

## AGENDA ITEM 2-c

MINUTES OF SPECIAL MEETING OF THE UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA, HELD MONDAY, DECEMBER 3, 2007, AT 10:00 A.M., AT 200 CANAL STREET, NEW SMYRNA BEACH, FLORIDA

Chairman Spangler requested Commissioner Allen to proceed with an invocation and requested Commissioner Diesen to lead in the Pledge of Allegiance immediately following.

Chairman Spangler then requested for a roll call to be taken with all of the Commissioners in attendance as follows:

Commissioner Oscar Zeller (Initially absent, arrived at 10:02 a.m.)  
Commissioner Walter Allen III  
Commissioner Jeanne K. Diesen  
Commissioner William E. Hall  
Chairman 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; E. Mahle, Public Information Manager; D. Simmons, Executive Asst./Recording Secretary; B. Preston, Interim U.C. Legal Counsel; Melanie Stawicki-Azam, Reporter for the NEWS JOURNAL (arrived 10:14 a.m.); Alex Kish and Brad Douglas, representatives from Brent Millikan & Co., P.A.; City Commissioner Richenberg (arrived later in meeting); Bob Tolley, Bill Rogers, and an unidentified woman, all members of the public.

### (1) Brent Millikan Reports and Related Items:

Mr. Rodi stated just a housekeeping item or two. I know some individuals have prior commitments, so at about 11:00 a.m. if you see some people getting up to leave, I just wanted to let you know that ahead of time. He added I don't expect that this is going to be a very long meeting. Thank you for your time too, I think that this is an important item to address.

Mr. Rodi stated I had asked Millikan (Brent Millikan & Company, P.A.) to be here today because of the first item. I'm not asking them to make any comment unless they feel there's something appropriate to say and they're more than welcome to step in. But what I'm looking for is, not to discuss those three URL's\* in detail.

\*Listing of three URL's:

- a. <http://www.ucnsb.net/pdf/Studies/2005AnnualFinancialReport.pdf>
- b. <http://www.ucnsb.net/ftp/2006FinancialStatements.pdf>
- c. <http://www.ucnsb.net/pdf/Studies/ReportonAuditMatters.pdf>

(1) Brent Millikan Reports and Related Items (cont.):

Mr. Rodi stated why I am referring to those URL's is that from a matter of perspective, one of them is, if you will, a forensic audit of what happened with the telecom business and I think it raised some very serious questions. The other two URL references are essentially our 2005 and 2006 comprehensive annual reports which detailed a lot of the management practices and an audit of not only the financial condition of the U.C. but remedial actions that were necessary; some of them originating from the telecom event. Those three items, along with perhaps the FDLE report and its corresponding information, was a base reference for this Commission to make a recommendation for our Counsel to request the FBI and other Federal agencies to investigate those serious, unanswered questions that were contained in the reports. I wanted to bring that forward again because I think what's important is that this Commission, in following through on those items that did occur, are requesting some investigation of it. Likewise, and why I put this item on the agenda is that I feel, especially after last Tuesday's meeting with the City Commission, that the City Commission should be asked again to endorse the investigation in support of the U.C.'s request. And that's why this item is here and I wanted some discussion on this topic because if you are in agreement, what I would like to do is send again to the City Commission those three URL's and a couple of other supporting documents through Counselor Preston. That's why this is on the agenda.

Chairman Spangler asked if there were any comments from the Commission.

Commissioner Hall stated I have a question, did anyone receive any phone calls from Mr. Vaden besides me?

Commissioner Zeller stated I did.

Commissioner Allen stated yes.

Chairman Spangler stated no.

Commissioner Diesen stated no.

Chairman Spangler then stated well, is anyone going to tell us what Mr. Vaden wanted to talk about?

Commissioner Hall stated I will try to paraphrase, the man talks very fast and I'm a slow listener. It had to do with the statements to the City Commission the other night where he made some statements concerning \$5,000 here, and \$5,000 there, and he took a pretty big shot at Brent Millikan & Company. He accused us of being willing to pay Brent Millikan and Company hundreds of thousands of dollars based on no evidence of any wrong doing. I'm paraphrasing and finally got him off the phone after about a five minute ordeal.

Commissioner Allen stated that's basically the same thing I got.

(1) Brent Millikan Reports and Related Items (cont.):

Commissioner Zeller stated same.

Chairman Spangler asked does anyone want to comment on that?

Commissioner Hall stated I will. I told him that whatever he had shared with me I would share with our attorney, Bill Preston. Commissioner Hall then commented I haven't had a chance to, I was going to try to get here early but Mr. Preston got here late.

Commissioner Diesen then stated let me probe that a minute. She said to Commissioner Hall, are you saying then what you shared with us is the same thing you were going to share with Counselor Preston, or are there items that you didn't share with us, that you will share with Mr. Preston.

Commissioner Hall stated no, what I shared with you, I was going to share with Mr. Preston. I was also going to ask him to try to walk me through the details of all we have dealt with concerning this case since I have been on the U.C., in June of 2005.

Commissioner Diesen inquired to Commissioner Hall what do you want him to tell you?

Commissioner Hall stated my mind is a little fuzzy, I didn't keep everything.

Commissioner Diesen then stated so you are talking in reference to where the case has gone and whatever. You're not talking about questioning Brent Millikan's audit?

Commissioner Hall stated no.

Commissioner Diesen stated okay, I wanted to clarify that.

Mr. Rodi then asked if he could ask a question. There have been three special reports that have been requested, either through Counselor Preston or in the case of the last one, myself. Formal reports have been presented and determinations made by Brent Millikan. Does anyone question the validity of those reports as well?

Chairman Spangler commented Mr. Vaden does, he said that we paid the auditors a lot of money to "cook the books" to make him look bad. If I were the auditors for the Utilities Commission and the City, and I had a high profile individual like that, or formerly high profile, making allegations like that, I'd probably be putting some legal pressure on him; but that's just my opinion. In essence, that's what I keep hearing, we keep saying no, no, Mr. Vaden, all that's not true, here's what really happened, and this was the audited report. And then Mr. Vaden sort of dismisses that as we paid Brent Millikan and Company a lot of money to say those things, implying that they aren't true. I don't know what we can do legally about it but if I were you fellas (directed to Mr. Kish and Mr. Douglas)... I'm sure you've had some discussions about it, I'm sure that you've had some direction from it, but that would be one comment that I would make for starters.

(1) Brent Millikan Reports and Related Items (cont.):

Chairman Spangler stated I have another comment if nobody has any. He then stated to Mr. Kish and Mr. Douglas, for either one of you gentleman, what is an internally designated fund.

Mr. Kish stated I can answer that. I wasn't prepared to speak today but an internally designated fund is one you, as a group, can establish by virtue of a three to two vote or better. It's nothing more, a discretionary account that you set up, and you can do away with it at will. When you have a legally restricted fund it's externally imposed by law. But anything you establish internally, you can set it up and you can make it go away.

Chairman Spangler stated okay. Where I'm going with that is, number one, I don't know if we had any three to two or anything votes to do away with it. I was reading, and what I wrote here is clearer so I'm just going to say it to you Mr. Kish. It says I can't clearly reconcile the paragraph that says the Rate Stabilization Fund is a place where any remaining available monies are deposited. The next paragraph says the fund no longer exists because it was depleted; I assume emptied, from the effect of telecom losses and therefore no longer exists. I don't know what to make of this because the fund could be emptied because all of the funds were used to pay expenses and since that time it could have remained empty because there were no available funds to allocate. But just because it's empty, doesn't mean it's gone away. The other part is I sort of felt like the establishment of that account was an accounting device, more or less, it was a repository to balance the books at the end of the year and for a good purpose theoretically, the rate stabilization. So did we, I don't recall that we officially made it go away, what you're saying is it's empty.

Mr. Kish stated I don't think that's there's evidence to indicate that you ever officially made it. I could look back but it was created internally, it was an account that was just set up internally. It was never actually even brought before the Commission, or the then Commission, for its establishment. It's no different than opening any account that you have. Actually, I don't even think its an actual separate bank account, it's nothing more than an internal designation to try to track excess revenues in any one area simply for the purpose of not having to use those resources in another area.

Chairman Spangler stated I understand and that's what I thought it was. Did it ever appear on our financial statements?

Mr. Douglas stated at one time it did, it did appear on your financial statements separately stated on your statement of net assets. You start with your utility plant, then you go through your current assets, some of which could be legally restricted cash, then your unrestricted cash and account receivables and other assets. It was towards the bottom of the statement of net assets that showed the internally designated Rate Stabilization Fund.

(1) Brent Millikan Reports and Related Items (cont.):

Chairman Spangler stated right, so if it was a zero then it wouldn't appear any more on the statements.

Mr. Douglas and Mr. Kish answered simultaneously that's correct.

Chairman Spangler stated that clarifies that.

Commissioner Diesen stated wait a minute that was used for things other than supposedly the name of it, correct?

Mr. Douglas stated what happened is, that Rate Stabilization Fund, it's an industry practice that electric utilities use to try to have a sufficient amount of cash available for periods when you go through what the Utilities Commission and everybody else have been experiencing, the rising costs of fuel and purchased power. You have to pay for that every 30 days and it takes a while to recover that through billings, for the underrecovered fuel cost adjustments through our customers. So it's cash to help you get through those periods. That's in theory what it's designed for, in practice what it became for the Utilities Commission was just nothing more than what we had said before. An internally designated cash savings account to be used at will by the Commission for any legal purpose you wanted to use it for.

Commissioner Diesen stated but it didn't have to be approved necessarily by the Commission. For instance, didn't money from that fund go towards the head end building?

Mr. Douglas stated yes.

Commissioner Diesen stated okay, a million and a half?

Mr. Douglas stated I don't remember the dollar amount but that money would be used to help. What happened is this, you start with your operations, and you have your cash provided for operations...

Commissioner Diesen commented you don't need to go there, I mean I understand that.

Mr. Douglas stated after funding those restricted transfers required to go to debt service sinking funds and your required amounts for Renewal and Replacement, whatever was left over went into this Rate Stabilization Fund to be used for operations, primarily. And operations are what helped also to fund transfers to Renewal and Replacement funds, internally financed improvements such as the head end building. So yes, they can easily move all over the place to be used for however needed.

Commissioner Diesen stated so it's a contingency fund.

(1) Brent Millikan Reports and Related Items (cont.):

Mr. Douglas stated that's exactly what it is.

Commissioner Diesen stated period, end of sentence, you can put whatever name on it you want to, Christmas Club Account or whatever.

Mr. Douglas stated yes.

Chairman Spangler then thanked Mr. Kish.

Mr. Kish asked Chairman Spangler if he wanted to address the other issue.

Chairman Spangler stated not yet.

Mr. Douglas stated to clarify, the difficult thing is Mr. Vaden, you know he should know better first of all as the former General Manager and CEO for the Utilities Commission. And having been the party that a lot of these things took place, he seems to try to continually to discredit our firm or management or the Commission that succeeded him to make it appear as if all these problems are nothing related to him. It seems like he is trying to deflect any attention to him. It's pretty bold considering what we uncovered with respect to his involvement with everything. That's pretty much where we are with all this.

Chairman Spangler stated well that brings me, before I ask Commissioners for other comments on that, a question to Mr. Preston. Last week the former CEO again made public allegations at a City Commission meeting about the diversion of funds by the U.C. and about "cooked books" by our auditors. We keep spending money to deny these allegations. Do you believe that these comments by Mr. Vaden were intended to be harmful to the U.C.?

Mr. Preston stated yes.

Chairman Spangler stated are they at this point malicious?

Mr. Preston stated I don't know. If your question is leading to is there any legal cause of action for his comments...

Chairman Spangler stated is this applicable.

Mr. Preston stated personally I'm surprised that Mr. Vaden continues to make appearance. I think that somewhat to answer Commissioner Hall's request of me to provide some summary, I think the effort that was made by Brent Millikan & Company, at the turn of events two years ago, was very in depth and very telling as to the operations and management and use and misuse of funds within the U.C. The reports that were generated then, which I assume you've had the opportunity to see Commissioner Hall,

(1) Brent Millikan Reports and Related Items (cont.):

from those reports we decided as a Commission to move forward in seeking some sort of determination from the Federal Department of Law Enforcement (FDLE) for any kind of criminal activity and behavior that has been alleged. That process generated over 19 boxes I believe, file boxes full of investigative materials and evidence that were supplied to the FDLE for their consideration and determination. From that the report from the FDLE was provided to us last year which in essence said that their investigation was forwarded to the State Attorney's office. The State Attorney's office, in essence, took no action from that point.

Commissioner Diesen asked Mr. Preston, did they make any definitive statements regarding the case as being without basis, or where there was exoneration, or there was no evidence? Or was it simply that they chose not to go forward. There's a big, in my mind, a big difference.

Mr. Preston stated I don't recall the actual letter but the intent of the letter was that we are not moving forward with it. There was no definite statement of any exoneration or lack of evidence. There was sufficient evidence in my opinion. From that point is where we moved forward, because nothing was moving at the FDLE level, to the pursuit of the Federal Bureau of Investigation (FBI). So that's, in a nutshell, the status and the summary of what's happened.

Commissioner Diesen asked Mr. Preston if we have made any progress?

Mr. Preston stated not since the meeting that we had, correct.

Chairman Spangler then asked if there were any further comments. He stated so basically what we're looking for here is to resubmit to the City Commission a request that they endorse this investigation. I presume that would be in the form of a resolution? Am I correct there, that's what we're trying to do, to see if we could get some more validation to counter these frivolous allegations, is that what was said. Do I hear anyone who would like to make a motion that we ask the City Commission to endorse this FBI investigation?

Commissioner Diesen stated before we do that can I ask a question because I wasn't at the meeting. What was the basis for them (the City Commission) not doing it at the time it was requested originally? They've been asked once right.

Chairman Spangler stated sort of.

Commissioner Diesen stated but not directly?

Mr. Preston stated I'm not sure of the answer to that because I really think it was a lack of action or no action taken from the City.

(1) Brent Millikan Reports and Related Items (cont.):

Mr. Rodi stated I was there and I'm going from recall at this point, but I believe Counselor Gummey said that he would advise that the City Commission not support the investigation request at that time because they weren't familiar with the detail of whether or not it should move forward. And that's the recollection that I have and then there was no action taken at that point.

Commissioner Hall asked what's the time limit, may I ask?

Commissioner Diesen stated when was that?

Mr. Rodi stated that was in September of this year. If you recall that Commissioner Para, the then Chairman, had put a cover letter together and had sent it along with, I believe, Counselor Preston's actual letter that went off to the FBI requesting that the City endorse the request for an investigation. I think that was perhaps based upon the fiduciary responsibility that the City has for some oversight matters, if there's sufficient indication there could be some wrongdoing. I would presume from the U.C. Commission's previous action, that there is support for that.

Commissioner Diesen stated it wasn't in the form of a resolution the last time was it?

Mr. Rodi stated not that I know of.

Chairman Spangler stated my recollection was that it was two parts. One was to endorse the progress that the new Commission and new leadership has made in the face of the problems that caused the changeover of personnel. And the second part of it was the FBI letter. I remember one of the City Commissioners at the City Commission meeting saying they really loved us and they thought we had done a great job and all of that and then I remember that the FBI endorsement was really quickly and lightly touched on and dismissed. I wasn't even sure that there was a vote on that part. I think what they elected to do was, possibly at the advice of Mr. Gummey, with quick agreement by at least one other Commissioner at the time, that they delete that part from their endorsement. I think that's what happened. So the FBI thing was just sort of pushed away real quick without anybody really saying anything, that's just my recollection. So if the reason given by Mr. Gummey was they hadn't had a chance to read it, I don't know whether it was in their package or not.

Commissioner Diesen stated well if we should move forward with a resolution, I would hope that we would send it in time with the backup information so that they would be well informed at the time they were asked to make this decision. That would have to go not on the next agenda probably, the time frame is over for the next one anyway isn't it.

Mr. Rodi stated in my bringing this up, what I'm suggesting is that there simply be a motion to convey the information again and ask for their reconsideration of that item.

(1) Brent Millikan Reports and Related Items (cont.):

Commissioner Diesen asked did we send a backup package the last time or just the letter?

Mr. Rodi stated no, to my knowledge it was only Mr. Preston's letter. What I'm suggesting this time, I have great respect for the volume of information the City Commission has to deal with, that perhaps we should include an electronic copy of those items. Perhaps the FDLE summary report that Camille Long had written and of course, Counselor Preston's letter again, as a package for reference. Because it shows a lot of the business transactions that are ongoing and I know that we have our 2007 audit at least completed in its overall scope. I think they're writing the final events because Ms. Klinkenberg reported last time verbally that there were no material deficiencies in this current audit, but that was only verbal.

Commissioner Diesen stated I have a problem with sending them something electronically. I'm sorry, if we want them to see it and their packets I know are two feet deep, well then make it three feet, because I think those reports are very important and it's so much easier to look at something if you have it in front of you, in this instance in particular. And if we decide to do this then I think we need to provide them with everything, just as every other item in their agenda has the backup to it. That would be my comment on that.

Commissioner Allen stated I would agree with that.

Chairman Spangler stated okay, does that need to a part of this motion, that we convey the whole package.

Mr. Rogers asked if there could be public participation. Mr. Bill Rogers addressed the Commission and stated suggestion, rather than ask for their approval, could you not word it in such a way to say is there any reason why you think we should not move forward with this legal action. He stated that way if they don't want you to they've got to give you a reason why and I think that would put Mr. Gummey on the spot to do it in a particular fashion.

Chairman Spangler stated it sounds like a good idea to me. Any further comments or can we incorporate that into the motion too. So what we're needing now is a motion to request the City Commission to endorse our requesting the FBI to investigate this and to give us a reason why they would not want to if they choose not to. Is that correct?

Mr. Preston stated I think just to clarify, I might not word it in the alternative like that. I would suggest that you could have a motion to supply the materials in a particular form to the City Commission and to ask that they provide any reasoning why we should not move forward in the pursuit of any investigation and final determination of this matter.

Commissioner Diesen stated yes, I like your statement.

(1) Brent Millikan Reports and Related Items (cont.):

Chairman Spangler stated well I guess the question then is the City Attorney going to advise the City Commissioners as to what they should do and will they listen to whatever he says. But if that's the proper way to make this motion, is there someone who would so move?

Commissioner Diesen stated okay, I'll make the motion just as stated by our esteemed attorney.

Mr. Preston stated and to be a little bit more specific in that to include in the form, since I didn't identify the form, but to include that the hard copy of the reports as opposed to the electronic copy.

Commissioner Diesen stated and those reports should include some part of the Millikan efforts because those have been very in depth and repeated but I think we need to do that so that there's quick reference.

Commissioner Diesen's motion was to submit a follow-up request to the City Commission regarding the Utilities Commission's handling of the issues pertaining to telecommunications and Ron Vaden, to supply the informative materials in paper format (hard copy) to the City Commission, and to request that the City Commission provide any reasoning why the Utilities Commission should not move forward in the pursuit of any investigation and final determination of this matter.

Commissioner Hall stated I'll second that motion.

Chairman Spangler requested for a roll call vote to be taken.

Commissioner Diesen's previous motion then passed with a majority of the Commissioners voting yes, Commissioner Zeller voted no.

(2) Joint City-UC Workshop Topics and Priorities:

Chairman Spangler stated I think what we're looking for here, from each Commissioner and any other interested parties, is what we should be looking to be discussing. What we think we need to be discussing with the City at our next workshop. I'm open for suggestions from the Commission.

Mr. Rodi stated I put this on the agenda because we're attempting to set up a series of meetings, the first one being to talk about the other meetings. But, I'm assuming these are in the context of Workshops as opposed to Special Meetings, so that was one assumption I wanted to clarify with this Commission. Secondly, in establishing the topics, I would ask for your consideration as to some priority with them. Also recognizing a simple topic may be exceptionally complex. That having been said, I was wondering about what kind of backup information would be necessary and actually how

(2) Joint City-UC Workshop Topics and Priorities (cont.):

some of these workshops would be conducted. So with that information, I just wanted to give you that focus before you pursue that further.

Commissioner Diesen stated weren't there a number of topics left over from the previous time when we got together.

Mr. Rodi stated yes. As I'm recalling City Commissioner Richenberg had a remaining outstanding list. Some of those items may have subsequently been discussed through meetings other than the intended joint workshops. One of them in particular I think may have been on there was the location of the "to be" Williamson Boulevard and that had subsequently been, I think, resolved.

Commissioner Diesen stated right.

Mr. Rodi reiterated but there may be some of those that could have been decided since then.

Chairman Spangler stated well it's going to be difficult to prioritize the items that we don't know are still lingering but I'm sure as you say some of them have been resolved and there can't be that many. But presuming that City Commissioner Richenberg has only a couple of items, then the question becomes for this Commission, and then for the public later, what items do we think we need to discuss and what is the priority of them. I would ask Commissioner Allen first.

Commissioner Allen stated one of the things I think we're battling from some of the comments that Mr. Vaden continually makes is the integrity of the engineering firms. Like the \$10 million we're getting to spend for the improvements on the water system. I see a need somewhere along there, there's methodologies and there's thought processes of many people who think you can do it cheaper. But we have a firm, who has given direction and staffing, has looked at that and I think somewhere along the line we have to publicly affirm that we're going in the right direction when we start looking at spending \$10 million to improve the system. He stated the other perception is that improvement is not going to last very long, 20 years, but in essence it's actually better than that. I think we need to put some things to rest in that area.

Commissioner Allen stated and I think somewhere in the thought processes, as we've talked in the past, of the energy need as far as electric and on-site in the substation. There's some question about, as we talked about the upgrading to the 230 KV transmission system that is needed for this area and that's been sitting in limbo for awhile. To have kind of a visionary idea of the direction that we're going to go and to meet the needs of our community.

Commissioner Hall stated I agree with Commission Allen. I also think our ratepayers are always going to be interested in what we are doing to try to conserve, to try to lower their

(2) Joint City-UC Workshop Topics and Priorities (cont.):

rates, more in line with what's happening elsewhere, and also, renewable projects. There are a lot of those projects that are being done elsewhere that I think it is incumbent upon us to proceed and try to do something. Otherwise we're going to be perceived as not being in the game on that. And the public has to understand that if today we were to decide to go forward with a renewable project, whether it's Mr. Tolley's project or somebody else's, that we're looking at four years before it's up and running, or two and a half at the least; probably four before it's on line.

Commissioner Diesen stated I think we need to discuss water.

Commissioner Hall stated yes.

Commissioner Diesen stated that's on the front burner in a lot of places and I think we need to look at that in depth again because we've looked at some things and that may go hand in hand with some of the generation power issues too. But people will become more and more concerned about it, not so much that there won't be water, but what's it going to cost and how we're going to provide it. Right now, I think Atlanta is suffering, they're concerned about where it's going to come from period. And that's bringing it home to us because it's here in the southeast. It's okay when we hear out west someone is suffering because there's no snow and whatever, but when you get it right here in the southeast it's bringing it home. And then the fight between Georgia and Florida further exacerbated that problem. So I think water is probably something that would take up at least one session.

Commissioner Diesen stated I don't know if the appropriate place would be at a workshop so, but again, I think we need to as we go along to reiterate what our strategic plan is and the goals and how successful we have been in meeting the goals thus far. I think that's important to always have that in front of the City Commission so that they understand how we have gone through this process. We are in fact, we have implemented it, and here is the end result, and let them evaluate.

Commissioner Zeller stated I'd like to see us retain control of the Swoope Power Plant. I think that since we don't know where we're going with renewable energy that it could be a vital link to connecting us to off shore, whether we're going to suck water or generate electricity off shore.

Commissioner Zeller stated I agree with the Quentin Hampton report that we need a 20" water line. I think by patching we disturb the City, every time we dig up a street we change traffic and replacing an 8" with a 12"; I don't think that's right.

Commissioner Zeller stated also I'd like to see us retain ownership of the 800 acres west of town until we have a direction as to where we're going with the future of the utilities. It's a valuable piece of land, it's a buffer zone, and if we decide to build a power plant.

(2) Joint City-UC Workshop Topics and Priorities (cont.):

Chairman Spangler stated all of those are pretty good. I think that when we talk about our strategic plan it's my impression, and I don't read the strategic plan on a daily basis, but it seems to me that's not only our roadmap but it's also sort of our schedule. Am I correct in assuming that a lot of these projects that we're doing come off of a tentative schedule on that strategic plan.

Mr. Rodi stated that's correct. The structure of it, in addition to the objectives, is to then have objectives that tie in to the overall. Individual staff members have been assigned those and that's a part of the internal performance enhancement plan that we're implementing now, that we had talked about probably two meetings ago.

Chairman Spangler stated so when we get on to that strategic plan, that's something that we should emphasize. He stated the only thing I can add at this point, because this is an excellent list, is we have pretty much overcome the perception that there's a fight going on between the City Commission and the Utilities Commission. Having overcome that perception publicly, internally we are also working to get our staff to work more closely with Developmental Services staff to make sure both sides know what the other side is doing and thinking. And to give us and the City answers to developers who think we're both working in different boats so to speak. That is ongoing and we could also discuss that, I think that would be reassuring to some people if we did that at our meeting. He stated that's the only thing I would add to this list.

Chairman Spangler stated because we have members of the public that attend every single one of these meetings and have their own ideas and are fairly knowledgeable, if there's anyone in the public that would like to make recommendations for these workshops, we would like to hear from you. He then said, and there being a silence, I would assume that everything on your list is now on our list.

Mr. Rogers stated no, but I can't think of what the things are.

Chairman Spangler stated okay, after confirming Mr. Tolley had no recommendations for workshop subjects, he closed the public session. He stated in that case we probably have covered that and I hope the Recording Secretary has taken notes or recorded this accurately. So that will be forthcoming and then what we will do at our first workshop meeting is we will go down this list of items and we will hear what the City wants to talk about and presumably the priorities will be set at that first meeting. Any other comments?

Commissioner Hall stated to Chairman Spangler, can you summarize or someone summarize the actions taken today, one, two, three, four motions, just for my edification.

Chairman Spangler stated you mean at this meeting?

(2) Joint City-UC Workshop Topics and Priorities (cont.):

Commissioner Hall answered yes, I know we're going to get a written report but can we do it verbally.

Chairman Spangler stated well I had to have help from counsel on the first one where we are requesting the City Commission to endorse or give reasons not to endorse and we're saying that we're going to give them the whole package, but they can look at it anywhere in that how many pages, lots, and find interesting things. That was the first thing that we're going to do. The second thing is basically we're just talking about what we're going to bring up as subjects for future discussions and the first joint workshop is basically just going to start out just saying what do we want to talk about and what's the most important thing. We will have our lists and the City will have their lists. Whether we actually get beyond talking about it, whether somebody really wants to jump up and tackle a subject, we can only speculate.

Commissioner Diesen confirmed Chairman Spangler meant at the first meeting.

Mr. Rodi stated and I might suggest to facilitate that, and the recording will help us make sure we've captured all the items, but in addition we'll resurrect the list that City Commissioner Richenberg had and put it with that for the transmittal to the City Commission saying here's our list of beginning topics, here's the last known list that we had that was City Commissioner Richenberg's, as just a reference for them without any suggestion.

Chairman Spangler stated I like that since City Commissioner Richenberg is the one Commissioner that always wants to know what we've done and where we said we were going to go next. He stated if he says it and we say it too, it will get said twice; so I'm all for that. He stated that ends our discussion of the workshop topics and priorities.

(3) Possible Other Business – Time for Commissioners:

Chairman Spangler confirmed the Commissioners had no further business at this point.

Mr. Rodi stated I do have a couple of information items I'd like to convey. One, and this I think is important from a reference point, with Governor Crist essentially freezing a fund (Florida State Investment Pool) I wanted to emphasize the U.C.'s cash monies are not in that fund at all, we have a separate banking fund. I don't know where all of that is going but as you may recall in a couple of previous meetings I had pointed out a serious concern over what's happening, not only with the effect of the sub-prime market, but what is even behind that issue, and unfortunately, it's coming to bear. So I wanted to give that assurance in case someone would ask, where are the U.C. funds, do you have them locked up in that; no, they're very separate.

Mr. Rodi stated another point I wanted to make, all the U.C. Commissioners get a copy of this green book (UC monthly financial statement) every month. We convey this same

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

exact copy that you receive as U.C. Commissioners to the Finance Department, I think we send about 10 copies over there, somewhere around in there. I'm assuming that every month that the City Commission gets a financial statement from us. This has a listing of assets, it shows our performance and I think it's an important point that I wanted to emphasize that we do produce a monthly financial statement that shows the additions and change in net assets. It also shows what's happening with regard to our debt and how we transact business essentially, and it compares to the prior year. I guess in closing, when we have the next hearing for the U.C.'s project requests with the City, Ms. Klinkenberg is working on some additional information that really came out of this green book, as well as some additional information that comes from more of a finance perspective. I wanted to make you aware of that. We don't intend to make a formal presentation with it but to provide some information as necessary. He stated so with that, that's all I have.

Mr. Preston stated may I make a comment, from a legal perspective of course, I would like to recognize and congratulate Ms. Klinkenberg and her staff and the consultants in the preparation and presentation to the City Commission of the request for the loan. I think she handled herself in a very professional manner and just wanted to recognize that here.

Chairman Spangler stated thank you. He stated part of this issue may come about when we make a good presentation in a PowerPoint and we still get asked questions that were really answered in the presentation. The best thing we can say there is we did a good job and we are transparent and you have this information on a monthly basis. I think at the next Commission meeting perhaps the same questions will be raised and I think we probably need to say that City Commissioners have this information in front of you and then we'll do a little bit of interpretation for them. But I think they're happy with us, I think that there were some questions raised that probably indicated that our transparency hasn't been looked at too carefully. He stated that's all I'll say about that. He stated if nothing else we'll stand adjourned.

Mr. Rogers then requested public participation.

Chairman Spangler asked if the Commission would like to reopen temporarily and hear Mr. Roger's reports. He then asked for a roll call vote to be taken.

The motion to reopen the meeting passed with a majority of the Commissioners voting yes, Commissioner Diesen voted no.

Mr. Rogers addressed the Utilities Commission again and stated I'm not making a report, I've just got a question. The resolution that you made, was that to push for more information to do with FBI or to move forward with the civil suit.

Chairman Spangler stated I believe this had to do with the FBI. What we were trying to do was to get the City Commission to concur that it was necessary to pursue.

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

Mr. Rogers asked didn't the U.C. already file with the FBI?

Chairman Spangler stated yes, we did.

Mr. Rogers stated and they haven't come back to the U.C. yet.

Mr. Preston then interjected, I believe the motion was actually open ended in that it would allow for any and all resolutions (Federal, State, or otherwise) to the issues, rather than particular.

Mr. Tolley, Fairway Drive, then addressed the Commission, and stated I commend the Commissioners for mentioning the call about Ron Vaden. I'd like to ask Mr. Preston, could you advise the Commissioners because of what's going on to make sure that they don't accept any further calls from Mr. Vaden until this issue is all cleared up. Because I believe he's probing, he's looking for anyone to say just the wrong thing to give him and his folks something else to hang their hat on. Whether it's against Brent Millikan, against this board, or against anybody. Now I didn't hear that today, I heard two Commissioners (sic three) say they got a call but can you advise them of such a thing, number one.

Mr. Tolley stated number two, I want to make a comment to the five of you. I heard someone say that they can't believe Ron Vaden keeps coming back and doing these things. He's being emboldened by the lack of action, legally. He thinks that no one is going to do anything and that's why he keeps probing, he keeps coming up here. He's advised to come up here and you folks are smarter than this. That's what he's going to continue to do until he finds a hole that he can wiggle into or whatever. And the citizens, we can't do anything, we can come up here, I can fill this room with people that want to see legal action. What good is that going to do if you five folks decide no. So with that said, Mr. Preston can I go back to question number one.

Mr. Preston stated I don't see a legal reason that I can advise the Commissioners to take calls or not take calls from ratepayers or citizens.

Mr. Tolley stated so what do we say from a common sense point of view, that they really shouldn't be talking to Mr. Vaden.

Mr. Preston stated I'm paid to give legal reasoning, rather than the common sense that I may or may not have.

Mr. Tolley commented he's not calling up trying to be a nice guy or a nice neighbor. He concluded by stating thank you.

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

Chairman Spangler then stated with that, we stand adjourned. There being no further business to come before the Commission, the Special Meeting closed at 10:54 p.m.

APPROVED:

  
\_\_\_\_\_  
CHAIRMAN

ATTEST:

  
\_\_\_\_\_  
SECRETARY-TREASURER

These minutes were formally approved by the Utilities Commission at their  
December 17, 2007 meeting.