

RESOLUTION NO. 2-07

A RESOLUTION BY THE UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA, FORMALLY STATING STEPS AND EVENTS TAKEN DURING THE TIME PERIOD OF MID-2005 TO BEGINNING OF 2007; RESCINDING ALL RESOLUTIONS, OR PORTIONS THEREOF, IN CONFLICT HEREWITH AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the Utilities Commission, City of New Smyrna Beach, Florida, was duly created and validly existing under and by virtue of Chapters 67-1754 and 85-503, Laws of Florida, as the governing body of the utility system of the City of New Smyrna Beach, Florida; and

WHEREAS, the Utilities Commission has been pursuing a “step-wise” approach to assess and remediate infrastructure, costs of service, rates, and to determine strategies, current and future, since mid-2005; and

WHEREAS, a recap was compiled to depict the events and actions taken; and

WHEREAS, the Utilities Commission wanted to formally and publicly state these steps and events and to bring this representation forward.

NOW, THEREFORE, BE IT RESOLVED BY THE UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA, AS FOLLOWS:

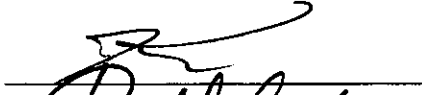
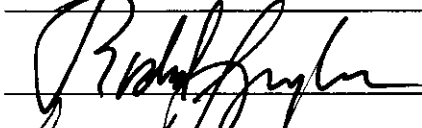
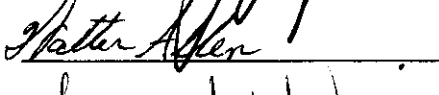
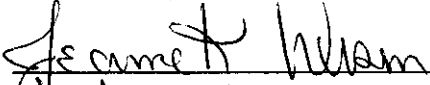
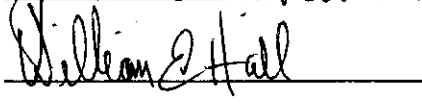
SECTION 1: The Utilities Commission, City of New Smyrna Beach, Florida does hereby resolve that the UC Step-Wise Chronology and Events Recap (1-16-07), are a fair and accurate representation of what has transpired during the stated time period, as shown as Exhibit A, attached to and made a part of this resolution.

SECTION 2: If any section, subsection, sentence, clause, phrase, or portion of this Resolution is for any reason held invalid or unconstitutional by any court of competent jurisdiction, such portion shall be deemed a separate, distinct and independent provision and such holding shall not affect the validity of the remaining portions thereof.

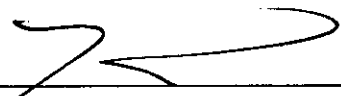
SECTION 3: All Resolutions, or portions thereof, in conflict herewith are hereby rescinded and superseded.

SECTION 4: This resolution was approved by the Utilities Commission during a Special UC Meeting held January 16, 2007, and took effect immediately upon passage.

THE ABOVE AND FOREGOING RESOLUTION was introduced at a special meeting of the Utilities Commission, City of New Smyrna Beach, Florida, held on January 16, 2007, by Commissioner Diesen, who moved its adoption, which motion was seconded by Commissioner Spangler, and upon roll call vote of the Commission was as follows:

CHAIRMAN		<u>yes</u>
VICE CHAIRMAN		<u>yes</u>
SECY.-TREAS.		<u>yes</u>
-ASST.-SECY.-TREAS. COMMISSIONER		<u>yes</u>
COMMISSIONER		<u>YES</u>

APPROVED:



CHAIRMAN

ATTEST:



SECRETARY-TREASURER

S E A L

APPROVED AS TO FORM AND
CORRECTNESS:



Utilities Commission Attorney

UC STEP-WISE CHRONOLOGY

(mid-July, 2005 through mid-January, 2007)

Plans, Studies, and Presentations

DATE

• Strategic Initiatives	11/2005, 12/2005, 12/2006
• Existing Infrastructure	
Water T&D System	10/2005, 12/2005
Waste Water	3/2006, 8/2006
Bright Water	3/2006, 8/2006
Electric T&D	5/2006
• Growth Infrastructure	
Water T&D System	12/2005, 1/2006
Waste T&D System	3/2006, 8/2006
Bright T&D System	3/2006, 8/2006
Electric T&D System	5/2006, 8/2006
Addendum	2/2006, 5/2006, 7/2006
• Cost of Service	3/2006
• Water Strategies	3/2006
• Energy Strategies	3/2006
• 5&10 Year Capital Improvement	3/2006
• Telephone/Cable Communications	8/2005, 9/2005, 3/2006, 7/2006, 9/2006
• IT Security	4/2006, 8/2006
• 2005 Audit	4/2006, 6/2006, 8/2006, 9/2006
• Water Supply/RSQ/WAV	10/2005, 3/2006, 5/2006, 7/2006, 8/2006, 1/2007
• Energy Supply/RSQ	9/2005, 10/2005, 12/2005, 5/2006, 1/2007

Events Recap (1-16-07)

- In May, 2005, the City requested that the UC I-95 landholdings be sold.
- A comprehensive strategic initiatives plan for the UC was developed and implemented in November, 2005, and updated in November, 2006.
- Assessments and remediation of existing infrastructure and of resultant growth impacts were completed and presented through 6 comprehensive formal reports, listed in projects, and included in plans beginning in December, 2005, and continuing through the current time.
- A comprehensive cost of service study was conducted and implemented.
- 5- and 10-year capital improvement plans were developed and submitted.
- Serious IT security issues were corrected.
- Growth infrastructure policy and and funding requirements regarding SB 360 were implemented in July, 2006.
- After \$13 million in total losses, telephone and cable operations were terminated on 9-1-06.
- In December, 2005, TECO electric power contracts were secured and were not as advantageous as the then terminating Progress Energy contract.
- A year 2000 \$13 million generation investment provides uneconomic energy at 25 cents/kwh (@\$2/gallon fuel).
- Electrical transmission system congestion in central Florida resulted in termination of TECO supply and resulted in expensive fuel and purchase power during peak summer periods in FY 2006.
- \$43 million in WAV master plan proposed allocations to NSB would not have provided timely, if ever, water for NSB and, consequently, the UC requested that NSB exit from the WAV Interlocal Agreement.
- A formal water harvesting/electrical generation RFQ was solicited in April, 2006, and received minimal interest.
- UC irrigation water supplies are expected to be exhausted within three years at a build rate of 125 units/month.
- Contentious and protracted local investigations and State criminal investigations of previous UC administrations were ended and a Federal appeal was requested by the UC through its legal counsel.