

**AGENDA ITEM 3-a**

MINUTES OF REGULAR MEETING OF THE NEW SMYRNA BEACH UTILITIES,  
CITY OF NEW SMYRNA BEACH, FLORIDA, HELD MONDAY, MARCH 27, 2023, AT  
3:00 P.M., AT 200 CANAL STREET, NEW SMYRNA BEACH, FLORIDA

Chairman Davenport called this Regular NSBU Meeting on March 27, 2023 at 3:00 p.m. to order. Then added, maybe everybody turn off your cell phones if you haven't already. I do that for me, I had to turn mine off, I don't want my rock music going on when they call.

Quarterly Employee Recognitions:

Chairman Davenport then stated Quarterly New Smyrna Beach Utilities Employee Recognitions. New Smyrna Beach Utilities Commission Support Services would like to implement a new Quarterly Employee Recognition process during New Smyrna Beach Utilities Regular Commission meetings. I think this is great Mr. Bunch. Employee names will be compiled quarterly and then listed at the top of the agenda for the Commission to take a few moments to recognize some outstanding achievements by New Smyrna Beach Utilities employees. These employees have worked hard to improve their skill sets, education, and/or positions here at the New Smyrna Beach Utilities. Their diligence and dedication bring tremendous value to our organization, as well as to our community and customers. Please join me in recognizing the following employees for their recent accomplishments. As I call your name if you are in the audience please come forward to be recognized. Congratulations, Michael Cardell, thank you sir.

Mr. Cardell stated thank you.

Chairman Davenport continued, Water Treatment Plant Operator, has earned his Master of Business Administration (Degree), congratulations, from Barry University. Michael was also recently selected to succeed Scott Heil as the Water Treatment Plant Supervisor, after Mr. Heil retires at the end of April. Well, congratulations young man.

Mr. Cardell stated thank you, I appreciate it.

Chairman Davenport added, we hope you get to retire with us too, don't be going anywhere.

Mr. Cardell commented only 30 more years to go.

Chairman Davenport stated there you go, put all you need in the 401k by the way, a suggestion.

Mr. Bunch commented the contract is over there to sign Mike.

Chairman Davenport continued, and we have Joshua Tew, Wastewater Treatment Plant Supervisor, has earned his Class C Water Operator License from the State of Florida making him a Dual-Certified Operator in both Water and Wastewater. Wow, congratulations Josh.

Mr. Tew stated thank you very much.

Quarterly Employee Recognitions (cont.):

Chairman Davenport continued Josh has also recently earned his Bachelor of Science Degree in Water Resources Management from Florida Gateway College. You've been a busy boy haven't you.

Mr. Tew stated I have been.

Chairman Davenport stated thank you so much for what you've done you guys. And we have a couple more that aren't here, Gage Fisher, Wastewater Plant Operator, has earned his Class B Wastewater Operator License from the State of Florida. And Anthony Carulli, Operator II Distribution & Collection has completed Modules 1 through 4 of the Lineworker Certification Program from Northwest Lineman College. And Frank Sharp, Operator Plant Maintenance, met the necessary testing and aptitude requirements through TPC Training, and has been promoted to Maintenance Mechanic. Please join us in congratulating these New Smyrna Beach Utilities employees. Thank you all very much. After applause, added very well done, thank you very much for being a part of this organization.

Mrs. Fisher came forward to take photographs and requested Chairman Davenport to join.

Chairman Davenport and Mr. Bunch both went down from the dais to join in a photograph with Michael Cardell and Joshua Tew.

Chairman Davenport commented well, you guys have been studying, I'm not sure I could do that today or not, congratulations. After the photograph and handshakes, Chairman Davenport reiterated congratulations, adding we're proud of you.

Chairman Davenport and Mr. Bunch returned to the dais and then stated well, that's always something pleasant to do and see and continuing education and growth in your organization. Okay, if we could if we'll all stand. Commissioner Smith, please lead us in the Pledge.

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

Safety Message by Josef Grusauskas – Sunshine 811 – Call Before You Dig:

Chairman Davenport stated okay, if we could, Safety by Josef, and if you're going to challenge me to pronounce that last name, I'm going to give...

Mr. Grusauskas interjected Joe is fine, Joe G.

Chairman Davenport stated Josef G. – Sunshine 811 – Call Before You Dig; thank you.

Mr. Grusauskas stated thank you sir, confirmed microphone was on, and then stated all right, so, before you dig in the right of way you need to call 811. It's the Sunshine's way of protecting our utilities. So putting a mailbox in, putting a fence post in, putting a driveway in, it's important. It's not just for contractors, it's for residents too. So I have a two-minute video, if Mrs. Simmons starts here, and it will tell you a little about what the markings mean and why we're protecting.

Safety Message by Josef Grusauskas – Sunshine 811 – Call Before You Dig (cont.):

(Video entitled: “Sun 07 Understanding the Marks”. Also provided a couple of handouts to Commissioners.)

After video concluded, Mr. Grusauskas stated so this is a series of eight videos actually and this is just the one, important one. So when you call you would mark your area that you’re going to disturb in white. The utilities, gas, electric, water, go out and they mark around that, so, and its very important, its an approximate location. So approximately two foot on either side they could be off, so when you go to dig you have to locate beforehand. And its for your own safety and it can be financially expensive if you were to put something big in there and break a major pipe. So I’m just reminding people to dig safe and do a little planning. Thank you.

Chairman Davenport stated thank you, any questions?

Commissioner Hawes stated I used to, like how far down to dig, is it six inches, a foot or more or?

Mr. Grusauskas stated actually if you’re going to go anywhere in the right-of-way, you’re supposed to call 811 to get markings.

Commissioner Hawes stated okay.

Mr. Grusauskas stated you can, you know do a little. What we do as a utility if we’re only going to go down a couple of inches, what we’ll do is soft dig, we’ll use a vacuum extractor and we’ll vacuum down to see what’s going on. But you don’t know what’s there so its better to be safe than sorry and it’s a two-day process. Once you call in you have two days to wait for people to come out and mark. But everybody is safe that way, if you were to dig through an electrical line you could, you know, electrocute yourself on the spot. Gas line, you can blow yourself up right there. It’s not, there’s a lot of stuff buried there and just because it looks benign it doesn’t mean there’s not a lot of stuff down there. Some of this stuff can be right beside each other.

Commissioner Smith stated what are the minimum depths for a utility.

Mr. Grusauskas stated for the cable, I’ve seen underneath the sod. You know we try to stay a minimum, you know two foot, in most of our stuff, three foot. But that doesn’t mean the ground hasn’t changed over the years. We could put a pipe in and then somebody could re-excavate, you know re-grade that area and it could be lower. So, but typically you know anywhere from six inches down you need to be careful, and even at six inches sometimes your cable in some of your communications stuff are just underneath the sod.

Mr. Bunch stated Mr. Grusauskas, can you talk about the requirements for hand digging before mechanized and how that helps avoid problems.

Mr. Grusauskas stated yes, the hand digging is a big help, but I will tell you a shovel will go right through your cable T.V. And if you go through your cable T.V. they’ll charge you to put it back together. So it’s always safer to call so you know what you’re looking for and

Safety Message by Josef Grusauskas – Sunshine 811 – Call Before You Dig (cont.):

then you can be more careful in that area and you won't put your shovel just down and say well I'll start digging here and see if I find anything because you can go right through it.

Commissioner Smith stated yes, I put a hole through a gas line with a post-hole digger and my neighbor walked up smoking a cigarette; said this is probably not a good time for that.

Mr. Grusauskas stated so 811, it's the safe way, locate everything.

Chairman Davenport concurred and stated thank you, appreciate it, a good presentation.

Roll Call:

Chairman Davenport then stated okay, next thing, roll call please Mrs. Simmons. A majority of the NSBU Commissioners were in attendance as follows:

Commissioner Lawrence Kelly, Jr. (ABSENT)  
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; D. Hale, Civil Engineering Manager; J. Grusauskas, Director, Water Resources; L. Green, Help Desk Technician; D. Wood, Sr. Mgr., C.S. & Communications; E. Fisher, Communications Mgr./PIO; D. Simmons, Exec. Mgr./ Recording Secretary; Michael Cardell, Water Treatment Plant Operator; Joshua Tew, Wastewater Treatment Plant Supervisor, General Counsel Thomas Cloud, Esquire – Gray|Robinson Attorneys at Law; Ronald Whitesides, Audit Partner, and Matthew Ganoë, Sr. Audit Mgr., both with Purvis Gray; Lisa Martin, NSB City Commissioner, Paula Rossiter, and an unidentified woman, both members of the public in attendance on site.

(1) Agenda Changes, Additions and Deletions:

(1-a) Agenda Change Request– Consideration of New Business Item 7-a. Prior to Consent Items:

Chairman Davenport stated okay, item number one on our agenda, any changes, additions or deletions, Mr. Bunch.

Mr. Bunch stated no formal changes, but what I would like to do Chairman, is cover item 7-a. under 1. as it's indicated as an optional change on the agenda. And the reason being our auditors are here, they live in the Gainesville area and if we can move them up on the agenda it lets them cover that portion of the agenda and move along a little earlier for their day.

Chairman Davenport confirmed with Mr. Bunch, right after our approved agenda, you would like for them to come up.

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

Chairman Davenport added approval, I meant the consent items.

Mr. Bunch confirmed yes, we'll cover them before the consent items.

(2) Public Participation:

Chairman Davenport then stated any public participation, item number two. Adding I'll recognize our Commissioner Martin here again, thank you very much, always coming, showing up.

There was no public participation at this time.

(7-a) Fiscal Year 2022 Annual Comprehensive Financial Report (ACFR) – Audit\*:

*(\*Note – Discussed under Item 1., moved up 7-a. on agenda for presentation, discussion, and approval prior to consent items – Item 3.)*

Chairman Davenport stated number 3., then stated nope, we're going to go to you guys (directed toward the auditors). Next item, now we go to one, this is 2-a (*sic 7-a*), our fiscal year annual compliance financial report.

Mr. Whitesides came to the podium and stated good afternoon, good to see you all again.

Chairman Davenport stated great seeing you again.

Mr. Whitesides stated thank you. Again, my name is Ron Whitesides, I am an Audit Partner with Purvis Gray, your outside independent auditors. Today with me I have the Manager in charge of the engagement, that's Matt Ganoë, sitting over there. And today represents the culmination of the audit process, so today I'm briefly going to go through the audit report with you. If you have any questions as we go through it, please feel free to jump in and ask as we go. But I'll start with by saying that the audit went very well. Management team, you know the audit is most certainly a two-way process, and your team has to do all the prep work before we get here, or we don't get this thing finished timely like this. So we got the last of the financial data that goes in this report, isn't available until mid-January, so between that point and this, this report gets put together. All the letters that are created from these numbers go into it and we get here to you. So we don't turn it all around this quickly unless your team has done what's necessary. A big part of the audit is we look at processes, we look at controls, we look at are you following your various rules and regulations that have a financial bearing. And I'm pleased to report to you we had no discrepancy in those items, so you've got a well-documented and understood process for these things and the management team is following them.

Mr. Whitesides continued and stated I think everybody's got a copy of the report in front of them, a little nicer than mine, bound and in color. But if you'll look at page, what's Arabic numeral i. which is about 30 pages in, what you'll find there is the Auditor's Opinion Letter. So all the stuff that precedes that I'll point out. The Transmittal Letter is there. The Transmittal Letter and the Management's Discussion and Analysis which follows the Audit

(7-a) Fiscal Year 2022 Annual Comprehensive Financial Report (ACFR) – Audit\* (cont.):

Letter. If you really want a readable discussion of the operating results for the year and the financial results, excellent place to spend your time if you don't want to get bogged down in all the numbers. So what's on page 1 is the Audit Opinion Letter, it is what's called an Unmodified Opinion, that's the highest form of assurance your auditor can give you. It means that we have tested all this information and that in our opinion it is fairly stated in accordance with all the appropriate accounting policies and processes. So congratulations, that's what you want to get. We do have what's called an Emphasis of Matter paragraph in the letter this year, that's because we adopted a new accounting standard. So there was a new one issued that was effective for this year. It didn't have a big impact on the financial statements, it basically dealt with your pole rental agreements, we now report those since they're technically lease documents in your financial statements as assets and deferred revenues. So that, we recorded about a \$600,000 asset for those items, so really pretty minimal impact on the financial statements.

Mr. Whitesides continued, what follows the Opinion is Management's Discussion and Analysis. Again that's an excellent place to look at the operating results. But I'll take a couple of minutes and look at some of the operating results from the actual statements. So I'm going to start back on page 17, and what we have here is an Income Statement for the year. Starting at the top of the page with revenues, you'll see that for the year there were \$78 million of billed revenues, up from \$63 million in the prior year. Reiterated, I'm on page 17. That's an increase of about 25% in revenues over the prior year. So out of that \$16 million increase, about \$13 million of that came from the electric utility, primarily being driven by the cost of power increase. So we had a significant cost of power spike in the latter half of the year because of natural gas pricing, so that's a pass-through item generally. You'll notice that when you look at the expense section the first expense item there is purchased power and it's about \$10 million over the prior year. There was growth in electric sales, about a 2% kWh growth, also contributing to the revenue increase. This was also the first year of the implementation of the new rates. So not a lot of impact on electric but it did increase water and reclaimed water revenues. Water's up just under \$2 million and reclaimed (includes wastewater) about \$800,000. Those being a combination of volume increases and the new rates. Expenses in total are up about \$13 million, again \$10 million of that is cost of power and \$3 million is spread amongst all the various functions. Most areas are up 8% to 10% in total costs. That's payroll, that's operating expenses, as we all know everything today is more expensive than it was a year ago, so we're seeing some of that.

Mr. Whitesides continued and stated but importantly I would look at the next item which is the operating income or loss for the year. And what you'll see for this year is a \$1.8 million income, last year it was a \$765,000 loss. That is really the effect of your rate adjustments coming in, all right, so you have transitioned from an operating loss to an operating income. As we go through these, as we go down the income statement, we see the non-operating items; it sorts of wipes that out this year because there are a couple of fairly unique events this year. One, if you look at investment earnings there's a loss, there's a million-dollar investment loss. That's an unrealized loss because we mark your investments to current market values and with the increase in interest rates that we've seen this year, and your investments being conservatively invested in debt securities, they have had an unrealized

(7-a) Fiscal Year 2022 Annual Comprehensive Financial Report (ACFR) – Audit\* (cont.):

market value decline. All right, so there's about a \$1.5 million unrealized loss in the investment securities. Now ultimately those are construction funds, that you're going to hold those funds to maturity. You're not going to realize those losses because it's not the intent to sell those securities. So the average duration on those or the total duration is around two years, so over the next two years those investments will mature, and you won't realize those losses, you'll get back the originally anticipated return. The other item in the non-operating section is the disaster relief or disaster costs net. So Hurricane Ian came through right toward the end of the fiscal year, so you see that's a \$1.3 million net cost associated with the hurricane in this fiscal year. Because the costs straddle the year end, we're going to have about that much next year as well. So this is about half of the hurricane costs you see coming through this year. All right, so once you get through these non-operating events, the income before contributions is a negative \$1.5 million compared to a negative \$1.5 million the year before. There again, reoccurring operating revenues have driven up the operating income, but we have these what we think are not annually recurring events that are driving down the net, the final number for the year. Then stated, I'd also point out that this is all accrual-based information, so there's about \$9 million of depreciation expense in these numbers, so that's not a cash loss we're looking at here, it's a book loss, okay, once you consider depreciation.

Mr. Whitesides continued and stated now if you'll go back two pages to page 15, we'll look at where that leaves us on the balance sheets. On page 15 are the assets and the first asset listed there is cash and what you'll notice is the cash has declined about \$5 million from the prior year, from \$6 million to \$1 million. So I just said it wasn't a cash loss you might ask, well why is cash going down, that has to do, everything to do with the cost of the power adjustment. Okay, so if we, and we do have 21 numbers in here that we'll see in a moment on the liability side of the balance sheet, but we were in an over-recovered position on cost of power from the customers of about \$7.3 million at the end of 2021. Well in 2022 cost prices are in this period. When in some places that didn't have quite as much reserve, they were unable to do that. That's why you have those kinds of reserves, that's why you have those kinds of funds on hand exactly for a year like this. So as we go on down through the assets, accounts receivables are up, almost \$2 million, that's cost of power related. You'll see there's an unbilled energy costs and fuel adjustment, that's the net under-recovery at year end. Right, so now we've made a short-term loan almost to our customers right, through rate relief. Other items with significant changes, you'll see that inventory is up quite a bit, almost a million dollars. Seeing that at every utility I go to, all right, so there's supply chain problems, so everybody's buying and holding onto all of those difficult to get items that they can, so that's driving the increase. And things have more costs, so that's driving the increase in inventory levels. And then the other major asset, the internally designated cash investments, those are funds that you have earmarked, generally speaking, for future capital projects, but they're available for any purpose that you need them. That balance increased a couple of million dollars over the prior year because we're not using those funds for construction projects any longer. For a couple of years we were using those funds, now we're using the bond funds, so those are being replenished. If we look at the bottom section of the assets, the major items, you'll see restricted assets decreased from \$68 million to the two numbers there for cash investments, total \$50 million. So an \$18 million decrease in restricted cash, that is spend down of bond funds on capital projects. And then the next large items you'll see there was in the \$200 million or so of capital assets, you'll see they're up \$13 million. That's cash

(7-a) Fiscal Year 2022 Annual Comprehensive Financial Report (ACFR) – Audit\* (cont.):

converting to capital assets and then it gets depreciated, right, and that's why its not as big an increase as the decrease in cash. So as those projects go on, you're going to continue to see that transition of depleting those bond funds and increasing of capital assets.

Mr. Whitesides continued, and then the following page are the liabilities, just a couple of items to point out here. You'll notice that the payables increased significantly from \$4 million to \$9 million, the cost of power again and hurricane costs are driving those items up. You'll see there was a \$7 million liability for energy costs and fuel adjustments, this is now zero, that was the funds we had on hand to stabilize the bills to the customers that you used this year, and you'll replenish those over the next year or two or however long it takes to replenish them, in a you know reasonable manner from the customers so that you're not overloading them all at one time. And finally the long-term debt, you'll see a decrease from \$77 million down to \$74 million, that's just the general routine pay-down of your bonds. And then I'll point out in the equity section at the very bottom, so it's the third number from the very bottom, unrestricted equity went from \$12 million to \$18 million. It was actually \$6 million in 2020 so we've seen it go from \$6 to \$12 to \$18 over these past three years, that's because we're now using bond funds for capital projects rather than using those internally designated monies that we used before we had the bond funds. So this is returning to a good strong liquid position for the organization. So fiscally, and again you know these comments are based on what you can tell from looking at you know the numbers. They don't tell you about the infrastructure in the field, they don't tell you about the condition of it, the needs for growth or expansion, but from what we can see from looking at the numbers, the utility is in good financial condition. And I think the rate adjustments, again when we look at that income statement, we see turning the page from operating at a loss to operating back in an income position which clearly is important.

Mr. Whitesides continued and stated okay, the last thing I will cover with you, and its not in the bound book but you should have a letter on our letterhead that I believe is tucked into the book or with it there. This is a letter of required communications from the auditors to the governing body, to you. And so the purpose of this letter is to give you a little more insight into the audit process, that you're aware of you know a little bit of how the process went, so I'll just cover a couple of items in this letter. The accounting policies section deals with you know any new policies that we adopted or if any of the policies which you've been utilizing are in any way not clear in accounting rules. All of your policies that you use are normal and customary and we did adopt a new standard on leases, so again affected the pole rental agreements. Accounting estimates, so this is to tell you that not everything in here is historic fact, we do estimate various things. The life of the infrastructure is a significant estimate, collectability of receivables, the net pension liability and the other post-employment obligations, those are developed by actuaries in our estimates. The discounting of the leases and ultimately the storm costs for the hurricane are also, we're estimating, particularly the cut-off as to what was this year or last year's costs. The next section goes into what we, as your auditors think are the most significant disclosures in your financial statements. In our opinion the note that talks about the cash and the various restrictions on how the cash can be used, note 4 and note 10, that talks about the transactions with the City of New Smyrna Beach, and note 14 which discusses your purchased power agreements, we think those are



(7-a) Fiscal Year 2022 Annual Comprehensive Financial Report (ACFR) – Audit\* (cont.):

qualitatively the most significant. And again this letter is really designed to give you some insight to our judgment as to what you might choose to look at. And then the last page is the page of any problems. All right so if we have any disagreements with management, or they're not ready for the audit, where we're making a lot of adjustments to your financial statements; we have none of those items. So again as I said to start with, management was well prepared for the audit, I can see, I review your minutes throughout the year of your meetings. I can see that you're getting timely information throughout the year and so what we do in the audit process just confirms that you're getting provided good information. So anyway that concludes my presentation, if you have any questions, I'm happy to try to answer them.

Chairman Davenport stated any one of the Commissioners have any questions or comments?

Commissioner Conrad stated thank you very much, to Mr. Whitesides, for the work that you do for the Commission. And for your leadership, to Mr. Bunch, and staff for getting everything together so that they can do a job and confirm the information that you give to us at every board meeting that we have is still the correct information; thank you very much.

Chairman Davenport stated thank you. If we have no other comments or questions, Mr. Bunch.

Mr. Bunch stated none from me Mr. Chairman, I would just like to thank Purvis Gray, they show up, they apply a lot of rigor. I don't see Laurie Merchant out here but Laurie Merchant's our Manager of Finance and Accounting and also the Comptroller. She does a yeoman's job of making sure that the organization is prepared for the audit. She's not here this afternoon but I did want to thank her for the work that she does in support of Purvis and Gray.

Chairman Davenport stated and thanks to our V.P. Mr. Chavez of doing such a great job, getting all that together, double checking it I guess you would say. Thank you, sir.

Mr. Whitesides stated all right, thank you on behalf of Purvis Gray, thank you all.

Commissioner Conrad added see you next year.

Chairman Davenport stated okay.

Mr. Bunch the stated and we need a motion to approve.

Chairman Davenport stated a motion to approve, okay.

Commissioner Conrad stated I'll make that motion; specifically a motion to approve, receive the Fiscal Year 2022 Annual Comprehensive Financial Report (Audit) for the New Smyrna Beach Utilities.

Commissioner Hawes stated second.

(7-a) Fiscal Year 2022 Annual Comprehensive Financial Report (ACFR) – Audit\* (cont.):

Chairman Davenport stated we've got a motion and a second, any discussion? There being none, requested Mrs. Simmons to call the roll please.

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

Chairman Davenport then stated thank you Mrs. Simmons.

(3) Approval of Consent Items:

Chairman Davenport stated okay, now we'll go to item, go back to item number three, approval of consent items. Would anybody like to pull anything or review anything.

Commissioner Hawes stated no.

Chairman Davenport stated Commissioner Smith.

Commissioner Smith stated I'm good, thank you.

Chairman Davenport then stated I'd like to pull d. if I could please. And then if I could get a motion on a., b., c., and e.

Commissioner Smith stated so moved; specifically a motion to approve the consent agenda items a., b., c., and e.; approve item 3-a. Minutes of Workshop Held 2-8-23, and Special Meeting, and Final Public Hearing and Regular NSBU Meeting Held 2-27-23 (annotated versions), approve as submitted; item 3-b. Ratification – Granted and Accepted Third Party Utility Easements (6), ratify acceptance of the six third party granted utility easements, granted to NSBU for a customer-initiated overhead to underground residential electric services conversion on South Atlantic Avenue, attached to the agenda item and hereby submitted to the Commission; item 3-c. Renewal – ESRI Small Utility Enterprise License Agreement (SU-ELA), approve the renewal of this sole source agreement with Environmental Systems Research Institute, Inc. (ESRI) for a period of three years in the total amount of \$165,000.00, and authorize the GM-CEO or his designee to execute these documents; and item 3-e. Proclamation – Declaring April 2023 Water Conservation Month, approve the NSBU proclamation (copy attached to the agenda item), designating the month of April 2023 as Water Conservation Month. (After adoption, the proclamation will be reported to FSAWWA to add to the statewide list and ensure NSBU's efforts are included to promote the importance of water efficiency and conservation practices in the operations of water utilities within the state of Florida.)

Commissioner Hawes stated second.

Chairman Davenport stated got a motion with a second. Okay, will you call the roll Mrs. Simmons please.

Commissioner Smith's motion approving consent items a., b., c., and e. then passed unanimously on a roll call vote.

(3-d) Ratification – I-95 & Pioneer Trail Interchange (FDOT Project No. 436292-1-52-01) – Funding of NSBU Potable Water Main:

Chairman Davenport stated okay, if you would gentlemen, we have a letter here (copies of email printed and provided to NSBU Commissioners and General Counsel on dais). That I was sent a letter on March 27<sup>th</sup> this morning, this is just one of two, and it reads here Dear Commissioner Davenport, I'm a Clinical Infectious (Diseases Pharmacist). And this is regarding the underlying utilities, that we're \$2.3 million budgeted for, and added a citizen. I'm a Clinical Infectious Disease Pharmacist who is alarmed at the lack of action addressing the current public health threats of climate change and air pollution. Climate change and its main driver, the burning of fossil fuels, are the issues the medical community recognizes that we need to address now. I am writing to you today regarding the upcoming vote on the fund, to fund the water main under the proposed Pioneer Interchange, which is scheduled to cost over \$2.3 million. Which we have in our capital improvements, everybody knows this. Continued, I urge you not to fund this project and to instead pull it from your consent items and not approve this funding. This entire interchange project is currently being protested due to its horrible impact on the environment and expected carbon emissions and also because there's no need for this interchange. Because there's many people fighting this interchange, it might be scrapped making the work on the water main unnecessary. If so, the money will be stranded. Sincerely, Shauna Junco. Commenting on that I called Mr. Bunch and we were talking. This already, this Interchange has been approved, we're just doing what we've got to basically, correct Mr. Bunch?

Mr. Bunch stated yes, I'll talk from the project at a high level. So DOT has the Interchange planned for Pioneer Trail, we are not a driver of the project. Now we have infrastructure that crosses that area, and we also have infrastructure that's planned in the future to cross that area. Regarding climate change, I'm not quite sure of the tie the writer of the email is trying to make but I understand the concerns over climate change and emissions and things like that. However, so I'm going to start there with just a comment, today we get 35% of our energy either from renewable or carbon free energy, through the combination of St. Lucie nuclear plant that we own a fractional portion of and other renewable energy that's embedded in the FPL supply portfolio that we purchase from; so it's a combination of those things. We're also contracted with FMPA to further our renewable sources with 10 MW's of solar energy that will go online between the end of this year and next. And we're also considering additional solar energy project participation with them; so part one.

Mr. Bunch continued, and so a part two is the Interchange Project and what we have doing there. We actually have this meeting, there's a water main project, there's also an electric project. So I'm going to ask Mrs. Dana Hale to come up, she's one of our Engineering Managers, and talk about the project. What costs are associated with the project and what's funding that. And I think if there were issues or concerns over costs, I think the information she'll provide will address that in detail. So I don't know if you folks had met Dana Hale before, but she works for Julie Couillard.

Chairman Davenport stated hi there, thanks for coming up.

Mrs. Hale stated yes, so this water main proposed within the DOT I-95 and Pioneer Trail Interchange Project limits is part of our long-term build out for the Northwest Quadrant and it was proposed in the 2016 Master Plan. It is being funded by capital connection fees

(3-d) Ratification – I-95 & Pioneer Trail Interchange (FDOT Project No. 436292-1-52-01) – Funding of NSBU Potable Water Main (cont.):

previously collected by developers. Once the water main is fully extended to Venetian Bay and to Coastal Woods along Pioneer Trail it will eliminate dead ends which will improve reliability, provide redundant water service to customers, increase water quality, increase fire protection and ultimately reduce the water loss from flushing. Installing the water main simultaneously with I-95 in conjunction with the Interchange construction, minimizes utility and construction conflicts thus reducing overall construction costs. Furthermore the existing electric infrastructure is being relocated within the entire project limits of FDOT and is being funded 100% by FDOT. This is because the Interchange Roadway work is associated with Federal Funding, so all utility relocations are paid by DOT.

Chairman Davenport stated I'm a little confused. I read here environment, expected carbon emissions. How can a carbon emission come from an underground water main, what are we going to be putting out in the air other than good clean water.

Mr. Bunch stated her, the writer's statement is there's no need, expected emissions because there's no need for the Interstate.

Chairman Davenport stated now, that's a different story.

Mr. Bunch continued, now the writer's not here to defend the statement but I'm not quite sure I'm able to make the connection.

Commissioner Conrad interjected it has nothing to do with the water.

Chairman Davenport stated and then I did get another one but to address it, we're not paying for this, it's already been paid for correct. It's going to be better for our citizens, better safety.

Mrs. Hale stated true, correct.

Chairman Davenport stated that's all I need to know.

Mrs. Hale stated okay.

Chairman Davenport stated thank you, I just wanted to address it because I had gotten a couple of letters.

Mr. Bunch stated yes, so if there was a concern about an increase in rates which she doesn't state it explicitly, and Mr. Cloud's very familiar with the legal side of this, but these fees would have been collected probably over the last ten years when the project was anticipated to be needed. And those fees are banked until the time that you build a project, now its time to withdraw the fees to pay for the project.

Chairman Davenport stated and this has been on the drawing board forever.

Mrs. Hale stated it's been a long time coming.

(3-d) Ratification – I-95 & Pioneer Trail Interchange (FDOT Project No. 436292-1-52-01) – Funding of NSBU Potable Water Main (cont.):

Chairman Davenport stated I mean it seems like to me, 25 or 30 years.

Mrs. Hale added it's been talked about a long time.

Chairman Davenport stated yes it has.

Mr. Bunch stated so Mr. Cloud would you say its an appropriate use of capital connection fees for this type of project.

Mr. Cloud stated not only is it an appropriate use but the notion that by withholding the approval of the construction of this line is somehow going to impact climate change because there's no need for the road improvements is a good way to get sued by somebody who actually has money to sue you, like the Federal Government or the State Government. We're doing exactly what we're supposed to do, and we need to stay in our lane.

Mr. Bunch stated what about the requirements to relocate utilities when DOT or other State entities tell us we have to, what's our legal obligations.

Mr. Cloud stated there's a Statute that defines this and we have to follow that Statute, we don't have any choice. We have nothing to do with the decision making related to the Interstate or State roads for that matter.

Mr. Bunch stated so my take is we're following Statutory requirements, the electric portion is being funded by DOT to relocate electric facilities and the water portion was contemplated years ago and is being funded by developer-paid capital connection fees.

Mr. Cloud stated right.

Chairman Davenport stated okay, then I guess...

Commissioner Smith stated Chairman I have a question.

Chairman Davenport stated yes sir.

Commissioner Smith stated were these improvements needed regardless of this interchange.

Mr. Cloud stated yes.

Chairman Davenport stated we've been going ahead and doing them anyway haven't we.

Mr. Bunch stated yes, so two parts to that question, the electric, we wouldn't have relocated the electric underground under 95 had we not been told we had to by DOT. So that portion wouldn't have been contemplated on by its own, but the water was identified years ago for the ultimate capacity needs of that area east and west of 95, north of S.R. 44.

Mr. Cloud stated yes, there's a basis for collecting the fees that we collected.

(3-d) Ratification – I-95 & Pioneer Trail Interchange (FDOT Project No. 436292-1-52-01) – Funding of NSBU Potable Water Main (cont.):

Mr. Bunch stated yes, and then the developers paid those fees over the last ten years and we would withdraw them from the Restricted Funds.

Commissioner Smith stated so in Jim Smith’s simple terms, would this project be on the books regardless of this interchange.

Mr. Bunch stated for water yes, and has been, yes.

Commissioner Smith reiterated for water.

Mr. Bunch stated in fact if you go back to the 2016 Master Plan, it was cited and that was prior to the Interchange at Pioneer Trail being announced as it is today.

Commissioner Smith stated I think that’s critical to answering the comments at the U.C.

Mr. Bunch stated good point.

Commissioner Hawes stated and as a citizen, I just live off of Pioneer Trail as well, and I don’t know that Pioneer Trail or Turnbull Bay is ready for an Interchange but as a Commissioner that’s got nothing to do with it.

Chairman Davenport stated okay, thank you ma’am, appreciate your input there.

Mr. Bunch also stated thank you to Mrs. Hale.

Chairman Davenport stated okay, d., can we get a motion to approve that item.

Commissioner Hawes stated so moved; specifically a motion to approve consent item 3-d. Ratification – I-95 & Pioneer Trail Interchange (FDOT Project No. 436292-1-52-01) – Funding of NSBU Potable Water Main, to approve a not-to-exceed amount of \$2,388,672 from NSBU’s Capital Connection Restricted Fund. Previous overall project authorization, as referenced in the Summary section of the agenda item, for the General Manager-CEO or his designee to execute all associated project documentation is ongoing.

Chairman Davenport stated and a second.

Commissioner Conrad stated second.

Chairman Davenport then stated and if you’ll call the roll Mrs. Simmons please.

Commissioner Hawes’ motion then passed unanimously on a roll vote.

(4) General Manager’s Report:

Chairman Davenport stated okay, item number four, General Manager’s Report, Mr. Bunch.

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

Mr. Bunch stated thanks, Chairman I'll ask Efren Chavez to come up and cover the Financial Status Report for February.

(4-a) Financial Status – February 2023:

Mr. Chavez started his presentation by stating so what we wanted to, overall, so we had change in net assets of about \$300,000. Overall, year to date, we've had very mild weather, fall and winter, resulting in the lower usage and increased Purchased Power impacts. So just alone in February, this was the lowest February in the last several years. We were 13.8% lower than the prior year. So this was, and as we ramp up and as you notice this week and going forward, that usage will then start to tick up significantly as we go into the summer. But just from a February and this fall and winter it was a very light one, that, which had an impact on our change in net assets. So \$2.2 million lower change in net assets versus the prior year by the following factors, increased purchased power and operating expenses, lower usage, driven by the milder weather, and then impacts of the hurricanes and less capital contributions. We expect this to change, two things that we expect going forward, the warmer weather will then definitely increase the usage. We've had no rain so we will continue the increase on the reclaimed water. In addition what we expect from this will be further along in the presentation, we also expect with the continued lower cost of purchased power really driven by the cost of natural gas. We expect to be in a better, moving towards an over-recovered position by the end of the year, 2023 or early 2024. So what we've seen, we at least from what we can tell on the trends, that's where we expect to be.

Mr. Chavez continued, another item, on the FMPA interest earnings that's \$300,000, so we continue to see the increase in association with FMPA and the interest rate environment. In the electric consumption, 1.5% lower overall versus prior fiscal year to date. On the commercial side we noticed 3.4% lower, which is a subset of that but once again as the weather starts to change, we expect this to turn around. Year to date purchased power is \$70.46 per MWh. So slightly higher than the original budget and then still 9% greater than the prior year. For once again, as we start to see the price of natural gas, we should see this to come down. Water consumption lower, 2.2% lower on water, 1% on wastewater and then reclaimed 3.7% lower usage, given by Hurricanes Ian and Nicole as we were not, they were just during those periods, we weren't watering.

Mr. Chavez went to the next slide and stated fiscal year to date capital expenditures \$3.7 million in major and \$3.4 million in annual projects. On the major projects side Electric Reliability Improvement Program, Lift Station 12, Line 17 Rebuild, and then Glencoe Wells 2 and 3 Upgrade. I'd like to point out on the Major Projects, we call it ERIIP Phase 2, the T&D Department, those devices 20 Reclosers and 45 TripSavers were installed and so that phase is complete. So we should start to see the impact of that on better operational performance and restoration. On the annual project spend, Gravity Sewer Lining, Tools & Equipment, and New Business Electric & Water Installations, so that continued to progress.

Mr. Chavez went to the next slide, stated this is just kind of what we talked about on the first slide, so half a million on the February year to date operating income. Slight loss as it relates to February 2023 current period, but once again what we'll expect to see is the revenues start to pick up and this will change. But so far, you'll see the big green line increased revenues

(4-a) Financial Status – February 2023 (cont.):

offset by the impact to the purchased power and then operating expense increase. But those are consistent as we grow year over year, this is consistent with what we'd expect as the weather changes, we expect a little different going forward.

Mr. Chavez went to the next slide and stated change in, this is the change in net assets, so really the difference between this slide and the previous one is really the capital contributions, the interest earnings, the other items that are below operating income. So once again we end up at a \$300,000 in net, change in net assets, but we expect to look better.

Mr. Chavez went to the next slide and stated so this is a slide that Tim Beyrle, based on the data that we have, the key in this one is it's the monthly and fiscal year to date purchased power costs. So you'll see on that solid blue line if you have a hard copy there, I've got an arrow pointed to it. So you'll see that the price per megawatt hour, in October it was \$80.65, November \$73, December was \$69, January was \$72.39, and then February fiscal year to date is \$70.46. So we're starting to see a slow trend downwards, we expect that to accelerate as we go into the balance of the year, but that's a key one.

Mr. Bunch stated just a reminder, so the orange line is the price of natural gas. You can see it took a big dip after December. In the August, September time frame that \$5 or \$6 was in the \$8 to \$9 some dollar range. So that's when we were in, chewing away at the Purchased Power Reserve, but now that its in the \$2 range, in the next couple of months you should continue to see that decline and go below the budgeted dashed blue line of \$69 a megawatt hour. That's going to help return balance to the Purchased Power Reserve.

Mr. Chavez stated and that's a really good point, what we're seeing is, we're consistently seeing, at least as the way the markets reported out, between \$2 and \$3 on natural gas per MMBtu. As Mr. Bunch indicated earlier, you know earlier in the fiscal year as well as last year, substantially higher. So unless there's a substantial uptick we expect, and there is a delay, there's just, it takes time for it to work through into our cost of purchased power.

Mr. Chavez went to the next slide and stated okay, so this is where we talk about over, under recovery. So what we targeted to be from a long-term perspective is anywhere from \$3 to \$5 million in the over-recovered position. That provides us the, in essence, stabilize for our customers so we're not changing them. We can have changes in the costs of Purchased Power which is a pass through but as it fluctuates that over-recovery position gives us the flexibility to then keep it stable for the customer and change it as little as possible. So if you can see the red line in the lower left quadrant, we were in the over-recovered position of about, you know, \$7 almost \$8 million. Well, just with the cost of Purchased Power and how its increased we're now under-recovered by, in February, \$1.9 million. So the green line towards the bottom is where we want to be eventually. We can see now, as you see that red line, we're starting to trend downwards. Well that trend downwards coincides with the cost of Purchased Power which is \$70.46 and as nat. gas goes, it stays between \$2 and \$3. So a lot of data but the key is we're heading in the right direction from a trend standpoint. I'll pause there, any questions as it relates to what we've presented and in general?

Chairman Davenport stated questions from the Commissioners. Then commented if none, we'll move on.



(4-a) Financial Status – February 2023 (cont.):

Mr. Chavez stated okay.

Mr. Bunch stated thanks to Mr. Chavez. Adding, and then next month is our half-way through the year, six months and we'll cover metrics review in detail and talk about year-end projections for Capital and O&M spends versus the budget.

(4-b) Informational Presentation – Wastewater Process Methane Reuse:

Mr. Bunch stated okay, next up we've got Joe Grusauskas, Joe G. as we call him. And sometimes we get questions from the Commission that are easy to answer, yes, no type answers. And we had a question posed last month by Commissioner Smith that we felt deserved more than a yes, no and in fact Mr. Grusauskas has a couple of slides to talk about. And it's related to methane gas recovery from wastewater processing and hopefully that will answer the question that was asked but maybe prompt some additional questions; so with that I'm going to turn it over to Mr. Grusauskas.

Mr. Grusauskas stated all right, so the best way to explain this is start with the plant. Our Wastewater Plant was built in 1989 (sic 1998). It does not treat sludge, we just temporary store it and then we have a contractor come in. Well, actually we produce about 2.5 tons of sludge a day. Sludge is the waste that does not get turned into reclaimed, it's the solids that stay in it. So a contractor comes in and they thicken it and then they haul it off for treatment and use as fertilizer. Sod farms, cattle areas, its reused 100% for growing material for organics. So that's what we do with it, it is the cheapest and most cost-effective way to handle the sludge in our area at this point, especially for a plant our size.

Mr. Grusauskas went to the next slide and stated so methane can be produced from sludge with a different type of operation. We do not have one of those, but it can be used for gas and heat. It can be used for, to produce, it can be cleaned and put right into a gas line, and it can be used for powering vehicles. So there's a couple of uses for it, again you need a lot of gas to do this with. These are things that are very costly, very expensive to create and then very costly to maintain, and you need enough of that to make that work. We do not meet any of that criteria on our site.

Mr. Grusauskas went to the next slide and stated so to confirm that, I met with Stantec who did our master planning, and we are currently not designed for anaerobic digestion. Anaerobic digestion is a fancy process, it's this big tank where they use no oxygen, and they create methane gas. We don't create methane gas we create a fertilizer product. It's a completely different operation, it would take permitting, it would take huge capital costs to get there, and we wouldn't have a lot of it. We only produce 3.5 million gallons of wastewater a day and its way too small for that. Particularly in Florida because we're warm, we don't need the heat. If we were in North Dakota we might be using the heat to keep the plant alive in the wintertime. We don't have any internal heat uses and we don't have enough to make energy out of it, and we don't have a user next door.

Mr. Grusauskas continued, so for Stantec, there's no advantage over the current system which is fertilizer use. There would be a high capital design cost, permitting and construction for an anaerobic process. Anaerobic digestion is expensive to operate and maintain, and there's no

(4-b) Informational Presentation – Wastewater Process Methane Reuse (cont.):

benefit to us. Additionally, if we were to make it into a car type gas or something like that, its very expensive to clean it up. You have to get all of the impurities out of it and its only about 50% methane, everything else you have to filter out of it, maintain it and dispose of that material. So Stantec's report is attached to this and I'm here to answer any questions.

Commissioner Smith stated well number one, I appreciate you taking the time to research that. I was just curious about if anaerobic system is necessary in order to generate the methane from the sludge.

Mr. Grusauskas stated yes.

Commissioner Smith stated is it like a gigantic blender or of a sort.

Mr. Grusauskas stated no, its more like a big bladder tank. So you basically you put the sludge in this anaerobic thing and the tank is actually built and expands and contracts. It's very complicated to operate and sometimes they explode or blow off the tops. It's not something a smaller plant typically does, some of your bigger northern plants do, you're talking 30 million gallons you know of wastewater a day going through them, that type of thing. But again, they're usually looking for heat and we don't have that kind of use in Florida.

Commissioner Smith stated thank you.

Mr. Bunch stated thank you to Mr. Grusauskas and asked if there were any other questions for him.

Chairman Davenport also stated thank you.

Mr. Bunch stated, and then the other item, which I will just brief on, you had a question about Water Star and Water Conservation. So on the menu of things that Customer Service is undertaking this year was a review of our conservation programs and we were going to revisit looking at water conservation programs. We have as a result of your suggestion actually started discussion with the City, the City Manager's staff, to talk about what is currently in their land development requirements for water conservation. And if possible, and we think it collectively makes sense to build in the Water Star in the building and development requirements, to work with them to do that. And then have some sort of mechanism on the utility side that if its feasible to make sure things are built and planned like they should. Then consider things like well, do you offset the capital connection fee if they're participating in Water Star and some other things like that. But we have started discussion with City staff as a result of your suggestion last month Commissioner Smith.

Commissioner Smith stated thank you. Then commented, see everything I say is not stupid.

Commissioner Conrad stated no, it's not.

Commissioner Hawes added, I'm sorry you said that.

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

Chairman Davenport then stated all right, next item, item number 5. our Counsel's Report, General Counsel.

Mr. Cloud stated yes sir.

(5-a) Summary/Status Update on Florida Legislation – HB 1331 and SB 1380:

Mr. Cloud stated the first item is to just give you an update on House Bill 1331 and Senate Bill 1380. I provided a narrative you can read at your leisure. I don't want to get too far down in the weeds, gives you a little bit of background. There's actually an appellate case that says we're subject to the criteria of Chapter 180 and that's the Statute that's being amended. The initial draft of this legislation came out of three food fights, that's the best way to describe them. There's a food fight in Gainesville, there's a food fight between Vero Beach and the town of Indian River Shores, and there's a food fight between Miami Gardens and North Miami. And so these, sort of coalesced in front of a committee in the House about a month or so ago and they decided that well, we've got to do something because that's why we're here. We're here you know to solve for problems that may or may not exist, because I think in at least two of the food fights they got some bad information. So what came out of this was an attempt to give jurisdiction to the Public Service Commission over municipal utilities that provide service outside their City limits. Which is, was ostensibly to make sure that the outside the city limits customers were adequately represented, although they wouldn't be represented by elected officials because of course the Public Service Commission is appointed and has been since 1978. Which they used to be elected and then they decided not to elect it anymore. And I don't know, you know you can decide for yourself whether or not that was a good or bad idea, but last week the threat of that was removed from the bill and so it does not look like that part of the bill is in play anymore.

Mr. Cloud continued, but the other parts of the bill are bad news and have to be not only monitored but opposed for the time being. And those are the parts of the bill that say if you provide so much service outside your City limits then the amount of money that the local government can transfer to the General Fund is going to be limited. Now the language that they've proposed has got a lot of flaws in it and if the bill is ever going to see the light of day its going to have to be substantially modified. Once that is substantially modified, I think we can remove most of the risk to this community. But, and there's a big but, we don't know, we really don't know what's going to happen in the Senate. It is not going to go, neither of the two bills are going to be in front of a committee this week. They won't, the House Bill won't appear in front of a committee until next week. It has already gone through two committees and it has to go through yet another committee. It has not, I don't think it's been to a committee yet in the Senate, there's some slight differences between the two bills. And so how quickly it moves is anyone's guess, it may or may not move this year. But this is a bill that has a lot of bad ideas, it is not being pushed by the Investor-Owned Utilities, it is not being pushed by the Florida Association of Counties. It's three food fights that have generated this and it is a potential example of where bad facts make bad law. We need to monitor this, as recently as ten minutes before this meeting started, I was on the phone with Debbie, General Counsel and Lee, lobbyist for the League of Cities, trying to get an update. And that's when I found out about the bills not going to be before any committees this week.

(5-a) Summary/Status Update on Florida Legislation – HB 1331 and SB 1380 (cont.):

There are some people in the Senate who are opposed to the bill but they, beyond that, we don't know.

Mr. Cloud continued, it's a very complicated situation and it is very unsettling. If you are a municipality the notion that cities would have any kind of limitation put on their ability to transfer proprietary funds to the General Fund is crazy. You will really hamstring the ability of local governments to meet their budgets. And it's not, you know, no one should think this is some kind of threat of any kind that some particular program won't be funded. My God, local governments barely have enough funds to make do with what they are trying to do right now and the last thing we need is someone saying well, if you don't do this then we're going to defund something. That's just crazy, crazy talk, we can't afford to defund anything right now, there's so much population pressure in this state being placed on every public service. We need to be looking for ways to help local governments meet the demands they have to meet the needs of their citizens, not tying their hands behind their back. So that's the approach I would take, is that this is really a problem that doesn't need fixing, and we'll see what happens but it's very upsetting and concerning right now that this would even be talked about by the State Legislature. But then again these are the same folks that are talking about they don't want, you know, teenage girls to talk about certain things in school. I'm really kind of, you know they have a saying about jumping the shark. I think they've jumped the shark long ago this year. So hopefully someone in the Senate or ones in the Senate would bring things back to a more balanced approach, that's what we have to hope and pray for. And that's the update on that particular item.

(5-b) Update on APPA Member-Vendor Agreement Pass-Through Requirements Legal Services Template:

Chairman Davenport then stated, what about b., is that it.

Mr. Cloud stated yes, on the APPA. Let me try...

Commissioner Smith interjected may I make a comment on a.

Chairman Davenport stated sure.

(5-a) Summary/Status Update on Florida Legislation – HB 1331 and SB 1380 (cont.):

Commissioner Smith stated let me repeat this, I'll do this forever, nobody is safe when the Legislature's in session, and this is another classic example. And correct me if I'm wrong Counselor but in the Constitution the only thing they require, mentions in the Legislature is to pass a balanced budget.

Mr. Cloud stated right.

Commissioner Smith stated that's supposedly the sole purpose and not stuff like this.

(5-a) Summary/Status Update on Florida Legislation – HB 1331 and SB 1380 (cont.):

Mr. Cloud stated well, there's no, I mean there is sort of a general grant of the ability to govern, but we're supposed to have this checks and balances system and right now there doesn't seem to be a lot of checking and balancing out there. You know, we are where we are, and we have to make do as best we can with what's out there.

Chairman Davenport interjected they did pass tort reform the other day, which is huge, to help the consumer, that's another subject of this.

Mr. Cloud commented you don't really want to talk about insurance rates right now.

Chairman Davenport commented it needs to come down, trust me, it's crazy.

(5-b) Update on APPA Member-Vendor Agreement Pass-Through Requirements Legal Services Template (cont.):

Mr. Cloud then stated so on item b. let me try and really simplify this. When we were first working on the Participation Agreement, which is now done, it was covered in a different way. (*Recordings Malfunction – brief lapse*) So in an effort to enable us, the Commission, get reimbursed on those, I worked with the representatives from APPA and the document, the confidential document which has been handed out to you today is a replacement of what we have that will enable you to get reimbursed. And I don't think I have to go into details any more than that, but that's the purpose of it is to make sure that you get reimbursed for, out of the grant monies from the Department of Energy. And so I would ask you to approve the execution of that document.

Chairman Davenport stated so we need a motion to approve, a motion on this.

Mr. Cloud stated yes.

Commissioner Conrad stated just did; specifically a motion to approve the APPA Participation Agreement and Revised Legal Services Template as a substitute for the Second Amendment to Engagement Letter, and authorization for the General Manager/CEO or his designee to execute all documents associated with this matter.

Chairman Davenport then stated Commissioner Conrad made the motion.

Commissioner Smith seconded the motion.

Chairman Davenport stated, and a second, any discussion. Mrs. Simmons, you call the roll please ma'am.

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

Mr. Cloud stated that's all I have for you.

Chairman Davenport stated thank you Counselor.

(6) Old Business:

Chairman Davenport stated okay, number six item, Old Business. Any old business, Mr. Bunch.

Mr. Bunch stated no sir.

Chairman Davenport added, Commissioners.

There was none.

(7) New Business:

Chairman Davenport stated okay, number seven, New Business. Of course 7-a. is gone, that was earlier. New Business, Commissioner Smith.

Commissioner Smith stated no.

Chairman Davenport confirmed with Commissioners Hawes and Conrad, and then stated okay, moving right along.

(7-a) Fiscal Year 2022 Annual Comprehensive Financial Report (ACFR) – Audit\*:

*(\*Note – Under Item 1., Commission approved moving up Item 7-a. for presentation and discussion prior to consent items – Item 3. Discussion and action on this item transcribed above.)*

(8) Possible Other Business – Time for Commissioners:

Chairman Davenport stated item number eight, Time for Commissioners.

(8-a) 2023 FMEA Annual Conference – The Vinoy, St. Petersburg:

Chairman Davenport stated we've got 2023 FMEA Annual Conference over in St. Pete.

Mr. Bunch stated so that's the annual conference, some of you attended. In the past year it was in Palm Beach, prior year Naples. So we'll get Mrs. Simmons to send an email out about the particulars of that conference, the dates, tentative agenda and then if anyone's interested in attending, let us know and we'll coordinate that.

Chairman Davenport stated I really enjoyed that when I went down, I didn't go last year, the year before. And it's so informative to just what we're doing here, you know Mr. Bunch with the electric cars, and we saw that one, to get up and speak. And now here we are later, a couple of years later putting in our electric chargers around the City. So, its just, we got a lot out of it, you meet a lot of people, and it really helps to support. Our Vice President goes, and our President goes, CEO, and it sort of helps to support him if you can go. Then commented, because you know we do get paid so much.

Commissioner Smith commented so, you're right about that.

(8-a) 2023 FMEA Annual Conference – The Vinoy, St. Petersburg (cont.):

Chairman Davenport continued, so if you do go it really is a fascinating thing, I mean I'd like to go this year if it occurs within my schedule, doesn't mess it up. When are the dates on that again?

Mrs. Simmons stated July 18<sup>th</sup> through the 20<sup>th</sup>.

Chairman Davenport stated okay, so that's good to know.

Mr. Bunch stated we'll send that out by email to all of the Commissioners.

Chairman Davenport stated okay, thank you.

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

Chairman Davenport then stated any other, Commissioner Conrad I'll start with you, any comments.

Commissioner Conrad stated no, glad or happy to see the audit report was as expected, without comments.

Chairman Davenport commented, isn't that the truth. Commissioner Hawes.

Commissioner Hawes stated yes, just back to the audit. Some of the language in the Management's Discussion & Analysis was, if you haven't read sort of that whole thing, and I don't mean for the Commission as just people in general, and not that you wouldn't want to read this. But it goes into some, quite a bit of detail about how the Utilities Commission runs, what we're doing, why we're doing it, and the process that's used which is really helpful to have people understand how we go about it here. And I wanted to compliment everybody who was involved in that, I thought it was very eye-opening.

Chairman Davenport stated thank you. Commissioner Smith.

Commissioner Smith stated first, I want to thank staff for responding to my questions. I appreciate the efforts they made to research the issues. I had an issue about nomenclature, which I looked up the definition of nomenclature, I am correct. But between staff's reports and the auditor's reports we talk about providing water, wastewater treatment and electric. But sometimes the wastewater treatment gets called reclaimed water and that's really a byproduct of the wastewater treatment process, it's not the primary process. So I just think maybe we should consistently use it as wastewater treatment as opposed to reclaimed water because that's a product of wastewater treatment.

Mr. Bunch stated just, the delineation occurs when you start talking about revenue. So while we have reclaimed as a byproduct, we also have revenue and some expenses associated with that. And when it is in the audit or monthly reports its because of the separation of the expenses and the revenue. But you're right the wastewater gets processed at our waste, our Water Reclamation Facility and the output of that is reclaimed water. We don't have two different plants.

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

Commissioner Smith stated right.

Mr. Bunch continued, so at some levels they overlap and then when it comes to the sales, the revenue and expenses associated with reclaimed it can sometimes be shown separate. But I do get it, it can be a little confusing.

Commissioner Smith then stated that's it.

Chairman Davenport stated all right. I concur with ya'll with the Financial Report or Annual Audit, which was very good, very informative. It's good to know that you can trust everybody and you're sitting up here with a comfort level. I'd like to compliment Mrs. Simmons, I came up with this, this helps me so well when she does our agenda and puts the page number beside it and highlights for me. Because when you're reading those 200 pages and you go back, and you can jump around and find out where you are, so that really works good when you have about 200 or 300 pages, that does it. Also I'd like to thank Commissioner Smith for bringing it to our attention not long ago about the Economic Development group, where we get from the City now sent to us what all's going on in this community. I start out by reading that first and its just staggering to me, and this one we just got for February its close to, now this is counting multi-family units, we're talking close to 2,000. Just this, just right now, it profoundly jumped out at me, 2,000 new, starting units, houses, multi-family units. It is, it's bizarre to me how fast we're going, it really is, I mean controlled growth is a whole new word coming out to me. If you don't believe it, I went out 44 the other day and I couldn't believe it, all the way down to I-95 to the South bridge was traffic. It reminds me of the old days when it was a two-lane road on 44 and it used to go almost to Samsula out there, the two lanes. Anyway I really enjoy sitting up here with this, you Commissioners, all of us, we get along and I love the input everybody gives. And you too Mr. Cloud, you're a pretty daggum good Attorney sitting down there, so thank you. Then stated if nobody has anything else, I'm going to call this meeting adjourned.

There being no further business to come before the Commission, the Regular NSBU Meeting closed at 4:14 p.m.

{NOTE – Effective at the U.C.'s 3-22-21 Regular U.C. Meeting, commencing with the minutes for Two Final Public Hearings and Regular U.C. Meeting Held 2-22-21, the Commission will start approving annotated minutes within the agenda package. These detailed, near verbatim minutes will still be prepared for reference, electronic searches, and will additionally be posted on the U.C.'s website – ucnsb.org.}