

[ANNOTATED VERSION]*

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**MINUTES OF A REGULAR MEETING OF THE NEW SMYRNA BEACH UTILITIES,
HELD MONDAY, AUGUST 22, 2022, 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, called the meeting to order.

Commissioner Smith led in the Pledge of Allegiance and Commissioner Conrad provided the invocation.

Safety Message by Efren Chavez – Back to School Safety Awareness:

Mr. Chavez provided a presentation entitled Back to School Safety. Discussed safety tips for drivers, dropping off in school zones and for sharing the road with pedestrians, school buses, and bicyclists. Concluded this topic was about how to be aware and co-exist safely.

Roll Call

A roll call was taken with all of the U.C. Commissioners in attendance as follows:

Commissioner Lawrence Kelly, Jr.
Commissioner James Smith
Commissioner Lillian Conrad
Chairman James Davenport
Commissioner Richard Hawes

Others in attendance at this time were as follows: J. Bunch, General Manager/CEO; E. Chavez, Vice President/CFO; V. Steele, Director, Electric Operations; J. McMurray, Director, Strategic Programs; J. Grusauskas, Director, Water Resources; D. Wood, Senior Manager, Customer Service and Communications; Heather Carrizales, Senior Manager, Support Services; J. Michel, I.T. Manager, Infrastructure; M. Spellers, Sr. Help Desk Technician; L. Green, Help Desk Technician; D. Simmons, Exec. Mgr./ Recording Secretary; General Counsel Thomas Cloud, Esquire – Gray|Robinson Attorneys at Law; and John Moss, Lisa Martin, Valli Perrine, all members of the public in attendance on site.

(1) Agenda Changes, Additions and Deletions:

Chairman Davenport confirmed with Mr. Bunch there were no agenda changes, additions or deletions to the meeting today.

(2) Public Participation:

Chairman Davenport confirmed there were no on-site attendees nor anyone on the phone desiring to participate in this meeting. There was no public participation at this time.

(3) Approval of Consent Items:

Chairman Davenport announced item number 3. Approval of Consent Items, initially confirmed none of the other Commissioners wanted to pull anything from the consent agenda for discussion, and then indicated he would like to pull consent item 3-d.

(3-d) Agreement Renewal – General Manager/CEO Employment Agreement:

Chairman Davenport stated that he would like to make a change in Mr. Bunch's contract, where it says voluntary coverages for his dental, vision, or supplemental. Currently states in the contract that these are available for purchase. Indicated he would like for this to be part of Mr. Bunch's package for the Commission to pay for these coverages.

Mr. Cloud explained how this modification could be made within this contract – in the bullets set out in section 5, the eighth bullet: ...voluntary coverages including dental, vision and supplemental are available for purchase, the costs of which shall be paid by the Commission.

Commissioner Kelly inquired about the precedent for the entire staff.

Mr. Bunch explained in terms of precedent the Commission has two employees per se, the rest of the broader organization reports to him. Mr. Cloud and I are contractual, nobody else is contractual, none of the Directors and none of the employees.

Mr. Cloud confirmed and added this would not violate the H.R. Manual, Commissioners had a great deal of flexibility in the contract that you sign with the CEO. Confirmed Mr. Bunch was correct, this is a one-off.

Mr. Chavez also indicated this is a contract, whatever is done with this contract does not set precedent for others.

After support was expressed by Commissioners, Commissioner Conrad indicated she thought the change in consent item 3-d. could be included in the motion for all consent items.

Mr. Cloud stated the motion would be to approve the consent agenda with the modification to the CEO's contract in section 5., as read by General Counsel.

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

Commission Action:

Commissioner Conrad stated I would make that motion - a motion approving the consent items a. through f., with a modification to item d., the GM/CEO's employment contract in section 5. which was read by General Counsel. Specifically, approval of item 3-a. Minutes of Final Public Hearing and Regular U.C. Meeting Held 7-25-22, approve as submitted; item 3-b. Approval of Award – RSQ No. 10-22 – Continuing Professional Service Agreements, approve award of RSQ No. 10-22 to the selected firms shown and listed on the summary section of the agenda item: Burns & McDonnell Engineering Company Inc. (Electrical);

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

Atwell, LLC (Electrical); Stantec Consulting Services Inc. (Electrical and Civil); CPH, LLC (Civil and General Services & Mapping); Tetra Tech (Civil); and EMT Surveying & Mapping, Inc. (General Services & Mapping), and authorization for the General Manager/CEO or his designee to execute the attached Continuing Services Agreements with these firms; item 3-c. Approval – Fire Hydrants Inspection and Flow Testing Agreement Between UCNSB and County of Volusia, approve the agreement attached to the agenda item for an initial four-year term; item 3-d. Agreement Renewal – General Manager/CEO Employment Agreement, approve renewal of the agreement attached to the agenda item as modified in section 5. which was read by General Counsel (modify for NSBU to pay for GM-CEO’s voluntary coverages, i.e., dental, vision and supplemental insurance). Upon approval this renewed agreement will take effect on 10-1-22 and shall terminate on 9-30-26, unless renewed or earlier terminated as permitted by the Commission; item 3-e. Ratification Approval – Annual Chemicals / Water and Wastewater 2nd Year Renewal Option Price Adjustments, ratify the percentage increases in excess of \$75,000 for fiscal year 2023, for the second-year renewal of ITB No. 25-20, in the annual total amounts for Allied Universal \$237,600.00, Carmeuse \$592,848.00, and Odyssey Manufacturing \$209,250.00; and if needed authorization for the GM-CEO or designee to approve the 3rd final renewal of ITB No. 25-20; and item 3-f. Project Approval – WRF Biosolids Dewatering Improvements, approve this project in the total amount of \$1,400,000.00 including the proposal from CPH Consulting, LLC in the amount of \$114,470.00, and authorize the GM-CEO or his designee to execute all documents associated with this matter.

Commissioner Kelly stated I would second.

Chairman Davenport stated okay, any more discussion.

After a few comments, Commissioner Conrad’s motion passed unanimously on a roll call vote.

Commissioner Hawes requested confirmation all consent items were approved.

Commissioner Smith and Mr. Cloud confirmed.

(4) General Manager’s Report:

Mr. Bunch requested Mr. Chavez to come to the podium and provide the July 2022 Financial Performance Report.

(4-a) Financial Status – July 2022:

Mr. Chavez then provided a presentation regarding the July 2022 results – entitled “June Financial Performance”. Fiscal year to date change in net assets of approximately \$5.5 million, driven by increased revenue, offset by increased purchased power and operating expenses. Year over year electric consumption slightly higher, by 1.7%, driven by milder weather. Consumption for water 4.8% higher year over year, wastewater 3.4% and reclaimed water at 9.1% higher. July fiscal year to date purchased power at \$67.80 per megawatt hour –

(4-a) Financial Status – July 2022 (cont.):

32.8% greater than the prior year's \$51.07. Currently reviewing the Florida Power and Light contract to perhaps reduce costs and extend term. And also explained the mark to market adjustment will need a corrective adjustment in August. Will be a loss but no impact to New Smyrna Beach Utilities, as this is a non-cash, accounting book entry, and additionally will be holding these investments to maturity. Florida Municipal Power Agency representatives will have the adjusted number next month. Then continued with fiscal year to date capital expenditures at approximately \$16.2 million, \$9.6 million in major projects and \$6.6 million in annual projects. And briefly discussed some of the listed projects.

Chairman Davenport requested an update on the 5th Street Bridge Project (City NSB project).

Mr. Chavez explained NSBU will be relocating our utilities attached to that bridge and a formal update would be provided from Ms. Couillard. (Ms. Couillard was not in attendance at this meeting but subsequently provided an update to the Commissioners on August 23rd.)

Mr. Chavez then highlighted, on the purchased power side, that even though NSBU contracts were very good, with best pricing and continually try to work on that, working with FPL now, the fuel and purchased power adjustment will need to be increased on October 1st. As of right now, only have \$300,000 of over-recovery, goal is typically \$5 million. Over \$7 million at the beginning of this fiscal year, but between giving, in essence what we gave back as part of the rate study and now the substantial increase in purchased power, that reserve now will be zero and actually flip to an under-recovered position. So October 1st will be, of course next month we'll talk with you about the revised purchased power adjustment, but just with the way the balance sheet's looking on over-recovery we have to increase it. We cannot, we do not want to be in a position where we are under-recovered as it relates to purchased power.

Mr. Chavez then proceeded with his presentation by stating year to date, at approximately \$3 million in an operating income standpoint. Fiscal year 2022 income before contributions at a \$2.7 million profit. Capital contributions less than year before, solely a factor of developer's status in new build construction. Also pointed out that current market housing completions taking much longer, and the number of housing units are slowing down. Added there were some pending large developments south of S.R. 44 and some way north of our service territory, but until those are kicked off it's going to stay like this for a little while.

(4-b) Approval – Commissioner Travel Expenses FMEA 2022 Annual Conference – Commissioner Conrad:

Mr. Bunch introduced this item and Mr. Chavez confirmed Commission action was required.

Commission Action:

Commissioner Hawes stated I'd like to make a motion to approve those expenses; specifically a motion approving Commissioner Conrad's travel expenses in the total amount of \$1,255.00 for the FMEA 2022 Annual Conference.

(4-b) Approval – Commissioner Travel Expenses FMEA 2022 Annual Conference – Commissioner Conrad (cont.):

Commission Action (cont.):

Commissioner Kelly seconded the motion.

After a couple of comments, Commissioner Hawes' motion then passed unanimously on a roll call vote.

(4-c) Presentation – NSBU's FY2023 Strategic Goals:

Mr. Bunch and Mr. McMurray provided this presentation entitled "FY23 Strategic Plan".

Mr. Bunch provided an overview of the recent strategic planning and accomplishments, historically from 2019 through 2022 year to date. Also discussed the strategy timeline for the "Utilities Commission of the Future". At conclusion indicated, so a very busy three plus year period, a lot of tactical, basic and blocking improvements and putting strategy in place for now and the foreseeable future.

Commissioner Smith inquired about artificial intelligence and how its associated with future technology implementations.

Mr. McMurray briefly discussed the grid intelligence improvements, business intelligence, data analytics, and predictive engines, as in the Outage Management System. Indicated he believed NSBU will not be out in front of everybody but will be watching because of capital investment and exploratory efforts that will need to done will be watching and when proven, we'll follow behind.

Mr. McMurray discussed fiscal year 2023 strategic goals, priority programs for NSBU's modernization plan – five-year portion, and fiscal year 2023 major electric and water/wastewater projects. Concluded in summary that with NSBU's ten-year capital improvement plan, modernization roadmap, and fiscal year 2023 strategic goals, budget, and projects, the additional system improvements in reliability, resiliency, sustainability and capacity will be realized through the new and upgraded infrastructure and facilities.

Chairman Davenport commended Mr. Bunch and Mr. McMurray on this presentation, and all staff for the stated accomplishments. And then asked if a planned Joint Meeting with the City and NSBU should occur to let them know all this as well, really valuable to pull us together one more time, perhaps before the end of year to share this with them?

Mr. Bunch indicated there is an election coming up in November, will be having a change in Mayor and at least one City Commissioner, maybe two. Thought is to give them a couple of months to get their feet under them and then do another joint meeting, maybe early next year.

Chairman Davenport stated okay, but added I highly recommend as soon as we can, to share this with the new leadership at the City.

(4-c) Presentation – NSBU’s FY2023 Strategic Goals (cont.):

Mr. Bunch indicated yes and stated this will be discussed with the NSBU Commission about timing for the Joint Meeting. Then commended Mr. McMurray, had joined the Commission last July and has really accelerated a lot of these things. Existing staff had other full-time jobs, was losing headway on some things, but now has accelerated a lot.

(4-d) Informational Presentation – Customer Experience Transformation:

Mr. Bunch introduced this item, indicating Mrs. Wood will be talking about customer experience, everything we’ve talked about in terms of the investments and systems and technology, it’s not for the sake of doing the work, it’s the customers. Mrs. Wood will be talking about it from the customers’ side.

Per Mr. Bunch’s request, Mrs. Wood introduced herself, provided her name and new position title – Senior Manager, Customer Service and Communications. Mrs. Wood emphasized the NSBU is prioritizing the customer experience (CX) at every level and has been identifying areas to improve all customer interactions with NSBU. In July 2022 commenced launching of the customer-facing initiatives. On July 1, 2022 revealed the NSBU new name, logo and updated website. The new website includes an enhanced display on smart phones. On July 15th the Outage Management System (OMS) went live for internal staff. On July 28th the Web Outage Viewer (outage map) was added to NSBU’s website for customers.

Mrs. Wood continued with an overview of an actual outage, the August 10, 2022 electrical outage. Over 94% of customers utilized the new automated phone line during this outage. The automated call-in outage reporting number is 386-427-1366. Explained outage management is no longer a manual process limited by staffing. Has only five Customer Service Representative during business hours to field, email and send outage information to the dispatcher. The new OMS recognizes phone numbers associated with utility accounts and handles approximately 18,000 calls per hour. Also includes a customer-selected call back feature to confirm power restoration. And customers are fully informed by the new Web Outage Viewer regarding outage status, estimated time of restoration, cause of outage when known, number of customers out, affected areas, and number of customers restored.

Mrs. Wood continued and explained there were multiple, additional customer experience (CX) improvements forthcoming. There will be a single sign-on customer portal, called SilverBlaze, which will support the ability to start, stop and transfer services using smart forms. This will streamline multiple processes for our customers and staff by automating service requests and by providing access to detailed consumption data and usage patterns. This is expected in September/October 2022. Then there will be Nexus VX videos, customizable videos that will play in the customer portal tailored to the customer specifically or can use them to promote e-billing, auto-pay, and maybe an introduction to the new customer portal or any other program, to help the customer experience overall. Then there will be an NSBU app., will allow customers to easily access their account, report outages, pay bills, and all from the comfort of their smart phone. Will also be able to use the app. for push notifications to tell the customers when power is out, when a bill has been sent, and alert when usage is higher than normal. Can utilize in any manner to help communications with our customers, will be a very strong communication tool. Both videos and app. coming in October/November 2022. After that, will have texting capabilities coming to our OMS

(4-d) Informational Presentation – Customer Experience Transformation (cont.):

software, customers will be able to report a power outage via text and NSBU will be able to send notification via text message that power has been out and provide updates as well. Texting capabilities expected in early 2023.

After a few comments, Commissioner Hawes stated I think this is really good, its very clear that the voice of the customer is in this. People have to adjust and learn new ways to do things and that kind of thing, but I think as people start to adjust its going to be a great thing.

Commissioner Kelly concurred with Commission Hawes statement, it makes customers so much happier that they can interact and communicate in this manner. Adding great work and great teamwork, I think it's fabulous.

Commissioner Conrad also thanked staff, indicated these were the things gone over for the last twelve months, had vocalized many times, and have now come to fruition; really appreciate it, thank you all.

Mr. Bunch stated I just want to add that the whole organization is answerable to Mrs. Wood for customer service. So as we go forward and we make improvements, if an area of our team's not holding up, they've got to explain to her and we're trying to formalize that role for her as well.

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

Chairman Davenport requested Mr. Cloud to provide his report.

Mr. Cloud indicated he had three quick items.

(5-a) Ratification – Settlement Agreement and General Release for UCNSB v. Cory:

Mr. Cloud stated first we're going to ask that you ratify the final settlement agreement for the Cory case. A couple of very minor changes, this has been signed but just thought it would be prudent to have a motion to approve, to ratify that settlement.

Commission Action:

Commissioner Hawes stated I would make that motion; specifically a motion to ratify the Settlement and General Release dated 7-22-22, subsequently executed by NSBU Chairman on 8-5-22, associated with the approved NSBU v. Cory Mediated Settlement Agreement dated 7-25-22. Additionally, authorization for the General Manager/CEO or his designee to execute any additional documents associated with this matter.

Commissioner Kelly seconded this motion.

Chairman Davenport stated okay, any discussion. There being none, requested Mrs. Simmons to call the roll on the motion.

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

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

Mr. Cloud then requested an Executive Session – Closed Attorney-Client Session to be scheduled for the next NSBU meeting. Currently the Regular/Reorganizational meeting on September 26, 2022. This is related to the Hypower litigation.

Commission Action:

Commissioner Smith asked if Mr. Cloud needed a motion on this.

Mr. Cloud stated I do.

Commissioner Smith stated I so move; specifically a motion to approve the scheduling of an Executive Session at the next NSBU meeting on September 26, 2022, related to the Hypower litigation, as detailed above.

Commissioner Conrad seconded the motion.

Chairman Davenport stated okay, any discussion? There being no further discussion, requested Mrs. Simmons to call the roll on the motion.

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

Mr. Cloud then mentioned the American Public Power Association (APPA) grant agreement for NSBU included a Non-Disclosure Agreement (NDA) requirement for General Counsel to execute. Adding in connection with two new, existing laws, there is now a duty not to disclose information relating to critical infrastructure. Associated, related items have now been declared legislatively confidential. Indicated that NSBU may need to conduct Executive Sessions when needing to discuss details in connection with critical infrastructure now.

After some discussion, Mr. Cloud confirmed that NSBU was compliant now, just need circumspection about operational detail going forward. Final disclosure determinations associated with this new legislation remains ongoing, just bringing forth as a matter for awareness.

(6) Old Business:

There were no Old Business items to consider at this time.

(7) New Business:

Chairman Davenport confirmed with Mr. Bunch there was one item of new business.

(7-a) FY2023 Employee Insurance Renewals:

Mr. Chavez came to the podium and stated this item was part of our normal operations, we budget for this, but it was just the size of the dollars. It's our medical insurance renewals, medical, dental, vision, etc. Mentioned historically claims had been on the upswing but are now starting to trend down. On medical, Florida Health Care Plans had proposed a 9%

(7-a) FY2023 Employee Insurance Renewals (cont.):

increase, that was ultimately reduced down to a 6% increase. The claims that had been driving NSBU's loss ratio, in essence, were non-employee, family related, some serious medical conditions driving that. Just had a recent benefits fair with Ms. Carrizales and are focusing on wellness and such to continue the positive trends on our employees. Provided additional details on increases as well as reductions realized through some bundling, placed under one carrier and got some better rates.

Commission Action:

Commissioner Kelly stated move to approve; specifically a motion to approve the continuance of employee insurance for FY2023 with the carriers/coverages listed in the summary of the agenda item, to be effective 10-1-22 through 9-30-23, FSA renewals effective 1-1-23 through 12-31-23.

(Medical – FHCP / 6% premium increase; Dental – Standard / 4% premium increase; Vision – EyeMed / no premium increase; Group Term Life and AD&D – change to Standard / premiums 6% less – Minnesota Life's renewal rate; Voluntary Life and AD&D – change to Standard w/slightly enhanced benefits; Short Term Disability – change to Standard, 4% premium decrease; Long Term Disability – change to Standard / no premium increase; and Flexible Spending Account – change to MedCom / no change in NSBU fees)

Commissioner Conrad seconded the motion.

Chairman Davenport stated okay, we've got a motion to approve, we've got a second by Commissioner Conrad, any discussion?

Chairman Davenport reiterated inquiry about quotes or comparisons for these services, and if Mr. Chavez was comfortable with current recommendations of renewal.

Mr. Chavez confirmed an RFP is issued for broker services, NSBU currently with Brown and Brown, and staff concurred with Brown and Brown's recommendations for these renewals.

Chairman Davenport stated okay, all right, and stated we need to call the roll Mrs. Simmons please.

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

(8) Possible Other Business – Time for Commissioners:

Chairman Davenport opened the floor for Commissioner comments.

Commissioner Kelly commended NSBU staff's management of Friday evening's electrical outage; very severe weather experienced. Also for the assistance NSBU provided to Sugar Mill with a reclaimed water request.

Commissioner Conard complimented the presentations provided by staff, commented that these presentations help the Commission to then help staff.

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

Chairman Davenport then requested Mrs. Simmons’ name and position title to be added to the title block on NSBU agendas.

Mr. Bunch stated done.

Chairman Davenport also provided accolades to all staff for producing results over the last few years that all can now see. Commended Mr. Bunch for accomplishing his requests during his initial interview with him – getting along with the City Commission and giving back to the community. Also congratulated Mrs. Wood on her recent promotion.

Chairman Davenport confirmed there were no further comments and adjourned the meeting.

There being no further business to come before the Commission, the Regular U.C. Meeting closed at 4:50 p.m.

APPROVED:

ATTEST:


CHAIRMAN


SECRETARY-TREASURER

These minutes were formally approved by the Utilities Commission at their Sept. 22, 2022 meeting.