

[ANNOTATED VERSION*]

[*Near verbatim/detailed version of minutes posted on NSBU website – nsbufl.com]

MINUTES OF A WORKSHOP MEETING OF THE NEW SMYRNA BEACH UTILITIES,
HELD WEDNESDAY, FEBRUARY 8, 2023, AT 3:00 P.M., AT 200 CANAL STREET,
NEW SMYRNA BEACH, FLORIDA

(WORKSHOP MEETING WAS HELD ON-SITE)

(Note – Chairman Davenport and Commissioner Kelly were not in attendance. Vice Chairman Hawes and Comms. Conrad and Smith were physically in attendance which met requirements of legally required quorum.)

Vice Chairman Hawes called this Workshop Meeting of the New Smyrna Beach Utilities held on February 8, 2023 to order.

Roll Call:

Vice Chairman Hawes then requested Mrs. Simmons to conduct a roll call.

A roll call was taken, a quorum of the NSBU Commissioners were in attendance as follows:

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

Others in attendance at this time were as follows: J. Bunch, General Manager/CEO; E. Chavez, Vice President/CFO; J. Couillard, Director, Engineering; V. Steele, Director, Electric Operations; J. McMurray, Director, Strategic Programs; J. Grusauskas, Director, Water Resources; T. Beyrle, Sr. Mgr. System Ops.; H. Carrizales, Sr. Mgr. H.R./Support Services; Robert Bryant, Mgr., Fleet & Facilities; 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; Marco Migliaro and Chris Fagerstrom, Pond & Company; Joe Young, Biological Consulting Services, Inc.; Charles Hill, McKim & Creed; Kevin Plenzler and Trae Jordan, PFM Group Consulting; and Lorraine Sharp, a member of the public in attendance on site.

(1) Background and Expectations for Workshop:

Mr. Bunch explained this Workshop would provide information regarding New Smyrna Beach Utilities' Western Complex Site Development. Staff now has a more detailed analysis with related costs and will discuss options for NSBU's Fleet/Operations Building and for a Headquarters or Administrations Building. Also during this Workshop, will discuss potential options for Utility Scale Solar, on-site and external. Will be providing data today, give the Commissioners time to think and then come back in a month or two for approvals. And Mr. Chavez, the Vice President and CFO will provide information on a high-level on the budget process for the year. Will explain items in NSBU's historical ten-year capital improvement

(1) Background and Expectations for Workshop (cont.):

plan plus today's items and other big projects currently not in the ten-year plan, will discuss how to fit them into the picture. Then, between now and the budget approval in June 2023, will have time to restructure NSBU's ten-year budget plan to include a recommended approach for when and how to complete all existing, updated and new Capital Improvement Projects.

Introductions:

Mr. Bunch requested those in attendance at this Workshop, to introduce themselves around the tables.

Roundtable Intro's.: Efren Chavez, V.P. & C.F.O.; Julie Couillard, Director of Engineering, Marco Migliaro, Project Manager with Pond; Chris Fagerstrom, Pond & Company, Civil and Water Resources Engineer; Joe Young, Biological Consulting Services for the environmental; Charles Hill, McKim & Creed, Civil Engineering, Kevin Plenzler, PFM Group Consulting, provided market feasibility study and evaluation worth; Trae Jordan, also PFM Group Consulting; Tim Beyrle with System Operations; Vernon Steele, Electric Director; John McMurray, staff; Joe Grusauskas, Utilities Water; Heather Carrizales, Support Services on staff; and Robert Bryant, Facilities Manager.

Mr. Bunch thanked everybody for the introductions and added for Pond, McKim & Creed and the other companies, they've been the consultants working with us on the western site assessment as well as for this building and we invited them to attend to hopefully be able to give you the answers you're looking for. So without further ado I'm going to hand things over to Julie Couillard and she will lead the next portion. Thank you, Ms. Couillard.

(2) NSBU Western Utilities Complex Planning:

(2-a) Facilities and Land Development Options: The Operations Building and Headquarters Building:

Ms. Couillard, Director, Engineering and Pond & Company then supported the Western Complex Development presentation and discussion. The presentation included land value, analysis for Site A and Site B, the proposed site plans, wetland impacts and building plans. Also discussed the Master Plan for the Western Utilities Complex site, the existing NSBU Headquarter Building's market value analysis and estimated project costs.

Within the presentation Pond & Company, with staff's concurrence, provided a recommendation for proposed Site A on the Western Utilities Complex site for a Fleet/Operations Building and a new Headquarters Building due to much less wetland impacts, better public access to an Administrations Building, and would leave some S.R. 44 frontage property. Proposed Site B would have much more wetland impacts and also would lend itself better for potential future utility plants and facilities due to associated required security of Federally protected infrastructure, adjacency to existing electric substation and Water Reclamation Facility.

(2-a) Facilities and Land Development Options: The Operations Building and Headquarters Building (cont.):

Discussion also ensued regarding options of renovating the existing Central Office Building and potentiality with costs regarding a parking garage on site or located on other nearby sites to support Canal Street businesses. The type, depth, of existing wetlands on the Western Utilities Complex property was additionally briefly discussed, along with potential necessity of utility future uses.

General Counsel Cloud pointed out the City of New Smyrna Beach has a first purchase option on the Central Office Building site, as well as the Western Utilities Complex property.

Mr. Bunch recurrently indicated the City's input will also be gathered and included in the coming months, as well as during the upcoming Joint City/NSBU Workshop between the Commissions, planned for April 27, 2023.

(2-b) Western Complex Solar Assessment, Update on FMPA Solar Phase II Project Progress and Solar Phase III Options:

Mr. Tim Beyrle, Senior Manager, System Operations, then provided a presentation which included the Solar Feasibility Study results for NSBU solar facilities located on the Western Utilities Complex site and which were completed by the consultant 1898 & Company. The study included project sizing analysis for land and water parcels on the site and determined NSBU's maximum solar build at a 33 MW load, in addition to the current committed solar project with FMPA, Phase II project at 10 MW's, and also the existing purchased power agreements (FPL). This study evaluated a NSBU self-build, PPA options and participation in large joint solar projects, and then provided associated project pricing. Participation in a large utility scale solar project, potentially FMPA's Phase III Solar Project, is forecasted to be the lowest cost option for additional solar into NSBU's energy mix. Recommendations for Commission approval of additional solar energy will be forthcoming from staff in the next few months.

(2-c) 10 Year Capital Improvement Plan and Budget Considerations:

Mr. Efren Chavez, Vice President & CFO, then presented and discussed Fiscal Year 2023 thru Fiscal Year 2033 Capital Improvement Plan Budget impacts. Within the discussion, Mr. Chavez stated the prior 10-year CIP budget totaled \$194.2 million. Due to the increased and updated costs, staff is now estimating an approximate \$28 million budget increase on the existing capital projects. A new Fleet/Field Operations Building and new Administration/Headquarters Building on the Western Utilities Complex site is estimated at a cost of \$40 to \$43 million. The Fleet/Field Operations Building alone is estimated at \$25.3 million. These buildings are not included in the existing NSBU CIP Budget. Then explained there was an approximate 1.5 years' funding remaining from the 2020 bond financing. There are plans to secure an additional \$50 million within the next two years to cover all existing projects. If the \$40 to \$43 million buildings development option, a second bond financing, in addition to the \$50 million, would be needed for funding. Mr. Chavez explained staff will be re-prioritizing the existing CIP projects as the fiscal year 2024 budget is developed. Will be assessing opportunities to defer projects, create a levelized future spend plan, and also determine which building option(s) will make the best use of NSBU funds.

(3) Next Steps:

Mr. Bunch indicated next steps were to gather NSBU Commissioners' feedback on all of the items presented and discussed today. Will be requesting any existing, updated City of New Smyrna Beach Economic Development or Community Redevelopment Agency (CRA) plans, along with the City Commissioners input during the upcoming Joint Workshop in April. Then final recommendations will be included in the Fiscal Year 2024 Budget and 10-year CIP Budget for NSBU Commission approval in June, with submittal to the City by July 2023.

Mr. Bunch additionally thanked all who had attended today's Workshop and those that had presented, stating great job, fantastic quality of materials to think about. We'll have about four months to consider all these issues and associated numbers. And I have confidence that the Commission, and between discussions between us and the City, we'll land in a good place, particularly on the building issues. Didn't want Commissioners to feel like they were being rushed into a decision as these were pretty big numbers.

Within final discussion, Commissioner Conrad commented New Smyrna Beach Utilities was very fortunate to have the team that's here now helping the Commission understand what is needed and for providing this transparency.

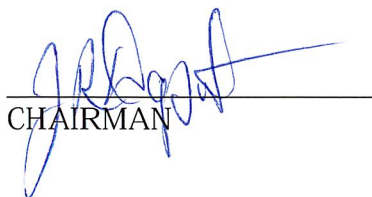
(4) Closing:

Vice Chairman Hawes then confirmed there were no further comments and adjourned the Workshop.

There being no further business to come before the Commission, the Workshop closed at 4:51 p.m.

APPROVED:

ATTEST:


CHAIRMAN


SECRETARY-TREASURER

These minutes were formally approved by the Utilities Commission at their March 27, 2023 meeting.