board, sitting on this board, so I've sat on both boards with the City. Coming out of 2009, that's when I was on the Economic Development Board, and was singular tasked with we've got to restart our City, we've got to restart our economy. So as we started to say okay, well what assets do we have, what resources do we have. The great word back then was shovel ready, right. I don't know what they were shoveling but it wasn't ready. But what I found was all these tools that were well intended that were just killed by another decision that was made away from that. So you couldn't take, like a tax abatement, a tax abatement you were trying to put in and a tax abatement for me, I'm going to say at the time was \$58,000. Well for me to qualify for the tax abatement I had to go spend \$200,000. I said well why would I do that; the trigger was we were trying to restart the economy. And as we started to go through that I started to invite the Commissioners to listen to these vehicles, they couldn't believe it. So that's why I say when we have an issue with the City we need to deal with, just like we have one with Port Orange (for Water/Reclaimed Water Interconnects), it had I think four options on it. That we have the ability to handle the circumstances of that agreement singularly and that's it. So that's what I'm trying to and as a Commission I would hope that we all understand it is very important and it will allow that conversation not to come up because it was really alarming when I sat in a room with all these wonderful things that we had, that were just, no one could use them. The benefit was definitely not worth the investment. So be cautious, but I like that singular, and Mr. Cloud I really appreciate you because we had some conversations and his explanations of slowing things down and

(5-b) Discussion Item – Interlocal Agreement with City of New Smyrna Beach (cont.):

breaking it down for us to understand the importance of our agreement. So, and the City was very receptive, I appreciate their willingness to work with us, they actually understood that we need to operate. They got it, that was refreshing to hear. So I hope you get it done this fall, I'm going to be rooting for you, and I like that you gave me a timeline because I like those.

Commissioner Hawes stated I was brand new when this whole topic kind of came up and one of the things that led me to a couple of conversations was one of the things I was highly interested in when I became a member of the Commission was to who am I obligated to and who's the Commission obligated to. And the quick answer to that was we have a fiduciary obligation to our customer, our rate-paying customer, and we also have one to the City. And I think as we start to understand that better and in all candor I think as the City starts to understand that better this will help, I think this helps to define that a little bit and it's something I'd like to see us take up as time goes forward. That we outline what those responsibilities are because you know it's difficult for the City Commission and new people coming in to say hey, they only know what they know. And I do think it's up to us to explain to them exactly how this Commission and how the Utilities Commission wants to operate overall. We're not in violation of anything, we have to run independently, we have those pieces there and this board has been specifically put in place to do that. So that's my understanding, there can be some comments if I'm off base, but I think that's where we have to head.

Commissioner Davenport stated I'd like to say in all my years in this community, I've seen this utilities, and we've all seen it, and that's a pretty long time, I can't believe it, 45 years now, I've never seen a better communication before between the Utilities Commission and the City of New Smyrna as we have here right now, thanks to Joe Bunch and this organization, and in front of everybody – communicating. And that's what we're doing, and they know what we're doing. And that was the whole thing, Mr. Bunch when you were hired that was one of the main points, did you know that? We all do, thank you though, that's what we're doing.

Mr. Bunch stated I think in that line of thought, our conversations with the City weren't about how can they control this or make this happen differently, it was truly how do we do business versus they. I think even in drafting this interlocal agreement Mr. Cloud will have the opportunity to spell out some of those abilities and things that are legislated and by charter, this is how we do this, that and the other. Once finished, Mr. Cloud and I have talked about this, that will serve as a reference if the question comes up again about sale of land or lease of land, things like that. But thank you for those comments Commissioner and Mr. Cloud has been working on this hard, I can tell you that he's done a really good job. And in some respects informing and educating folks in the City about these same topics that we're talking about.

Mr. Cloud stated of course my original advice was that brevity is the sole of wit. But I appreciate your kind comments and I'm just looking forward to completing the task that we have ahead of us with the City Commission and the City Attorney. And I was really gratified in seeing how interested in doing it they were and so we will proceed.

(5-b) Discussion Item – Interlocal Agreement with City of New Smyrna Beach (cont.):

Chairman Biedenbach stated thank you sir, any other comments? Then okay, number six, old business.

Commissioner Holcomb stated just, December is winter right, what's the first month of winter – December? Directed to Mr. Cloud, just trying to figure, you said fall.

Mr. Cloud stated before Thanksgiving.

Commissioner Holcomb stated all right, just wanted to make sure. Added you guys are getting good on timelines, of what year? Then stated thanks, I appreciate it.

(6) Old Business:

(6-a) Completion of Formal Actions of Approval for Proclamation and U.C. Resolution (Proclamation and Resolution No. 2020-09):

Chairman Biedenbach read this agenda item by title.

Mr. Bunch stated okay, and I'll mention one item in advance of that. While we were speaking on the other topic a few minutes ago, Mrs. Pitcher texted me and sent me a note about the vehicle wraps, one will be finished tomorrow and the other next week. Thanks for the update, looks like we'll have those vehicles out back very shortly. Then stated so in our zeal and desire to recognize Commissioner Griffith and Dave Hoover for their service to the Commission last month, we forgot to approve the resolutions associated with that.

Chairman Biedenbach stated sometimes the Chairman doesn't do very well up here.

Mr. Bunch stated we were just excited and happy to award them, so we will need a motion to approve both of those resolutions.

Chairman Biedenbach stated I need a motion to approve.

Commissioner Davenport stated I make a motion to approve; specifically a motion to approve the proclamation dedicating the U.C.'s dichlorination building in honor of David B. Hoover and to approve U.C. Resolution No. 2020-09, a resolution of appreciation for the honorable service of Lee Griffith as a Utilities Commission from September 2012 until May 2020.

Commissioner Holcomb seconded the motion.

Chairman Biedenbach stated it's been regularly moved and seconded, Mrs. Simmons please.

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

(7) New Business:

There were no New Business items for consideration.

(8) Possible Other Business – Time for Commissioners:

Chairman Biedenbach stated does anybody have anything to say for the good of the organization, Commissioner Davenport?

Commissioner Davenport stated yes sir I do. I'm excited about Rick Hawes being appointed, he's a great guy and I've watched you over the years work with the Chamber and how involved you are. Also sitting with this board and this organization that I'm very proud of, I haven't had a chance to talk or see ya'll, but I wanted to share with you something, you probably all read about it. Somebody cyberbullied me and brought this organization into it. I want to just share with you about what happened. I'm a grown man with a little kid's heart and I never understood what bullying was, and I can't imagine, Mrs. Pitcher, your kids in the schools being bullied. But anyway I got an injunction, he was charged for cyberbullying against me, immediately. That's just the first phase but there's a lot of things going on out in this world that shouldn't be going on, but I was slandered, slandered bad, and I'm not happy about it, whatever amount of money it takes to fix it, I'm going to fix it. But I'm sorry, I talked to Mr. Bunch, I've talked to Mr. Cloud, it was horrible; thank God my mother was not alive and read that. But anyway I do want to apologize, something was brought up about the Commission, about getting names. Everybody gets their new utilities turned on, why wouldn't you want to send them a letter and say hey, welcome to New Smyrna, if you need a notary, come to Buddy Davenport or State Farm, let us help you. I don't need to sell you insurance, all I do is help you, then it takes care of itself. Right, Commissioner Holcomb, you just help people, you're not selling. But anyway I wanted to share, I wanted to get that off my chest and tell you it's a very difficult thing to deal with when you're talked about like that. And not one word of truth, I've never been sued, ya'll read it, every word was a lie and the judge was firm about it. So that's just first case, first step, Mr. Cloud, of the ongoing process before we get to the end. So I wanted to share with everybody, and I would never, my responsibility to this community is first of all I love it. I don't give my time up here just giving my time, I give it because New Smyrna Beach has been good to me, I want to give back. The reason everyone of us are up here and our responsibility is, as you said there Commissioner Hawes, is to our ratepayers, to our community, and the second people is the Utilities Commission (sic City Commission), they appoint us. And I don't know if you read it but it was bad and I feel better and thank you for listening to me just a minute and I do want you to know there's a lot of legal processes going on to the point of the FBI. This thing has gotten really crazy, people have said this would make a movie; but that's all I'll say. It's been bad but thank you all for hearing my heart, I love this community, I love this board, and I would never do anything to jeopardize it. It's kind of like when I first moved here years ago, I met Truett Cathy, the founder of Chick-fil-a. Mr. Cathy and I were pretty good buddies actually, he brought me in a book one day, a book about the founding of Chick-fil-a and the history and he signed it. And he signed it Proverbs 22:1, I thought what is that; and so I went home and read it that night. And it says the only thing you've got, not gold, not treasure, not money, the only thing you have is your reputation and your name. I'm not going to put my reputation on the line for a dollar bill for anybody. My integrity is all I've got so I always kind of lived that Golden Rule. Thank you.

Chairman Biedenbach then confirmed no further comments from Commissioners Holcomb, Conrad, and Hawes. He then stated I have one thing to say. At church on Sunday I had two parishioners, and church wasn't very full, but I had two parishioners come up to me and say we had sewer clogs. They called the Utilities Commission, they came out and took care of it.

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

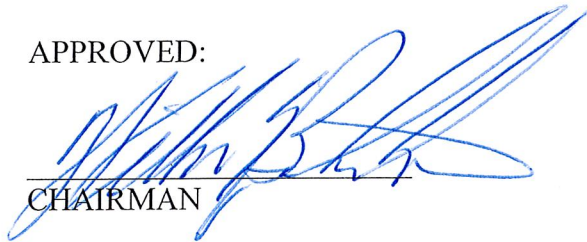
They were gentlemen, cleaned up, no mess, no sweat. Thank you very much and said that I should pass that on to the troops; so thank you very much. Asked again if there were any additional comments from Commissioners. In closing, commended the camera and recording system being utilized for this meeting – very impressed, thank you all.

Mrs. Keehn explained this was temporary, being handled by external company. I.T. is awaiting camera and equipment deliveries (delayed by COVID).

Chairman Biedenbach then closed the meeting and thanked those in attendance.

There being no further business to come before the Commission, the Regular U.C. Meeting closed at 4:00 p.m.

APPROVED:



CHAIRMAN

ATTEST:



SECRETARY-TREASURER

These minutes were formally approved by the Utilities Commission at their August 24, 2020 meeting.