

AGENDA ITEM 2-a

MINUTES OF A REORGANIZATIONAL (REGULAR) MEETING OF THE UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA, HELD MONDAY, SEPTEMBER 19, 2007, AT 6:00 P.M., AT 200 CANAL STREET, NEW SMYRNA BEACH, FLORIDA

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

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

Commissioner Walter Allen III
Commissioner Jeanne K. Diesen
Commissioner William E. Hall
Vice Chairman Richard L. Spangler
Commissioner Oscar Zeller

Others in attendance were as follows: R. Rodi, General Manager/ CEO; L. Klinkenberg, Director of Finance; R. Mitchum, Director of Electric Operations; J. White, Director of Engineering; D. Hoover, Director of Water/ Wastewater; T. Beyrle, Director of System Ops./Generation; R. Lemoine, Director of I.T.; E. Mahle, Public Information Manager; C. Roberts, Controller/Budget Supervisor; D. Wood, Customer Service Manager; J. Santrock, Senior Customer Service Supervisor; D. Simmons, Executive Asst./Recording Secretary; and a few other U.C. employees; B. Preston, Interim U.C. Legal Counsel; Melanie Stawicki-Azam, Reporter for the NEWS JOURNAL; Sally Mackay; Bob Tolley, Ken Taylor, and Jim Russell, all members of the public.

(I) Special Item – Reorganizational Matters

Vice Chairman Spangler stated the name of this item and then added a special item is I would like to welcome Commissioner Zeller.

(I-a) Election of Officers:

Chairman:

Vice Chairman Spangler stated we will proceed with the reorganizational matter of electing officers. He stated I think the proper procedure is first we take nominations for Chair, so do I hear any nominations.

Commissioner Diesen stated Mr. Chairman I'd like to nominate you to remain in your seat where you are.

Vice Chairman Spangler thanked Commissioner Diesen and then asked if there were any other nominations.

Commissioner Zeller stated I would like to nominate Commissioner Hall.

Vice Chairman Spangler stated okay. He then inquired how the Commission would like to proceed with this vote.

(I-a) Election of Officers - Chairman (cont.):

Commissioner Hall then stated may I explain my position. I was thinking about running for City Commission and chose not to but I had to tender my resignation as of November 6th. I intend to seek re-election, as Commissioner Diesen did, as a Utilities Commissioner. So my question is, in view of that, can I be considered for an office this evening. I don't have the statute in front of me, I have read it on email, but I did ask Mr. Preston for an opinion.

Mr. Preston commented well you have your trusty lawyer beside you so you don't need your statute in front of you. Yes, you can run for office tonight, your resignation is not effective, if at all, until the November meeting and if you seek reappointment you may serve out a term as officer as well.

Vice Chairman Spangler stated all right and this as far as procedure, I'm not sure what the procedure is but if we all just vote a name it's bound to come out with five people that someone is elected, is that right. So can we just have Ms. Simmons call the roll and we'll each give a name.

Ms. Simmons proceeded to do so, commencing with Commissioner Allen.

Commissioner Allen stated Commissioner Spangler.

Commissioner Diesen stated Commissioner Spangler.

Commissioner Hall stated Commissioner Hall.

Vice Chairman Spangler stated Commission Spangler.

Commissioner Zeller stated Commissioner Hall.

Vice Chairman Spangler was appointed to the position of Chairman for the ensuing year.

Vice Chairman:

Chairman Spangler stated now we have the nominations for Vice Chairman.

Commissioner Diesen stated I would like to nominate Commissioner Allen.

Chairman Spangler asked if there were any other nominations.

Commissioner Hall stated I move that nominations cease.

Chairman Spangler then stated call the roll please.

All Commissioners stated Commissioner Allen and Commissioner Allen was appointed to the position of Vice Chairman.

Chairman Spangler congratulated Commissioner Allen.

(I-a) Election of Officers - Chairman (cont.):

Secretary-Treasurer:

Chairman Spangler stated then we have the Secretary-Treasurer and then we have an Assistant Secretary-Treasurer, do we have to fill that one too?

Commissioner Diesen stated we didn't last time.

Mr. Preston stated no.

Chairman Spangler stated okay, let's have nominations for Secretary-Treasurer please.

Commissioner Allen nominated Commissioner Zeller.

Commissioner Zeller requested more time first, but added he appreciated the nomination.

Commissioner Diesen then nominated Commissioner Hall.

Commissioner Allen then moved to close nominations.

Chairman Spangler asked if there were any no's to Commissioner Hall's nomination, there being none, Chairman Spangler stated I think you're it, congratulations.

Commissioner Hall was appointed to the position of Secretary-Treasurer. Commissioner Hall commented this is the second time around.

After a couple of comments, Chairman Spangler stated on the agenda there's listed if requested brief recess for seating and title reorganization, do we have to shuffle some titles around here or are we all set. It was determined seating and title reorganization was not needed at this point in time.

(1) Agenda Changes, Additions and Deletions:

Chairman Spangler asked Mr. Rodi if there were any agenda changes, additions or deletions.

Mr. Rodi stated no, I do have some comments to make when we get to Possible Other Business (item 9. on the agenda).

Chairman Spangler stated all right, then hearing none we will move on.

(2) Approval of Consent Items:

Chairman Spangler confirmed there were no comments on any of the consent items.

Commissioner Diesen then made a motion to approve the consent items as follows: item 2-a. Minutes of Special U.C. Meeting Held 8-24-07, approve as submitted; item 2-b. Bid No. 17-04 – Annual Tree Trimming Service – Contract Extension – 3rd and Final Renewal, approve and award P.O. No. 7064 in the amount of \$195,000.00 to Trees, Inc. for the third one year extension on an annual contract to provide tree trimming services; item 2-c. VCOG FY 2007-2008 Cooperative Bid

(2) Approval of Consent Items (cont.):

for Water and Wastewater Chemicals, approve and award P.O. No. 7076 for 48,758.40 and No. 7072 for \$199,096.80 to O-N Minerals Luttrell Co.; No. 7071 for \$71,579.00 and No. 7075 for \$39,253.00 to DPC Enterprises; No. 7078 for \$67,150.00 to General Chemical; No. 7073 for \$17,750.00 to AirGas Specialty Products; No. 7077 for \$14,875.00 to Southern Ionics; and No. 7074 for \$7,175.00 to Univar USA; for a total amount awarded of \$465,637.20; item 2-d. Sole Source Purchase – Bio-Solids Residuals – Pumping, Transporting and Unloading, approve and award P.O. No. 7079 in the amount of \$175,000.00 to Shelley’s Environmental Systems, a sole source vendor per Section 2-1(2) of the Purchasing Policies and Procedures Manual; item 2-e. Bid No. 15-07 – Test Production Well No. 24, approve and award bid to Advanced Well Drilling, Inc. in the amount of \$97,800.00 and authorize the General Manager/CEO to execute any and all documentation associated with this award; item 2-f. Developer’s Agreement and Addendum – Beach House Condominium, approve the Developer’s Agreement and Addendum and authorize the General Manager/CEO to execute same; item 2-g. Utilization of Volusia County’s Intra-Governmental Service Agreement for Fuel Purchases FY2007-2008, approve renewal of the agreement and authorization for the CEO/General Manager to execute same; item 2-h. NERC Transmission Assessment – Task Authorization No. 2007-07 R.W. Beck, Inc., for information and reporting purposes only, no Commission action required; and item 2-i. Bid No. 16-07 – Property/Casualty Insurance for 2007-2008, approve and award to Public Risk Insurance Agency in the amount of \$312,201 and to Arthur J. Gallagher Risk Management Services, Inc. in the amount of \$166,597, for a total award of \$478,798 for property/casualty insurance.

Commissioner Hall stated he did have one comment, I had heard somewhere that Blue Cross, Blue Shield was in the hunt for the health insurance and we’re going with United Health Care. I’m going to assume that through negotiations things changed drastically having dealt with Blue Cross, Blue Shield before.

Mr. Rodi stated I think we will address that, when we have that as an agenda item I think Ms. Paula Perez will address part of that.

Commissioner Hall stated okay.

Chairman Spangler confirmed with Mr. Rodi that would be the new business item. He then asked do we have a motion to approve consent items.

Commissioner Diesen stated I had moved to approve them.

Commissioner Hall then seconded Commissioner Diesen’s earlier motion to approve the consent items, 2-a. through 2-i., and this motion passed unanimously on a roll call vote.

(3) Public Participation:

(3-a) Request to Appear RE: Renewable Energy RFP (RW Beck) and Swoope Plant – Bob Tolley:

Mr. Bob Tolley addressed the Commission and congratulated all of the officers appointed earlier. He stated to Mr. Rodi, have we heard from Beck (R.W. Beck) at all regarding the status of just any type of list for responding to the RFP.

(3-a) Request to Appear RE: Renewable Energy RFP (RW Beck) and Swoope Plant – Bob Tolley (cont.):

Mr. Rodi stated I can give a summary, there were no qualified proposals for a renewable portfolio. What was submitted were a number of R&D projects under the RFP. This is one of the items I had hoped to speak about later on but it would be staff's recommendation that we close the RFP because we did not have qualified proposals, but continue on with the R&D discussions. I think that those are valuable because they may allow us to move forward with renewable sources depending upon what the eventual outcomes might be, with no commitments.

Mr. Tolley commented I hope I didn't take your fire away.

Mr. Rodi stated oh no that was an item I was going to talk about later anyhow.

Mr. Tolley then stated I had a meeting with the City Manager this afternoon and I'm trying to find out the status of the Swoope Plant. They say they don't know, talk to the U.C., so I'm going to come back to the U.C. He stated I don't ever remember the U.C. officially, and I don't think Mr. Rodi does, signing off on it. I don't believe it's carried as surplus but they feel one way and I guess the U.C. is going to feel another way so I'm just trying to get some clarification of what to do out there, if something comes up.

Mr. Rodi stated I can comment on that and it certainly isn't official. When we had the Williamson Boulevard discussion at the last joint meeting, the Swoope Plant was to be one of the items to be discussed. I had been approached by two City Commissioners about the U.C.'s continuing need for the Swoope Plant and as such, Ray Mitchum and I and the mechanic group that is located at the Swoope Plant, made a tour. The request was based upon the use or the conversion of the part of the Swoope Plant to some type of marina with boat loading to help relieve the North Causeway. This becomes very complicated for the U.C. because we do run the generation at Swoope, we ran it last month, and so we can't just unilaterally just walk away from it. But there's a secondary impact with Swoope and it relates to the St. Johns River Water Management District's plan for an alternative water supply. In their plan is a 15 MGD desal plant that we have made initial inquiries to St. Johns about changing that project to our I-95 location. Obviously that's about one of the few places you can have ocean desal and we're not necessarily enamored with that because of all of the variables, Tampa Bay Water is a good example of the issues that you face. So that remains unresolved and we're moving forward with submitting our application to transcend or to move that project to another location if we can manage that. He added and that's going to be an uphill battle. So that's all I can tell you about Swoope, I drew a little map that indicated a fence boundary we could put up so that the County can continue to store their concrete. If you go there you see that big pile of concrete and that's for barrier reef rebuilding. And then part of that we can turn over to parking because obviously those vehicles and their trailers need a lot of parking, but we never had that discussion, so I don't know where we would head.

Mr. Tolley stated so Swoope is legally still carried on the U.C.'s inventory.

Mr. Rodi stated this is one of those that the U.C. doesn't have title to the land, we have allowed use of that until we vacate the premises.

(3-a) Request to Appear RE: Renewable Energy RFP (RW Beck) and Swoope Plant – Bob Tolley (cont.):

Mr. Tolley stated how do we clear that one up?

Mr. Rodi stated I don't know, I think that part of it is, again, a joint discussion because there's obviously a need for the North Causeway to have some relief but what we're trying to do is share what we're able to share and I don't even know if that's satisfactory. You know from a standpoint of how a marina would actually operate, pulling in and out of there, but we tried to make some assumptions with that. Obviously if you're going to use that location for any kind of ocean based energy, you need to land somewhere and that raises another whole question.

Mr. Tolley stated well if someone was going to start on this, I guess we go back to the problem or the issue, how could you start until we clarify the Swoope situation. So I know I'm looking over to you Mr. Preston, looking for some help here so I don't have to get the oars back out.

Mr. Preston stated well I'm on the same page with Mr. Rodi as far as beginning to work with the City, negotiate and determine really the parameters before we move forward on it. So I can say nothing different or add to what he suggested.

Mr. Tolley stated I think we have to keep in mind, I asked the City Manager today what the footprint was over there by the present boat ramp and I was surprised he told me that whole area, including the Marine Discovery, was four acres. Which really surprised me, I thought it was larger for some reason. Now Swoope is what, 5 acres and change?

Mr. Rodi stated I think it's a little larger than that.

Mr. Tolley stated say six, so that means if we even went ahead and considered a boat ramp the size of the one that's out there on the Causeway, where's anything else going to go. So I don't know what they're going to do out there. So who should raise this issue now?

Mr. Rodi stated I'm presuming that since it was at one point an item to be discussed that it will continue to be a need to be discussed, so that's all I can suggest at this point.

Commissioner Hall then asked Mr. Rodi, the U.C. owns the building but not the land.

Mr. Rodi stated that's correct.

Commissioner Hall stated the City owns the land.

Mr. Rodi stated yes, it's in their name.

Commissioner Hall stated but the St. Johns Water District really controls whether or not there's going to be a marina there or whether there's going to be a Bob Tolley underwater pipe out through the inlet. I'm not being funny because this is being done over in Europe as are a number of things.

Mr. Rodi stated yes it is.

(3-a) Request to Appear RE: Renewable Energy RFP (RW Beck) and Swoope Plant – Bob Tolley (cont.):

Commissioner Hall stated and it kind of ties into a question I was going to ask at the end of the meeting which I'll wait until then and I'll ask, but I just wanted to clarify for my own.

Mr. Rodi stated St. Johns has a desal plant as an alternative water supply that we would have to build and finance. The only thing we can get out of St. Johns would be some funding through House Bill 444 possibly. But there's still a fundamental question, that is in a storm surge area and unless you want to build your water facility to withstand a 21 ft. storm surge for a class 3 hurricane, it's not a site that staff would propose. But because it's in their water plan, any access to supplemental funding has to include a project in their plan. So what we've done is we've made the preliminary discussion and application to say we're not interested in a desal plant but our water harvesting project at I-95, which is a combination of surficial and lower Floridan as a supplement to irrigation with some potable, is what we're beginning to head down that road. Again, that project depends upon whether St. Johns would approve it, so they control the approval aspects of our CUP allowance, and the projects like this one that are included in the plan for funding. Swoope just happened to be the location for a desal plant, if you're going to do ocean desal you need to get near the Intracoastal or the ocean, and since that property originally was occupied by the Utilities Commission prior to its creation under the Charter, then it had possession, there was a generating plant there. So it's sort of a transition and what we're trying to do with the available space is say well we need this much space for our vehicle repair and to be able to maneuver large vehicles in that area plus store some for either disposal or when they're being worked on, and then there's the issue of the County's continued use because of promises that were made to them.

Commissioner Hall stated two more questions, you mentioned that the Swoope Plant was in operation for a month during the summer.

Mr. Rodi stated I don't know how many hours we ran it, six, seven hours, just for peaking periods.

Commissioner Hall asked what about the plant on Smith Street.

Mr. Rodi stated I don't think we've run Smith, maybe an hour or two. We don't run them very often because for example at just the \$2.00 fuel rate it's like 25 cents a kWh.

Commissioner Hall asked if the U.C. has been approached by the hospital for them to buy that property.

Mr. Rodi answered no.

Commissioner Hall commented I want to turn that into a museum, when Commissioner Diesen and I were growing up that was the only thing that powered the whole town.

Commissioner Diesen commented it was noisy.

Mr. Tolley then thanked the Commission.

Chairman Spangler then asked if there was any further public participation. He stated I missed

(3) Public Participation (cont.):

something here and I'm sorry I missed it when we went through the consent items. Apparently there has been a decrease over last year's premiums on our risk insurance of 33%. Who's responsible for that?

Mr. Rodi stated George Markos and Paula Perez.

Ms. Perez stated Mr. Markos just left. We looked at the plans that we have now and he went out for bid and got some proposals. Actually by bi-furcating the benefit, we stayed with our current vendor for the accident piece with property and then went to a different vendor for the workers comp piece, and by combining them that way we were able to have a savings.

Chairman Spangler commented well I wonder if there are other things that you all can do for us to, that was very impressive, I just didn't want to just let that slide by.

Mr. Ken Taylor then requested further public participation. He addressed the Commission and stated his name and address as Country Club Drive. Mr. Taylor stated in the recent past the Chairman of the Utilities Commission had instituted a policy to allow public participation on each item or each agenda item as you went through, should the public wish to participate. Do you intend to continue that policy?

Chairman Spangler stated I don't have any objection unless three Commissioners or more will stand up and say they object, we don't have any, it worked before.

Mr. Taylor stated I think it worked very well, even in fact I think the Mayor picked up on it from time to time and it's worked very well. I would appreciate it if you would continue it and I think any others that would come before you would think the same. Thank you very much.

Chairman Spangler commented I think the only restraint that we'll put on there is if we don't like what you're saying we'll limit you to three minutes. After a couple of other comments, Chairman Spangler closed public participation.

(4) General Manager's Report

(4-a) Financial Status July 2007:

Ms. Klinkenberg stated for the month ending July 2007 our change in net assets was approximately \$2.9 million for the combined system which includes non-cash contributed capital assets. And our forecast reports reflect a \$591,000 favorable variance for the month. She then offered to answer any questions.

Chairman Spangler stated I have one question, I'm on financial highlights, it says Utility Plant Net 2006 - \$128 million, 2007 - \$143 million. Where did we get \$15 million more utility plant net assets?

Ms. Klinkenberg stated that's basically our assets, it comes off your balance sheet so it has to do with work in progress. If you look on your balance sheet it's the total of your assets up at the top.

(4-a) Financial Status July 2007 (cont.):

Chairman Spangler stated well I mean that's a 10% change in assets in one year, that's the reason why I thought it was notable. He added 12% it says here, I was just wondering how that happened, is it anything that isn't just very complicated.

Ms. Klinkenberg stated it's just assets, we keep all of our assets in work in progress for the year, and then when we're done we capitalize the whole bunch of assets. That would be all of the assets from last year.

Chairman Spangler confirmed it has to do with what we've capitalized; okay, thank you.

Mr. Rodi stated I think there are two parts of that capitalized, those expenditures of U.C. dollars that are capital dollars that actually are built and then move into the capital category and move from R&R. And then those capital assets that are built for example by developers and we are seeing a significant contribution in aid of construction. For example the lines that were built by Venetian Bay down through S.R. 44, those are significant dollars. So if you take a number of these locations where our addendum agreements are allowing for the installation of infrastructure or payments for infrastructure, it's that combination and it would depend upon that aspect. Our next step by the way, and we're working on this now, is to complete the potable water line from the named Williamson Road at S.R. 44 all the way back to the 24" main and we're now beginning to work on that particular leg. So that will be very important for securing the water future, the potable water future for the whole western developments.

Chairman Spangler stated so a lot of that increase in assets came from the developer's contributions?

Mr. Rodi stated yes.

Chairman Spangler stated okay, that was just a question. There being no further comments, he moved on to the next item.

(4-b) Draft Succession Planning Program:

Mr. Rodi stated I had prepared back in May a presentation that I never made for a variety of reasons. When I first had the privilege of coming to the Commission there were several questions at that time that were asked of me and well, we need a succession planning program. I agreed, especially in light of the transitions that had occurred but I had made a comment at that time that there's a lot that had to be done before we got to a succession planning program. Where we are now is that we're beginning the first aspects of this succession planning and it gets tied all into a business value platform that I had up here for months and it's very relevant to what's happening, especially in the electrical industry right now. So with that I thought it might be very timely to do that and it might take me fifteen minutes to go through this if that's okay.

Mr. Rodi then proceeded with his PowerPoint presentation and stated as you can see I had put this together back in May and this was the electronic front page from the News Journal that I thought was rather interesting. The particular images that you see there at that point was the fire that was occurring near Sugar Mill again, I think this was Ormond Beach, but the same thing was occurring

(4-b) Draft Succession Planning Program (cont.):

then. If you look at the headlines these are all of the different elements that were appearing in that particular cover, there's information about housing and food and taxes and excess and terrorism and waste, and a whole variety of things that really raised the question about sustainability and what kind of value you're looking for. I started to think about this presentation because when you have a serious problem you then begin to look at what those consequences are and how that problem might be solved for you or with you. One of the terrors that everyone begins to feel is if there is something that they should have known before they even engaged that, afterwards you say how should I have known about that. You would hope that you could find some answer that would be very helpful. I pointed out, I offered Sloan's M-Form Theory because it dealt with a lot of the production line business processes that has been fundamental to how we do business in this country. And I think that it had some built in principles that carried forward, even went into government. And even though that still has relevance, I think the kinds of problems that are being faced today are exceedingly complex and they really don't have a single bullet answer, they really require a multitude of answers.

Mr. Rodi stated success always comes with a lot of hard work and people dedicating themselves to fixing the problem. So that goes to the issue of value and it's generally recognized that without people nothing happens. You know you can have assets and all kinds of equipment and procedures but it always comes down to how employees in the business or government treat your problem. And when you find that they treat it as if it was your own, that's really important. But if there's something they could have said to you that would help you say gee, if I had only known. So if there's both value and quality in a relationship, then you can begin to trust that and respect that. What I'm tying into is the U.C.'s vision of connecting you with the quality of a New Smyrna Beach life. This is part of what the drive is that we're involved in.

Mr. Rodi stated achieving sustainable solutions, you know there's an Albert Einstein quote I threw up there, doing the same thing over and over again and expecting different results. If you have a problem and you keep doing it the same way you're going to have another problem eventually. Part of what we're seeing is that we're embarking upon change and I think it's even more critical now. For example, when Governor Crist issued his Executive Orders he turned the electrical industry in Florida upside down. Up to that point it was all fossil based, a lot of fossil plants in the queue and what he basically said was there will be two thrusts. And he was following what California was doing and this came on the heels of the U.S. Supreme Court decision of Massachusetts versus the EPA. Basically the two thrusts are we're going to use renewable resources and we're going to use conservation and efficiency. And the conservation and efficiency really create a very complicated dynamic for us because it means as we drop our load and our peak and our consumption, we are left with the existing infrastructure and the maintenance of it and the costs associated with it without the cash flow from it. So there is a benefit that is achieved by dropping the peak costs but there's a residual built in complication. Likewise when we move to renewable energy sources aside from some traditional type and I've referred to that issue in the past as the Vermont wood burner, where you can burn wood and fire a boiler and make electricity. It's not a real high tech thing but there are some high tech applications to it. But generally those costs become much greater than the fossil component. And what's happening with the fossil component is that even though the U.S. Congress appears as though it will be stalled in implementing carbon taxes or whatever because of the dynamics with vested interest, at the state level there may be something that will be pushed through. I don't know if it was yesterday or the day before, I'll have to go back to maybe Friday, where the

(4-b) Draft Succession Planning Program (cont.):

Vermont Supreme Court ruled that states can implement carbon taxes. And what that was, just like the Supreme Court level for the U.S., there was a challenge as to whether or not states could impose carbon taxes if the national government did not. So the take away from that case, as it's being presented in the papers anyhow, is that states like California and Florida can impose these additional taxes, fees, what have you. The Florida Municipal Electric Association has really been in the forefront of presenting alternatives for the Public Service Commission and others in accordance with Governor Crist's Executive Orders. He stated why this becomes meaningful is our vision becomes the vehicle for change and what we're striving for are the elements of quality and satisfaction as opposed to just price.

Mr. Rodi stated there are two levels of managing change. If you have all of the elements as indicated on the first line, you have a good vision and you articulate it well, and the employees have the skills and there are the incentives to accomplish it, and you have the resources and you have a plan, you can get change; it's very difficult. But if you leave the vision out it's like where are we really going or what are we really going to do. Or if you drop the skill set out, you have tremendous anxiety. Or without incentives, it doesn't happen very quickly. And without resources you run into frustration because you can't get it done. And without a plan you're just all over the board, so you get a lot of false starts and you don't end up where you want to be. On a personal basis you have the same issue and many people identify with their work. We have a culture here at the U.C. and frankly we've been studying that culture through H.R. to try to understand what's important as far as our identity, how we see ourselves now and how we may see ourselves in the future. And trying to understand how we learn from denying where we make mistakes to inquiring about, gee couldn't we have done that a little better or isn't there a better way. Or what boundaries are there, are we resigned to say, oh well, I can't do anything about that or do we want to explore. That's another department, to well, maybe we can do that together. And how do we resolve conflict, from fear to discussing it. All of these things get wrapped up into emotions, beliefs and values. He stated these are important elements so on two levels we're engaging this.

Mr. Rodi then stated this is the value platform that I think most of us are very familiar with, perhaps Wal-Mart is the example of this where you have low price, it's convenient, you have standard product lines, get very high quality, all of their systems are integrated, they're computerized. Limited product focus, and that means they're just dealing with not that someone wants this and they can find it there, but they have a big array of standard products. Ease of purchase, dependable, no defects, no hassle; that's what they strive for. All of the core processes that support this kind of model are meant to be very efficient, very little intervention, and that's why you manage the demand, you move forward with it. It gets to be computerized, you have the management systems, everything is standard operation procedures, the kinds of material, and how you fill out the form. And of course the business structure is one of central authority, high skill sets for those people who design the business process but the rest of the folks just follow what they're told and then you march down the road. The culture, it's very direct, it's conformance based, efficient, frugal, disciplined, and people are pleasant. And then you look over as to where there may be changes, where you can add products, the potential for the economy of scale so if you can gear something up high enough you can have a thin margin and make a lot of money with it. You replicate opportunities, you put pilots out there and see if they'll run; so that's one model.

Mr. Rodi stated there's another that's solution based and maybe Lands End is an example of that.

(4-b) Draft Succession Planning Program (cont.):

It's pretty much an opposite, not exactly, but you're looking at the entire life cycle with that customer as opposed to a singular event. The core process characteristics are very tailored to managing the process overall and the team structure is very different where you have employees who are empowered. They are very knowledgeable and they push through and make decisions based upon that.

Mr. Rodi then stated of course this is another model where you have a best product and this only becomes a good value platform when it's introduced. And when there are enough IPOD's out there in the world, then what you end up with is a commodity and then you move to, more than likely, a price model again.

Mr. Rodi stated applying the value platforms, I thought this is a rather interesting portrayal here because when you're making these kinds of changes, cats usually go after birds but there's an eagle there. So what you're really working with as far as designing the strategies and the core processes and the management systems, all of those elements of that value platform have to be looked at. You have to develop the change in communication plans in order to take the steps to get there. You assess that transition and we have been doing that in our strategic initiatives. Early on I had put all of this up there and had begun to explain it and this enterprise development platform was symbolic of that. He stated the division, that we have, developing plans and value platforms and business plans, all incorporate those elements, like our mission objectives, strategies, tactics, and the organization. The center area there starts to deal with those policy related issues of the leadership, the culture, those are a lot of the enablers. The right hand side of that ellipse deals with the products and services that you offer to your customer groups.

Mr. Rodi stated our vision remains "Connecting You With The Quality of a New Smyrna Beach Life". One of the things that I have up there is our mission and we've talked about this before but I need to emphasize it again. To profitably provide timely, cost effective, high quality products in our marketplace. Now we don't have a profit motive but we do have a corresponding, and every month you hear Ms. Klinkenberg promote that. You know, how are we moving along, in essence our profitability of revenues minus our costs that we have to work with, and that generally falls into our R&R Funds and how we use them. But being cost effective is the direction I think that most utilities, especially in Florida, are headed toward. There is a great need, and you see this in Europe right now, where you have very high cost products. It's just like our automobiles, the price of gasoline is high enough the vehicle mileage standards are being proposed to be increased again and so what you're trying to do is be very cost effective so you have to be more efficient but you may not be the low cost. And that's a critical issue for us in that we don't have any base load generation and later on I'm going to talk about that a bit. But our objectives remain very much focused on gaining and retaining satisfied customers, achieving competitive performance, establish goals, add values, stakeholders, and enhance the quality of our life. And with those we have matrix, and very shortly here, October 1st is still our deadline for the 9.0 upgrade, correct Ms. Klinkenberg.

Ms. Klinkenberg answered yes it is.

Mr. Rodi stated okay, and then April is for our customer related upgrade. We'll then be able to tie many matrix that are going to be driven by our systems. What that begins to do is give us a benchmark that we can compare ourselves with others to know what kind of value we're delivering.

(4-b) Draft Succession Planning Program (cont.):

Mr. Rodi stated our enterprise strategies are very simple, we've been going after our strategic plan objectives and methodologies, we're integrating all of our enterprise together and you'll see some examples of this coming forward. We're developing business unit and value platform thinking and we're developing an organization focused on learning value and effective response. A lot of our employees are going to training and formal training for the first time in a long time, if ever. And these are really important aspects because if you don't have the exposure to what the best practices are or what's current, you're left to whatever it is you've learned on your own and sometimes it's very good and other times it's not so good. If you have a culture that doesn't allow you to share those things with other people then what you've learned that's good doesn't help anybody else. So that's why we're trying to focus more on an organization that is focused on learning because of what we'll have to do in the future.

Mr. Rodi commented regarding the next slide, now this gets to be really busy but what I tried to do is show these platforms, and just start at the top with the Executive Counsel, that's yourselves and for myself and my direct reports. One of the things I'd like to show you is the model that is being used is this solutions platform. I've attended probably, since I've been here, over 200 City Commission meetings, P&Z meetings, these meetings, and I've watched extremely intelligent people wrestle with extremely complicated problems. And they are, and what they're trying to do is develop an answer, a solution, with all of the competing needs, that's what goes on.

Mr. Rodi stated also within the U.C., these are just different categories that I've put these. Delivery would apply to both electric, water/wastewater, we're delivering a commodity essentially. The value platform in the past has been price only, so if you're driven by price only, you're looking for the lowest cost, maybe not the greatest quality and figure I can get by and then in maybe ten years I'll have to change it out. It's just like not putting in stainless steel and putting in regular straight carbon steel into a salty environment. Initially it may be cheaper but you're going to be back there again and it's going to cost you more. So what we're doing right now, almost all of these units, especially even the Customer Service relationship, is a price based approach. To give you an example of a really, and I'm exaggerating this, but the phone rings, hello, goodbye; that's pretty efficient. Now the person on the other end, you didn't answer their question, they don't know but they talked to a Customer Service Rep., they heard two words hello and goodbye. I use that because it's so absurd but many times if it's just so procedural you run into some severe problems, and even to the physical layout. Part of what we're doing right now is we are moving the Engineering area to the second floor and part of the reason for that is if you look at what the Customer Service Reps. do, if you're a person, a customer, and you have a very difficult payment problem, you have to explain what your problem is while other people are sitting around. That's pretty humiliating, especially if you haven't been blessed with a lot of finances and you're struggling or you have personal problems. That's really hard and it's really hard on the Customer Service Reps. to say gee, here's something we can do, we can call this agency, and they do that and they try to do it tactfully. What we're going to be able to do is use the office space that we have down here, tailor it more to serving those customers and just the physical asset itself starts to lend itself to we value you. And that happens in the field where there's a line crew or a water crew that's working and they really listen and pay attention. That's what I'm talking about moving more to a solutions base.

(4-b) Draft Succession Planning Program (cont.):

Mr. Rodi stated part of what we did early on, and you'll see the draft date up there it's August 10, 2005, a little over two years ago. What I did is I put together a document that went out to all the Supervisors that relate to my expectations for Supervisors including myself. There's some issues in there about your own personal behavior and I don't want to read it to you but it is very fundamental and it addresses the primary role of Supervisors for developing employees and improving performance. That's essentially it, communicating straight forward, nothing real difficult but it does make a difference as to how that Supervisor can fit into this role. This is another step of moving from a price base, and frankly some Supervisors are not going to make it and some haven't made it for this reason.

Mr. Rodi stated another definition of what the responsibility is with regard to their own authority, you can't tell someone to do a job and then pull the rug out from under them. I know that one of the things we have tried very hard to do is make that change announcement in time for the supervision to understand it, ask their own questions, and move forward down the road. Because when it's done, what we expect to hear back is if it's not working properly that we're suppose to listen, not just ignore it. I think Ms. Perez did just an exceptional job when it comes to the benefits package that is tied to Commissioner Hall's comment earlier, and she'll talk about that a little bit later.

Mr. Rodi stated one of the things that we're doing is changing our way of evaluating ourselves. New forms, and they go much deeper than that, a performance agreement to have actual objectives and what the performances in terms of expectations and those are usually numerically oriented but they also can deal with satisfaction surveys and those other items that aren't quite as tangible.

Mr. Rodi stated one of the things I wanted to point out, and this is where we're starting to take this whole value platform and start to drive it into the organization and talk about what generally are the soft skills. Many times these are ignored where we have some core competencies of communicating customer service, judgment, relationship building, and teamwork. We'll list these and what's to be done with them and then have periodic reviews about them and look at the differences. These have definitions so this is the managerial grouping and the core groups, the five that are listed there, will go across all of the non-union groups and there are three different groupings. And then there are some jobs specific competencies that deal with coordinating performance management and planning.

Mr. Rodi stated this is an example of how you evaluate communications within a particular position. If it's on the left hand side, written and verbal communications are timely and understandable. To the far right hand side is analyzes target audience and structures written and verbal communications accordingly. So that in each of these there are degrees of communicating and what we're doing now is taking each of our position descriptions, going through the technical requirements of the position, adding these core competencies and the competencies that relate to that grouping. What it does is it provides for an ability of one person to look at the competencies of some other position and based upon their evaluation which will include this, be able to compare how well they do, compared to what their job requires or some other job requires. With that what we're able to do is develop that person, not only for their job but for some other job that they would want to aspire to. And there's a gap analysis that can be readily done and someone can take those kinds of courses to help prepare them for that position so that they can compete for it and in the meantime we're developing them as individuals. All of this ties from top to bottom through this

(4-b) Draft Succession Planning Program (cont.):

process and when you're done, this is an actual example I've done this elsewhere, this is just the communications, all of the positions that were in that organization, these are the different categories. You can see exactly where there are consistencies and differences within those positions. Now when you roll them all up it's very complicated but when you're dealing with it one on one it really is very simple and it's intuitive.

Mr. Rodi stated we have a succession planning process about how we'll go after and its meant to occur very naturally with reviews, noting the differences, noting the performance, where the gaps are and the training that someone wants to go after. We also, this year, have a represented employee appraisal that we will be implementing and of course that's with the Union's involvement. Part of the change that we've made to the agreement is that there will be annual reviews, not voluntary. And what we're looking for are not outrageous things, these are things that relate to the person's job, so I think that's an important aspect of working with each other as people.

Mr. Rodi stated these are just different aspects of it, and then I wanted to touch on this just for a little bit. When I had arrived here there was a, I don't know they called it a bonus program and there were a lot of allegations it was based upon who you knew and whether or not that person liked you and you ended up with money and there wasn't anything that financed this thing. What we've developed, and this is in the very early stages, is that we can end up with real additional payments that are paid for through improvements in performance so this thing self pays and if we don't make the goals, we don't really make those differences that benefits our customers, then this thing doesn't pay out anything. And there are individual measures for each of the different groups that apply to what those individuals do. So it rolls up, you have a smaller group that has a certain amount that they do and there's a certain pay off for that, then there's the division group above that and then the enterprise group. If the enterprise group doesn't make it's goals then you never get to the next level. So each of these have hurdles so that when you're done everyone ends up winning and in some areas someone could win and someplace else they may not. So this is part of the incentive, it goes with the development process, it's to come in the future, we're not quite ready for that because we don't have the matrix in place. I've used the phrase line of sight, because I have certain goals in the U.C. in order to achieve those, can only achieve them as it goes down through the organization, but my goal would be very different from someone who's maybe in the field or who is operating components within a plant. Those goals have to be set for that person so that they roll up all together under the overall goals for each of our objectives.

Mr. Rodi then commented about transition in the industry, and then competition and where it's going. He added I do see certain elements where there are benefits that could occur for the industry as it changes.

Mr. Rodi stated next steps, right now our pilot is the Human Resources area. We have, and most of the we has been Ms. Perez and her team, really gone through all of the elements in H.R. and they are moving from a cost based value platform to a solutions platform. So we're in the very early stages there but the policies and processes and the way they're measuring and what they're doing are going to change profoundly because they're becoming solution type experts and that becomes very important for solving complex human problems. That doesn't mean that the standard fare goes away, it's still very much there but it's the next step up. We're evaluating the organizational structure of the enterprise and the best value platform for each one. Now one thing that was not

(4-b) Draft Succession Planning Program (cont.):

said that Mr. Markos had done, in order to allow for that good rate, all of our records had to be gone through, they were inaccurate, and they did not have the detail. He could not negotiate because he didn't have the right data to work with, so in order for him to do that he had to go through all of our vehicle listings, we had vehicles that serial numbers didn't match vehicles, fix all of that in order that we could move forward and say here's the real value, here's the depreciated worth of those units, here are the pieces of property we own, here are the buildings we have, here's the real square footages of them. So just like this there's a lot of pre-work that had to be done to achieve that, I think, very good result. And again this came from inside the organization and different people actually doing this.

Mr. Rodi stated so I'm closing with defining line of sight measures with the implementation of the Great Plains software. We're moving down the road but I think we're now with our trials in place, we're doing this in Finance, we're doing this in electrical and we're doing it in water, it's starting to allow us to experiment and teach ourselves and use the platforms and the new competency so we can really explain what we mean by communications or planning or judgment. He added in closing, achieving sustainable solutions, and stated (pertaining to a picture in the presentation) when the ice is gone that's going to be one unhappy bear. He stated that's all I have on this and offered to answer any questions.

There being no questions, Chairman Spangler thanked Mr. Rodi for his presentation.

(5) Commission Counsel's Report

Chairman Spangler asked if there was a Commission Counsel's Report.

Mr. Preston stated no, there's no report this month.

(6) Committee Meeting Reports

Chairman Spangler commented I don't believe we have any committees working at this time.

(7) Old Business

Chairman Spangler then confirmed there were no old business items to consider at this time.

(8) New Business

(8-a) IBEW Contract for 2007-2010:

Chairman Spangler stated let's get to New Business, and added here we have some good news.

Ms. Perez addressed the Commission and stated going with the first item on the agenda, the IBEW Contract, that was ratified by the Union on Friday (9-14-07) evening and therefore I'm bringing it to you for discussion and hope to have it accepted by our Commission. She then stated to Mr. Rodi, however you would like me to proceed.

(8-a) IBEW Contract for 2007-2010 (cont.):

Mr. Rodi stated if you would, could you give a few highlights and I think that would suffice and then the overall item is within the agenda package.

Ms. Perez stated what we did with this particular contract is we decided that we would go back and look at it word for word, which I'm obviously not doing tonight. But we put a team together from the Utilities Commission which included the Directors, and then if they had experts on their team, for example, the Superintendent for the linemen or the Superintendent for the Water/Wastewater division. We brought a team together so that when we went issue by issue I wouldn't be sitting there blind, I would have experts there that could address the issues, and then the Union had their shop stewards and the Union rep. and they also had the International Rep. there. We went back and brought forward several of the other contracts so that we could look at the language, collect memorandums of understanding that were outliers out there, pull them all together, put them in the contract language, look at all the appendices and look at the pay grade classifications. We put out some salary surveys, we went FMPA, Tom Reedy, and the different utility commissions out there. And then tried to come up with a contract that we could understand, we could implement that made sense for our management and directors here and made sense for the employees who then had to go out and work it.

Ms. Perez stated so we found that the first thing that we did is anything that we couldn't figure out what it meant, obviously had to be repaired and we did that collectively. We went over it, we looked at the spirit of what it may have meant. Ms. Simmons had to go back to 1979 for some of the old minutes and language so that we could figure out what some of the things meant. We came to terms on those kinds of items, so we understood where we started and how we got here.

Ms. Perez stated the contract itself, and this is the actual document here, is in the neighborhood at this point I'm going to say 93 pages. We took each item and labeled it and named it by sections, so that the employees can find it if they want to know what something means, the managers can find it and we have in the ball park of 29.4 different sections. We wanted to make it workable and useable and therefore they can look and see. Now what does flex time mean, how do we fill a posting, how do we bid, what is the seniority list; what do all these things mean so that everybody can use it. We actually started this process in March and finished a couple of weeks ago.

Ms. Perez stated I would email or meet with all the different Directors, under the Union strategy clauses that were allowed because we had ground rules, and ask for their input. Where do you have trouble, on a day to day basis, trying to implement things, have a good work crew and get the most that we can, where are you struggling. They would bring all of their suggestions and I have probably 15 binders because we had 10 drafts for this contract. So that they would always have input, they would come up with a new thought or a new idea and we tried to address every single one of them. And then I had meetings with Mr. Rodi to make sure the direction we were going in because he was part of the negotiating team, was in the right direction. We also had input from the Shop Stewards at every meeting so that they could bring the membership concerns because as Mr. Rodi said, we need a stable work force. Our turnover rate, if you look at everybody that left from last October to this October, we had a 4.5% but if you take out the people who left because their son got married and they wanted to move to California, we're down to 2.23%. So it's very important, we have highly specialized employees here, and the work that they do you can't just go out and hire another one of them, and we're competing with a lot of very large companies like Florida Power &

(8-a) IBEW Contract for 2007-2010 (cont.):

Light, so whatever their issues and concerns were we brought those to the table. It was actually an extremely collaborative, amicable event.

Ms. Perez stated so just to encapsulate very quickly, I'm kind of famous for blathering on forever, some of the things that were very important was obviously the issue brought up about benefits. We structured language so we would meet all of the different labor laws and collective bargaining laws that were out there. We clarified language, we worked on a bidding clause that was in there that made it a little difficult for the U.C. because people could come in and once they saw well if maybe I start out as a Groundsman, I can become a lineman and I'm going to go bid over here. Or a Meter Reader might want to become a Substation Operator and everybody was going all over the place. So we sort of slowed that process down a bit but at the same time developed career paths so that people can look and see, oh I can go here, I can go there, I can do this. We have a tuition and certification and education piece in there now because not everybody goes to college, nor should they. So college for a plant operator might be all of the certifications that come to the point to where they're now certified, and running a plant and the expertise that's needed to do that is just amazing. So we put those in place, we put in new language for emergency work so that when we have our guys out there up on top of a telephone pole in the middle of a huge storm and they're working side by side with Progress or FPL, we have some comparable pay there because they all talk. We added all kinds of safety language because we have a very strong safety division at this point, safety committees, everybody working together with all the appropriate manuals that we needed. Also inclement weather policies, which obviously we have a lot of. Little things like fixing bereavement leave to match the culture of where we are here, we have lots of blended families, lots of families where Aunt Tillie raised their son and we have to address Aunts and Uncles and things like that. We looked at the workers comp. language and how we track work related injuries, modified duty programs. So actually I had 26 items on here I would review, but that's kind of it in a nutshell.

Commissioner Diesen asked Ms. Perez if she said this was ratified Friday night.

Ms. Perez confirmed yes.

Mr. Rodi stated there was an intense interest too on, for example, the PLT and how it's used for absences. That language before was extremely difficult for employees and it made it hard for employees and seemed to be unreasonable so we changed that to make it a functional tool to encourage people to be at work as opposed to punishing them, and those who just don't want to come to work we really don't want them. But there was a lot of effort that went into that and I say that not just on the management side of the house but I'm talking about on the Union side of the house too. So there was a lot of genuine participation.

Commissioner Diesen commented and confirmed so you did fix that PLT.

Ms. Perez stated we fixed it with the Family Medical Leave Act and ADA issues, so yes, that was one of the first items we looked at.

Commissioner Diesen stated that was good, I'm glad that got straightened out.

(8-a) IBEW Contract for 2007-2010 (cont.):

Ms. Perez then stated any specific questions you may have I'll do my best to answer them.

Commissioner Diesen stated so now there's parity across the Commission with the unit and non-unit members.

Mr. Rodi stated yes and what we have to do now is go through our general rules and procedures and implement other changes that relate to the spirit and intent of what was negotiated with the Bargaining Unit but also on the non-union side of the house.

Commissioner Diesen stated out of curiosity was this done with Mr. Judah or the new person.

Ms. Perez answered both. I had Mr. Judah for eight months and there was actually an International gentleman that was there for a while, then he left and the new gentleman came on at the very end, Dan Raymond; so I had all three of them.

Commissioner Spangler stated well it sounds to me like the Union contract has a lot more to it than just how much is the pay raise, is there going to be a pay raise, sounds like that's almost incidental, but as long as both sides are happy with having been heard and if that Union contract will then drive the non-union, then I'd say that's a fine piece of work.

Commissioner Diesen then asked what was the vote or can you tell me?

Ms. Perez stated I just know that it was unanimous.

Commissioner Diesen stated it was ratified though.

Ms. Perez answered oh yes.

Chairman Spangler confirmed there were no further comments on this item.

Commissioner Diesen stated would you like to have a motion.

Chairman Spangler stated we will probably need a motion to approve that.

Commissioner Diesen stated I so move, a motion to accept the Collective Bargaining Unit Agreement, the IBEW Contract, for 2007-2010, as ratified by the IBEW, which include a 3.5% general wage increase (GWI) to be come effective October 1, 2007. Commissioner Hall seconded this motion and it passed unanimously on a roll call vote.

(8-b) General Wage Increase – Non-Union:

Chairman Spangler asked Ms. Perez, did we cover item 8-b fairly well too, I thought I heard that the same policies were going to adjusted.

Ms. Perez answered yes.

(8-b) General Wage Increase – Non-Union (cont.):

Chairman Spangler confirmed there were no further comments on agenda item 8-b.

Commissioner Diesen then stated I move we recommend to approve item 8-b. as recommended, to approve a 3.5% general wage increase (GWI) for management and non-represented employees to become effective October 1, 2007, and authorization to adjust the associated wage schedules for this increase. Commissioner Allen seconded this motion and it passed unanimously on a roll call vote.

(8-c) Medical Insurance for 2007-2008:

Chairman Spangler stated medical insurance, I'm sure that will be a brief presentation, is that right.

Ms. Perez stated I needed to color my hair after that was all over with. In a nutshell what occurred with our medical plan is United Health Care and insurance companies, ours anyway, generally come back to us with very little time to wiggle with what their rates are going to be so I don't know exactly when it was that we got the official notice but they gave us about a month and a half to scramble and look at what was out there. We had inklings and we had to put a lot of things in place and it took the Finance Department, Claudia Roberts with the budget supervision, meeting with the different teams to decide, we had to get brokers in place, we had to look at all of the players, not just the medical. Life insurance, the accidental death and dismemberment, vision, dental, everything, and with United Health Care they came to us with a 27% increase. It gave all of us a seizure. We looked at what we could to get some competition in and as Commissioner Hall had mentioned Blue Cross came in with a vigorous 4.5% offer. We looked at that, we did the research, and Ms. Ellen Mahle and Ms. Brandy Keehn from the CEO's office, our team up in H.R. What we looked at was, first of all, and I'm fortunate because of my prior job I had to handle 31 unions and all of their benefits, so what we first asked for was a GO access of providers. It really doesn't matter, but yes it does, it was 4.5%, 27%, what do I do here. But the next piece is what are we really getting from the provider so we looked at the GO access and they said publicly, they came in and they met with us and said we have a 98% match on your networks. Of course that would stimulate Finance to say it looks good to me. Yes, it looks good to all of us, but the next step is well is that real, is that true. Starting in Mr. Rodi's office and in our office we started calling and making phone calls to see are you really who you say you are. In the meantime we're holding educational workshops, focus groups, trainings, looking at all of Blue Cross' products, not to mention everybody else that we're trying to review, and listening to the employees and hearing what they're saying and prior history with Blue Cross. Ms. Perez stated so I think it was last Monday, it feels like its been a life time, but last Monday Ms. Mahle came upstairs and we were all extremely upset because we were seeing that the network was not at all as it had been presented. Over 85% of our employees are in Port Orange, New Smyrna Beach, and Edgewater, so we took that GO access and we only had a 39% match. When they started calling the doctors they would say yes this is me but no I'm not on the network. We called Blue Cross, we talked to our reps. and they scrambled but it was too little too late.

Ms. Perez stated so in the meantime I contacted United Health Care directly, initially they wanted to offer a drop to 20%, 20.5%, we got them down to 17.5% and the industry standard is 14% to 16%. So we got them very close and we had some pretty hefty claims so they weren't totally out of line. With a little tweaking on the plans and we again talked to the employees, we were sending out emails left and right giving them the breakdown of what we were going to have to do. We came up

(8-c) Medical Insurance for 2007-2008 (cont.):

with a plan, we met with everybody, and we got it accomplished. So we stayed with United Health and that's the short story behind all this.

Commissioner Diesen stated the major reason you didn't really entertain Blue Cross was because of the network.

Ms. Perez stated that was enough to stop us right there. They claimed that the products mirrored each other, we wanted a four tier plan, they gave it to us, and United came back with a four tier plan. At that point if you're that deceptive about your networks, and that's really where your employees are going, the 4.5% doesn't mean anything because now everybody is out of network. So it's now the employee absorbing the lion's share of the costs and we don't want that either. So we looked at that and that was the deal breaker, that was a huge problem.

Chairman Spangler asked if there were any more comments, would you like some more explanation.

Commissioner Hall stated if I may ask, Blue Cross Blue Shield did not have a network of physicians comparable to United Health Care is what you're saying.

Ms. Perez stated correct, not only did they not have the providers in our region, they also did not have the same number of MD's. They had a lot of physician's assistants which is not a problem in and of itself but there just was not even a comparable match so that was a major problem. Only 5% of our employees are outside of that region, you know because we thought well let's look at some of the outlying areas, Titusville being one and Palm Coast being the other. We didn't have a lot of employees in any of those areas. We also did some checking on where are our employees going to the providers and they were in this region. They would either leave work and go to the Doctor and come back to work or they'd go from their home to the Doctor and back to work. So we had to look at the region where our people were.

Commissioner Diesen stated Bert Fish now accepts Blue Cross right.

Ms. Perez stated yes, two years ago they didn't.

Commissioner Diesen stated but I don't think Jess Parrish does unless they resolved it.

Ms. Perez stated they do not, we called them.

Commissioner Hall commented I don't think they're the same plans.

Ms. Perez stated they have different networks under different names so it was complicated.

Mr. Rodi stated part of when we moved to the United Health Care it was because the actual treatment that employees were receiving from our previous provider was not regarded as good enough, I'm talking about the actual health care that was received. Part of what we heard from employees was that they're exceptionally satisfied with the doctors who are actually caring for them in this network. Part of this, when you see that there aren't the same doctors involved and then

(8-c) Medical Insurance for 2007-2008 (cont.):

when we found out that many of the doctors would not accept new patients, it really raised a serious problem, and that's what we were hearing from the employee side of the house, that they were very well pleased. And of course this becomes an overall recruiting tool for us for competing against the likes of others that we have to compete with so it's that combination that we said we were going to go after, be competitive enough on direct wages and also competitive on the benefits side.

Commissioner Hall asked has the Utilities Commission ever joined with the City employees as a joint effort on health insurance.

Commissioner Diesen interjected I think they looked at it.

Ms. Perez stated not to my knowledge, they have two other plans, I'm aware of their two other plans.

Commissioner Hall stated I recognize that the numbers are probably not great enough to have an impact on too many things.

Mr. Rodi stated no.

Ms. Perez stated actually we're in a consortium through United Health of other municipal utility companies so we get a bit of a discount because the claims are pooled in this pool, so that's good. The other thing we did ask, I just wanted to mention, is when we were calling the doctors and asking well why don't you take them, the biggest problem was they don't pay their claims. So not only were we having a problem with the network itself but the doctors that were in were not happy with the speed in which claims were paid and then you have irate employees because they're getting bills and that was another problem.

Chairman Spangler asked if there were any further comments.

Commissioner Allen stated I had a couple of folks call me in reference as far as, former employees with the Commission that have retired and are a part of the plan, and some of the complaints they have is lack of communications with them for what's going on and finding out last minute of changes that drastically impact them. We communicate very well with our employees but those employees that were here that left with 35 to 40 years and that was kind of an incentive for them for their many years of service and all of sudden they feel like they're left out there in the dark. We're going to throw it at you, if you like it take it, if you don't forget about it.

Ms. Perez stated I did get that feedback, what happened is we had letters that went out to all of the retirees based on the dental, the vision, and some other plans, life insurance plans, and we got a lot of feedback from them and it's no excuse, but due to the late hour and it became United Health and trying to get correspondence out. What we did try to do is make phone calls and you can't cover the number of people that were on there and we certainly owe them an apology and next time we'll figure out how to get that on the list quicker and get them notified and get them in here. Also it would have helped them to know that 27% increase would have hit them real hard too on a fixed income, that would have been horrible for them.

(8-c) Medical Insurance for 2007-2008 (cont.):

Chairman Spangler asked Commissioner Zeller if he wanted to delve into these intricacies.

Commissioner Zeller stated well I've been where Ms. Perez is now.

Chairman Spangler stated she's done the job.

Commissioner Zeller stated she has done a very good job.

Ms. Perez stated well I had a lot of help, a lot of help.

Chairman Spangler asked if there was a motion.

Commissioner Zeller stated I'll make the motion that we accept United Health Care, a motion to approve the continuance of employee medical insurance for 2007-2008 with United Health Care Medical Plan. Commissioner Allen seconded this motion and it passed unanimously on a roll call vote.

(9) Possible Other Business – Time for Commissioners:

Chairman Spangler then recognized Mr. Rodi for items.

Mr. Rodi stated I have update items and I'll start with the tree. We had one of the two licensed arborists for Volusia County come here to take borings on the tree. He came to do the trunk, that's all we wanted to do. What they do is they have I think a ¼" bit that goes into the tree and then they have a computer that measures the amount of torque required for that bit to go through the wood in the tree. Of course as you hit an area that's decayed and has less torque, they measure this. So they took borings from four different directions and then graphed this thing all out. The arborist became so concerned about what he saw that he took borings for the overhead branches at no expense to us and did the same thing. I think his report, trying to summarize it, he gave us pictures of where he did the borings and what the reports were and Mr. White witnessed all of this as a P.E. I think the base of the tree is about 70% (amount of decay). He then asked Mr. White if he was in the ball park with that number.

Mr. White answered more or less, yes, it's not exact.

Mr. Rodi stated what they do is they give you a report and the first inch and a quarter is solid and then the next two inches has this certain amount of decay and then it hits the inside; so you get a report that way. And the same kind of thing was true of the upper branches so at this point we have it blocked off as I'm concerned about what's going to happen. I don't know what to do with this thing other than to turn it back over to Counselor Preston and say can you send a letter off to the City Attorney and say we have an issue here. The arborist's bottom line is the tree needs to come down, he said it to begin with, he became somewhat very animated when he found out we couldn't take it down, and so I don't know what to do with it other than make another run at it.

Commissioner Diesen stated there is no one that opposed that thinking that was an arborist, is that not true, because that discussion led me to believe that someone else thought that it was okay but

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

they weren't an arborist.

Mr. Rodi stated well, if I'm getting this wrong Mr. White tell me, but according to this arborist, only a licensed arborist, and he's one of two, can determine the condition of a tree and under the law his word is what prevails. He then asked Mr. White did I say that correctly.

Mr. White stated I think largely yes.

Mr. Rodi stated so then we get into the other part of this about he said do not plant another big live oak there unless you're going to tear the whole parking lot out because it will have the same long term event. So with your permission I'll forward.

Chairman Spangler stated I was at the City Commission meeting where they decided that we shouldn't take the tree down and it occurred to me at that point nobody ever determined how many branches we can take off and they would still say we hadn't taken the tree down. He commented maybe if we take all the branches off and just leave the trunk everybody will be happy and we can move the barricades and no one will be injured.

Mr. Rodi stated I saw one of those trees like that over in Sugar Mill. There's a tree that has all the branches cut back and there's just some little sprouts of green coming out of it.

Chairman Spangler commented it would be sort of a monument to itself. So I don't know, I guess that's what lawyers are for Mr. Preston, to determine how many branches you can take off and still have not cut it down. He then asked if anybody had any suggestions, do we revisit this across the street.

After a couple of comments, Chairman Spangler stated it's only been an automobile so far through the years but it's getting worse. The only thing I can think that we can do is if this arborist has more clout than the others, that we just send his opinion and maybe our insurance company could get involved too and we could send something from our insurance company.

Mr. Rodi stated I know Mr. Taylor has a comment he would like to make, and added I don't think anyone opposed it. City staff said, and just like we do, we hate losing that tree, but the motion just died for lack of a second.

Chairman Spangler stated well they also wanted us to plant other trees and there was more discussion about where and how many and how big other trees than there was actually about the dying tree, so I don't know where that ended up either.

Chairman Spangler then recognized Mr. Taylor to speak.

Mr. Taylor requested to address the Commission from the back of the room.

Mr. Taylor stated first of all I was at the same meeting you attended and the lack of a second, the lack of any action was based more on personal feeling than it was fact. I think Commissioner Diesen was actually correct, you now have a certification from a licensed person in the State of

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

Florida who has the authority to say if you don't take this thing down you've got a problem. At that meeting I also mentioned, and Mr. Preston I still will say, in my opinion the City accepted liability at the time they chose not to do that and I would press them on the liability issue. I would ask them to pass a resolution that they accept the responsibility, liability on the basis of this guy or give you the permission to cut it back or remove it. It's foolishness in my opinion, I think most of the people agreed with you, it's a nice tree, been there for all our lives, we've all seen it been there, but facts are facts, let's deal with facts. Thank you.

Chairman Spangler stated I sort of feel like we could probably get permission to remove it at this point but the question is what would we then have to do and where and then we're back into the issue of is the same arborist going to say absolutely no tree back where the other one was like the City wanted; it's a whole big issue. I don't there's any doubt that we could remove the tree, it's what we will then have to do and we can just go and ask them again.

Mr. Rodi stated if I may, Ellen Mahle has made arrangements with the High School to help do water conservation plantings, and we'll do it in the beds here. What we want to do is show that you can have nice water tolerant or lack of water that looks good and just develop that area; that would be ideal for the parking lot. A lot of this issue went to when you have this kind of misfortune with a beautiful tree that is dying, what should the owner of the tree do. Basically what I heard Counselor Preston say is we have an obligation now to bring it to your attention because the ordinance says they must approve it for historic trees and secondly it was our position that there shouldn't be an aspect where you have to plant 18 other trees because we're not developing anything. So all of that issue I think got into play and the only thing I've been concerned about right from the beginning is I don't want anyone harmed, that's why it's all cordoned off the way it is, that's all I'm trying to do.

Chairman Spangler stated to Ms. Mahle, so you're going to be able to present something that will just awe them and they'll say this is better than trees.

Ms. Mahle answered yes.

Chairman Spangler stated good, just let us know when you're ready then.

Mr. Rodi stated I'll ask Counselor Preston to move forward with drafting something.

Commissioner Allen stated along with drafting that letter, maybe the report also with the results of the arborist may be an impact.

Mr. Rodi stated yes and added this will be the second time the arborist has submitted a report. He then stated if I may, a different subject, I've had a proposal that relates to the Internet. In the first reading of the U.C.'s budget I was asked a question about different kinds of things and I made a comment that the Internet is a small operation and according to House Bill 1322 it has to be profitable after a four year period, from June of 2005. So we have cut back on the number of employees there, and most of this is all slow speed dial up, so it's not really competitive. Our use of the fiber in Venetian Bay is high speed so that works well but part of what we want to do is add an accelerator like a lot of other dial up services have that will tremendously improve the download times for the people on dial up. The employees came forward with this proposal, I believe on

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

Friday, and we've been talking about it internally. I think the way we would like to package this is to increase our rate and include bundled into that automatically the accelerator. This way what we're able to do is make it more competitive and also provide a better service. Rather than saying well you can have this and then for another three dollars a month you can buy the accelerator, it would be better for those folks to have that capability to begin with. So what we would propose to do is come forward and it would require a change in our rates and have some hearings. This way it would afford us the opportunity to market that a little bit too and it would be important for those people who still would remain on dial up because it still is a lower cost service.

Commissioner Diesen then stated talk about wireless.

Mr. Rodi stated I don't know what to do with wireless right now. Part of what we're doing is examining a plan of expanding our fiber system so that we can then hang wireless on the ends of it. But what I've said to those people involved is this has to pay for itself. So we're starting down a road of expanding based upon our ability to recover those costs and gain the efficiency to pay for it all. From a standpoint of what's happening to go toe to toe with the cell phone providers who are now offering broadband over their own infrastructure, that's a tough competitive arena, so I don't know what the future holds with that. Obviously if you have a high speed internet service that comes through your cell phone system because they're bundling that, that's a pretty powerful advantage and they're all doing it now; that's part of the issue with the new cell tower.

Commissioner Diesen stated where are we on bringing the loop back in.

Mr. Rodi stated right now we're trying to connect the loop to Field Street because of our dispatching and our buying and selling of power operations there. We're locking into that and we'll look at Smith Street in trying to see whether or not we can expand it further from there but it's like expanded to Smith Street and then shut down those other communication connections in order to pay for it. He confirmed with Mr. Lemoine, the Director of I.T., that he had described that as they had been talking.

Chairman Spangler stated I have a couple of comments, one, wireless hasn't had any problems in a month or two, thank you very much. And two, anything that we do that isn't water or electric or sewer or wastewater (reuse), we don't want to lose money on it. Particularly in anything that has to do with telecom or electronics or anything like that. I don't think at this point we ever want to lose any money even if it's a small amount, so we want to be very careful in what we put into this, that we have a business plan up front, even if it's a small item, we would like to do that.

Mr. Rodi stated sure, thank you. He then stated our view of the expansion of the fiber system is based to gain the leverage efficiencies for our utility operations, that's our focus right now. And we would hope to be able to afford that access to the City as well. For example I know that the Fire and Police units can have tremendous advantage if they can ship a lot of data in order to look real time at inside of buildings and a number of other things that they deal with.

Mr. Rodi then continued and stated R&D projects (referring to the RFP for Renewable Energy), since we had a number of proposals for R&D I'd like your permission to continue to examine them to see if they go anywhere. I do think there is some potential there, we're not bound by anything

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

because these aren't going to deliver any dispatchable power as R&D projects; eventually they may. But depending upon what we're told, we haven't seen the detail of the proposals but we would like to conclude our RFP and then move forward with further discussions with those that submitted R&D. I'd like to make sure that I'm not stepping too far a field with that. There being no further comments, Mr. Rodi stated I'll take that as a yes, thank you.

Mr. Rodi then stated I'd like to talk about nuclear. Part of what Tim Beyrle and his team have been doing is pursuing what other base load contracts may be out there so he's working on a number of things. But what I wanted to bring to your attention is what's happening first of all with Crystal River 3, and this becomes important because nuclear is being considered as an alternative generating source to meet the Governor's mandate from his Executive Orders. Right now we own a .56% (.6 MW) of the Crystal River 3 unit but in 2007 they're (Progress Energy) going to be upgrading, and I don't know what part of the plant, I tend to think it may be just some of the steam flow regulation, and pick up maybe about 12 MW (megawatts). So if we get our .56% of that, it's about .06 or .07 of a MW. In 2009 I think we're talking about .11 MW, so they're going to make another improvement and from that then we would get a MW and a half or thereabouts. In 2011 they're going to have a major upgrade that's going to require a license change and they already have that in the queue for two reasons. One is extension of life cycle and the second is because I think this is dealing with the steam turbine itself as far as improving its efficiency which is a 140 MW, and that turns out to be nearly .8 MW. So when you add those improvements up there's 1.0 MW of nuclear coming.

Mr. Rodi stated that's sort of the good news, with that of course goes increased costs. Part of what is already happening on the fuel market is yellow cake is just skyrocketing again, you know the "nukes" are back in town, and I think Progress is looking for a big increase in their fuel costs probably doubling by 2010. So there's all of that going on and I was reading an article that's out of the Chattanooga Times Free Press and it says TVA readies petition for new type reactors. So TVA's, of course they have a number of units there, but they're talking about putting in two Westinghouse Advanced Passive 1,000 reactors (AP 1000). Now these are 1,100 MW units, each of them, and they usually do them in pairs. So part of what's happened is earlier this week, Tim Beyrle and I had a call, because we have been working with Progress Energy to say look if you are going to go back into the nuclear business we would have an interest but we really don't know what that means. Now there's a lot that has changed in that industry so that those particular Westinghouse units are, if you will, pre-approved already by the NRC. Those units have a build time of three years, from the first concrete pour to fuel load; that's very fast compared to the old way. However, per MW they're around \$2.5million, \$3 million per MW. So when you start looking at the sophisticated coal units that are pushing \$2 million a MW or these units that are maybe \$2.5 million, and these are all new numbers so I'm just not speaking about accurate numbers, I'm just trying to give you an order of magnitude. So if we look at our base load which is running at about 25 MW, so you know those are generally what we're seeing now at night time levels, and try to project out when these plants may be built, we may be at around 40 MW. So if we have a current amount between St. Lucie and Crystal River 3, what about 15 MW?

Mr. Beyrle interjected 12 MW.

Mr. Rodi continued and stated add about 1.0 from the Crystal River upgrades so now we're at

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

22 MW and if we end up at 40 MW, what's being asked of us, and I signed a confidentiality agreement with Counselor Preston's review before I did it so that they don't want proprietary information going out, and I told them that I was going to talk about this because it has been my practice to talk about things openly. And so what we will do as far as our next step is to give them a good faith estimate of how many MW we might be interested in, and as Mr. Beyrle and I have talked about it, looking at our base load because this is what we're going to need day in and day out, we might want 10 MW to 15 MW. Part of what usually will happen, and I don't know what the commercial terms will eventually be and they'll be complicated, but generally if we're asking for 14 MW they would like perhaps 7 MW with each unit because they want you to play with both units. We have a feeling that they may be over-subscribed by the time everyone says, because as I've said before there aren't renewable projects out there and if this is the only thing right now that's going to count except for some sophisticated gasification of coal units, then this is a volume issue of being able to meet the requirements and also not end up paying the carbon taxes if they're levied or any other kind of fee. If we say we want 10 MW, right there we're staring at maybe \$25 million in some point in the future. So if we go with any increment above that what I wanted to do was just start to throw these numbers out.

Mr. Rodi stated our next step, there are off ramps, we can say well we're interested in 14 MW or 12 MW. Then at some point they're going to have to come to us and say okay here's some hard costs. Part of what's changed in the law is the allowance for funds used during construction. Where before a plant used to have to reach a certain degree of construction before you can include those funds, well in particular with nuclear they have said whatever costs you spend for planning and siting and licensing and all of those costs can be collected on right away. So at some point when we get to that stage there's a due bill and the due bill might be a year or two from now depending upon how quickly this moves.

Mr. Rodi stated so what I wanted to bring to your attention is, in addition to trying to get some kind of on the ground generation here in New Smyrna Beach that's acceptable in the renewable category, we're talking about transmission grid related generation. There's still the disposal issues with spent uranium and physically the spent uranium is not a big volume. I mean if you take all of the currently operating 102 plants, but it has no designated overall care, so right now they're putting them in casks, they're storing them on site, they have some storage wells anyhow on site inside the plant, and whether or not they end up, when the plant is decommissioned because it's too hot, hot from neutron bombardment, that they store them inside the containment building. I don't know where they're going to go but the likelihood of having everybody's nuclear waste go to some place is still a very serious remaining issue.

Mr. Rodi stated we're still grid dependent and we were hammered again in August because of lack of transmission availability from east coast to the west coast and this is part of the issue. If you're going to build a couple of big unit nuclear plants then we have to be assured that those transmission constraints go away and that we have transmission rights and that we also get whatever rights there are for deferments for carbon, however that's all going to play out.

Mr. Rodi stated these are some of the elements and I'm mentioning them now just to be open, straightforward; that has always been my intent to try and do it as openly and transparently as possible. So I wanted to talk about that and we would intend to submit, and we'll talk some more

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

Mr. Beyrle and I, probably 12 MW or 14 MW for this new plant as just the initial indicator. He then asked if there were any questions.

Commissioner Diesen stated I was going to jump back to something more mundane, where are we with the transmission problems we've been having east to west, how are we doing on the 230 KV substation that's going to give us some more movement north and south.

Mr. Rodi stated the simple answer is I don't know. We're on our third real estate manager from FPL. We had an agreement in concept with the first manager, and that person left and I think went to work in North Carolina. So then they hired someone else and then that person started taking them into another direction and then that person suddenly left. So now we're working with a third real estate manager from a month ago trying to get some understanding. There's another property I think they're looking at and I won't name where it is because I don't want to do anything with their negotiations but part of what we've said is we're not going to sell the land, we'll lease it. We're not going to allow distribution feeders to come out the back of it, that would look like a cobweb for feeding Port Orange basically. Now with this third real estate manager, I really don't know where it's headed. In any, even the original premise is still true, they must add a 230 transmission station because the grid is too weak here and it's usually within a two mile radius of their selection point and we happen to be the preferred location from a mathematical standpoint so they can vary it anywhere. So our impact is going to be that we're going to have an improved transmission connection from the 230 system whether it's 200 ft. of line, or a half of mile of line, or a mile of line; we don't know.

Mr. Beyrle stated they're still planning for December 2008 in service.

Mr. Rodi stated the way these things, having been in that world, they're ordering the transformer, these are standard stations there's nothing that's unusual just the equipment is very expensive, and they're just going to assemble it and then figure out where to plop it down; so that's all there is to that.

Chairman Spangler stated so what you're saying is that the transmission might get a little better, we can fulfill our renewable requirement if we have one through nuclear, but we all should buy uranium stock without getting more complicated than that. It's not necessarily going to remain the cheapest power we can get once the market adjusts but at least it's a more or less renewable source from that point of view.

Mr. Rodi stated we may have better access to power that's in the south. Until the central region of Florida has the transmission upgraded there, that's still going to be a major bottleneck and part of what the FRCC is doing now is talking with the transmission owners about you must get this fixed. Now part of the issue is if you're buying new capacity you may have to pay for that transmission fix, so everyone's sort of sitting back trying to figure out do I want to do this now or do I want to wait a little bit until somebody else pays for that upgrade and see if I can ride on the coat tails. What's different about this is the FRCC now has enforcement capability and part of what you approved under the consent items, and I spoken to this point earlier, we have to meet national criteria for the reliability of our transmission system, ours, here. And this relates to the interconnection we have with other parts of the grid in this area so part of what we're doing is

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

taking that study as to whether or not we have upgrades to do in order to comply. Likewise, every other transmission provider has to do a similar thing. So this whole arena has become very complicated, it foretells of increased costs for transmissions, both FPL and Progress Energy put access tariffs with higher transmission costs, and so all of this is unfolding for having sophisticated answers in the future.

Commissioner Allen stated one of the things I think we need to look at, when you look at future nuclear units coming on line and you look at the fixed costs of building that unit, and then you look at the fuel costs, there needs to be an analysis done of whether to invest in that and you think about the transmission for it and begin weighing whether on-site resources, renewable or some type of mix, versus this over here, and that plays a very important role in where we're going to be in the future. He stated the other thing I see is when you start talking about internal transmission and you look at growth, the generation that would be on our system would improve our transmission resources especially as you grow and look at developing loops to tie your main transmission stations and distribution stations together so you have a lot better reliability. So there's a lot for staff to really look at and evaluate because when you look at future costs on building it's going to be substantial. Crystal River 3, when we bought into that back in 1976, there was a lot of concern that it was a pig-in-the-poke and it was a lost cause and it was going to be costly. It has been a good product for us and has been a proven product. It took about three years before it really began to perform but when you look at the history of nuclear plants most of them were three to four years to get the bugs out and get in performance. So I feel good about the increase and the powering of Crystal River 3 but I would have some concerns on the new units; it has to be look at the total numbers and evaluate.

Mr. Rodi stated oh yes, thank you, well said.

Chairman Spangler confirmed Commissioner Zeller did not have any items to discuss at this point in time and then continued on to Commissioner Diesen.

Commissioner Diesen stated I am going to throw out kind of a delicate issue I guess. We have a fellow Commissioner that is apparently in somewhat of a dilemma here and is there anything that we can do to reinforce what it is he would like to do and can we, is there somehow we can support that.

Mr. Preston confirmed Commissioner Diesen was looking to him legally. Mr. Preston stated the submission of a resignation letter in this case is irrevocable. The process step next for Mr. Hall is just to apply for a re-appointment to the position. What we can do personally or individually or as even a member of this Commission as far as letting others know on the City Commission of your desire to see Mr. Hall approved, that's just what you may do individually. But I don't see where there's any...

Commissioner Diesen interjected I thought it was irrevocable had he gone through with it. I didn't think the statute really spoke to the issue of if he did not go through, I thought that was a questionable area.

Mr. Preston stated that was a question that I had initially. Since the facts here are that Mr. Hall had

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

intention to run for office but never took any steps or actions to qualify as a candidate, my first thought was that well without doing so that was a letter submitted as in general resignation of the position. I've learned two things through various contacts and also research and that is that no, in fact that letter of resignation is irrevocable, statutorily it's irrevocable, factually I was hoping that we could take it out of that mandate but learned otherwise. I'm convinced that it becomes irrevocable both by case law and by individual contact as well.

Commissioner Diesen stated well I would offer a motion that we make a recommendation to the City Commission that we would like to have Mr. Hall returned (re-appointed) to the Utilities Commission.

Chairman Spangler stated when does the resignation take effect, the fifth of...

Commissioner Hall stated when's the general election date.

Chairman Spangler stated the sixth (November).

Commissioner Hall stated it takes effect midnight of the sixth.

Commissioner Diesen stated but there would be nothing to preclude the City Commission from going ahead and handling it sooner, is that correct.

Mr. Preston stated I don't know of any procedural reason why they could not effectuate the reappointment so that it takes effect immediately upon the resignation taking effect.

Chairman Spangler stated so the City Commission could do that in advance and then it would take effect immediately. Should we then be lobbying City Commissioners or should we as Commissioner Diesen says, should we make a motion that we really want Commissioner Hall back as quickly as possible, like two seconds after the resignation. I mean should we do this motion, or should we individually lobby, or should we do both.

Commissioner Diesen stated well can I just interject something here, in the past on appointments of some boards, I realize this whole thing is in a state of flux, but they've asked, and many cities do this, what is the feeling of the sitting board members, do they want the member returned. There's nothing that would keep us from doing that so I would like us to take that step if anyone else is willing to go.

Chairman Spangler stated so you want to make a motion that we...

Commissioner Diesen interjected I did.

Commissioner Zeller seconded Commissioner Diesen's previous motion, for the Utilities Commission to make a recommendation to the City Commission that we would like to have Mr. Hall returned (re-appointed) to the Utilities Commission. This motion then passed unanimously on a roll call vote.

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

Commissioner Spangler then added and what individual lobbying we do, that’s our business. I can’t imagine any reason why a two second re-appointment won’t happen.

Commissioner Diesen commented I would hope you’re right.

Chairman Spangler then asked if Commissioner Hall had any other items he would like to discuss.

Commissioner Hall stated I want to congratulate you on being elected Chairman and Commissioner Allen being elected Vice Chairman; I look forward to working with this Commission. He added I promise not to be a lame duck and I’m here tonight.

Commissioner Diesen stated well we’re trying to get you “un-lame”.

Commissioner Hall stated thank you.


Chairman Spangler stated okay, that was what I was going to address too so if there’s no other Commissioner comments I believe we have finished.

Commissioner Diesen made a motion to adjourn.

There being no further business to come before the Commission, Chairman Spangler closed the reorganizational (regular) U.C. meeting at 8:10 p.m.

APPROVED:

ATTEST:


CHAIRMAN


SECRETARY-TREASURER

These minutes were formally approved by the Utilities Commission at their October 15, 2007 meeting.