

AGENDA ITEM 2-b

MINUTES OF A SPECIAL MEETING OF THE UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA, HELD FRIDAY, JUNE 1, 2007, AT 2:00 P.M., AT 200 CANAL STREET, NEW SMYRNA BEACH, FLORIDA

Chairman Para requested Commissioner Hall to lead in the Pledge of Allegiance.

Chairman Para then asked for roll call to be taken with a majority of the Commissioners present as follows:

Commissioner Walter Allen III
Commissioner Jeanne K. Diesen
Commissioner William E. Hall
Chairman Kevin J. Para
Commissioner Richard L. Spangler (ABSENT – OUT OF TOWN)

Others in attendance were as follows: R. Rodi, General Manager/ CEO; T. Beyrle, Director of System Ops. & Generation; J. White, Director of Engineering; D. Hoover, Director of Water/Wastewater; D. Simmons, Executive Asst./Recording Secretary; B. Preston, Interim U.C. Legal Counsel; Joel Addington, Reporter for THE OBSERVER; Derek Wainscott, representing developer Jerry Johnson, Venetian Bay of NSB, LLC; Three Unidentified Partners from Venetian Palms, Inc.; Steve Stein and Bob Davis, representatives from R.W. Beck, Inc.; City Commissioner Plaskett; and Bob Tolley, Walter Glenn, Sally MacKay, Wolfgang Hartz, and a couple of unidentified men and women, members of the public.

(1) Utility Infrastructure Addendum to the Addendum of the Developer's Agreement - Zone 1 North Venetian Bay of NSB, LLC (Bifurcated Payment Agreement) - W. Preston:

Mr. Preston stated this is simply the final, hammered out version of the agreement that we considered at the last meeting. At that meeting the agreement had two parties represented, the south side of S.R. 44 for LandMar and also the north side for Venetian Bay, and as we discussed at that meeting, we discussed the opportunity to divide that agreement, bifurcate that agreement. This is what results as far as the agreement for the north side of S.R. 44 involving the signatory for Venetian Bay, Jerry Johnson for Venetian Bay. This is the agreement where infrastructure improvements would be installed and how they would be installed and the cost apportioned to them.

Chairman Para thanked Mr. Preston and asked if there were any questions of Mr. Preston. There being none, Chairman Para asked if there was a motion.

Commissioner Diesen stated I move to approve, a motion to approve the Utility Infrastructure Addendum to the Addendum of the Developer's Agreement – Zone 1 North Venetian Bay of NSB, LLC, as submitted and authorization for the General Manager/CEO to execute on behalf of the Utilities Commission. Commissioner Hall seconded this motion and it passed unanimously on a roll call vote.

(2) Adjustment of ERU's in Accordance with Utility Infrastructure Addendum to the Addendum of the Developer's Agreement - Zone 1 North Venetian Bay of NSB, LLC :

Mr. White addressed the Commission and stated this item relates to some developer agreements that were approved by this board, approved in the form that contained what essentially were the previous numbers, the numbers developed in June 2006. This proposal recommendation updates those numbers to reflect the changes to the world on the ground from that agreement you just motioned.

Chairman Para confirmed there were no questions and then asked if there was a motion.

Commissioner Hall made a motion to approve, a motion to approve the ERU adjustments of the unpaid previously approved Developer Agreements/Addendums listed above, in accordance with the Utility Infrastructure Addendum to the Addendum of the Developers Agreement – Zone 1 North Venetian Bay of NSB, LLC. Commissioner Allen seconded this motion and it passed unanimously on a roll call vote.

(3) Consideration of Tabled Item - Developer's Agreement and Addendum - The Palms - J. White:

Mr. White stated this agreement is the agreement that the Palms and their attorney have brought in and discussed for the last two or three Commission meetings and it was that agreement with the new number that they were quite interested in being installed on that agreement. This is one that you have not approved in the past with any number or any other number and we're recommending approval of that.

Chairman Para asked if there was anyone in attendance that would like to make any comments about this item; there were none. After confirming there were no questions or discussion on this item by the Commissioners, Chairman Para asked if there was a motion.

Commissioner Allen made a motion to approve the Developer's Agreement and Addendum for The Palms as submitted by U.C. staff and authorize the General Manager/CEO to execute these documents. Commissioner Hall seconded this motion and it passed unanimously on a roll call vote. (Note - If this developer chooses to participate in the previously approved Utility Infrastructure Addendum to the Addendum of the Developer's Agreement – Zone 1 North Venetian Bay of NSB, LLC, then the ERU's in this approved developer's agreement/addendum will be adjusted accordingly.)

(4) Interim Policy RE: Reclaimed Water Capacity Fees and Amendment to Developer's Agreement - J. White:

Mr. White stated at the last meeting, Monday, we submitted a proposal that was approved to hold public hearings and proceed with an amendment of the capacity fees for reclaimed water connection for new users. That led an issue of the petitioner, the requestor, which we agreed with basically with his position. Mr. Johnson's working with an existing developer's agreement with the old capacity fees and the existing old rules on trying to obtain a certificate of occupancy for his project and still at the same time wanting to avoid the delay of those public hearings and

(4) Interim Policy RE: Reclaimed Water Capacity Fees and Amendment to Developer's Agreement - J. White (cont.):

take advantage of the anticipated new capacity fee rates for commercial and multi-family projects. Mr. White commented that sounded kind of complicated so if you can ask the questions that's on your mind.

Chairman Para confirmed there were no questions and asked if there was a motion.

Commissioner Hall stated so move, a motion approving an interim policy regarding proposed reclaimed water capacity fees as stated above and a motion approving Amendment No. 1 to the Developer Agreement – Venetian Bay Town Center, Building 1, to allow utilization of this interim policy. Commissioner Allen seconded this motion and it passed unanimously on a roll call vote.

(5) Final Draft RFP - Generation/Renewable Energy - R. W. Beck, Inc. - T. Beyrle:

Mr. Beyrle addressed the Commission and stated what we have as part of the package is the revisions to the draft that we saw at the last meeting incorporating the comments as best we could, and looking for further comments.

Chairman Para stated very good, why don't we start down through and see if any of the Commissioners have any questions, and added will that work, will that flow well.

Mr. Beyrle and Mr. Stein agreed that would be fine.

Commissioner Allen stated just for my clarification, on page five in the first sentence up there talks about for up to a maximum from a single resource or technology of 25 MW of renewable capacity and energy or energy only resource. What do you mean by up to a maximum, is that for a particular resource or if you had multiple resources that somebody came in with, say somebody came in with upwards of a 40 MW block and they might be in 5 MW increments, are you talking about no single resource can be greater than 25 MW.

Mr. Davis stated to Mr. Beyrle that's the intent.

Mr. Beyrle stated yes.

Mr. Davis stated it is primarily to address reliability issues, given the size of New Smyrna you don't want a 50 MW resource.

After some comments regarding the microphones, Chairman Para requested Mr. Davis to repeat his statement.

Mr. Davis stated the issue being that the desire is to keep the MW at a reasonable size to make sure that the reliability of the electric system is maintained, so 25 MW seems to be a relatively good size given the relatively small size of the utility here.

(5) Final Draft RFP - Generation/Renewable Energy - R. W. Beck, Inc. - T. Beyrle (cont.):

Commissioner Hall stated are we allowed to ask questions upon questions of other Commissioners. I thought Commissioner Allen was clear at the last meeting that he was not happy with parameters being set on this type of thing and I agreed with him and to me this seems as if we've got a parameter set from the wording unless I'm reading the wording wrong.

Mr. Davis stated I think where we were trying to go with this is still maintain reliability but allow the bidders more than 25 MW, it can still be bid on this proposal or under the RFP in total from all bidders and all selections.

Commissioner Hall stated and when you send out a bid proposal you're going to make that clear, because that statement is not clear, to me it's not clear I'm sorry.

Commissioner Diesen stated and I have the same question on page five.

Chairman Para stated I think when I read it initially and then I made an assumption and my colleagues have anticipated my question and that was you had addressed the issue of reliability so no one single source gets any larger than 25 MW so that if in fact it went down or if it did go down then we would not lose a substantial amount. They could sit side by side three 25 MW units and we have no problems in the occurrence of that, it's just that we don't want one unit to be larger than 25 MW, is that correct.

Mr. Davis stated I think that's correct and I agree with the Commissioner there, it's not clear here that we're asking for bids up to effectively the need of New Smyrna Beach and perhaps we should add a comment in here leading into the table that precedes the paragraph we're talking about here that would make that clearer.

Chairman Para stated possibly an explanation as to why, the reasoning behind why we only want the 25 MW for purposes of reliability per se that we're choosing to allow no single source to be larger than 25 MW however it does not preclude a provider to offer more units up to whatever capacity they would like to present to us.

Mr. Davis stated we are however limiting to a single technology, so what you wouldn't see is perhaps three 25 MW of the identical technology sitting side by side.

Chairman Para stated I see.

Mr. Davis stated the issue there being that if they're all dependent upon the same fuel source for instance that is still not again a very reliable situation.

Commissioner Diesen stated but one could come in with I say ocean whatever technology, a biomass, each of them being 25 MW and maybe a third coming in with gasification or whatever.

Mr. Davis stated absolutely, nothing to prevent that.

Commissioner Hall stated but you're still saying 25 MW is a max.

(5) Final Draft RFP - Generation/Renewable Energy - R. W. Beck, Inc. - T. Beyrle (cont.):

Chairman Para stated for a single source, correct Commissioner Hall.

Mr. Davis stated for a single unit or a single technology.

Commissioner Hall stated all right, Commissioner Allen you're the expert, I'm going to say I have problems with that. Again this is going to set the direction for this Commission and for the City for the future. What if we have a sudden growth spurt, what if Venetian Bay and all the other developments get built out and we have all those 9,000 units with the 18,000 people here within three years. I'm not sure this document's going to take care of the need the way it's written. And again, the last time we talked about this we said no parameters.

Commissioner Diesen interjected no cap.

Commissioner Hall stated we said no cap.

Mr. Davis stated I think the need though, if we look at the table right above that, the net resource requirements identifying up to 41 MW in 2015. It would not be a good economic situation for the City to desire or to license or to contract for more than that number of MW because it's just not needed.

Commissioner Hall stated okay but later on in the document you say that the Commission could sell capacity to other entities.

Chairman Para stated yes, I agree with my colleague.

Commissioner Hall stated over capacity, so we're double speaking here.

Chairman Para stated I would like there to be no cap.

Mr. Stein stated I think the words there that says, let me see where they are, what words were you saying about the selling, can you refer me to that page or I'll try to find them.

Chairman Para stated page five, right Commissioner Hall.

Commissioner Diesen stated that's where the cap is.

Commissioner Hall stated the cap is on page five.

Mr. Stein stated right, what happens if we added some language that said something like there's not intended to be a limit and I haven't worked out the exact words but there would be no limit to the total amount up to the City's total requirements.

Mr. Preston stated can I suggest some wordsmithing that might clarify this for you. If you take that paragraph for example beginning with UCNSB is requesting proposals for renewable

capacity and energy and energy only resources and then with a new sentence no single resource
(5) Final Draft RFP - Generation/Renewable Energy - R. W. Beck, Inc. - T. Beyrle (cont.):

or technology can exceed 25 MW. And that way you can add to that if you wish without my adding to your document a statement that you can have any number of single resources submitted which will total any number you wish just none of them being greater than 25 MW. Is that what you intend by this?

Mr. Davis stated that's the ultimate intent.

Commissioner Diesen stated that's what their intent was.

Commissioner Hall stated Mr. Preston I still have problems with that.

Mr. Preston stated no, I wasn't suggesting that this be by approval but I think that clarified what that is that they're saying now, because I think there was a misunderstanding as to what they were saying in their document. I'm not suggesting that that be sufficient for you all.

Commissioner Diesen stated okay, but I think yes, we got that but it's 25 MW and you can't have you know like three 25 MW units of the same source side by side so in effect you are limiting it to the 25 MW, so its being capped. And at our last meeting that's what we said that we were uncomfortable with that cap, that we might be closing out some possibilities.

Chairman Para stated yes in the event you develop a stronger fuel supply for a single unit and you demonstrate reliability of that fuel supply, then again you've kind of shot yourself in the foot for future capacity building there that you don't have an opportunity to exercise that.

Mr. Davis stated I think there are a couple issues and maybe we ought to try to separate them. One is whether you rely upon a single technology or a single resource because there's certain reliability issues there and there are definite economic consequences to the City by relying upon single resources or fuel sources. To the extent to how much or how many megawatts we acquire, there's nothing to prevent the city at a later point in time going out with another RFP if growth materializes much greater than the current projections. It's just like you wouldn't want to go out today and subscribe to a 100 MW of a new resource purchase if your need was only 20 MW, that would not be a good economic decision on your part. That would put you in the position of taking a speculative position on needing to sell that power, that surplus, to somebody else. You typically only plan to meet your immediate need and if that need grows or perhaps your forecast was incorrect, then you would adjust at a later point in time by issuing another RFP or trying to acquire additional resources in the future.

Commissioner Hall stated that's the same argument for building schools, the State does not allow the school districts to predict future growth.

Mr. Davis stated but we are projecting future growth here, just to be clear it's not just today's needs, we are meeting a forecast need.

Commissioner Hall stated but you just said it would just meet today's needs.

(5) Final Draft RFP - Generation/Renewable Energy - R. W. Beck, Inc. - T. Beyrle (cont.):

Mr. Davis stated no, it meets today's forecast needs.

Commissioner Diesen stated to 2014 right.

Mr. Davis stated in this table we have through 2015, the analysis will not be run just through 2015 it will be run through the life of the contract or the life of the proposal. So we'll be looking at demand and the needs of the City over the entire period of time of a potential contract being proposed under the RFP. So if they propose a 20 or 30 year contract then we'll evaluate the fit of the contract with the needs of the City over that period of time.

Mr. Rodi stated can I hop in here a little bit. Right now in the market there will be a flood of RFP's going out. I think our timing is probably pretty good, we're a little bit behind maybe by a month or two but there are a number of other utilities in Florida that are going out specifically for renewables. Many of the renewable technologies are not large megawatt producers, they can be if you're using some of the new plasma technology units and using municipal solid waste, those can be incremental in size. What I think is going to happen is that with more demand the ability to secure affordable contracts to purchase renewable energy will become more difficult with more time. And I reflect on that in that Tallahassee has secured a renewable contract, it's a purchase power agreement there and its biomass, it's a wood base plant, and the cost on that I think if I'm recalling correctly is like 6.7 cents. Seminole just went out for an RFP for renewables and they wouldn't give us a price but they said it was four to six times the system average price; now this was just within a short period of time.

Mr. Rodi stated part of what's driving us is that earlier this week I had attended a conference in Orlando and part of the discussion was the evolution of renewable portfolio standards, clean energy bills, carbon taxes, and contribution for R&D facilities. The expectation is that on a Federal level there won't be any renewable portfolio standard but that when there is one it will be significant. On a State level, the expectation is not this year but next year there will be mandates for renewable energy. And when that happens if you take the whole State's load, even a small percentage, I think in the whole State there's only 600 MW of renewable, there will be a staggering impact on demand for those individual companies that have renewable sources.

Mr. Rodi stated so part of this is strategic and I have a reservation about, just like when we were trying to exit the telco and everyone said well tell me what's going to happen and the more I said and the more that was demanded of me the lesser value. I mean we just went right in the tank right away because you tell everyone what you're going to do and then they know what your end position is; there's some of that involved here. But what I think is being said is if we obtain, because I'm pretty sure this is going to be a purchase power agreement, looking at our resources we don't have \$2 million a megawatt to plunk down so what we're trying to do is find a compromise in being able to buy affordable renewable energy moving forward to meet the renewable portfolio standard. And these portfolio standards may be as little as 1% or maybe as high as 15% over a ten year period, so to give you that kind of background.

Mr. Rodi stated in our equation are potential impacts coming with carbon tax, and he added I need to say these things. For New Smyrna Beach looking at our retail kilowatt hour sales, with a

(5) Final Draft RFP - Generation/Renewable Energy - R. W. Beck, Inc. - T. Beyrle (cont.):

carbon fee of just \$10 a ton using a mix of 25% coal and 75% gas, the premium is almost \$1.9 million a year. Now this is money our ratepayers will have to pay if we continue to use fossil base fuels so that has to be put into the equation. If you go 50/50, 50% coal and 50% gas, now bear in mind this would apply to what we're buying off the grid, so our nuclear I think is in good shape but anything else, it jumps to like \$2.4 million. If it's 75% coal and bear in mind now FPL and others are wanting to build very large coal plants, and 25% gas then we're almost at \$3 million. On top of that there may be, just like this, there may be don't know, public benefits funds going from a half of mil a kilowatt hour up to two mils and that's anywhere from \$175,000 to almost \$700,000. So if you get a carbon fee and a public benefits fund, and a lot of these are driven by the kind of generation you're using and a lot of people are saying this \$10 per ton fee is low; then all of this starts to enter into our equation.

Mr. Rodi stated the other aspect is if indeed there's a lot of building of renewable plants the first, and some are very reliable, some of the old Vermont wood burners that kind of older technology has been around a long time, but the first generation of a lot of these things may not be quite as much as you'd like in terms of reliability and what happens. So that if we have, and we go out and we say we want 100 MW of power and someone's going to say take or pay that throws the burden on us to go out and sell it in the market. If it's all renewable I hope that given firm contracts we could deliver but if they aren't firm and people only want to take it when it's running; you see you get into all those complications. So when we have a generator here that we're relying upon for power so that we're not tied to the grid and we're connected to ourselves in some fashion, and you lose that unit, then Mr. Beyrle when he loses that unit has to run out and find 25 MW if that's our take. If it's a 50 MW take then he has got to find 50 MW and odds are these things happen at the worse times, at your peak conditions and it drops off and then he's into a scramble. In the market 25 MW or 50 MW is not a lot, I mean really if you had a 1,200 MW nuclear plant and that trips off line now that's a lot of other online resources to find but relative to our system the idea was okay we could try incremental 25 MW sizes for a given technology. We can up that but when we up that, for example if we say it's a 50 MW, then we're not taking all 50 MW, our system won't let us take that so we would only be buying a part of it. As far as the language goes I think we can add some words saying submittals of over 25 MW are acceptable so long as they remain incrementally in 25 MW segments, or some manageable amount. Does that help at all?

Chairman Para stated yes, I think we're getting a clear picture, at least I am now, the reasoning behind that individual band of parameters as they say that you're putting on each generation unit so that we don't end up getting short a whole block. And I think language could be created that would give us both a cap on an individual source and it also would give latitude to more units as Commissioner Diesen said of different technologies and also as you had said Mr. Davis.

Mr. Rodi said let us incorporate it, I think I'm understanding what you're saying.

Chairman Para commented I'm trailing off as an older guy here, I wasn't quite finished yet but go ahead you'll probably make more sense.

Mr. Rodi stated but I think with the words Counselor Preston has injected and some of your

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comments saying there can be submittals of over 25 MW but we are confining each unit to a 25 MW output. This way what we have is they add a unit and some of these may load follow, some may not. That's another part of this, depending upon what kind of unit it is, it may not be able to go up and down with the load, it may not track.

Chairman Para stated can we do this so we can get through this, Mr. Preston would you take another run at this again because you're good with words and you shorten things.

Mr. Preston stated just to preface I thought that the misunderstanding was the fact that you had seen a max of 25 MW without the combination of other potential resources and my understanding was, as Mr. Rodi said, in the language in this was simply to make it clearer that no single resource should be greater than the 25 MW or whatever it is that you decide. Which is why I said I wasn't making your decision as to the amount, more to clarify the language as being to submit in single resource increments of and as it is now, 25 MW.

Chairman Para stated so it almost needs to be at the end of technology of 25 MW renewable energy interject an additional line, as you had said a few minutes ago, that additional capacities could be submitted. He stated to Mr. Rodi, you and I had spoke earlier today and I liked the words you used, is that we have a very open door, open ended policy so that we can invite but we're not obligated. So if we can incorporate that and change that language, if somebody's got a pen. Commissioner Diesen do you have any ideas?

Mr. Davis stated and we'll also make it clear too, I think if you look at the preceding table where it says net required resources near the bottom of the table, we need to make it clear that that really is the load that we're attempting to serve under this RFP.

Chairman Para stated from a procedure standpoint, we're all here, is this something that we need to let you all tinker with and come back; what would you like to do.

Mr. Rodi stated just if I may, generally this kind of document is in the purview of staff.

Chairman Para stated okay.

Mr. Rodi stated why I have brought it forward is, and I know there are some people here in the audience who would like to make comments at some point, I think it should be open to the audience, so that we can get the Commission's view and we've had a number of important introductions of information and things we're trying to accommodate, so that's why I've been so public with this. I've been watching our timing to make sure that we're in the market at the right time and this is an important going forward decision. If we had cash that we could just go out and buy something that would be a little different situation but we're trying to attract individuals into this so.

Chairman Para stated all right, so your comment and its well taken by this Commissioner, is that you all feel very comfortable in addressing the concerns of Commissioner Hall, Commissioner Diesen and we've all expressed and we don't need to come back together again on this.

(5) Final Draft RFP - Generation/Renewable Energy - R. W. Beck, Inc. - T. Beyrle (cont.):

Commissioner Diesen interjected in regards to the cap.

Chairman Para reiterated in regards to the cap and then asked are my colleagues in agreement with that? He then stated I kind of started with Commissioner Allen, do you have any more comments, it kind of looked like you had a few more to go.

Commissioner Allen stated I just had one other comment, I just wanted some clarification in understanding exactly what further down in the paragraph it's talking about the bidder must agree to allow the UCNSB the right to retain all renewable energy credits or attributes associated with the proposal; can you explain that?

Chairman Para interjected they're substantial, they're of value.

Mr. Davis confirmed and they are, the intent there was if the Utilities Commission ultimately is required, either under Federal or State requirements, to prove that they have and have acquired power from renewable technologies they're going to be forced to show that they own that credit or they own the rights to consume that power. Without the obligation to provide that renewable credit, you might as well be buying non-renewable energy because this owner of that asset could turn around and sell that credit to somebody else giving them rights to claim the green power produced by the resource.

Commissioner Allen stated where I'm coming from say if there was an entity that came in and wanted to develop a unit and that unit in the long run would be upwards of an 80 MW unit, are you retaining all rights to the 80 MW or just the 25 MW.

Mr. Davis stated we'll make that clarification, just the amount submitted under the bid or under the proposal.

Mr. Rodi stated that's why I was reading the carbon fees because without having the credits then you're paying the carbon fees even with a renewable plant.

Commissioner Diesen commented and this is just common practice within this industry.

Mr. Davis stated yes it is, in fact as a utility today you could technically if you were under an obligation or wanted to do so as a concerned board or panel, you could go out and buy renewable tags or green credits from generators up in Vermont for instance or in the northeast or in the mid-west they're generating on wind, to satisfy the requirements for your utility for green power. Effectively what you're doing is you're paying a premium to help somebody build a green resource elsewhere, you won't ever receive the electrons generated by that asset but you're helping overall the environment and helping those resources get built.

Mr. Rodi stated just so you're aware, we've been approached already by a couple of cap and trade organizations who want to deal with this just like you do with other emission issues and it deals with renewable credits for our land and we are pursuing that issue, we're pursuing what we can do with these kinds of credits if there is a cap and trade system, and there are number of

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entities out there right now who are pushing very, very hard. As you saw in some of the articles I sent to you previously about what's happening in Europe there are substantial sums of money involved and so that's why all of this becomes critical to have it into this RFP now.

Chairman Para stated in conversely Mr. Davis we could turn around and sell those credits as well.

Mr. Davis stated you could.

Chairman Para stated they become a part of our personal portfolio, the Commission's portfolio where it can sell those.

Mr. Davis stated that is correct.

Mr. Rodi commented that brought a smile to Ms. Klinkenberg.

Chairman Para commented if it brings cash in Ms. Klinkenberg smiles. After confirming Commissioner Allen had no further comments, he went to the next Commissioner.

Commissioner Diesen stated under qualifications and experience, you're stating that they have to have previous experience, granted we don't ever want to get into a beta situation with anything again, that's the longest day we ever lived, but are we in fact precluding any viable entities by stating that.

Mr. Davis stated in honestly any restriction is going to preclude something potentially.

Commissioner Diesen stated but this is new you know.

Mr. Davis stated but this is fairly standard practice for RFP's, I would suggest to you except for the case of a demonstration project for a brand new technology, which this RFP doesn't necessarily prevent, those technologies can always come to the Commission and be considered on a case by case basis, I think we spelled that out.

Commissioner Diesen stated okay, I wanted to know that, that they could.

Mr. Davis stated and if there is a developer who perhaps doesn't, can't show the experience, our basic recommendation would be there's a lot of developers out there, team. You know if you have the local knowledge and political connections team with somebody who has the technical capability and get the project done that way; that would satisfy the RFP.

Commissioner Diesen stated okay, good, that answers that question. And then on the deadline, April 2011, is that realistic, really realistic. She stated to Mr. Rodi, you know that better than I, I'm just asking that just seems like tomorrow in the overall scheme of things when you look at what goes into putting up a plant.

(5) Final Draft RFP - Generation/Renewable Energy - R. W. Beck, Inc. - T. Beyrle (cont.):

Mr. Rodi stated it seems to me that for a plant that's smaller like this, aside from the hurdles of many administrative hurdles, clean air and what have you to get the permitting to take more time, the actual construction time on these plants since they're smaller should be much less, so that three year window seems to be doable.

Commissioner Diesen stated okay.

Mr. Rodi stated if I may, and I think this is an important point, you'll notice, and I'm picking up on Commissioner Diesen's comment about some new technologies, there's a provision in here that would invite R&D participants.

Commissioner Diesen stated I saw that.

Mr. Rodi stated and that is an important provision because many renewable projects don't have years of experience and what they desperately need, it's much like a young high school graduate or a college graduate, you don't have any work experience and you have all of this knowledge and you're going to change the world and someone's got to give you a chance. It would allow for that kind of participation but with it, it might well bring some very high tech kinds of positions and long term development. So we don't know what this will bring but I do know at this point in time there's just an enormous amount of activity and development going on out there. That's a way of allowing any number of different players if they had an interest in us to participate, and of course there's a sorting process that we'll go through.

Commissioner Diesen stated thank you, that answers that very well, thanks.

Chairman Para asked Commissioner Hall if he had any questions.

Commissioner Hall stated I had the same questions.

Chairman Para commented now we're thinking alike. The issue of research on this document is generally addressed, but is it from your perspective an interest to engage, just to drive this further along the road, to engage other municipal companies in developing working relationships to share technology.

Mr. Rodi stated I think we can do that once we have something tangible, interlocal agreements. It's just like the water issue, we aren't, at least I'm not, planning to have us be a regional provider of water. We're going to provide water for New Smyrna Beach, that's my intent, it has been my intent, and I raise that point because some things become misstated and at one time I think relative to the water issue there was a desal plant. A \$168 million desal plant for Swoope that we have since transcended into our water harvesting project at I-95 as a more viable approach. So when we're talking about development with other municipals I think what happens is if they don't have municipal electric systems, we really can't sell them power. We can sell power to FMPA and to that member pool and that would be very attractive to that group but I think what happens then is you can then build increments. It's just like one of the remaining issues that I have is depending upon the kind of technology we have to secure the fuel source as

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part of this process because the minute we make a selection we're held hostage to that fuel source and if we're not careful about safeguarding it then we're in the same position as we are with natural gas or oil or anything else where you can be controlled by someone else and you have no say over it. So there are a lot of ramifications of this so our intent was to move forward, and I don't mean to continually say this, but a step at a time that we're poised to take the next step of having partnerships and being able to expand that unit if it proves itself.

Chairman Para stated very good, thank you. He then asked if there were any further questions, being none he asked is there a motion.

Commissioner Hall stated are we going to have public input before we make a motion.

Chairman Para stated very good, public participation on this issue, and then recognized Mr. Tolley.

Mr. Bob Tolley addressed the Commission and stated I keep going over this document, I'm not going to talk to the Commissioners because they're appointed officials, other than Commissioner Allen have been in the industry, so I'm coming over to you guys. But I've got to tell you I wished we lived on the same street, I really do because I just don't get some of this. Now I went through the whole GRU RFI process, I read all of their respondents, I don't even know why this was considered such a marvelous response. There were 18 of them but I read every one of them and I won't even go there and comment on it. The whole concept behind this was two fold from day one, was to give us some independence from the grid, not totally, but for the most part independence, give us some renewable sources of energy. But third, just as important as the other two, was the ability and the opportunity to make a bunch of money, as much as we could. And if this was put together in the right way there were several tiers of revenue that were available for both the U.C. and the City that weren't available before. But if I go by this we're slamming the door on most of the respondents that I know won't even bother responding to this thing. Let me just look at the REC credits, they got kind of flipped off very easily, that's the life blood for a developer today. If anybody has a calculator and you want to take 100 MW of green power do you guys want to tell me what I would lose over 20 years by agreeing to that paragraph, does anybody know; I'll give you time to get your calculator out. I'm going to lose a quarter of a billion dollars so why would I come here and respond to this thing if I'm going to lose a quarter of a million dollars right out of the gate, did you guys figure that out.

Mr. Davis stated if you want me to respond as you're going along.

Mr. Tolley stated please.

Mr. Davis stated it would not be unusual for a bidder to include their estimated value of the REC credits within their proposal within their pricing. The City through this proposal is attempting to acquire renewable power that they can then point to in order to meet any kind of regulatory or legislative mandate in the future. If they were to give up the REC credits they would essentially just be buying energy just like they can today straight off the grid. So by retaining the REC then that allows them to point to a renewable resource. So we would recommend that a bidder

(5) Final Draft RFP - Generation/Renewable Energy - R. W. Beck, Inc. - T. Beyrle (cont.):

include their anticipated value of the REC credits in their bid price.

Mr. Tolley stated I don't have a problem with UCNSB getting the REC credits, that's what they can do when they sit down and negotiate but you're shutting the door on many respondents just by stating it here. If you want to get somebody in the same room and say by the way we want to have those REC credits, but by putting it in here, I can tell you at least 30 people that won't respond to this, they won't waste their time.

Mr. Davis stated we'll be glad to include a statement that says the bidder is welcome to include their estimated value of the REC prices in their bid.

Mr. Tolley stated why are we making it so convoluted, why don't we just take it out and let them discuss it at the meeting. We were talking about, Commissioner Diesen brought up about previous experience, again dependent upon the technology, if it was my RFP, I'd throw open the doors, I would let everybody respond that wants to respond. Mr. Beyrle, Mr. Rodi, these Commissioners, they can make a decision as to what they don't want to consider or put on the short list but I think there are some really great things out there that can provide some great ideas for them but let's not shut it out in this document right up front.

Mr. Tolley stated the next one, 2011, I've got to tell you folks, that one even more than the REC credits even gets me crazy back there. I can tell you right now I'm looking at what's (unintelligible) as well as others, I can't get an engine before 2009, 2010. How can I open up a plant and get it operational for them by 2011, how's any respondent going to do this. See my problems Chairman Para, I deal with this everyday, now I'm really trying to maintain a balance of being both a citizen and a potential respondent but I have to deal with realities and some of these things that are in this document are just not real and I've got a major problem with them because I've got to keep switching hats to be fair to everybody but we're really shortchanging ourselves with this document. We're restricting people right out of the gates, the REC credits, the size of the megawatts, the build out time...

Commissioner Diesen stated now wait a minute, we've addressed a lot of the things that you're talking about, I'm sorry.

Mr. Tolley stated let's take the language out.

Commissioner Diesen stated well I don't know that you have to remove the language, I think we've had other language that's been offered as substitute or in addition to by both counsel and Mr. Rodi that certainly addressed those issues.

Mr. Tolley stated but you're clouding the picture is what I'm driving at. I know what you guys said back there I heard you, a little bit that we could hear you, I got you, but let me go back to the 2011.

Commissioner Diesen commented there is a front row.

(5) Final Draft RFP - Generation/Renewable Energy - R. W. Beck, Inc. - T. Beyrle (cont.):

Mr. Tolley commented you're in a huddle, hang on, you're in a huddle.

Chairman Para stated well let's let people an opportunity to respond, let's not have bantering here.

Mr. Davis stated I think the 2011 issue is really an issue for the utility, the utility is in need of the power by a given point in time and the primary reason to issue an RFP is to make sure that they can secure that power and secure firm contracts so the timing is never good for securing power it always seems to be a bit short, I mean that's just the nature of the business we're in. Mr. Davis stated to Mr. Beyrle I would offer up if the City or the utility is willing that we would allow bids to have COD's beyond 2011, but we're still going to give preference to those that meet the immediate requirements of the City, the immediate needs of the City; does that seem fair.

Mr. Stein stated to Mr. Tolley instead of trying, my suggestion would be let's get a list of the issues that you have so that we don't have to solve them this minute, but go ahead and give us a list of what your issues are and then we can talk.

Chairman Para I'd like to suggest here too, Mr. Tolley, I think you're walking a fine line here switching hats and trying to create language in this document. I appreciate you as a citizen trying to throw your comments out there and they're well taken, I think a lot of them have been addressed. You certainly are entitled to send Mr. Beyrle these thoughts that you have and we'll take them under advisement, is that not correct Mr. Stein, that we'll listen to whatever the comments are, but I don't want a potential bidder driving the culture process to the extent that you've created potentially because as you've addressed from the beginning we're not in the industry, Commissioner Allen is, so again I want to stay away from that. Feel free to submit your comments though.

Mr. Tolley stated my final comment would be that the way this thing is put together in its wording, you're really restricting a lot of respondents from coming back to you with some great ideas. I would really recommend very strongly that you guys rework a lot of the wording on this and then come back again because once you guys put this out there it's like firing the shot, you can't take it back. The reputation that the munis as a whole out there and Mr. Rodi knows this by the private industry has always been horrendous, you know its like please we don't even want to bother. This has been anticipated for quite a while, some of the language is very nebulous at best, very confusing, somebody will just take a look at it and go eh, there's too many other deals to take a look at or respond to. But I just want to go back for a second so you folks know and again I'm not trying to argue the point, even if you were able to reach a decision by March, after you short list you come up with a final candidate, unless I'm wrong it's still a year for permitting right, air and water.

Mr. Davis stated CT's can be done much quicker than that so it depends upon the technology.

Mr. Tolley stated let's say we're going with one of the renewables and again I'm being vague I'm not trying to be argumentative, we're still looking at 2009, the middle of 2009.

(5) Final Draft RFP - Generation/Renewable Energy - R. W. Beck, Inc. - T. Beyrle (cont.):

Mr. Davis stated again it depends on the technology and I'm not trying to be argumentative either...

Mr. Tolley stated I got you, how are we going to get...

Mr. Davis stated for instance photovoltaic could go in a matter of months.

Chairman Para stated yes and I just wanted to say here, as Mr. Rodi said earlier when we were projecting into the whole telecom issue, these are perspectives or vantage points that are new to all of us. We don't know what Tallahassee will do next year, my hope is that they will streamline, much like they did the transmission or are attempting to do, provide some streamline process that these plants, renewable by definition, can move through the permitting process. So again I think we have a pretty good working document and anything put together with a committee sometimes has a very peculiar look to it and I think we're dangerously close to managing that beyond the point of a good document. So closing comments Mr. Tolley.

Mr. Tolley stated I would just like you to see, take another document, let them go back, refresh it, come back with you folks for another look see at the document, have another meeting like this in another week or ten days; then we'll go at it again.

Chairman Para stated why don't we do this, if any Commissioner would like that process to go again well speak now, if not we'll let staff and consultants do their job, so would any Commissioner like to do that, would like to review the next proposal and come back together or do it on a single Commissioner type thing. So if a single Commissioner says this is a problem for me, let's come back and discuss it, would that be acceptable.

Commissioner Hall stated yes, I want to see the final product.

Chairman Para stated very good, so we'll do that, if you present something to us that we say whoa time out, we've got to see this again, at least allow public to listen to what we've got to say then we'll come back again. If not, if it's acceptable then we'll let it go, is that fair.

Commissioner Diesen stated I think he said he wants to see it.

Mr. Rodi stated I heard something different, I heard Commissioner Hall say he wants another meeting, another public meeting, that's what I heard him say.

Chairman Para stated oh okay.

Commissioner Hall stated that's what I thought you were asking.

Commissioner Diesen asked was that a motion?

Commissioner Hall reiterated I thought that's what you were asking.

(5) Final Draft RFP - Generation/Renewable Energy - R. W. Beck, Inc. - T. Beyrle (cont.):

Chairman Para stated well what I was asking was that, let me rephrase it, what I was asking because the trend of the conversation earlier was that this was in staff's purview and the consultant's purview of responsibility, was to let staff and consultants present to us the document. If we said excuse me this is substantially different than what we had discussed, then a single Commissioner could call for that meeting, if not that would be, the document would be as it was presented at that point. And you're saying that you would like another meeting.

Commissioner Hall stated yes.

Chairman Para stated then we'll have another meeting if it's okay with you all, so we'll have a motion to not approve, because we're not approving anything, so the only motion would be that we have an additional meeting. Commissioner Hall would you like to make that motion so we'll vote on it.

Commissioner Hall stated so move.

Chairman Para asked is there a second. He stated okay your motion apparently fails for lack of a second, is there another motion. Okay, there is no other motion.

Commissioner Allen stated I'm pleased to make a motion that the discussion that has taken place here, and some of the concerns, those concerns that we addressed be taken into consideration, the language to correct, clarify the RFP in different areas, that it would be done and then staff and Mr. Rodi be able to make sure that it is clear and then we would have a look at that and then we could be able to transact that.

Chairman Para stated well that's the critical thing, how do we transact that, do we agree, is your motion for clarification Commissioner Allen, is your motion that we not come back again in public participation because Commissioner Hall made the motion that we come back and review the motion publicly here.

Commissioner Allen stated I don't see the need to come back and review the document if each one of the issues that we addressed is taken care of so that the document can go out so we can get people responding to it.

Mr. Rodi stated let me suggest something because I can't be in a position where I'm actually talking with each of you and saying its okay because we need to have a public meeting then. If you designate Commissioner Allen to review what it is that we've done, and if its his choice that we have not, and I'll repeat what I think I'm understanding all of this conversation then, but if you want to do that and then he can say well I still think we ought to have another meeting, then we'll have another meeting, if that's acceptable. I don't know how you want to do that.

Chairman Para stated I could appoint a committee.

Commissioner Diesen stated of one.

(5) Final Draft RFP - Generation/Renewable Energy - R. W. Beck, Inc. - T. Beyrle (cont.):

Chairman Para reiterated of one and Commissioner Allen would be the representative of the Commission to review, be the gatekeeper to review the language which you all would resubmit to the Commission and then he would be the gatekeeper charged with the responsibility to find it either acceptable or unacceptable. If he finds it unacceptable then we would come back together again, if not then it would go forward; is that not correct.

Mr. Preston stated can I make one comment, it's important to realize again that the RFP does not have to have your formal approval and to this point its been a good arena for information and discussion and framing of the RFP so that if you all decide to allow whether it be Commissioner Allen or otherwise just a final review or check you can do that without having to reconvene and actually take a formal vote on the RFP. Whatever you decide today but you don't have to come back for a formal vote.

Chairman Para stated I think it's under the rights of the Chair to appoint a committee so I'm going to appoint Commissioner Allen to do that. So unless there's any objections, Commissioner Allen if you're willing to do that then we'll go forward that way and you tell us if there's a problem, if not then it's good. Okay if there's no other public participation, would you like to be recognized again Mr. Tolley.

Mr. Tolley stated well you left me in the dust here somewhere, what did you guys finally decide now.

Chairman Para stated what we're going to do is allow Commissioner Allen to review the document, making sure that all the issues have been addressed.

Mr. Tolley stated that you folks raised today and which they have to fix.

Chairman Para stated right.

Mr. Tolley stated and then it's going to come back in a final draft.

Chairman Para stated no, it goes out for bid at that point.

Mr. Tolley stated after Commissioner Allen gets to see it.

Chairman Para stated correct.

Mr. Tolley stated okay.

Chairman Para then recognized another member of the public to speak and thanked Mr. Tolley for his comments.

Mr. Wolfgang Hartz (was not able to confirm name) addressed the Commission and stated I've been a resident here for quite a few years. To me this seems like bringing a power plant to New Smyrna Beach is one of the best kept secrets from the residents. Don't we have any input to say

(5) Final Draft RFP - Generation/Renewable Energy - R. W. Beck, Inc. - T. Beyrle (cont.):

whether a power plant comes here to use up our water, pollute our air. I'm a little amazed, I read that little caption in the paper yesterday, there was a meeting about power, is it in the best interests of the citizens, they don't get to decide anything on this?

Chairman Para stated well actually we've been talking about this for some time and I think I began a conversation about two and half years ago on the subject but it really is in all of our best interests as a society to look at this type of generation as opposed to other types of generation. As we heard from our CEO, a senior man in the industry, if we don't present these alternatives to coal, and I use the word loosely, clean coal technology that is what the big companies will do here in Florida. So whether we're separated by some arbitrary geographic boundary outside of Volusia County or New Smyrna Beach city limits, we're still going to affect the air quality in our demand for energy. And as Commissioner Hall said that demand continues to rise as we're charged to make sure that we're provisioned for that potential demand we have to find what we believe, and I think is the consensus of this Commission, is a green source of power and that's what we've worked very hard now for a number of years to get to this point. And we're very, I'm at least very excited about where we're at right now, so yes, I could look you in the eye and tell you this kind of energy is the right kind of energy for you as well as myself and my family to be consuming.

Mr. Hartz stated and I would say not in our backyard.

Chairman Para stated well that might be true but I think its going to set a tone or demonstrate the kind of generation and the kind of use of electricity, it will be a model, and it's a leadership responsibility and I think this community's up for it.

Mr. Hartz stated they had some cogeneration where I came from on Long Island and Homestead, and the poisons that were put out there, they eventually tore the thing down and I hope that you fellow don't discover something as tragic as that on your road.

Chairman Para stated we won't be buying any kind of energy like that but thank you for your comments sir. Further discussion from the public?

Mr. Rodi stated may I add something sir, what we're doing is this (RFP) is to ask different generating companies if you were to bring generation here what would it be. Some of them may have solar generation that they would like to bring here on an R&D project, others would have different ideas. What this is about is so that I don't think anyone in the community is proposing a smoke stack, a lot of what is being talked about at the State level and many local levels is the very point you raised, we have to have power but we can't do it like we did in the past, we have to do it in a different way. And so that, this is a part of that, does that help?

Chairman Para then stated to Mr. Hartz, thank you sir for showing up here today, and then confirmed there was no further public participation.

Mr. Rod stated I have more comments to make, I want to repeat, and Mr. Stein, Mr. Davis, and Mr. Beyrle if I'm off target here, part of what we thought we had in the RFP was the ability for

(5) Final Draft RFP - Generation/Renewable Energy - R. W. Beck, Inc. - T. Beyrle (cont.):

participants to submit more megawatts than what we were projecting that we would need by 2015, so the proposal is intended not to limit the size to only 25 MW. Someone may submit a 200 MW unit consisting of increments of 25 MW for this kind of renewable, another 25 MW of something else, whatever it is they may choose to do. Secondly, the renewable credits, I think its very reasonable and what we had tried to do with the language is secure the renewable credits for the energy we would be consuming, and by doing that it would allow us to avoid any future additional costs that may come from carbon fees or contribution fees for developments if that is what excludes that additional payment. Anything beyond that can move into the profit cue for any potential proposer. Likewise when these kinds of proposals are received many times there are qualifiers that go with the submission that say with this kind of technology and noting the availability of equipment, materials, fuels whatever it may be that they would propose an alternative to one of our statements or qualifications. If for example a firm does not have the financial history or the financial backing they may offer a performance bond or some dissolution bond to provide the financial protection for the Utilities Commission should they go out of business and have to liquidate, the power then that we would have purchased for the balance of the contract; you know it gets into a lot of other things.

Mr. Rodi stated so what we were trying to do is improve the language so its clear we're looking for renewables, that we aren't limiting the plant complex size to just 25 MW, and that if there are other proposals or alternatives that they should submit those as well; that's what I thought I heard the Commission saying. Am I tuned up right here, did I capture it, that's all I'm asking. Okay, because we'll go to that part of the tape and make sure we get that in there.

Chairman Para stated very good, okay, we've finished with this issue, item five, and we'll go on to possible other business, time for Commissioners.

(6) Possible Other Business – Time for Commissioners:

Chairman Para stated the only thing I would like to state for the record is that I'm very, very pleased with where we're heading now and as a matter of my personal policy being my public policy and my public policy being my personal policy, in the parking lot outside I have my vehicle converted to vegetable oil and for those members of the public that would like to see that you're more than welcome to come out. I think it burned through my brother-in-law's Thanksgiving dinner fry oil and I'm on to some other oil now, but it's quite an interesting enterprise and I think it's a way for us to get on to the future. With that, I guess we'll stand for adjournment.

Commissioner Diesen and Commissioner Hall stated what about the June 13th meeting.

Chairman Para stated okay possible time for Commissioners, let's hear everybody speak, sorry, go ahead.

Commissioner Diesen stated well, what's with the deal, what's with that meeting.

Commissioner Hall stated I thought we agreed with the City Commission that we not have

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

anymore Friday, oh it's a Wednesday that takes care of that, but I'm not going to be here.

Commissioner Diesen stated I'm not either.

Commissioner Diesen asked Commissioner Allen if he was going to be here.

Commissioner Allen stated no, I'm out of town.

Commissioner Diesen stated well that's three of us, then that kinds of ends that right there.

Chairman Para asked can we do this, at this point can we submit our schedules, our calendars to Mrs. Simmons, and then if you would please get with the City Commission and represent our schedules or calendars so that they could possibly choose a date if they would like from what we can provide for them.

Mr. Rodi stated there's another aspect of this that's important and it really needs to be addressed straight up, there's no agenda, I have no idea what we're talking about. The understanding that I have that between both Commissions is that all Commissioners would be present when these joint meetings would be held and that's an understanding that I have for any of the joint meetings and I'm presuming those are workshops. I don't know if this is a special meeting, a workshop, but I don't know what your preference is because if we're trying to honor that all five from the U.C. and five from the C.C. have to be together, then everyone's got to be there. Likewise I also thought that there was an understanding that the topics of what would be discussed would be known along with the request for the meeting.

Commissioner Diesen stated well yes, it goes hand in hand doesn't it, I mean.

Commissioner Hall stated I thought we had agreed with the City Commission to do that early on after one of the workshops.

Commissioner Diesen stated I think we did.

Commissioner Hall stated five and five, topics known before hand, no additions with the understanding that some Commissioner or Commissioners may have circumstances beyond their control personally that they may miss the meeting, some of us are in situations that we have no control over, but that was my understanding from four or five months ago at least.

Commissioner Diesen stated I had the same understanding that we would know any agenda that we were going to be discussing, the topics would be presented the same time as the meeting, which was to be a five and five unless we had circumstances beyond our control.

Chairman Para stated okay, then we'll give our calendars to Mrs. Simmons and I think that the Commission's voice has been heard here that we need to know, and I don't know if it's a statement as much as we're in agreement.

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

Commissioner Diesen stated well with the request there could come an agenda.

Chairman Para stated right that we need an agenda and are interested in giving our City Commission an update on the progress that we've made, I know that City Commissioner Richenberg made some very valid points and City Commissioner Plaskett, who is actually here today, on conservation and some other things. So I'd love for us to get together and share some of the projects that we've been working on, to present those to our City Commissioners who have oversight over us.

Commissioner Diesen stated also at the end of the January workshop meeting, there was a list of items that was set forth, repeated by one of the City Commissioners to Janice and said these are the issues that we need to continue discussing and I think it was reiterated here. So is it our understanding then that this is a continuation of that process that we have started, if so we have items already set forth in the minutes.

Mr. Rodi stated yes but again I can't answer for what's in someone else's mind. All I was trying to do was to make sure that I was responding to what this Commission had said and that I was understanding it correctly.

Commissioner Diesen stated you understood it correctly from this Commission's point of view.

Chairman Para recognized City Commissioner Plaskett and added please, give us some information.

City Commissioner Plaskett addressed the Commission and stated this is my first day of retirement and look where I am. She stated I just wanted to share with you, everything you said is exactly right, we have a list, we want to continue, we want to make sure that all the U.C. Commissioners are there as well as all the City Commissioners, and it was brought up more than once. And yes, we have a current list and yes, we want to sit down with you as soon as possible as long as everybody can meet together because it's important that we meet collectively; you're absolutely right.

Chairman Para thanked City Commissioner Plaskett for her comments.

City Commissioner Plaskett added that was a good idea of sending your schedules, then we'll have our schedules and then between Mrs. Simmons and Mrs. Lowry we can put it all together.

Chairman Para stated yes, that would be good.

Commissioner Diesen stated thank you and congratulations on your retirement.

After a few more comments regarding retirement, Commissioner Hall asked are we ever going to get a new microphone system.

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

Chairman Para commented Mr. Rodi is looking away at this moment, and then said to Ms. Klinkenberg as a policy of this Commission we'd like a new sound system.

Commissioner Diesen stated to be shared by ...

Chairman Para stated yes, by our friends across the street.

Ms. Klinkenberg stated I will need one of the forms filled out that tells us if it's critical to our infrastructure.

Chairman Para stated I will sign anything as long as it improves the sound.

Commissioner Diesen stated we don't want those little mikes, we don't want to be rock stars.

Chairman Para stated yes if you could help us with that I think it would tone down the frustration both from the public and from us up here.

Mr. Rodi stated sure.

Chairman Para stated good point Commissioner Hall, and then confirmed there were no further discussions.

Commissioner Allen stated I just have one more question, thinking about and just going back to some information from when I first came on, about the test well for deep water, are we still looking at that?

Mr. Rodi stated well we are, what's frankly been going on is there's a financial impact on moving forward. Part of what I've asked Ms. Klinkenberg to do is sort of hold up on our finances because I have a concern about the bond rating of cities after whatever tax reform is done. What that does is rather than us, with the ten million a year revolving fund that will probably then become a prime access for stop gap financing. I've asked City Manager Hagood as to how we can work with that number and I am deferring to what his needs are and then whatever's left then we would move forward.

Mr. Rodi stated our test well we have held up because right now we are trying to get through our first potable water well drilling and we're frankly waiting on some of the results from Daytona and its different but they've done a very meticulous drilling and analyzed each layer. Depending upon their results, then we would start to move forward, so it's a step-wise approach again. I have the authority to move forward from you all but I thought that timing becomes very important and we wanted to resolve our first potable well issue at the new site before we step much further into this; so that's where we are on that one.

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

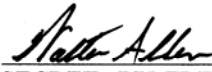
There being no further business to come before the Commission, Chairman Para closed the Special U.C. meeting at 3:21 p.m.

APPROVED:



CHAIRMAN

ATTEST:



SECRETARY-TREASURER

These minutes were formally approved by the Utilities Commission at their June 18, 2007 meeting.