

**UTILITIES COMMISSION**  
**City of New Smyrna Beach, Florida**  
**200 Canal Street**  
**P.O. Box 100**  
**New Smyrna Beach, Fl. 32170-010**

November 8, 2011

RE: Bid No 1-12 ADDENDUM **NO. 2**

To prospective bidders:

The Utilities Commission is issuing the following addendum. As such it becomes an integral part of the bid and must be acknowledged by the return of this signed form, with your bid form, acknowledging receipt of the addendum.

The following questions have been asked and answered:

1. Can you provide background as to how the ongoing "bank overdraft" (\$2.3MM in 2010) is being funded?

The cash overdraft is being funded through current operations and timing and collection of billed fuel adjustment charges from customers.

2. Is this actually an existing bank overdraft with your current bank:

No.

3. Outside of the 2010 CAFR, can you provide some detail as to the UC's unrestricted cash availability should an emergency arise?

The Utilities Commission's Renewal and Replacement Fund exists to insure that utility plant is sufficiently maintained and/or expanded to generate recurring revenue as the source for repayment of the debt.

4. On page 59 of the CAFR, a breakout of the various funds is provided; however, a Rate Stabilization Fund does not appear to be included. Is it consolidated under of the existing funds on page 59?

The rate stabilization fund was temporarily suspended in September, 2006.

5. The RFP states that a requirement is a release of the current Debt Service Reserve Fund. Should the total amount of debt being contemplated be refunded, how much money is expected to be released from the current debt reserve fund?

The language contained in the Request for a Loan Commitment Summary of Terms under the Security section speaks to the fact that no proceeds of the proposed loan would be used to

fund a debt service reserve and the lender would not have a security interest in any outstanding reserve account. The loans being refunded do not have any reserves that will be released. The only outstanding Bond issue that has a separate reserve is the Series 2002 Bonds and in that instance there is a debt service reserve surety in lieu of a cash funded reserve.

6. How would the released Debt Service Reserve Funds be used once released?

Not applicable (see response to 5 above).

**Acknowledgment of Receipt of Addenda No. 1**

Company\_\_\_\_\_

Name & Title\_\_\_\_\_

Signature\_\_\_\_\_