

AGENDA ITEM 2-a

MINUTES OF A SPECIAL MEETING OF THE UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA, HELD TUESDAY, JANUARY 16, 2007, AT 1:00 P.M., AT 200 CANAL STREET, NEW SMYRNA BEACH, FLORIDA

Chairman Para requested Mr. Preston to lead in the Pledge of Allegiance and then requested roll call to be taken, all of the Commissioners were present as follows:

Commissioner Walter Allen III
Commissioner Jeanne K. Diesen
Commissioner William E. Hall
Chairman Kevin J. Para
Commissioner Richard L. Spangler

Others in attendance were as follows: R. Rodi, General Manager/ CEO; L. Klinkenberg, Director of Finance; R. Mitchum, Director of Electric Operations; T. Beyrle, Director of System Ops. & Generation; J. White, Director of Engineering; D. Hoover, Director of Water/ Wastewater; B. Mudge, Director of Human Resources; C. Montgomery, Acting Director of I.T.; R. Wetherington, Materials Manager; E. Mahle, Public Information Manager; D. Simmons, Executive Asst./Recording Secretary; Bill Preston, Interim U.C. Legal Counsel; Vicky Koren, Reporter for the NEWS JOURNAL; Joel Addington, Reporter for THE OBSERVER; Bob Tolley and Bill Rogers, members of the public.

Presentation by General Manager/CEO - UC Step-Wise Chronology and Events Recap:

Chairman Para then turned the meeting over to Mr. Rodi.

Mr. Rodi stated first of all I extend my appreciation for you taking the time, especially today, to meet to talk about what we'll be talking about. I actually have, and I thought it important for the Commission to go through this today, so there's good intent on my part.

Mr. Rodi stated there are actually two presentations. This first one is only a couple of slides and at the end of it I'm going to ask for a resolution that it is a good representation of what I'm presenting. I wanted to tell you that before I got to that so as you look at the information, there are no tricks in it, there are no surprises, but just out of courtesy I wanted to extend that. So with that I'm going to move down to the table if that's acceptable so that I can speak from there.

Chairman Para stated very good and then requested everyone to put their "phasers" on stun, cell phones off.

Presentation by General Manager/CEO - UC Step-Wise Chronology and Events Recap (cont.):

Mr. Rodi stated one of the things I wanted to do, I've been using the phrase step-wise as we've been going through all of this, one step at a time, keeping a focus, proceeding through. What I did was I took the events if you will, and there's another slide behind this one. The plans, studies and presentations are listed on the left hand side and if you look at those you'll see the strategic initiatives which are up on the wall, and they've been updated. The existing infrastructure studies, and then the growth infrastructure, part of those same studies, the addendum, the cost of service study, the water and energy strategies, the five and ten year capital improvement plan, the telephone and cable communications activities, IT security, the 2005 audit and then water and energy supply, RSQ, WAV; those items. So the dates that are listed there are not all of the dates but a representation of the times we talked about those things in public meetings. So that's all that's intended to show.

Mr. Rodi went to the next slide and stated as a recap, and this is the part that I'm asking that you support me in with regard to this is a fair and accurate representation. In May, 2005, the City requested that the UC I-95 land holdings be sold and that was a part of the budget presentation that was back there. The comprehensive strategic initiatives were created.

Commissioner Hall then asked Mr. Rodi if he wanted to take questions during the presentation?

Mr. Rodi stated sure.

Commissioner Hall stated three of us...

Mr. Rodi interjected were not here.

Commissioner Hall stated okay, that's all.

Commissioner Diesen commented four of you weren't.

Mr. Rodi added and I wasn't either on that first item, but it becomes a very important item to recap and that's why it's up there. And you'll see as we go through the discussion today, it's a pivotal question. The assessments and remediation of existing infrastructure and the resultant growth impacts were completed and presented through six formal reports, listed in projects, included in plans. A comprehensive cost of service study. Five and ten year capital improvement plans. Serious IT security issues were corrected. Growth infrastructure policy and funding requirements with regard to SB 360 were implemented in July, 2006. Cable and telephone operations were terminated. The TECO electric power contract that we secured in December, there were two, were not as advantageous as the Progress Energy. The import behind that is there weren't other

Presentation by General Manager/CEO - UC Step-Wise Chronology and Events Recap (cont.):

contracts to secure. The year 2000 generation investment proves to be uneconomic. I'm talking about the actual running of the generators, not other issues with that. The electric transmission congestion in Central Florida caused a termination of our TECO contract that we just secured so we couldn't get power from that source. He stated \$43 million in the WAV master plan proposed allocations to New Smyrna Beach, that item. The next item, a formal water harvesting/electrical generation RFQ was solicited in April, 2006, and we received minimal interest. UC irrigation water supplies are expected to be exhausted within three years, this one you will see information on as we go through the presentation, with a build rate of 125 units per month, and that's sort of I think where we are right now and I think its going to go up. Then the end of the investigations with the Federal appeal.

Mr. Rodi concluded his first presentation by stating I wanted to present that because of this Commission and staff has really been working through a step-wise approach dealing with the most, what we consider to be most important priorities, in an effort not to rush to some judgment issue. That seems to have been a problem in the past where there had to be an emergency ordinance or some emergency decision, and it seems to me that some of that same political environment is being created now. So I wanted to specifically bring this to the attention of the Commission and that's its only purpose. It's just to say this is what's been done, it's not all, but it's an important consideration. So with that I'm asking for a resolution that says yes, that's accurate, and that's all it is, very simple.

Chairman Para stated well, it's a fair representation of the history of what we've gone through and I'll just start us off, I agree. I guess there's no way to share with any of you all because of the Sunshine. Since sort of a post meeting sense of what took place, I came with a very simple idea of getting permission to go in a direction of researching generation. I did not go with the understanding that we were within seven days to come back with, you know, this is what we're going to do. I'm certainly in the junior, certainly with Commissioner Allen and the rest of you folks with your learned many years experience, but I like the very small steps into something because when you said in your letter and you're saying again today, and I agree, that when we get in a hurry this community always loses out. I don't want to think in terms of the solution for this systemic problem, because it is a system problem, an entire industry. You said so rightly, and my research has shown, this is not just New Smyrna Beach. We talked about this in our budget meetings back in May, that we've got all these issues. Therefore it's not going to be a simple solution, it will be a systemic solution, and that comes from, certainly the four categories that we've talked about. That's the plan that I presented to City Commissioner Hathaway that we're working on and this Commission needs to be involved in that process. We need to take ownership of this process, this is a policy issue. So I really would like, and I don't know the rest of your presentation but I just wanted to share my heart just to get us to start talking about, yeah I'm in support because I like where you're going. He then asked if any other Commissioner wants to speak.

Presentation by General Manager/CEO - UC Step-Wise Chronology and Events Recap (cont.):

Commissioner Diesen stated I think that first item, we do have the paperwork backing that up don't we.

Mr. Rodi stated yes.

Commissioner Diesen stated okay, because that right away sort of jumps out and that will be a flash point. I agree that we have had a lot on our plate and I think we have accomplished a lot and its not been without a lot of stress and heartache and hardship and all those negative things but I think we have to look at the overall positive things that have come about as a result of this and it is still a work in progress. I personally don't want to see this drag out forever, I want it to move forward, I want us to start looking and getting information. You know, if we go out for an RFI as a first step, I want us to get the professional aid, like from AS, Beck, or whoever we're going to use, and go forward in a very planned manner; again step by step by step. But I think we're getting real close to that point. We have to do this so we know where we can go and what's out there and who the possible partners are. So I think that's where we are and I don't want to see it dragged out for a long time, it will become counterproductive.

Mr. Rodi stated right and added if I may, from a May 27, 2006 letter by my predecessor to the City Manager, the fourth paragraph and I'll read it, says, "The sale of the land was reflected in the proposed budget at the City's request as a proposed method of funding capital projects but not as an exclusive method. The Utilities Commission will vote on the sale of the land at their June 20th Regular Utilities Commission meeting and obtain City approval as required, assuming that this is the option they recommend. If either Commission does not approve the sale of the land, the projects will have to be funded by loans or some other means".

Commissioner Diesen stated that was May 2005, right.

Mr. Rodi stated May 2005 but the date on the letter says May 27, 2006, I just read it as it is, so it's a typo.

Commissioner Diesen stated right and I remember.

Commissioner Spangler stated I'd like to say something about that and maybe it will be appropriate to say that on Thursday, but when I first came on the Commission every month there was a new reason why we were suppose to sell the land. It was just amazing to me how many different reasons we could have, though none of them really mentioned funding City projects, they were talking about utility projects. And I took the position that land was the best investment the City ever had and in the midst of this land boom, why on earth would we sell it now. Eighteen months later, I feel like that land has increased in value ten, fifty, who knows how many million dollars in the last eighteen months. Had we sold it at that time, every penny of that would have been in the hands of

Presentation by General Manager/CEO - UC Step-Wise Chronology and Events Recap (cont.):

a developer and we would have had the short end of that sum. As it is now, every penny of that increase in value is under the control of the Utilities Commission under the City. So we, by not caving into the pressure to sell the land in the beginning, have created a gigantic windfall for the community, and I don't know whether we're getting any thanks for that. The other thing I don't understand is, I don't really understand all this pressure to begin to debate generation. I understand that we have an awful lot of problems that could occur over night in the generation area but I think the thing I didn't like was it was said what have you guys been doing for eighteen months. Well, here's a list of it and it seems to me that a lot of the things on that list were things that the City wanted us to take care of, when they replaced three Commissioners. I know it was indicated to me that you want to take care of that mess over there at the U.C., the telecom thing. We have done that and we have organized our thinking about what we have and where we're going to go, we've done studies and we have information that we never had before; we've done all that in eighteen months. So I didn't really like hearing what have you guys been doing for eighteen months. In addition to everything we've done, we have also set the framework to move ahead in a thoughtful manner instead of just rushing ahead under the gun. So I don't understand what the urgency is all of a sudden, I mean I understand it's a thing we need to do and it's very important, but it's not the only thing that we were here to do. We had a whole lot of things to do in eighteen months besides go out and have requests for proposals for generation; so I was just a little bit surprised by that.

Chairman Para stated to Mr. Rodi, for instance, to kind of move this in the right direction, if one of our Commissioners were to move in favor of characterizing the land as an essential strategic asset, critical to the long term strategies of this Commission, and we would adopt that as a resolution, that would put that squarely in the area of what we're talking about.

Mr. Rodi stated sure and that isn't what I'm asking for, part of the presentation today, and it's a worthy topic don't misunderstand my bringing it up, but what I was pointing out was in December 2005 we were in the market to deal with generation because of one, the contract that was expiring with Progress Energy, but secondly we were examining what the future would be in that market. We found that the pickings were pretty slim and that was after Katrina and everyone was holding back on what generation sources they had. We went back out to the market with an RSQ, specifically on the combination water harvesting and generation with renewable energy. We did that very specifically to see if there were interested parties because its very clear that someone else will have to make an investment in the generation part of that and we wanted to see if there were any takers at that time. There still have not been, there are people who have interest in being the engineers, there are people who are interested in giving us counsel and advice, but that isn't someone who wants to put plant on the ground, and so that's important.

Mr. Rodi stated all this events list was to represent is that I don't think many of those items there were easy, I don't think that they have been structured in a way that have

Presentation by General Manager/CEO - UC Step-Wise Chronology and Events Recap (cont.):

been reckless. It makes very clear sense to me that if there's building going on everywhere that you ask the question what will this do to us. Since there weren't any formal outside studies where you could get a professional view with the kinds of tools that are available today, it seemed imperative to move forward with that and what it said is your existing systems need these kinds of remediation measures, you have this amount of time to do it, and for new infrastructure you need to plan to put these kinds of infrastructure components together. We then had to figure out a way not have that cost fall on our existing ratepayers.

Mr. Rodi stated so there seems to be a logical sequence and I specifically now wanted to bring it forward because it's obvious to me that we're in the political season. For example, all the pressure to talk about generation before we talked about water; water is the critical issue. So what I wanted to do was to get this up there, publicly air it, see if its making sense to you, and that's all I'm looking for is it's a representation of what's been done, except for that first item. I did not do that but it's pivotal to a lot of what we're going to talk about in the rest of this meeting; that's all I'm after.

Chairman Para stated to follow up on that, and I think where we kind of headed in this direction, and I'm certainly and I don't hear it from you and I'm not saying it from here, we didn't respond to the City's request that we do this, we're clearly the authors of this, and the premise behind it in a very open handed way was this is an issue, we'd like permission to look into it, to research it, and we all understand timing and issues. For instance when we did the, I think it was an RFQ for the combination generation, water, in a renewable format, the environment might not have been conducive at that point in time. If we were to develop, not to get into the weeds here, but if we were to develop a sort of a standing parameters of engagements that we would be interested in, that way people would not have a bracket of time they would have to respond as the culture is growing exponentially in these areas. People could then interact with us on that level and say yes, we're ready now to being that, and then we could drop into something. Again, back to the City, we have to, I believe as a Commissioner, we have to obtain permission if we even entertain or talk about this because this is something new, and that's the only thing I was hoping that we would gain. So if I need to be corrected, please correct me.

Mr. Rodi stated I think when we have the next meeting, which is this Thursday, and there's an item at the conclusion of this I'd like to talk about that happened right before we came to this meeting. But the purpose of having the Commission together is to, and I've taken the approach of trying to use education and your knowledge to guide me and have a public decision about what needs to be done, not a political decision, a public decision. I feel the way to do that, and it takes time, and while you're educating and teaching, you're also learning too. So rather than, no one person, whether it's me or anyone else, has all the answers but collectively we have a better answer than if anyone of us individually tried to do it; and that's what I continue to promote. The balance of this meeting I think is full of some very meaningful information that will help for

Presentation by General Manager/CEO - UC Step-Wise Chronology and Events Recap (cont.):

purposes of our next workshop with the City for what collectively the Utilities Commission supports and that's what I'm trying to gel at this point. I'm trying to have something congeal so that there's some direction or point of view that you think is meaningful to the community. Not that you wouldn't do that anyhow, it's just that I'm trying to create the form for that.

Commissioner Diesen stated to Mr. Rodi you want a resolution on this.

Mr. Rodi answered yes.

Commissioner Allen stated to Mr. Rodi, basically what you're asking us is to acknowledge this as a process we've walked through to this point, and basically a resolution that we've come through this process to this point and then we're going to move forward.

Commissioner Diesen stated I'll make a motion to that.

Commissioner Hall stated may I ask a question first. Mr. Rodi, and this was before you came on board, we dealt with an issue where we put a former CEO, and not Mr. Vaden but Mrs. Turano, on paid leave while we checked out some things that we heard were going on. Is there any reason that's left off of this, because that took up a lot of time of this Commission if I remember it correctly. Commissioner Spangler, we had just come on board and in a matter of three months she was basically out of here because of other things. Now I don't want to get into personnel issues if we don't have to but somehow I think maybe some people on the other side and out in the community have forgotten that.

Commissioner Diesen stated management changes or something, would that cover it.

Mr. Rodi stated if you will, the last item says contentious and protracted local investigations and State criminal investigations of previous UC administrations were ended and a Federal appeal was requested by the UC through its legal counsel. What I tried to do was just put that whole event in all of its complexity into one statement without trying to trigger anything else with it.

Chairman Para stated all right, so we have a motion by Commissioner Diesen to adopt this as a resolution.

Commissioner Diesen stated a resolution of events that have taken place that have led us to where we are today.

Chairman Para asked is there a second.

Commissioner Spangler stated I'll second that with a comment. What we're doing when

Presentation by General Manager/CEO - UC Step-Wise Chronology and Events Recap (cont.):

we do this is we're saying this is what we've been doing, a lot of it we were asked to do and the rest of it, it never occurred to anybody that it needed to be done until we got experienced, professional management without some kind of a particular agenda. So what this is saying is this is what we've been doing and we're proud of it. He reiterated and I'll second that motion.

Chairman Para then confirmed there was no further discussion and requested a roll call vote be taken.

Commissioner Diesen's previous motion then passed unanimously on a roll call vote. (The formal resolution for this action was developed after the meeting, attachments being the first two slides of the General Manager's presentation entitled UC Step-Wise Chronology and Events Recap 1-16-07, and this resolution was subsequently numbered 2-07).

Mr. Rodi stated thank you and then proceeded with the next slide of the presentation (a map depicting the UC property and various other properties located adjacent to SR 44 and I-95 and proposed Williamson Boulevard route alternates A-1 and A-2). He stated I put this slide up before I began the presentation. When I first arrived, this slide, it was a PowerPoint slide, was a part of that May period of the capital budget back in 2005. I was intrigued by it because first of all that was the first time I had seen it and it looks like somebody went through a lot of work to lay it out and detail it. You know when you see certain things how they remain in your memory, well this particular slide did and I could not understand why it was there, it just seemed to be the obvious but nevertheless let me begin.

(1) Water Plan:

Mr. Rodi stated now water discussions. You've seen this slide before (entitled Water Supply Strategies 2007-2016), I'm not going to belabor it, and a number of these slides in here start to point out what we're trying to do with our water supply over the next ten years. This is from another presentation that I had made (entitled WAV Summary SJRWMD CUP Allocation Table) when we were talking about the WAV discussions and the CUP allocations showing that New Smyrna Beach has, according to this, an adequate amount of potable water supply. I know that very early on Commissioner Spangler kept saying to me, but those numbers don't reflect what's going on out there, and he kept challenging that the numbers don't seem to support what our long term future will be. He stated the next slide (entitled UC Consumptive Use Permit) was another part of a presentation and it again reflected the growth potential. What we don't know is how fast all of this is going to occur but there, nevertheless, is some indication that on the irrigation side of this we can quickly run into a problem. When you start to see, and this was confirmed in one of the studies, that we could have 2 million gallons a day (MGD) shortfall in irrigation water, the tendency of most people is to either sink a shallow well

(1) Water Plan (cont.):

to try to get water because they don't want to lose all of their landscaping or they turn to the potable water. Then once the potable water is turned to, then you have a serious issue on your hands.

Mr. Rodi stated next is a very simple summary of "Short-Term Irrigation Water Needs". He stated current build rates are around 125 units a month. Where this number came from, in our discussions with regard to the addendum and just the Johnson Group alone, when we had started the discussions there were 300 roughly electric accounts, the electric side is more accurate than the water meter side, and about now we're running around 800. So there was an increase of 500 units out there, as far as active accounts. Now whether there's actual use going on, there are not. That's occurred over like a three to four month period. As you recall when we were talking about the addendum, started heavily in April and it was finally passed in July. What that means is for each unit created we end up with a net deficit of about 470 gallons per day (gpd). The calculation's pretty simple, that is an average user and you use 200 gallons a day of potable water and we recover 65% of it. I think the actual number the study shows was 61% as reuse. Then you get 130 gallons from that new customer but they're using 600 gallons a day so you end up with a shortfall of 470 gallons a day. Right now we have an irrigation surplus that's being placed in our 13 acre pond of about a million and a quarter gallons a day. If you divide the 470 into the 1,250,000, it's 2,600 new units or there about, and at 125 units a month, in 22 months you're staring at the end of your cushion. Now it may vary so I've made statements in less than three years we could be staring at not enough irrigation water. You recall this past summer we had some unusual events with the City's new golf course going in that was using exceptional amounts of water, and we bumped a couple of days with having irrigation water, we were out of it. He confirmed that with Mr. Hoover (Director of Water/Wastewater).

Mr. Rodi stated so where do we obtain the water and is the U.C. land suitable for it? This next slide came from the County website map and as I looked at it, it's just a topo map, and the lines that you can see represent mostly 25 feet above sea level elevations and there's some at 30 feet so they seem to be marking their topography by five foot increments. You can see there's not a lot of variation in the topography of the land.

Mr. Rodi stated what I wanted to show here on the next slide and it's very hard to see, we're involved right now in the reseeded of the lands damaged by the wildfires and the areas within the red are where we intend to use sand pine and use a helicopter for the reseeded of those lands. Again you can see how heavily treed that area was before the fire, that's the significance, we lost 70% of our trees on that land.

Mr. Rodi stated another point I'd like to make (next slide was a map depicting existing and potential well sites), as a commitment, there are how many wells Mr. Hoover, seven?

Mr. Hoover confirmed that statement.

(1) Water Plan (cont.):

Mr. Rodi stated these seven wells are to be installed and we're in the process currently of beginning the installation. You can see here's number seven over here, here's number two, here's number three, and this is part of our new CUP permit. Part of what we have to evaluate is which particular wells do we install first and in what sequence do we want to do that and we have a certain draw level that we'll be making from these areas, and we'll also have to determine whether or not the locations as they're depicted here, still represent an accurate location for that well. On the balance of the UC property there are a number of wetlands monitoring devices that are out there and how we found some of those was when the guys were tree harvesting, we didn't know they were there, and they found them.

Mr. Rodi stated you've seen the next slide before (depicting layers of the Floridan aquifer) but what started to strike me is this surficial aquifer, and we talked about it, and obviously we're looking at how can we obtain the water that we're going to need for the future.

Mr. Rodi stated this slide I think is very revealing (map entitled New Smyrna Potable Water Master Plan). What it points out is that our land, which is indicated in this area here, is not in an area where there's much recharge. Now that becomes a very important point and what it starts to say is that with the rainfall that we get, it doesn't go into the upper Floridan. What happens is it goes into the surficial aquifer, it gets trapped there above the clay liner, and eventually ends up traveling underneath and goes to the ocean; some of it does percolate down into the aquifer. He then confirmed with Mr. Hoover that he had characterized that right. He stated I'm going to keep asking to make sure that I'm doing this accurately. Now, that becomes a critical part because if that water is doing nothing more than just flowing away somewhere, then it seems to me that would be an opportunity.

Mr. Rodi commented if I'm going too slow, let me know, and then stated the next slide (from SJWMD 2005 Water Supply Plan depicting layers of Floridan aquifer, areas of recharge and areas of discharge) is a representation of what I just said. You can see this is flowing out into the ocean and from the higher areas going through this surficial aquifer and continuing to travel; you get some in the intermediate and some down into the lower.

Mr. Rodi stated I had shown this slide (U.S. Geological Survey, Water-Resources Investigations Report 02-4193) when we brought Dr. Missimer here to talk a little bit about the lower Floridan aquifer. What this is, is like a cross section from test wells that they've made, looking at where this semi-confining unit ends and his view that there may be some near potable water sources that are right along this area in through here. That's the significance of this and that's how we started to think about alternate water sources.

Mr. Rodi stated I had seen this slide as well (map depicting wetland areas, existing wastewater plant site and proposed Duke Power Plant site) and what it left me with is

(1) Water Plan (cont.):

most of that land is full of nothing but water. That's what it seems to show and if you wanted to put things on that land, then you would have to use the areas that were above.

Mr. Rodi went to the next slide (Water-Wise Plan Elements), and stated so what are we trying to do with the water. I'm calling this water-wise, you know playing the step-wise, water-wise, and you'll see energy-wise later at the end of this thing. Part of the initial need is that in three years we've exhausted our Bright Water or irrigation water supplies. What are we trying to do for the new water source, and have it be drought and hurricane tolerant. Also modular, you don't want to have to spend any more money than you need to meet the demands. You should be able to supply both irrigation or potable demand. There should be some portable capabilities for emergency conditions and what made me start to think about that is if there's something that would happen to the water supply beachside, how would we deal with that. So whatever we do here we need to have some capability and just be able to take it there and plug into it. I'm just thinking of something catastrophic but that would be hard. Needs to be cost effective and we need to be able to mitigate our risk; and the risk is running out of the potable water among other things.

Mr. Rodi continued on to facility criteria. U.C. property can supply irrigation quality water to supplement the Wastewater Treatment Plant production and pond storage. Harvest rain from the U.C. property, trying to get maybe 1.6 million gallons/day, and I have numbers that we'll talk about behind us. To be able to store, blend, and supplement irrigation water needs from the lower Floridan, trying to get another 2 million gallons/day there, and you'll see why these numbers in a short while. Use appropriate modular, again adding another unit as needed, water purifying technology to produce irrigation or potable water. And then, interconnect the harvest piping systems to the lower Floridan storage, irrigation pond, or raw water well systems as needed.

Mr. Rodi stated the steps that we want to go through, and we've already been through this before, was to determine test locations, drill a well, install some surficial wells, and evaluate the results. I've held up on that and the basic reason is the use of that land did not seem to be settled, so rather than making the commitment to spend those dollars, I thought it appropriate just to wait. Again, I'm looking for some public support, so that's simply why I have not acted on that.

Mr. Rodi stated as far as the long term needs (slide entitled Long-Term Reuse Water Needs West of I-95), if there are 9,500 ERU's remaining to be constructed, and this is just west of I-95. I get that number from that chart up there on the wall, that's what is being proposed, and we can't ever tell what a developer's actually going to do, but it starts to give us a ballpark number to work from. In doing those calculations, it's an expansion of the smaller explanation I provided earlier, if you have 200 gallons per day and you have 9,500 units, you multiply that all out and take out the net. We're going to be short 3.8 million gallons a day whenever that happens. So we have one short term target, within three years, and this other is if we don't keep up with it as we go along, and added this is just for the western area, let alone other parts of the City where we

(1) Water Plan (cont.):

need to also bring some Bright Water. The surficial wells, and I'm talking about the horizontal wells, these are like horizontal pipes in the ground, and they try to get the pipes into where the water veins are, where there are heavier water flows, to pull those off. They're supposed to have harvest rates of one to five gallons per day per foot. If we use the mid-range of that, 2.5 gallons per foot, then we need roughly 289 miles to get 3.8 million gallons, but there's a problem with that, we don't get that much rainfall. If we recovered all the rain, we could get 2.7 million gallons.

Mr. Rodi went to the next slide (entitled I-95 Land Water Harvesting Potential Estimate) and stated these are the calculations on that and I'm not going to insult you by stating it, you'll get a copy of this afterwards. But if we recover 60% of that rainfall, which seems to be more realistic, we could end up with like 1.6 million gallons. Then if we can supplement it from the lower Floridan, now we can start to get near that 3.8 million for the western area, but even that's not totally enough. If we try to harvest seawater, it's just like the alternate water supply that was listed in St. John's you saw there. For a very large plant we were talking about some very expensive water, which is anywhere from \$4.00 to \$6.00 per 1,000 gallons; so that's expensive when you try to get it from the sea.

Commissioner Diesen stated I just want to ask a question, this is excluding commercial and additional golf courses, correct.

Mr. Rodi stated yes.

Commissioner Diesen asked is there a reason to believe they will do their own holding or are we just simply, we know we have at least one course underway and another one coming on probably shortly. Even if they don't build the houses they seem to go with the golf courses.

Mr. Rodi stated it's interesting that you bring that up, there are a couple of things that are occurring. To my knowledge there are shallow wells that are going to be used for the Venetian Bay golf course and there's also irrigation water supply that we're providing. So I think what's happening is they have their retention ponds and they're using those as storage and that's sort of the backup to us, but they also have water supply that they're planning to use as well. My expectation is that each area that has a golf course will try to have it's own residual storage and as you well know that only lasts for so long. If we're not having rain, and again trying to be drought tolerant, then when that backup supply ends then they're coming towards us to say hey, where's the water. That's why I think a lot of this is very interesting, they understand the need so there's some reserve capacity there. Additionally, in other parts of the state, older subdivisions are finding that they are converting those to housing developments. They're getting rid of the golf courses because there have been too many. So I find, depending on where you are, if you read some of the articles that over time, especially where you have to make a major reinvestment like the City just did, and they did a beautiful job at that golf course, then

(1) Water Plan (cont.):

they say well what's the value of the land for putting more homes in versus a golf course. That's why in this evolution of what you do with infrastructure, it's very complicated. I did not include any of those issues of what happens with commercial, golf courses and those types of things. I'm just trying to keep it to a more simple approach, so that complicates things.

Commissioner Spangler stated I have a couple of questions too, first a comment. A major local developer told me, and he's not major west of town yet, that golf courses are passé because of the land value and they just don't pan out, so maybe we'll see less of them. But the questions I had were, what governmental bodies have to agree to this water harvesting plan, do we have to go to St. Johns?

Mr. Rodi answered yes, they're all going to want to play, and this part of the presentation starts to get into that, and it's very confusing.

Commissioner Spangler stated do we think that they're going to be favorable and see this as a solution that could be used all over the County or are they going to tell us that we're messing with the water supply.

Mr. Rodi stated well, it depends. For example, let me go through this and there's a part where I want to answer your questions more specifically.

Commissioner Spangler stated okay, and I have a second question if you don't mind. I'm always concerned about the cost of things so when I look at this I say okay if the primary use of this acreage is for water which we desperately need, and I've noticed in the last ten years, we haven't been using any more water now than we did then. That I presume is all because of the wastewater, so when we run out of wastewater, all of a sudden the potable use is going to go up, and that little cushion we have is going to vanish. So I look at this and say well, whatever that land is worth, if we use it primarily for water, one, what other uses does it preclude and two, is it still the most reasonable cost wise solution for getting our water.

(2) RSQ's and RFP's and (3) Next Steps:

Mr. Rodi stated okay, let's start through this (slide entitled Land Profile Calculation Estimate). Part of what we have in overall amount of land are the 829 acres less the FPL easement because that is something that they can continue to use, the potential 130 foot wide Williamson Boulevard easement, and the 230 KV substation. So what's sort of left is about 759 acres and the remaining balance that we owe on that land is \$8.1 million and it's all due by 9-30-2020. Principal and interest is around \$690,000 a year and we have \$6.2 million forecasted because we just received a payment for the portion that was sold to I think Venetian Bay LLC. Trying to make some assumption about what that land is worth is very, very difficult but if you just poke at \$25,000 an acre, you can get almost \$19 million. The Volusia property appraiser has it valued at \$10,000 an acre which

(2) RSQ's and RFP's and (3) Next Steps (cont.):

makes me wonder about some of the property valuations going on. But if that land was developed, there's \$1.6 million tax potential assuming that you can put 1139 ERU's and the homes sell for around \$400,000 apiece. Commercial value is a little bit less because of parking lots and it doesn't have the overall amenity value. There would be \$6 million that would come to the U.C. as far as developer agreements and other contribution in aid of construction. There's an economic multiplier with this too, you know with people coming in and commercial areas being built, there's a turn on the money and it's about 3:1 for maybe this kind of development versus industrial which is like around 7:1, depending upon the area. There's commercial/residential development, that if it occurs along with trying to water harvest, you have some environmental contamination potential for water harvesting. I think this is a critical point because if the wetlands remain, then if the highlands are used for something that's incompatible and you end up introducing, because we're taking it from the very area where some folks like to pour their gasoline out down a drain or onto the lawn, or whatever happens, just fertilizer, those kinds of things become important considerations for this concept.

Mr. Rodi went to the next slide (Land Profile Calculation Estimate cont.) and stated so what happens from the resource perspective. There are 436 acres of wetland, can we sell those for wetland mitigation. I don't know the answer to that, and there's another slide I'll show you here in a little while, and the reason is St. Johns and others have gotten into this as a business. So they view this as public land as already wetlands so the only opportunity for us is to take the highlands and make them wetlands, and the highland areas are where we want to put the harvesting in so we can also convert those to wetlands with the right to harvest. But if you apply the same value, a developer said to me that he paid \$300,000, and I hope I'm recalling it correctly but it was a very large number like that, for two acres of wetland mitigation. I thought wow, that's staggering, so how this might occur is basically piece by piece, and the State would be involved in it, St. John's would be involved in it; and my guess is a number of different groups would be involved in it. He stated I'm not expert at this at all, I've never claimed to be, but it just struck me if you have all those wetlands, it has great value. Where did all the wetlands go from the Venetian Bay area, I mean that land was like this land, and you don't see that any more so something happened there and they were able to mitigate the effect of that.

Mr. Rodi stated so now here comes the renewable bio-plants and you have seen in our strategies and we've been trying to develop this. I'm not interested in a Duke-size project, never have been, never said I was. Even though SB 888 did change the power siting act, but not for purposes of what we're looking at, these are certainly under 75 MW, but for two other reasons. One is the size of our system, generating plants usually aren't as reliable for staying on line as a lot of people would think, that's why the 20% reserve capacity margin, they're always experiencing some kind of a problem, either internal or external to their plant, that takes them off line. So what I was thinking about was if you have two 20 MW plants, for our size we could put a 20 MW in and then another 20 MW, assuming that these are around \$1.5 million per MW; depends upon the

(2) RSQ's and RFP's and (3) Next Steps (cont.):

technology that would be used. You could get \$1.5 million for land value, taxes of about \$250,000 a year, and you can mitigate some of the electric risk as what's happened to us this past summer if you have your own generation there. It seems with the production that you ought to be able to have that achieved. What I was thinking about is if you could get a heat rate of around 9,500 BTU/kWh or the equivalent, and this is a technology that I'm saying is an older technology and there are newer ones, then you're going to need a certain amount of bio material to power these plants. Even if we ended up harvesting the land, 10% of it a year, we're going to reforest and we're told that sand pine is a good type of tree to put in out there. That it grows quickly, doesn't need a lot of attention, doesn't use phosphorous, and those kinds of items. Even with that, and if we ended up using the City's refuse that they collect up, we can only power about 5 MW's, so the rest of this bio mass has to come from somewhere. It's environmentally compatible, but it's an ugly looking area. You saw on one of the maps that I had put up previously, a lay down area, you have to have a lot of material. Some of it comes from the hog waste, the wet wood from the farmers, there's a tremendous amount available to us where they can bring it in. That means a lot of truck traffic going to this area, laying it out, trying to get it to dry, and then taking the material in a form that the plant could use it. So you can picture that as an operation, very different from trash. They both have about the same BTU value but the problem with trash getting out into the ground is leaching, when it rains and the water goes down through it, it goes right into the water that we're trying to collect. That's what we have from the wetlands anyhow is forest debris and that's what would be on this land, so it's compatible with the nature of the land; that's why I was focused on it. He stated we can use some non-traditional thermal sources and plasma is one of those to gassify the fuel, but again there are some other questions that need to be addressed with that because it's origin of late has been for the disposal of hazardous waste materials. So that capability would be there whether you're burning trees or whether you're actually getting rid of trash.

Mr. Rodi stated on the other part of this, the highland area you can grow the fuel as a reserve, you can have that as backup, and is that worth anything. I mentioned the City tipping fees, there's about \$750,000 a year the City's paying on that. We'll need an additional fuel stock of about 1,100 tons a day to power 40 MW's, assuming that 9,500 BTU heat rate which is going to be pretty tough.

Mr. Rodi then stated three acres for 3 million gallon reuse or irrigation tank. In part of our negotiations we've been finding out the value of what an acre of land is in some of these developed areas and the price that I have listed here, which is \$100,000 an acre is good deal price we're told. He confirmed that with Mr. White (Director of Engineering) and stated so if we put that tank, and it's in the area, the zone of the U.C. land, then it's a cost avoidance area.

Mr. Rodi stated the generating plant has an economic multiplier, the plant itself, the employees that would be there, the process, maybe about 7:1. The FPL transmission substation, order of magnitude costs about \$12 million, another \$49,000 a year in taxes.

(2) RSQ's and RFP's and (3) Next Steps (cont.):

Then there's the issue of renewable generation for carbon tax, I don't know how to put a number on that. There is something that happens this year where there is Federal legislation and that's why I was trying to get some information about the Supreme Court decision because it will have a very profound effect upon the whole industry and everyone is anticipating what would happen with it. In our case, we're also trying to obtain more security and that's what this is about, it's not about a big money making scheme, it's simply to protect both the water and the land. The land isn't going to go away, so it's still going to be there residually, and the kinds of activities that I'm giving as an example of would not harm that land either, so it's respecting of the land.

Mr. Rodi stated I answered the question about where some of the mitigation is occurring and its that purple outlined area there (slide showing map entitled Tiffany Homes at Venetian Bay, Mitigation Location Map), this was just from a report on mitigation locations. I found this very interesting and you can see from the legends there that there are different areas that are designated. It looks as if there's a lot of money in mitigating wetlands.

Mr. Rodi stated you may recall this representation (slide entitled Aquifer to Aquifer ASR) that Dr. Missimer put together that is talking about the interrelationship that we're examining with him with regard to the surficial wells. This area here, the upper Floridan where we have our current water sources, and then this ASR well that goes into the lower Floridan. You can see, just through this piping system, during periods where we have heavy rains if we're able to harvest, we can put it here, we can put water from the potable there and retrieve it; at least that's the theory. And then this water area here also potentially may be near potable, but it would also make it very, very effective in supplementing whatever we can pull off from here without even the question of contaminating this area here.

Commissioner Diesen asked what are the odds that will work?

Mr. Rodi stated well we're told that the odds are pretty high, right now we're fortunate in that Daytona Beach is in the process. They just drilled their 1,200 ft. well, they are now going to be proving whether or not that's a viable source, and also whether or not it remains to be a secure approach from a standpoint of the penetration of the layers. So I think it's fortunate that we're behind that wake in learning from what it is they're also doing. I think Dr. Missimer, who you have known from his presentation has a world wide reputation in designing alternate water sources and capabilities, so I think there's some potential there.

Commissioner Diesen asked is he working with Daytona?

Mr. Rodi stated he's working with Daytona, yes, and he's working with us, so we have some great leverage because of that.

(2) RSQ's and RFP's and (3) Next Steps (cont.):

Commissioner Diesen commented I'm glad Daytona's going to be the test.

Mr. Rodi stated they've already spent the money on that first well.

Commissioner Allen commented well you don't really know about your site until you do a test well.

Mr. Rodi stated that's right, and the speculation is that previous tests with regard to the lower Floridan, were not conducted properly, and so there have been a number of other test wells where the previous expectation was nowhere near the reality of what was found. We'll know more, and whether being south some 15 miles or not, we don't know.

Mr. Rodi went to the next slide (entitled Water Harvesting Concept, Graphic Representation Only) and stated why I brought this up is it's sort of a representation of what we're trying to do. In a short period of time, it's very busy but let me try to explain it a little bit, these light green areas, for example from our wastewater treatment plant is how we're now supplying our Bright Water supply. The idea is if we install one of these surficial wells with the horizontal piping systems to capture the water and bring it across, and it's just basically like a sump connection, and we could pump it into the pond and just pump it as we need it or as we achieve it. The other thing we can do is valve this to push it into a deep well and that's what this system represents here. If we need one deep well, and we have to have a monitoring well that goes with it, we can add these in pieces. Just like these areas here, as we need to harvest more water you add another segment and connect the piping. Over here are our potable wells, and earlier I spoke about the seven wells we'll be putting in and this is all on the UC property. Of course then we will have a raw water main going to Glencoe, and what this allows us to do, when one looks at this, is if we pull water from the lower we can process it through like a reverse osmosis membrane system and either put it into the potable or we can push it over here to the irrigation, or we can take the water that we're collecting from this area, store it over here; so you can see the relationship of what can be done with this system.

Mr. Rodi continued by stating we can supplement what we're trying to achieve in any of these arenas and as you need another ROM you put that in, as you need more in the way of water harvesting from the surficial, and if you need more deep wells, you can pull those off too. That's the idea, all we're trying to do at this point is say okay, is this idea of the deep well really going to work, will we even be able to obtain the water from the surficial aquifer. That means a lot of other players get involved and it will be St. Johns and others saying yes, and we're obligated to provide an alternate water supply to them, a response and Mr. Hoover's been working on that. What we're presenting is this concept as a way to answer here's where we think we can get some alternate water supply with the combination of the deep well, ROM processing or something else, and the surficial. So that's, in concept, what all of this is boiling down to and to core that deep well, it's about \$750,000 and that's a relatively recent estimate that is also coming from the Daytona well they just drove. On the surficial horizontal wells, numbers listed there is

(2) RSQ's and RFP's and (3) Next Steps (cont.):

just an estimate of trying to put so much piping in the ground to get about 13,000 gallons a day. I think you have to get to that scale to be able to tell if its going to work.

Commissioner Spangler commented I love questions. First of all you are saying we are obligated to show where our future water's going to come from, who are we obligated to?

Mr. Rodi answered St. Johns, and I think how that happened was that we had, we the collective we in New Smyrna Beach, had proposed a desal plant at Swoope and that was listed on their alternate water supply and they're saying if you're going to try to get funding or if you're going to move forward with that, then you need to respond. We're obligated to respond anyhow, if not this, where are you going to get the alternate water from; that's as I understand it how we got into that position.

Commissioner Spangler stated okay, so this plant is predicated partly or more on the results of Daytona's test well, otherwise what they find is probably going to be similar in concept to what we expect to find.

Mr. Rodi stated we're hoping, yes.

Commissioner Spangler stated and they're also hoping then that this will be an answer to St. Johns.

Mr. Rodi stated yes, and they're driven I think by the same issue we're driven by, regardless of what happens we have to come up with water, that was the first part of this. So if we can't harvest more economical water from the surficial aquifer, which essentially looks like its just being wasted right now, then our only other option that's within our control is to go deep and then process that water because it can be done.

Commissioner Spangler commented up to your \$6.00.

Mr. Rodi stated well it depends, yes, the expectation is still would be much more affordable than trying to process seawater because you don't end up with all of the bio-solid issues and a lot of the minerals that are there and so that's why the focus of going down rather than up.

Commissioner Spangler stated well I won't say that I'm convinced by the numbers that we had as far as pay back, you know that's predicated on a certain value for the land, and the only thing you know for sure is if the land goes up in value then that return is going to go down. But on the other hand, we all know that governments can't afford to buy land anymore, so that in itself is a good reason to keep the land. The thing that I was impressed with that you said was when you're talking about what we're about, and I like this so much more than what I use to hear that we're not in the real estate business, this is excess property, we're going to get rid of it. We are in the real estate business, but what I appreciate is when you said we are about resource security, water and electric security for

(2) RSQ's and RFP's and (3) Next Steps (cont.):

the community and I don't know how you would put a value on that, but that answers my question.

Commissioner Diesen stated I think there's a combination of things that we can do with land and still generate some revenue streams and secure our resources. I think it's a combination of things that if we're really thinking ahead is the way we should be looking. The mitigation question is an interesting one, I think I shared or we shared the articles about the guys, some of them ex-patriots from Tallahassee, that went out and bought the land and then they were going to sell it back to the state so that they could in turn sell the mitigation. I think that one company went broke but there are others doing the same thing, and those guys tottled off to North Carolina to try it up there. But I think that's real valid, something really valid, that we need to look at, is the mitigation issue because I think there's money there.

Mr. Rodi stated yes, and part of the thinking was that if this idea or concept has value then you would want to secure that value for the community so it can't readily be undone because then you're depending upon the water production that's really coming from it. Depending upon what happens on the grid, and who knows, you have more independence, you can keep adding pieces to the generating plant, keep adding units, to meet your demands and get that best mix of economical power that you can control, plus economical power that might be out on the grid.

Commissioner Spangler stated so generation is not incompatible with water harvesting for our needs.

Mr. Rodi stated for that kind, I'm presuming that aside from tanic acid that comes from a lot of wood waste, and that would be on that land anyhow just from the normal forest debris that occurs; I'm presuming.

Chairman Para stated I would like to make some comments if I could. Each one of us has unique talents and experiences that we've had in our lives, and I'll certainly make whatever I have in my background available to this community. I've had a number of people approach me over the years about land clearing debris and people to get in touch with and the rest, and I've tried to maintain an even hand and not trying to, number one, feed into that and number two, give anyone advantage over that, but the values are significant. I should say the value of tonnage available is significant, certainly ample to take care of the needs. There are also, in my limited investigations, new technologies in gassifications of wood and the rest, that make wood a viable alternative, along with many other organic materials. If you notice, and I'm not trying to put these folks in the spotlight here, but Weaver, a local company, has done a very professional job out west of town with a recycling operation in organics, it's not helter skelter, it's not flying around, it's done very well. Most of the contemporary clearing and developing now is done, particularly in town, is done by grinding, even grinding on spot, so the medium is a very uniform, easy product to maintain and capture. So that has tremendous potential and I

(2) RSQ's and RFP's and (3) Next Steps (cont.):

think what we're saying here is maybe not April of this last year, but maybe two months from now or whatever we could be on the cusp of some kind of hybrid partnership with somebody that would take into consideration our needs for water and the rest.

Chairman Para stated switching gears, I had a meeting with the Mayor, I think it was two years ago, and it was when WAV was kind of ratcheting up and Mrs. Genny Turano and I had spoke about, and I had spent some years in underground utility work and actually put in a horizontal well for Martin County, the FPL plant down in South Florida. They're really an interesting concept developed back in the early 80's, they're called sock drains, and we also worked on a County project for dry hydrants, Daco Dewatering, a local underground water company. All this to say I've got some experience at what assets actually lay in the ground. I'm kind of a resource management guy, I don't like to waste things, so literally hundreds of thousands of dollars of these resources are stagnant every year because after the underground utility contractor leaves the project, there's are miles of this system in the ground right now that's not being utilized. I don't know if its feasible if we could utilize that, my point to the Mayor, even before the studies were done by WAV, just an old dirt guy was saying, horizontal wells are your best value. That was my premise, we don't need Dr. so and so to tell us that, it's pretty straight forward, that's the best value for your buck. Sure enough that's what \$600,000, Mr. Tolley knows the value of what they spent on the study, but anyway that's what it was. All that to say that if we could incorporate some of that into each subdivision, and this would be a chapter in your presentation in that looking ahead in your green thinking as far as the addendum, how can we give credits back to the developers. Well this is a way that they could do it, if they have two miles of this underground sock system, and all we have to do is, and I'm familiar and will be glad to share whatever knowledge I have, with small electric pumps that you can set in. It could even be periodically powered and charged by wind generation, wind's been used to pump water for over 100 years.

Chairman Para then stated so sorry, that's my little presentation on that, and I'll leave that alone. But the bottom line is these assets are lying in the ground. We've also got the Sugar Mill property that certainly is not without standing. I spoke with Mr. Rodi and his wheels were already turning on that, we have a 500,000 gallon tank, could that be a shock valve in and of itself? If we had a major problem on the beachside we can feed back, and again not getting in beyond my knowledge, but that's an opportunity there. The I-95 that runs north and south, and also where ever Williamson Boulevard ends up, these are right-of-ways that theoretically we could propose to the folks in Tallahassee who recognize water issues are important to us all, that these large vast areas are wonderful hinder lands for you might want to say a wellfield, a horizontal wellfield. Any time you have an impervious surface there's an increase in your watershed so if you utilize that to your advantage and there's tremendous square footage that's shedding off into these retention ponds, and if you can harvest out of these areas that makes to a really good mix. It might be something that could conceivably funded, so there's that opportunity. Going back to my conversation with the Mayor two years ago, one of the things that I had presented to Mrs. Turano at that time was a manifold approach. So you're not trying to suck down out

(2) RSQ's and RFP's and (3) Next Steps (cont.):

of one bottle of water and saying, by the way I think the property is an excellent way and consistent with Commissioner Diesen the mitigation concept is really good. The only caveat is that I would like to shoulder whatever mitigation we have with these horizontal systems, so although we're not on their property that we're using that to complement us. But again if you diffuse or you diversify your area that you're drawing from, you draw from one area and then another so that you have a manifold thing. Listening to the energy conservation the other day, Mr. Hoover, if we did that at 3:00 a.m. in the morning and sent out water back down the sewer pipes so that we could collect it there, we're getting away from a lot of infrastructure and our energy's cheaper, so they're processing at that time of night. I know, but I'm just throwing things out, I don't have any other way to talk to anybody unless we're all here, so this is the right way to do this.

Mr. Rodi stated yes.

Chairman Para stated the other thing is that there are a lot of breaking innovations in the area of organics and the micro-algae. Mr. Bob Bullard who is a friend of mine for many, many years has looked at this and this is one particular organic material that does not require phosphates which is a huge issue and it doesn't require major energy investments, it's a stagnant environment; that's an opportunity as well. The last thing I'll say to kind of wrap things up is yes, we need to look at a way to begin this discussion with the property. It's sort of like a family with an inheritance, who wants to talk about it. Well, I'd just as soon talk about the weather or something else, I don't want to talk about something that will make somebody mad; well I think it's time for us to talk about it. I think if we can map out a span of time, you've given us good things Mr. Rodi to begin that conversation. I have said this, and thank you Mrs. Simmons for verbatim transcriptions, because one nice thing about when we speak here, that stuff is kept. I've been saying for a lot of years, if we purpose the property in a renewables type setting, water and everything else, but with that we qualify, and I got one of these monthly publications a month ago, Congress allocated \$400,000 more dollars at zero percent. You take that some \$680,000, knock \$250,000 off of it, that's not chump change; and that's saying to our citizens we're wise with that. Along with infrastructures, if we did water harvesting green we, as I understand the Energy Act of 2005, we qualify for loan through a bonding company, same bonding company, we don't have to switch, just that bonding company gets to pocket in essence about 30% in tax credits, and if I'm wrong, I'm wrong. But it's a really good deal for them and they can then continue to partner with us in different programs for infrastructure but it doesn't cost our citizens a penny in interest, and that's a good thing. With that I thank you for a few minutes and for whatever my comments are worth.

Mr. Rodi then continued and stated what I've been trying to do with the conversation this afternoon is to provide somewhat of an explanation. You've seen this before (map depicting UC property with proposed uses) and I just wanted to point out again, this lay down area is what I was talking about as far as where do you put this material and process it, and for that material that needs some drying time or needs to be shaped

(2) RSQ's and RFP's and (3) Next Steps (cont.):

differently or processed in some fashion or another. The location of this beginning point, the central plant for the water harvesting and if there's going to be power generation, would be here. And of course, we were talking about the Williamson Boulevard and I just want to emphasize again if there are a lot of trucks bringing agricultural materials in that we're going to use, there's going to be a lot of traffic here. Likewise, we've been told that this intersection is of a sub-standard design, that's going to be redone, and I don't how quickly that's true. The large subdivision that was north of Pioneer, it was stated the other night that the commercial part of that development isn't going to move forward, but just some numbers with that, that commercial area was to be 2.5 times the Volusia Mall. The Volusia Mall has traffic of about 25,000 a day, so in talking about the flow coming down through this corridor the FPL lines would not readily be moved, nor can ours, and then we have our existing substation, here's another substation from the 230 KV access, this can be moved there isn't a question about that, but then if you're trying to use this land for a particular purpose it's starts to get much more complicated.

Mr. Rodi went to the next slide (depicting location of electrical lines around Williamson Boulevard) and stated that's why, this is very hard to see, but this shows the existing named Williamson Boulevard which is I think pretty much a private road now. In any event it shows the 23 KV line, the 115 kV, another 23 kV, another 115 KV; there's a lot of congestion. Along in this area we've got to bring in a new reuse line, that is at the base of this roadway and S.R. 44. So there's a lot of activity that is scheduled for this area and I just wanted to explain, it isn't just some speculative information on my part.

Mr. Rodi stated I had commented on the cover letter at the past joint meeting that I would not be talking about specifics with generation until we had this conversation. I hope today for those of you who were wondering why I would even say that, the issues that we're facing on the irrigation side that could affect the potable are pretty profound, and I did not want that priority to be caught in some shuffle about well you need to get involved in this and ignore what we're facing on the water side of the business. One of the things I did, this is the Energy-Wise part of this (slide entitled Energy-Wise Plan Elements), and I heard Commissioner Spangler the other night talking about the consumption side of the equation in addition to the supply side, and this is the part of the agenda that I wanted to talk about not only the Energy-Wise pilot type programs but also where we may need to be going with regard to the generation sources. You can see as a general topic we need to become more heavily involved in energy conservation, customer consultation, and we need to go out for a capacity RFP. RFP's for purchased power contracts, Mr. Beyrle and I have been talking about, with your permission, we'd like to get R.W. Beck on because these kinds of things are just taking enormous amounts of time for staff. But we really have to take a very different approach because the effectiveness that Commissioner Allen had, and I'm not trying to say anything here other than from the little bit I know you were very effective in that position. It was based upon knowing things that others wouldn't commonly know on the market and I think we're at that point because of the constraints we're seeing with the transmission system. And we're trying to find a quiet way to go about to find this because publicly when we take these

(2) RSQ's and RFP's and (3) Next Steps (cont.):

approaches the market is listening, they read our minutes, they're looking for where they can have some advantage. What we have to obtain is some other value, a way of finding these non-traditional supplies, so I think we're at that point. We need to also go after some innovative demand side management programs. Most demand side programs have limited life spans but we need to take advantage of them. Energy service companies, there are a lot of them out there, they make money by helping our customers save money and of course that continues to avoid the capacity peaks as our system grows. We need to take a look at the solar thermal and electric part, parts of those programs because we still have sunshine, we have a lot of heat here, and it's just like the land it's got a lot of wetness to it so that can become an advantage to us. Green building codes, builders that deal with green buildings and to be able to consult with people if they're going to be building homes that are special, they're not a production home but a custom home, many of those people are very supportive but who do they speak with here and what do our codes show and what alternatives are there. Rate design incentives, I had previously sent out to you a structure on what we're following with regard to water conservation, the same holds true in rate design for electric and we haven't done much of that here. Real time pricing and metering, I think Commissioner Spangler said if someone really knew what it was costing at the time they might, if it was important to them, might want to do something differently. Well, there's a whole infrastructure that's needed to make that effective but nevertheless that's a potential area for us to look.

Mr. Rodi stated on the residential side we're lining up things that people can do themselves as far as self audits, conservation surveys, duct leakage repair, weatherization and infrared scanning. For those of you who aren't familiar with that it's thermography, heat differential, and when you look at your house you might feel, I know I have some issues where I'm losing the energy that I'm putting into it, either in heating and cooling, this will show you where those areas are, and so it's a way to help. Also on the commercial side of the house you can deal with these same things but lighting service, most of the energy consumption in commercial goes to lighting and depending upon how much action has been taken by that sector here, then there may be some savings there for them. Again thermal energy systems, this whole idea of how we deal with BTU's, either putting them into a building or taking them out, being able to store that thermal in some fashion, there's a whole lot of science behind that and there may be some applicability here.

Mr. Rodi stated a partnership in renewable energy modular design plants on U.C. land, it's very clear the U.C. doesn't have the money to build a plant with the other priorities, that's why we did what we did, but there are some certain advantages that we can provide land and through a partnership that private parties have in the way of incentives that we would not have afforded to us. He then continued, and with trying to keep the fuel compatible with water harvesting and water production potential.

Mr. Rodi then stated distributed generation, we flew by that the other night and this is not something that you can just absorb in one sitting, even when you try for years and years

(2) RSQ's and RFP's and (3) Next Steps (cont.):

it's very complex, but the advantage of distributed generation is it is a smaller size, it can be applied. For someone who's trying to run an electrical system, like Mr. Beyrle, it's going to be very difficult because you have to be able to know exactly what's happening at that spot and when you have a hundred of them out there, knowing what's happening with whether or not they're maintaining load as they should and whether the voltage supply is there or if one of them had a problem and it takes off a whole circuit because the squirrel climbed into the control scheme and chewed the wires; it creates a lot of burden on that operation but it also, piece by piece, takes off the load from a central generation source out on the grid. They're usually more expensive and they don't have some of the other characteristics.

Mr. Rodi stated and then there could be a partnership to purchase power from renewable sources interconnected to U.C. transmission. It need not be on the U.C. land, we have transmission line, at least one of them, that's a pretty long line but if someone does have a viable alternative getting rid of solid waste, I'm talking about garbage and those kinds of items, then there could be a plant built at those locations and then the power shipped. There are some opportunities to deal with this but when you start to look at this list, both from a demand side and a supply side, we don't have staffing to address this. A lot of these are highly technical content areas and right now we have our staff heavily loaded up with just trying to keep their heads above water with development that's going on and the routine day-to-day things. I would like for you to take into consideration that a lot of these are very valuable and important to do but if we move forward with them then that also means we have to equip ourselves ahead of time to deal with it rather than just ready, fire, aim; you know one of those deals. So that concludes what I wanted to speak with you about as far as this formal presentation, I wanted to give you something that was more concrete. I certainly would hope that in our next workshop with City Commission that there's a consensus of what you find important. I wanted to give you the information so you had something more tangible.

Commissioner Diesen stated I think it's real important that we come together as a group and before we leave here today we come to some consensus on a plan or options and not just ride off into the sunset and go well, we've got another meeting coming up. I think Mr. Rodi has given us really a lot of good information, certainly you laid out some strategies that we need to consider but there's certainly a number of options and they're not necessarily mutually exclusive and I think that's one of the things we have to consider very carefully so that we're going to get the most bang for our buck and have an idea of where we really want to go. Then, you know, when we go with the City Commission and they look at that and then they obviously will have questions and may have different ideas, but at least they'll know we've done ours; we've done diligence if you will.

Commissioner Spangler stated I had a concern at the workshop, I didn't feel like our presentations were organized in any way that would direct the conversation. We had a few side shows and I think they've been pretty much taken care of I hope, but I think that

(2) RSQ's and RFP's and (3) Next Steps (cont.):

whereas we know more about utilities than say the City Commission does, we don't know nearly as much as our CEO, we don't know nearly as much as our staff, and I think that policy is basically where we should be going and part of policy is to be prepared to see these discussions go forward in an organized manner. I've thought about it a lot and I had some headings that I would just like to throw up here and I'd like to hear what Chairman Para thinks about these too. As Chair, I feel like he has a certain responsibility to try and control what's said and I think what we need to present is we need to present where we stand and that's what Mr. Rodi was talking about, about having to overcome an awful lot of problems and done an awful lot of preparatory work so that we know where we're going. I think that we need to be able to talk about the conditions we face about our own generation facilities and the condition that they're in and the power market and all of those things. I think we need to be able to think in terms of the solutions that we're going to do, what our long term prospects are, our short term prospects. This thing of distributed generation, there's all levels of that, I would rather than say everybody has their own solar top generator, I would like to think that we could at least distribute generation down to our community where we have a little bit more efficiency from scale but we don't have to go so far to get our power. And I think that we need to be able to say where are we at right now. I think that big question we were asked was, and like I say I didn't really like it but I knew it was coming, was what have you guys been doing. Well, we've done an awful lot of things that don't have anything to do with generation because it needed to be done first and as Mr. Rodi said we don't want to be pushed into doing things as has probably happened in the past, and we want to be able to say this is where we're going to go and this is why we're going go, and the reason we know we need to go there is because we looked at the whole situation. I think that we need to get credit from the City Commission for having done that but again like I say, I don't personally think generation is the most urgent thing that we face but its certainly is very urgent and it's going to be more urgent. But I think we need to establish, and I respect Chairman Para's idea that we're going to ask them permission, but I'm not sure that they're really looking for us to ask permission, I think they're looking at us to say what are you guys going to do and then if they don't like it, they're going to refuse permission.

Commissioner Diesen interjected they want a plan.

Commissioner Spangler stated yes, they want to know now that we've done all these studies and now that we've solved all the problems that they sent us here to solve and we certainly want to take credit for that, where are you going to go next. Where we're going to go next is not necessarily just generation, it has to do with the water and it has to do with the land. The things Mr. Rodi has explained to us about the water, we need to remember that and when the conversation Thursday gets a little bit more specific, I think that we all need to be prepared to say hey, this is what we think is important and this is where we're going to go. Then when someone says well when are you going to do that, well we're going to start making requests shortly. So I think we need to go into that meeting with our thinking organized.

(2) RSQ's and RFP's and (3) Next Steps (cont.):

Commissioner Diesen stated absolutely, that was kind of what I was trying to say, that we need to go in there with a plan. If you will recall that was the last thing said, where's your plan, you've been doing all this other stuff, I don't care what you've been doing, and don't hang around and wait for somebody to pat us on the head and say we've done a good job because that's not the nature of the political beast with which we work. That just doesn't happen in politics and I don't mean that in any pejorative sense locally, it just not, that just doesn't happen. So I think that you're right we need to go with okay, we've looked at the background, and I think most of the things you mentioned were discussed, so here are the options that we're looking at to solve the problems as we see them and water is right up there. We do need some backup generation, and is that possible to combine those two and some other things. I do think that that's what they're looking for from us as opposed to another session of slides and discussion. I think we've done a lot of the basic work and now they're looking for us, as I've said, they don't have the time to do this, that's just why we were appointed, so they are looking to us for suggestions. Now they may not like them, they may throw them all out and say we wouldn't support that, but they want that opportunity.

Commissioner Spangler stated I think so, and I think that the information that we have, they're not going to absorb all that information but we better absorb an awful lot of it because if we say this is what we want to do and they how come, that's what this information is for. Now that we know it is here and its ready and organized, we can turn around and we can say to Mr. Rodi, or he can ask staff, well why do we have to do it this way and they can say so. But I think before we go into the technical aspects of it we need to tell them what we're really going to do because of the studies and let them ask the questions.

Commissioner Hall asked Commissioner Spangler, what's your definition of shortly?

Commissioner Spangler asked shortly?

Commissioner Hall stated yes, because I think I heard at the joint meeting their definition was six months.

Commissioner Diesen stated I don't know that they said...

Commissioner Spangler stated I didn't get that feeling, somebody said six months and somebody else said that's a long time.

Commissioner Diesen stated yes, I think that ASAP was more in their, would be more their definition of shortly, and you're right, shortly won't make it. They're looking for a time frame too, but I think we have to take it incrementally and not be rushed again and certainly I don't think we have been, but I do believe they're looking, they want some concrete options and some consideration on the time frame.

(2) RSQ's and RFP's and (3) Next Steps (cont.):

Commissioner Spangler stated that's why I had put up conservation because if you want something immediate, that's the most immediate thing we can do. And then we have that other immediate problem of purchased power contracts, but once we get past those things what are we going to do. Well, I think we have a better idea now, but we better be prepared to say those things and I don't like meetings where we chit chat for two hours and then we say well what have we accomplished. I hear a little bit of that from one of the City Commissioners and he was saying well here's what we agree on, here's what we now know, here's what we've discussed today, let's move on, and I'm all for that. I want to know at the end of every meeting exactly what we've accomplished, how far we've gone, and you know what kind of consensus we had.

Commissioner Diesen stated I'd like to have that from today's meeting as well.

Chairman Para stated Commissioner Spangler had mentioned control and I try to walk a fine line because I can't speak for you folks when I don't know what you folks want to do.

Commissioner Spangler interjected I understand.

Chairman Para stated we talk about permission as being a general concept and as I've listened to the presentation that was made by staff the other day and was made again today, is there's a lot of raw information coming at us and clearly in paying attention to staff's comments directly and indirectly over the last several months, there's not a lot of people power left over here in the tank in order to do that. Again, speaking from myself and evaluated all this, kind of more or less anticipated that we're going to end up hiring a consultant and spending some money and kind of walking down that road and if the City looks across the street and says why are you spending that money. And then there's the other side of collective will, we don't come here individually and make those decisions, it has to come as a consensus. Commissioner Diesen said at the last meeting we don't live in a vacuum here, we don't make decisions; so yes it's an ugly process, so's democracy. We get together, sometimes we get our feelings hurt, sometimes we get bruised a little bit, but we had a conversation and there were I think some definitive points of direction and that was yes, bring us a plan. My comment at the time is that yes, we have been planning and to start with and we'll get into that in time of discussion for Commissioners later, but we're started in this direction and conservation, Commissioner Spangler, is the best possible first line of defense. You're front and center in that in the concept of being able to do a green building, because people, as I look at the citizenry and the ratepayers, you can tell them to turn off a light bulb and try a few of these other things and it takes time to turn the battleship around, it doesn't turn around over night. But as you work through these things it's kind of like a washing effect, they hear one or two times and then it kind of goes away, but if you have a community that's beginning to build a home and they show up at a dinner party or their church group and they say yes, my power bill was \$58; well how did you do that? That to me is the most powerful motivator in people is the economic side.

(2) RSQ's and RFP's and (3) Next Steps (cont.):

Chairman Para stated so again not to sidetrack but getting us back to consensus, I think Commissioner Diesen said it best, is that if you develop an RFI and begin to look for those, but you can't even do that until, as I understand it, you get a consultant in here that can kind of take this huge amount of information and help us process it down, look at our assets, look at this raw material and begin to pull all this stuff together. I was the one who said six months, I could be wrong, I think that's this process, what it's going to evolve into whether people like it or not. It's nice to show up at meetings and shoot gums with silver bullets and say, I am, just kill the beast, we can go on and go on there. So all that to say is it won't begin and end in of itself with one specific event, it's going to be a series of events and we'll start with conservation because that's the fastest way to patch the holes in the ship and begin. As far as the plan, I have learned that the further experts, as far as speaking to issues, I'll be glad to speak to issues regarding this Commission but we have an amply qualified individual over there to speak on these technical things. I would like that point person, Mr. Rodi and I talked about it. Initially I was going to make a presentation, I have developed one and I sent it over to Mr. Rodi and he said no, I don't think that's the right way to do this, let me do this, and I like the approach. The approach was raw information and discussion, form a consensus, we need a plan, well I think we've got a plan now. As you say, Commissioner Diesen, let's put these things in bullet points, let's say now what we want to do, do we want to hire, give Mr. Rodi permission to begin with a consultant, and then let's talk about first what we're going to do and then a time frame to do it; so let's begin the discussion.

Commissioner Diesen stated I'd like to see us go there maybe and say we're making the assumption that piece of property is going to stay in the hands of the U.C. and here's the reason. We think these are appropriate uses of the property and they're in the best interests of the citizens because its going to help us stabilize some generation, it's going to help our water problem, and these are the processes that would be compatible on that piece of property. Because I think that piece of property has to be discussed, I don't think you can discuss all these other issues without making that the focal point, because good God knows it's the holy grail, it always is there. So let's just meet that head on and say we believe these things can happen and they are compatible and it's going to generate the things that we're looking for, the stability in our resources.

Commissioner Spangler interjected resource security.

Commissioner Diesen stated yes, and I would like us to be that embolden to say, make that as one of the okay, here's the assumption and here is why. And then I think that will generate yes, we have a plan, we have a lot of other things that have to come together before we're ready to do this but this is where we think we can get the most bang for our buck and stabilize our resources.

Commissioner Spangler stated to Chairman Para, when you say we have to go to a consultant next, would they then take all the studies that have been presented to us and go back over them and come up with some more recommendations or I thought we were

(2) RSQ's and RFP's and (3) Next Steps (cont.):

past that point and what we needed now to do was have someone come in and we would say to them here's our studies, here's our problems, what can you offer us. Are we going to circumvent, you understand I want to go straight forward.

Chairman Para stated it's a good discussion, I would say the studies that we had on the electrical side were general in nature and kind of cursory, and again, I love the fact that Mr. Rodi put all that stuff up there because quite honestly we're like Errol Flynn. Did you ever watch Errol Flynn in those old movies, he's fighting about 15 people at once.

Commissioner Diesen commented even I don't remember him.

Chairman Para commented I watch Turner Classic movies all the time, anyway, that's the way we were six months ago, as we were going through these studies. I think that the focal point back then was more general assessment as opposed to now we're trying to now turn that around and say okay this is where we are, this is the assets that we have, that's where we want to go. So, that's the type of person I envision coming in and also a facilitator, somebody who can begin getting community support behind it; it belongs to them. This whole company belongs to them, if they don't buy into it, you're really wasting your time. One of the things I heard our City Commissioners say is that there are problems out there in the community so if we incorporate the community in this process as we walk through this, that's a wonderful thing. You're bringing those folks in on the discussion, they take ownership and then they walk away. So yes, I think that whoever does this, and again this is just in my mind, whoever this pivot person is because I think we've identified today, can we get pass the fact that we need somebody, we need somebody, because human resources they say we don't have it. But now we say we need somebody but this is kind of what we would like that person, or group of individuals to do for us, is to bring together all these studies, all this raw information, and drive out some of these directional things that then as policy makers we can then say yea or nay, up or down on each one.

Commissioner Spangler stated so basically you're introducing a new word into my mind and that's assessments. These studies that we've done have enabled us to assess the situation and now we need somebody to come in and say what to do about it.

Chairman Para stated to help us yes, because as a group we just don't, the way we're designed, we just don't do well doing that.

Commissioner Diesen stated I think we're taking a step forward and going two backward. I think we've had the studies, I think we have the assessments, I think we're capable, certainly have a CEO that's capable, I think that funnel is getting narrower and narrower, and I think the time, if we're going to bring somebody in like Beck, that's going to be to look at the items. She stated we have now synthesized things, Mr. Rodi has done an excellent job, we know where the problems are, we know water's a problem, we know generation, back-up generation, we know that's something we want to look at. Okay, so

(2) RSQ's and RFP's and (3) Next Steps (cont.):

if we bring in someone then I think their job should be to help us go to an RFQ, RSQ, RFI, RFP, whatever you want it to be, but let's move, let's not go back and reassess, and reassess again; you're getting more like education everyday, sorry.

Commissioner Hall stated I agree with you Commissioner Diesen, we are getting more like education everyday, but we know what the problems are from the studies, we don't need, I've said this several times, Commissioner Allen's said it at the last U.C. meeting and now he's being quoted as saying the same thing, and some of you have said the same thing also, we've done enough talking let's come up with a plan. And the plan obviously is water and generation, the first two items, certainly there are other issues, the land being the third. I'm not putting these in my order of priority, I'm just saying those are the three big things we've got to deal with, but we don't need, Chairman Para, I think a consultant coming in and relooking at all those studies we looked at because I think we've got a pretty good handle and I think Mr. Rodi has an excellent handle and I think staff has an excellent handle on what we need to do. They just don't have the time to sit down and stop what they're doing on a daily basis in running this City from the U.C. point of view to draw all this stuff up. Certainly they're going to be called upon to help, but to expect Mr. Hoover and the rest to sit down and take three weeks off and do nothing but draw up what's going to be done, that's unreasonable; not that they can't do it, it's just that they have so many other things to do.

Commissioner Diesen stated and I think Mr. Rodi you suggested R.W. Beck, they're familiar with us as well.

Mr. Rodi stated what I was suggesting is we really need to go after firm contracts and we need some expertise to find where there's opportunity that our traditional approach has not turned up anything. So we need to go after that, we need to bring someone who is expert in defining plans, for again a step-wise approach for conservation and the whole demand side of this. For example, we don't have information about the kinds of commercial customer needs that exist in this community and that's what we have to tailor toward, or for residential homes, both with the very old homes and the very new homes that we have. So that's the kind of information and study that needs to occur and in presenting this information, because those are key elements of moving forward, the presumption that I have had is if we're using the land for water production purposes, then I can move forward to commit with Dr. Missimer and stay on this parallel path with information Daytona Beach has and so that we may be able to do something a little different so we don't need to spend those same dollars. But whatever that happens to be, we need to be moving down that path to actually now start to put it into a sense of reality. We need to go out for the RFP again or an RFQ for individuals who may want to build power plants of this dimensional size. I was just picking at 20 MW or 40 MW type sizes because of the size of our electrical system. Again, I'm trying to use the philosophy of our resource security for New Smyrna Beach as the primary driver as opposed to we're trying to put a 500 MW plant here because we can make a lot of money, it fights everything the P&Z has been about, about what all the land use regulations are about, so

(2) RSQ's and RFP's and (3) Next Steps (cont.):

those have been my queues. As far as specifics we need to have those firms that can help us with the conservation side as well as the supply side because we're not in the position to be effective, especially on the supply side.

Commissioner Allen stated we've had a wealth of information fed to us the last few weeks. We see one of the major things, the need for water reuse in the near future, we know that as we approach and try to take care of the water side and some of the aspects of that, the land that we have is a great resource and is a secure thing for the City and the utility customer. But as we bring all these together, I would hope and I think that staff does know, a direction that we need to go, and I would hope that after we have spent two weeks going through that CD and all the wealth of information that's there, that we should have some idea and concept of when we sit down at the table we can sensibly and know a direction we need to go and that there is a viability of as you provide water that generation will be a part of that, coming off of that, bringing that resource to our customer and help avoid some costs, and they all work together. Then the land usage in the same aspect, to be able to bring all that together in a reasonableness and if you go out to have to purchase other land today, you just can't afford it. We've got an ideal situation with the wetlands and everything there to utilize that to the benefit of our customers and to the future of this Commission. So when we look at all that, we look and we think about to even address short term needs as far as looking at contracts going away, you need to start looking farther out. One year out or even 18 months out they get a sensitivity well you're really not serious, and there's nothing really big going to be happening, but if there's a process that you're moving forward to looking, not just short term but long term three years, four years, five years, ten years down the road; you're coming up with a business plan of moving forward. A lot of things come to the table when all that process starts moving and people start talking and seeing what's happening, things kind of open up and people start communicating. So I believe there's a great need for us to really address and say this is where we're heading and not just sit and talk; there is an idea of where we need to go.

Commissioner Diesen stated so firm contracts, step-wise conservation, and an RFI, RSI, RFQ, whatever on generation, so short and long term. Now, is it more appropriate if we're going to look at a Beck or somebody, is it more appropriate, would you want us to move forward before that meeting or is it too late to add to our meeting Monday night.

Mr. Rodi stated no, we have on our meeting for Monday night, specifically we're going to talk about an RSQ that Mr. Beyrle was proposing to go after, the generation the supply side. So I wanted to bring it up here because it's a fundamental part of this mosaic to actually accomplish that and have that underway and then right behind that we still have to go after anyone who is willing to partner with us presuming that we would use a bio-fuel renewable plant on that property. So there are a number of parallel actions that have to be taken.

Commissioner Diesen stated and the conservation, the general conservation runs parallel

(2) RSQ's and RFP's and (3) Next Steps (cont.):

with it as well.

Mr. Rodi stated yes and we have to go after an RSQ. For example, my expectation is that Beck would not be in that camp or we wouldn't want them in that camp, maybe we want someone else who's done a lot of the conservation side of this because they view things very differently than supply side.

Commissioner Diesen stated it's interesting because I've been anticipating that I'm going to need a water heater soon so I'm exploring solar. The only ones that I could get, that I found anyway in my research, was somebody located in Gainesville to come out and give me an assessment and come out and talk to me about it. Then I looked and they don't go beyond Marion County and Lake County, and so I thought that's interesting. But little things like that, I think there would be, and I know there was some work done with the solar energy center and that's ongoing, but as a general piece of information, I think there would be more and more people here if that were a part of the knowledge base that would be moving in that direction. And there are rebates available, that's the kind of thing that is conservation and that's one of the things that we could be looking at, putting out that kind of information. It was interesting, I just having that experience.

Commissioner Spangler stated I think probably when we get our electric bills we're already getting some of that type of information and things we can do. For your particular problem, investigate heat recovery unit, just ask any mechanical contractor what they are and you might be happier with that. The reason I'm so excited about this thing, the special meter on every house is the political issue is about a rate increase. Everyone is going to have to increase their rates, so what our obligation is to just say what we're doing to lessen the rate of increase over a period of time. This thing of allowing people to not use heavy electric power during peak times, the savings will go directly to their electric bill because we won't be purchasing that peak power. Any peak power that isn't used people aren't going to have to pay for, so that's a way that everybody who really feels pressured by the increase in the cost of electric can take care of the problem themselves in a significant manner and I would be prepared to come up with a guesstimate as how you could impact the bill, but I'm sure there are more qualified people than I can that already have those numbers. But I'm just going to pursue that thing because I think its good for us to be in the view of the public of being able to say here's something you can do. They got upset about a \$10 or \$15 raise, well here's a way I think you could probably save more than that and every person that's interested in reducing that cost can do that. And if we make that available to them, then I think that's a good answer.

Commissioner Diesen stated and to start looking at some of the web sites, it's amazing, the other power companies, the lists of things that they have, I mean a really small item is if you recharge your cell phone. You know how many of us leave the recharger in there, well, it's drawing power, maybe not a lot but it is if you just leave it, so unplug it every time after. She stated I was bad, you know I did it all the time, and then I went on

(2) RSQ's and RFP's and (3) Next Steps (cont.):

somebody's website, I'm not sure who it was, maybe Fort Pierce, and I thought oh my gosh, and now I pull it out after I recharge my cell; but there are lots of things like that.

Commissioner Spangler commented I charge mine on my car battery.

Chairman Para stated I apologize because I guess I'm just a slow learner here. I hear a number of different things from a number of you all. I hear one saying the point ought to be on the property, we ought to make that the part of the plan. I hear another Commissioner say we need to act now and then we're talking about RFQ's and RFI's, I haven't seen anything. I make it a policy as whether I'm a board member, a Commissioner or whatever, I've got to look at things and I've got to educate myself on it so I've got to know what that is. At the same time we're coming up on this bump on time so as far as articulating a plan. My hat's off to you Mr. Rodi to be able to consolidate this because we talked about no less than, I counted them, almost 25 major, I should say significant matters here today, and no one's going to put that in a box for you, particular you sir, with the busy schedule you've got right now. So I come back to the same point, we need somebody to help us to do that, do we not, can we agree on that? Regardless of semantically, if we call them a facilitator or call them whatever, but you need somebody, is that not correct?

Commissioner Diesen stated no, and added I'm personally saying no. I think we've set forth three things that we need and I think, I don't know, you say facilitator, I'm saying that what we need is an outside firm and it may be more than one firm. But I think we've said what we need is to look at the firm contracts, the conservation, and then generation, RFQ, RSQ. How that plays into the property, I think that will be part of the discussion, make the assumption that's the appropriate place for it, or maybe it won't be but I think we need to know and these are the items. I don't know, maybe I'm hung up on the word facilitator, I don't understand that.

Chairman Para stated that's why I used the word semantics, let's get away from that, let me choose another word.

Commissioner Allen stated I think what I'm hearing from Commissioner Diesen was we know and understand where we need to go. What happens with the person that comes in will affirm what we know we need to do would be that additional assurance and give us further direction and understanding, is that not what I hear.

Commissioner Diesen stated and help us prepare an RFQ, and RSQ, depending, if we've drawn the right conclusions.

Commissioner Spangler stated in my simplistic way, I would like to see a provider come in with a solution to the information we already have; now it may not be that simple.

Chairman Para stated I love that, it's a new word, and maybe I won't get a fight over that,

(2) RSQ's and RFP's and (3) Next Steps (cont.):

that's a good one, I'll back that one. Is that one a good word, provider, is that good for you Mr. Rodi? Because I think that's kind of where we sort of take this thing down, let's start talking about first who the players are, who the people are that's going to make this thing turn. So if that's what we can agree on, is that correct Mr. Rodi?

Mr. Rodi stated for the conservation, the demand-side, I think that's appropriate. I also think from a standpoint of land development and resource allocation, that's appropriate. But I would not want our ability to go into the market right now to look for grid supply because we will need that regardless, so what we need to do is move forward on that, and then the development of the coaching that we're going to need for the interrelationships of renewables, and land use, and conservation which is a whole new arena for us; that's where we need someone to help integrate.

Chairman Para stated you used the word coaching, I like that.

Commissioner Diesen stated so you're looking at a firm, may be not Beck, but a firm of that nature.

Mr. Rodi stated yes, of that background. That's why I keep saying we have a parallel path, we have a short term need that we have to do what we can to minimize our exposure on the current market and for what we can see in the next three, four, five years, plus at the same time we cannot sit and study about how we intend to use the land and develop it for both water harvesting and conservation because we're up against a short time frame there, so for that part of the institution where we don't have a focus, we need some coaching with that, and there are those who can do that.

Commissioner Diesen stated now in the short term, the firm contracts, that you said is on our agenda for Monday night.

Mr. Rodi stated yes.

Chairman Para stated so if I can press in here again, it looks like we're in agreement that we need a provider, someone who can provide us with that next step for us, is that a good definition.

Commissioner Spangler stated yes, that's fine.

Chairman Para stated okay, and once we get that individual on board, and we're going to be talking about that Monday night, Mr. Rodi. All right, so as far as the City Meeting that we're going to have on Thursday evening, that will be again, Mr. Rodi will be making the presentation from the standpoint of all this stuff funneling down and then as far as the plans, what we're talking about now is not to go through what you just said, but if we can lump it into the three areas; the conservation provider, the coach for the property, and the third is the generation, somebody to help us assess the RFQ, RFI,

(2) RSQ's and RFP's and (3) Next Steps (cont.):

whatever it is, it's going to have an R in front of it. And we don't want anything to hinder that, whether they're separate players or all together, that's your call, you're the CEO. So is that pretty good now, we've got three major points that we're going to push in on.

Commissioner Diesen stated we need to let them know the firm contract is already being taken care of Monday night. We're already on the short term, we've got that under control. And the presentation that you're going to make, Mr. Rodi, is going to be short and sweet and to the point.

Mr. Rodi stated yes, out of what you saw, I don't want to walk through all of that, all I want to do is establish we do have a short term water need driven by the irrigation. That drives the question of where do we get the water, and I don't know how deeply you want to go into the manifolding and deep wells and all of that; that's our immediate need and the land is central to that. Now, maybe it's, I don't know when its appropriate, but part of the request that we had prior to coming into here was the City's perspective of what they would also like to speak about and if its appropriate now to bring it up. It was suggested that we should talk about the land, and I think we've gone over that quite a bit here this afternoon, to talk about Williamson Boulevard, I think we've talked about that several times, and the FPL 230 KV substation; those were the three items. It was defined to be a workshop and so in light of those three items, I think just presenting the information about the immediate water use need and we can talk about the rest of them as need be.

Commissioner Diesen stated they sort of intertwine.

Mr. Rodi said well they all do.

Commissioner Diesen stated you can fold them right into ours.

Mr. Rodi stated sure, because very clearly if that land is not available to put generation on it, then there's no sense in us chasing any RFQ on those parties who want to provide renewable generation on it.

Commissioner Diesen stated or our water, that becomes a larger problem; we all better get large water bottles.

Commissioner Spangler stated so I think one thing that was probably confusing me was when it was what are you doing right now, I was thinking well who's going to build what kind of generating plants for us tomorrow. That shouldn't be the answer to the question of what are we doing, the answer to the question is we are working on conservation, we're going out to get some firm energy contracts, and we're looking to see who in the future is going to answer our needs just as soon as we know that the land that we're going to try to do it on is ours.

(2) RSQ's and RFP's and (3) Next Steps (cont.):

Commissioner Diesen stated right.

Commissioner Spangler stated and I'm going to change my tack on that we may have saved the citizens of New Smyrna Beach tens of millions of dollars by holding on to that land. Instead of saying it's going to be distributed to them in a dividend check I'm going to say they're not going to be taxed to buy it because we've held on to it. Otherwise that increase in value of land, it's more to the point to say that we could not begin to buy that land now but we have it and we held it.

Commissioner Diesen stated and in the end it may not be the place where we put any generation.

Commissioner Spangler stated well that may be too, but that's all discussions; what I hear sounds good.

Chairman Para stated to Commissioner Spangler, I think the presumption of ours is that we're not really discussing selling the property, to me it's foreign. The idea is that is a legitimate, essential strategic asset of this organization to retain and look forward, and this is how we're going to use it.

Commissioner Spangler stated we don't want to sell it.

Chairman Para stated yes, so the conversation really is about how we're going to utilize it, water, possible power, certainly substation, a myriad of other possibilities that we're keeping all options open for the future because in time we'll all go away and there'll be a new group and they might have another vision in five or ten years. So again, those options, that's the way municipal government should function and I think the presumption again is that I never really thought about selling the property. My thoughts is that the right person comes along who's got a vision for what is the best use for the property to make the best case for us retaining it, and this is it.

Commissioner Diesen stated and I think all of this discussion goes very well but economically that doesn't preclude us having some revenue streams from that, aside from the generation and solidifying our resources. I still like the idea of the mitigation bank and that's not necessarily something that couldn't be done in concert. So I think those are the kinds of positive things we have to take forward too so that there is an understanding that we're looking out for all the citizens and trying to get as much bang for our buck as we can.

(4) Possible Other Business – Time for Commissioners:

Chairman Para stated all right, so we're good for Thursday night meeting.

Mr. Rodi stated I think.

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

Commissioner Hall asked what time is that meeting?

Chairman Para stated 5:00 p.m. isn't it.

Commissioner Diesen stated right here.

Ms. Simmons stated 5:30, at one time they said 5:30, held the scheduling at that time, but of course there's not an agenda out yet, but it was on the calendar for 5:30 pm.

Commissioner Diesen commented but if it turns out to be 5:00 p.m., don't be late.

Commissioner Spangler commented and its in this room, so don't get lost.

Mr. Rodi stated and just as a matter of protocol for that meeting, I think the last meeting we had another event, I'm calling it, and you had received a response from Brent Millikan. That kind of acrimony and disruption continues, a pattern of where the Commissions, I'm hopeful, will be able to talk genuinely with each other as opposed to being placed in a position of trying to deal with contentiousness.

Chairman Para stated I think again as far as protocol, whenever you have a previous employee, well, I'll do whatever I can. I'm not the moderator of the meeting but we need to move past this, this is a workshop, that's the way it was explained to me by some senior counsels here, workshops are not be, you know, public weigh-in is not an opportunity, it's more for us to work together.

Commissioner Spangler stated I think because the City called this meeting that probably the Mayor is the chair of the meeting instead of the U.C.

Chairman Para stated absolutely.

Commissioner Spangler stated and I think that I would probably say that disruptive element was here for ten years, had every opportunity to do all the things that in his wisdom we should be doing, but he walked out right in the middle of it, and as far as I'm concerned, that's the end of the credibility there. If he had good ideas, he should have stayed and done them, and we don't need to get back in the past.

Mr. Rodi stated could I ask that who should contact the Mayor, it was the Mayor asking the question through Mr. Hagood about the agenda, and I would suggest that someone here speak for the Commission and my proposal would be if...

Chairman Para stated yes, I have no problem, and then added you all don't have a problem with discussing some of these other issues right, all right, so he's the Chairman.

Commissioner Diesen stated yes, I think what they sent us folds into what we've said.

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

Chairman Para stated that's a full workshop and whatever the Mayor would like, he's the guy, so. Just quickly, if I could cover, and we talked about this as part of my presentation to City Commissioner Hathaway when he was asking us, what's the plan. You know, I think we all agree that at the end of 2006, now 2007, we've turned a corner and we're looking at a bunch of neat stuff ahead of us, all good stuff, and now we can start getting into some really fun stuff and to get rid of all this other nonsense from the past. I had asked each one of ya'll to cover a certain portion of that. I just want to say I didn't try to give anyone an assignment, these are opportunities, if you all, this is the only place we've got to talk about this, if you don't like the idea or the premise or something, I'll stop thinking that it's a part of the mix if you all say forget it, I don't want to do it. But at the same time, I'm really holding out a lot of hope and I realize we're going to have a provider that's going to come in and help a lot with the green building code issues. I guess Commissioner Allen, I'm really hopeful for the net metering and the green marketing thing and wanted to get your thoughts, whether you thought if that was even worthy of looking at or what.

Commissioner Allen stated yes.

Chairman Para stated great, that's all I need.

Commissioner Diesen stated and you're getting into the City's area when you start talking about some of the green things that have to happen, like the development services areas and so forth too, so.

Commissioner Spangler stated I can tell you, having gotten that assignment from Chairman Para, I have talked to people in the City and so far there's no resistance and there is a lot of precedent for it.

Commissioner Diesen stated and other places are doing it right along, I mean Sarasota County if you go ...

Commissioner Spangler interjected and even your favorite, Jacksonville, is.

Commissioner Diesen stated Jacksonville's okay, it's the electric part and the school system, but look at Sarasota County, you'll see some things they've done with sustainability, it's really, they're out in front on it, and Martin County as well; so we're getting on board.

Chairman Para stated and I think you know there's got to be a catalyst, there's got to be some sort of a widget around to it that gets us moving and I think Commissioner Spangler, you're that perfect person because you're not afraid to ask those questions and make those statements and drive things out.

Commissioner Spangler commented I don't embarrass easily.

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

Chairman Para stated again, everybody's got a full plate and sometimes we all sit around thinking, gee, I like the favorite children's story called stone soup, and that analogy works, in that each of us can bring something to it. Commissioner Hall how about you, do you like the idea of the bio-fuels or is it not interesting, or what are your thoughts.

Commissioner Hall stated it's very interesting, I just think the staff knows a heck of a lot more than I do, that's my only concern. My other concern was frankly how it was handled, it was thrown upon us, and I'm just not use to operating that way.

Commissioner Diesen stated we're policy setters.

Commissioner Hall added if the school board children had done that I would have told my staff to leave the building.

Chairman Para stated all right, rightfully take me to the woodshed if that's where I need to go because I don't have any other way of knowing unless we talk about it. A lot of times you begin a discussion and something leads to another and I think its equally inappropriate to throw things back on staff and say you all do it because I really take this job seriously, my two digit salary really predicates that. Anyway, all that to say if its not something that you feel comfortable continuing, I'm just going to drop it off the radar. I look at them as opportunities, not assignments and if it's not something, that is something you want to bring forth. As policy setters my thought is that we would make a recommendation for staff, i.e. in the bio-fuels that could we look at incorporating other communities together, collectively going to an RFP for a provider that would provide us with x number of gallons, then we could then distribute it out into the surrounding communities. We end up becoming the facilitator on an environmentally practical and a sound product that puts us in the right direction for futuristic view; if we don't do it chances are nobody else will and it won't get done. So that's my only thought Commissioner Hall was that if you were to bring a recommendation like that, that we would go forward and that would be an opportunity.

Chairman Para stated Commissioner Diesen, I'll leave you with the last word on my thoughts with your opportunity, grants.

Commissioner Diesen stated I'm not writing any grants. I don't mind as I come across them, I don't mind giving out the information, but I'm not writing any grants. That's not to be a slap in the face or anything but I don't think that's appropriate.

Chairman Para stated the idea was not to ask you to write any grants, and again this is the best time for us to talk because we can't talk about it any other way, but the idea is would there be an opportunity to recommend to our staff that we for instance dedicate a staff grant writer or can we contract with somebody, what's the field look like. In my simple thinking, I just did a "Google" and there were 14,000 opportunities, now if you whittle that down by whatever percentage, there's significant opportunities out there. Could a

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

policy be recommended to the Commission that we were to look to at grants, that might be the case, but again that's an opportunity left with you.

Commissioner Diesen stated well I think that's something the CEO is better equipped for.

Mrs. Klinkenberg stated to Chairman Para, I just wanted to let you know we are working on that, staff has gotten in touch with Brad Blaise, through him working on grants, because there's a lot of money out there, especially for the water and wastewater projects. And we are working that way, we don't have staff to write the grants but it's kind of like our financial advisors, there are specialists who do that for us.

Chairman Para stated so we don't have the staff to write the grants.

Commissioner Diesen commented oh no.

Mrs. Klinkenberg stated it's very technical, very detailed, you would have to hire somebody who only does that.

Commissioner Diesen stated labor intensive.

Mrs. Klinkenberg stated yes.

Chairman Para then stated to Mr. Rodi, not putting you on the spot but is that part of our plan to get somebody to write grants for us possibly.

Mr. Rodi stated part of what we would look for is this consultant who understands the demand side, how best to execute the access to grant money. Obviously with the water part of the business, we have a built in opportunity and we would pursue that because of that relationship. But I think part of what we're talking about as far as the development of that land, I'm presuming, that would be a very, very broad initiative and there would be many opportunities that a consultant who has that background could help us move forward without wasting time for us to learn along the way.

Chairman Para stated absolutely.

Mr. Rodi stated and then, a number of these companies that I've dealt with in the past that have leading edge technologies, if they're choosing to invest here, also happen to have grant writers because its been important for their survival in order to move that technology along; I'm presuming that might be a part of this mix.

Chairman Para stated that's the kind of feedback that we're looking at for the conversation, so I apologize for violating anyone's sensitivities but that was just part of my education process as well as maybe somebody else's. We're not having public participation today Mr. Tolley, it's a workshop. Is there any other further discussion?

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

Mr. Rodi commented this is a Special Meeting.

Chairman Para stated okay, so we have public participation?

Commissioner Spangler stated yes.

Mr. Rodi stated in Special Meetings it is allowed.

Chairman Para stated well I stand corrected again and added I'm getting it from all sides. He then stated to Mr. Tolley, approach the podium.

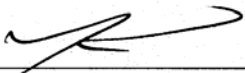
Mr. Tolley stated I just wanted make sure you would open up the floor.

After a couple of comments, Chairman Para then stated for some reason I thought this was a workshop, but you're right, it is a special meeting.

Commissioner Diesen added, and we passed a resolution.

Chairman Para stated I stand corrected, and then confirmed there was no further discussion or business, and there being none, adjourned the meeting. This Special Meeting closed at 3:31 p.m.

APPROVED:



CHAIRMAN

ATTEST:



SECRETARY-TREASURER

These minutes were formally approved by the Utilities Commission at their February 26, 2007 meeting.