

## AGENDA ITEM 2-b

MINUTES OF A SPECIAL MEETING OF THE UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA, HELD MONDAY, MARCH 29, 2010, AT 10:00 A.M., AT 200 CANAL STREET, NEW SMYRNA BEACH, FLORIDA

Chairman Allen opened the Special Meeting of the Utilities Commission and then requested for a roll call to be taken all of the Commissioners were in attendance as follows:

Commissioner William E. Hall  
Commissioner William H. Reynolds  
Commissioner Oscar Zeller  
Chairman Walter Allen III  
Commissioner Jeanne K. Diesen

Others in attendance were as follows: R. Rodi, General Manager/ CEO; L. Klinkenberg; R. Mitchum, Director of Electric Operations; T. Beyrle, Director of System Ops. & Generation; P. Di Chiara, Director of H.R.; D. Hoover, Director of Water Resources; B. Bilinski, Controller/Budget Supervisor; E. Fisher, Public Information Manager; J. Garland, Accounts Payable Specialist/E.A.; L. Lafranca, Accounting Manager; D. Simmons, Exec. Adm. Offices Mgr./Recording Secretary; W. Preston, U.C. Legal Counsel; Bob Tolley a member of the public.

### (1) Consideration of U.C.'s Budget for FY2011 and U.C.'s Capital Improvement Plan 5/10 Year – FY2011-2015 / FY2016-2020:

Chairman Allen stated this morning, in this Special Meeting, we actually have three items on the agenda, we have an additional item, and then the fourth item will be Possible Other Business – Time for Commissioners. He stated the first item will be consideration of the U.C.'s Budget for FY2011 and the U.C.'s Capital Improvement Plan 5/10 Year. He stated Ms. Klinkenberg is going to lead in that item.

Ms. Klinkenberg addressed the Commission and stated I'd like to introduce the budget, you all have had it for a couple of weeks to review. I just wanted to let you know that it's a combined effort, it takes about two to three months for us to prepare this, with interactions with all of the Directors, especially Mr. White on the CIP, as Chief Engineer, and Mr. Bilinski as the Budget Controller Specialist and HR.

Mr. Preston confirmed a roll call vote was taken to open this meeting.

Ms. Klinkenberg then continued and stated like I was saying, it's about a two to three month process in order to create the document that's before you. She stated we worked with all of the Directors combined, and we prepare it based on our experience, our knowledge of upcoming events, and past historical trends. We do our best to see what's coming down in the next fiscal year.

Ms. Klinkenberg stated I have one change to the budget that you have in front of you. I left you each a copy of that page, it's on page five of your budget, and in the sheet I gave

(1) Consideration of U.C.'s Budget for FY2011 and U.C.'s Capital Improvement Plan 5/10 Year – FY2011-2015 / FY2016-2020 (cont.):

you I highlighted the section. It has to do with the FMPA loan (Florida Municipal Power Agency), pooled loan program. She stated we needed to keep that information in this budget because it was part of the historical data, but we also wanted to note that we did refinance that in 2009. She stated so when the final approval happens, that will be a change in the budget, unless you all have some other additional changes that come out of today's meeting. She stated now I would like to turn it over to Mr. Bilinski and he'll present the operating budget.

Mr. Bilinski addressed the Commission and stated good morning Commissioners. Today, as Ms. Klinkenberg said, we will be presenting an overview of the Utilities Commission Proposed Operating Budget for Fiscal Year 2011 for your review. He stated in the preparation of the 2011 budget certain assumptions have been made, the first one being revenue projections. He stated we used the 2009 actuals as our base period and have projected limited customer growth for a recovering economy. He stated no rate increases in 2011 or for the five year period have been included except for the three-fold increase in the irrigation based facility charges for all meter sizes. He stated we estimate that because of this, a number of residential customers will then cancel their irrigation service, but continue to irrigate at a lesser extent using potable water. He stated and this will have an impact of about a \$400,000 increase in water revenue in 2011 and another \$184,000 increase in wastewater revenues for 2011.

Commissioner Reynolds asked Mr. Bilinski if he may ask him a question on that.

Mr. Bilinski stated certainly.

Commissioner Reynolds stated did we query any of our major customers about this increase, or is this going to be a surprise to them.

Mr. Bilinski stated at this point we have not, this is the first time this is being brought up.

Commissioner Reynolds stated so on that assumption it's really sort of up in the air, just to exact the impact that this pretty dramatic increase will have.

Mr. Bilinski stated again, in this budget preparation we assumed that 50% of the residential customers would drop the service, but none of the commercial or general service customers would do so, that they need it more than the residential.

Mr. Rodi stated let me interject in here a little bit, this year we had intended to raise irrigation rates, and we're talking about irrigation, not the potable water rates. He explained and the premise of that is that St. John's (St. Johns River Water Management District) was talking about eliminating irrigation supplies as part of the conservation measure. Because this is a potable water supply, it counts against our CUP (consumptive use permit), and we don't get any exclusion for that.

(1) Consideration of U.C.'s Budget for FY2011 and U.C.'s Capital Improvement Plan 5/10 Year – FY2011-2015 / FY2016-2020 (cont.):

Mr. Rodi stated so in moving this forward again another year, we've held off for a year, and my expectation is that this should be done in steps, so that those who have to make some other adjustments, like putting in drought tolerant plants or plants that are more capable of a lesser watering schedule, just like our lawns, I mean it's the same thing. That we will then be showing St. John's, because our CUP is currently under review, that we're intending to take advantage of conservation where we can and step into this carefully. And we looked at the primary incentive, it's just like gasoline at \$4 a gallon, the only way we can work with this is to introduce it and take a step at a time. He added it's a difficult situation for all of us.

Mr. Bilinski then continued, for staffing and general wage increases, consistent with year end 2009, we are projecting about 165 employees for 2011 which is 4% less than what we had projected in last year's budget. He stated all employee status changes, such as step increases, have been recognized for the full year impact in 2011. He stated but in an effort to maintain staffing levels in a slowly recovering economy, no general wage increase is projected in this budget. He stated capital expenditures for 2011 are expected to be around \$4.8 million and we will detail that later in a secondary presentation. He stated the variance criteria we used in analyzing our budget was expense variations with a threshold of \$100,000 or more.

Commissioner Hall stated I have a question about no increase in salaries. I noticed in the budget review that the average employee's salary including benefits is about \$70,000 a year. He asked how does that compare to surrounding public and/or private utilities our size.

Mr. Bilinski stated he would like to refer that to Ms. DiChiara.

Mr. Rodi then stated let me just answer that very directly, and I had sent out to each of the Commissioners the presentation that we used for the Citizen's Academy. He stated in that presentation was a salary comparison that shows for Volusia County only, the utility employees there make an average base salary of \$68,000 a year, their base salary, did not include benefits. He stated the U.C., with it's base salary and benefits, was slightly under or slightly over, I could dig it out, to that. He stated so in the utility arena, which is where we should compare because that's where we also lose employees, either to other municipal systems or to competitive industry, we're very much on the low end.

Commissioner Hall stated you just answered my next question and that was, are we losing more and more employees each year because of salaries or whatever, or are we holding are own.

Mr. Rodi stated well, I think it depends upon what's happening. For example, we routinely lose high skilled employees like in the line and the water organizations to other municipals and private competitors. He stated in some areas, for example, we just lost a

(1) Consideration of U.C.'s Budget for FY2011 and U.C.'s Capital Improvement Plan 5/10 Year – FY2011-2015 / FY2016-2020 (cont.):

very good I.T. person who doubled the salary and is doing exactly the same thing. We can't deal with all of the competitive environment, and I know this is a miserable thing for our chief negotiator to work through because we have unemployment in Volusia County, dropped to 13.2% and the underemployed is over 20%. So we're in a balancing act for those people who end up ultimately paying our salaries, as well as trying to show recognition and value to our own employees. And it's just a very difficult time for all of us, so that we've maintained the movement of people from one position to another, and the step increases normally that go with that, so we're paying people for the positions they hold, but as far as other benefits with that, it's just like we're going to absorb again the cost of healthcare whatever that's going to be, and that's a pretty significant amount more. He concluded by stating that's as directly as I can answer your question Commissioner.

Mr. Bilinski then continued and stated in preparing our sales forecast, it's worth mentioning that the models that we use generate a ten year average demand, in order to smooth out the extremes and individual years usage. You'll see that we have projected, depending on the levels of service, anywhere from a 2.5% to 4% increase in usage over what we incurred in 2009. The 2011 source of funds totals just over \$65 million, and of this over \$61 million comes from service fees generated for electric, water, wastewater, reclamation, and internet, and another \$4 million in sources comes from other sources of revenues. He stated note on the second line there, there's an item labeled power which is about \$500,000, and what that is that over the past number of years we've held the purchased power adjustment constant through the 2008 fuel price spike, at \$0.417 per kWh, which has allowed us to now project a decrease in rate to \$0.377 per kWh during the whole budgeting period, which is 2011 – 2015.

Mr. Bilinski stated the uses of funds are primarily for operating and maintenance expenses as developed by the U.C.'s Directors, and that total is about \$46 million. He stated of that \$38 million is direct operating costs and about \$8 million is for support departmental operating costs. He stated these figures do not include other uses such as debt service, city payments, and capital improvements which are about another \$19 million.

Mr. Bilinski stated, the next slide, here is an overview of the U.C.'s organizational structure, which can readily be seen by functional area in the next slide. He stated as I mentioned before we have budgeted for 2011, 165 employees, 101 of those or 60% are operational employees, another 64 or 40% are in support roles. He stated certainly our employees are our most valuable asset and we spend about \$11.6 million dollars for salaries, health insurance, and other benefits, which comes to about 25% of total O&M that we saw on the previous slide of about \$46 million. He stated and as previously mentioned by Commissioner Hall, our average employee salary is about \$51,000 a year.

(1) Consideration of U.C.'s Budget for FY2011 and U.C.'s Capital Improvement Plan 5/10 Year – FY2011-2015 / FY2016-2020 (cont.):

Mr. Rodi stated if I can interject again, I pulled out the copy of the slide and in 2008, which is the most current Volusia County Average Annual Utility Direct Salary, it was \$68,995 in 2008. The U.C. with its loaded salary was \$67,261. He stated \$48,167 in direct, \$19,094 indirect. In 2009 our total, with both wages and benefits, was \$69,357 and this is \$70,370, so it's up a \$1,000. Most of that is due to health care, those cumulative type impacts. He added I couldn't put my hands on it immediately, but I wanted to confirm those numbers.

Mr. Bilinski stated this next slide just gives you a little flavor of what the other benefits entails that we provide for employees. He stated the two biggest items on the list are retirement plans and also FICA, which is again part of a retirement plan just by the Federal Government, for Social Security and Medicare funding. The total with the dollars associated with all of those plans and additional benefits comes to almost \$20,000 per employee, per year.

Mr. Bilinski then stated we have also prepared a five year budget projection which is in the budget booklet that was previously provided to you. In it we have utilized slowly recovering customer and revenue expansion factors, projected inflation rates, utilized actual debt service requirements and capital improvement projects that we will discuss in a moment. He then stated that's the O&M part of our 2011 budget preparation.

Chairman Allen asked if there were any questions. There being none he asked Mr. Bilinski to move on.

Mr. Bilinski stated this next portion of the presentation is an overview of the U.C.'s 2011 to 2015 Capital Improvement Program, and we'll also touch upon the secondary five years of 2016 to 2020. As you can see the Capital Improvement Program is a collaborative effort of all of the divisions and departments of the U.C., and I'd like to thank each and every one of them for all of their assistance in working through this. He stated Fiscal Year 2009 and Year-to-Date 2010 activity continues a recessionary, slow growth mode. Year over year, February 2010 versus 2009, shows a customer growth rate of approximately 1%, which has resulted in our ability to reduce capital needs for 2011 from a previously projected \$8 million to just over \$4.8 million in this current plan. He stated this has also given us the ability to delay starting a number of wastewater projects, and move them to outlying years. He stated those five projects total \$2.9 million that we were able to defer to 2012 and beyond.

Mr. Bilinski stated with the five year period, we are planning to incur \$44 million of capital improvement projects with the major focus continuing to be wastewater and reuse. With projects to improve, increase and maintain systems such as the Aquifer Source Recovery System and a Wastewater Treatment Expansion Project of approximately 3.5 million gallons capacity expansion per day. He stated system improvements of another \$11 million, such as the Beachside Force Main, treatment plant improvements, and

(1) Consideration of U.C.'s Budget for FY2011 and U.C.'s Capital Improvement Plan 5/10 Year – FY2011-2015 / FY2016-2020 (cont.):

gravity sewers and lift-station upgrades. He stated of course electric is always a continuing focus with projects to maintain and improve reliability and cover peak usage.

Mr. Bilinski stated we do not plan to utilize any new debt in 2011, but rather to continue to utilize the dollars that are still available from the 2009 refinancing we did last July. There are also no definitive plans for future years debt issuance, but we will review our requirements on a year by year basis, taking advantage of any grant funding that becomes available to meet our needs.

Mr. Bilinski stated capital improvement funding requirements over the five year period total almost \$22 million, which is just about half of the \$44 million requirement that we will need over the five years. He stated here is a depiction of the project uses by division for the five years, and as always electric is the largest segment at just over \$13 million dollars or 30%, but wastewater is right there, at another \$13 million or 30%, and when you add in reuse, that total jumps to almost \$20 million dollars or 45% of the total \$44 million.

Mr. Bilinski stated of that need, as I previously mentioned, almost half will be needed to be funded by alternatives such as getting grants, another 33% will be generated through the 8% Renewal and Replacement Fund, with the balance coming from capacity fees and additional R&R funding. He stated for the ten year period the U.C.'s Capital Plan approximates \$99 million, with infrastructure projects another \$39 million, for a grand total of \$138 million over the ten year period. He then asked if there were any questions.

Commissioner Reynolds stated I don't know if this is possible to answer, but on the wastewater or water, what impact has the directives from the St. John's Water Management District had on that amount of budget.

Mr. Bilinski directed the question to Mr. Hoover or Mr. White.

Mr. White stated the Water District is primarily impacting our water supply plan which is a long term project. The District requirements are that we have one, a plan in place and the plan that we have identified has required us to start some early stage development work, and it involves the deep well aquifer, the deep Floridan aquifer. And we've started some plans toward that, to drill test well that will eventually become a production well, and that will start this year. And that is some of things we reviewed and discussed over the last two or three meetings.

Commissioner Reynolds stated to put it another way, if they didn't exist and we were doing the right things here on our own, would we be spending the same amount of money.

(1) Consideration of U.C.'s Budget for FY2011 and U.C.'s Capital Improvement Plan 5/10 Year – FY2011-2015 / FY2016-2020 (cont.):

Mr. White answered no sir, that project would not show up in our plans until about seven, eight years out. He stated our current CUP carries us though somewhere on the order of nine, ten, or eleven years depending on the growth rates, years of growth from our current status. At that point we will actually need, on those projections, need additional source and that's when we would be developing it.

Commissioner Reynolds stated I'm throwing it out, it may be worth a paragraph in our plan to explain to the City Commissioners, of which two are new, the impact of the St. John's on our budget.

Mr. Rodi stated I might interject that most of our impacts actually come from the environmental side and health side. A lot of the upgrades, the replacement of equipment, is driven more by the use of what we're doing. He stated for example, meeting new health requirements and DEP requirements for the outfall. For example, we are now being held accountable for the amount of copper that is in the water. Well, the copper comes from the homes, alright, so now Mr. Hoover's wrestling with compliance with the new copper standard, among others, that deal with the outfall. St. John's, I wanted to draw a distinction, they're more on the supply side than the use side.

Commissioner Reynolds stated well maybe we should include all that, you know, to a certain extent.

Mr. Rodi stated well, yes, and the brief description of the projects includes some of that reference, so that for those who want to understand better what's tied to this. And I know that because of our really improved efficiencies, and mostly with the help of our customers, our CUP as it currently stands and if it is renewed with the current levels, we won't need water until 2021 to 2025, somewhere in there dependent upon the growth. So that when Mr. White said 10, 11, 12, he is talking about years. We have presented things to you where there's over \$1 million now in the alternative water supply, and we wouldn't be focused on that at this time; so just to re-emphasize a point. He added there's another item I'll ask Mr. Preston to address when we get to Commissioner Time on that point.

Chairman Allen confirmed there were no other questions. He then stated one point I'd like to make is as we see growth we've been able to move projects outward further, avoiding having those cost today. And the tragedy is, you know we look and we think about technology making improvements, but also along with the technologies, as we can see they add cost because as we're able to environmentally or regulation wise, able to measure different things and to a finer point. Anybody that's been around the industry much has seen those changes and you have to deal with it because you have a new measurement and it get's to be a finer measurement and then you try to be able to meet those requirements with a reasonable funding to do that. So consequently we see costs that are going up that impact not only us as a Commission but even our customers.

(1) Consideration of U.C.'s Budget for FY2011 and U.C.'s Capital Improvement Plan 5/10 Year – FY2011-2015 / FY2016-2020 (cont.):

Mr. Rodi stated I have one other point I need to emphasize and if you've noticed on the numerics and the graphics that deal with Capital Improvements Plan, there's a little box that refers to infrastructure fees. I want to emphasize again, had this Commission not done what it has done, there's another \$20 to \$50 million dollars that would have been borne by the ratepayers to put in new infrastructure for new growth. He stated so I do think that particular program is equitable from the standpoint of the beneficiary of that new infrastructure and yet we're able to distinguish the growth from the existing system that should be borne by existing customers. He stated so I think that that has had a dramatic affect in what's happened with being able to stabilize rates as well as to upgrade the system in some priority fashion.

Commissioner Reynolds commented good point.

Chairman Allen then confirmed there were no other questions or comments.

Ms. Klinkenberg stated then I guess we would ask you for your approval of our budget to move forward for Fiscal Year 2011.

Chairman Allen stated okay as staff has presented and provided us with detailed information for the 2011 Fiscal Year, looking for a recommendation for a motion of approving and adopting the proposed Budget Estimate for Fiscal Year ending September 30, 2011, pending City Commission's concurrent approval, and authorizing staff to forward said budget to the City Commission for their subsequent approval, and additionally a motion approving the U.C.'s 5/10 Year FY2011 -2015 / FY2016-2020 Capital Improvement Program.

Commissioner Zeller stated he made that motion, to approve and adopt the proposed Budget Estimate for Fiscal Year ending September 30, 2011, pending City Commission's concurrent approval, and authorizing staff to forward said budget to the City Commission for their subsequent approval, and additionally a motion approving the U.C.'s 5/10 Year FY2011 -2015 / FY2016-2020 Capital Improvement Program. Commissioner Diesen seconded the motion, and the motion passed unanimously on a roll call vote.

Chairman Allen thanked the staff for the good report that was given to the Commission.

(2) Modification to Fuel and Purchase Power Cost Adjustment Clause (FPPCAC):

Chairman Allen stated as we move on to item-2, Modification to Fuel and Purchased Power Cost Adjustment Clause (FPPCAC).

Mr. Rodi stated to Mr. Beyrle, do you want to begin to opine on this.

(2) Modification to Fuel and Purchase Power Cost Adjustment Clause (FPPCAC) (cont.):

While waiting for Mr. Beyrle to address the Commission, Mr. Rodi added I have an add-on that I want to talk a little bit about when Mr. Beyrle finishes

Mr. Beyrle addressed the Commission and stated our current over recovery of fuel and purchased power costs is around \$233,000 right now, and based on continued low natural gas prices, and good prices we're seeing out in the whole sale market going through the summer and probably into next year as well, we're recommending a reduction in the fuel and purchased power cost adjustment of \$4.00 per 1000 kWh which will bring it to \$37.70 per 1000 kWh. He stated with that number we expect that to cover all fuel and purchased power costs for the 12 month period, and we're proposing to start this June 1<sup>st</sup> of this year.

Mr. Rodi then went out onto the floor to utilize the opaque projector. He stated what I'd like to do is move to the other unit, this is not going to be good, from a stand point of visuals but you can see how this happens. He stated part of what we assumed in our O&M budget was that we would be able to maintain this reduced rate starting in the first billing period in June, 2010. Obviously between now and whatever happens in 2011, a great deal can change. I noticed this morning that natural gas was under \$4 per million BTU's, which was a bit of a surprise to see it at that level. He stated this year was suppose to be a very unpredictable year and as it has turned out, it has actually been pretty stable, even going through the winter months. Sometimes the key is natural gas in Florida because of all of the combined cycles and natural gas generators that deal with peaking. So I wanted to just show you something that I think is important from a stand point of a reference.

Mr. Rodi stated this is very difficult to see and I just want to point out that this is dated February 2010, the top portion here. The U.C.'s rate at 1,000 kWh's, which includes the 8% R&R and the 6% for the payment to the City, is that \$123.80 per 1,000. There are 33 utilities, municipals that are listed here. He stated and of course what that means for us is currently we are number nine in this ranking. With the \$4 dollar reduction we should be at \$119.80 per kWh, and I say that should be because we haven't done the calculations about how that reduction affects the 6% but it's going to be very close to that. If you look at the \$119.80 and start looking at those others that are highlighted that are lower than us currently, we end up being third or fourth if everything else holds the same. My expectation is those who have lesser costs than us will probably will have increases, maybe some decreases, but this all changes over time, year to year. Why I point that out is that when you start to look at different utilities like OUC (Orlando Utilities Commission), OUC is at \$119.82 kWh, we'll end up at \$119.80. OUC wanted to implement another rate increase but they were stopped because of the furor they had over the last one. Many utilities are in the mode of having to invest again in very expensive assets, and those that are generators, I mean pure generators like OUC and Lakeland and others are dealing with some very difficult issues. And on top of that are all of the renewables and climate protection plan issues that are out there.

(2) Modification to Fuel and Purchase Power Cost Adjustment Clause (FPPCAC) (cont.):

Mr. Rodi stated for purposes of comparison, and I often refer to relative position, and I'm referring to relative position because there are all kinds of changes within a utility. You have salaries and many other things, we have fuel, all goes into the mix over time. I wanted to show you this report, there were 32 utilities in September 2004. The U.C.'s rate per 1,000 kWh then, with the same 8% and the same 6%, was \$94.56. He stated the relative competitive position then was 13 out of 32; we are now 9 out of 33. He stated so, as it stands today, we've improved our relative competitive position by four spots. And with this further reduction, it may drop to somewhere around, you know, four; it's hard to tell. I wanted to show that with all the give and take, and things that had been done primarily with the staff, they have really stayed on top of the cost aspect. And I wanted to show some actual figures because oftentimes municipals deal with similar issues, unlike investor-owned, there's are more or less at times very different. But that's an important element of this and I know that you can see how much the buying and selling of power really does affect our bottom line, it's a very important element. He then stated so thank you.

Commissioner Diesen asked Mr. Rodi, will you just make a brief statement about where that will put us with FP&L (Florida Power and Light) since they're near us. I know that we are two different animals but we always get those thrown in our face.

Mr. Rodi stated prior to FP&L's rate base, the U.C. had at the 1,000 residential kWh rate was more expensive by about 4%, and the reason for that is the way FPL's rate is structured. It has a lower rate under 1,000 kWh and it has a much higher rate over 1,000 kWh, we have standard rate between the two. With the Public Service Commission's denial of the request by FP&L for a rate increase, and what they were doing was dropping their fuel and purchased power rates, but increasing their base rate significantly. He stated their base rates were not allowed to increase but maybe by half. The fuel and purchased power rate was reduced. The consequence of that was that, for example, on the commercial front, 90% of our customers are small general service type rates. We were about 4% less expensive than FP&L prior to their rate case, now we're about 4% to 5% more on commercial. Likewise on the residential, the change has been to about an 8% to 10% change on the residential up to 1,000 kWh. If you go over 1,000 kWh you then increase the rate for those FP&L customers, so it nets out right around that 8% or 10% . This reduction will make us slightly cheaper than FP&L on the commercial side and slightly more expensive on the residential side, all things being equal; so it keeps us competitive. Oftentimes the comparison is made that if you are within 10% on a residential rate you're competitive, the numbers are 10% to 15%. He stated on the commercial, you're at 5% to 7%, if you're within that range you're competitive. If you're industrial it's 2%, so we don't have any industrial customers. So that's generally a rule of thumb in gauging rates. He then asked did I answer your question well enough.

Commissioner Diesen stated yes, thank you.

(2) Modification to Fuel and Purchase Power Cost Adjustment Clause (FPPCAC) (cont.):

Chairman Allen then confirmed there were no further questions. He thanked Mr. Beyrle and stated we're looking to having a motion for approving the modification.

Commissioner Zeller made a motion to approve the modification which is a decrease to the fuel and purchased power cost adjustment clause, from the current \$41.70 per 1,000 kWh to the \$37.70 per 1,000 kWh, effective with the first billing cycle in June 2010. Commissioner Reynolds seconded this motion and it passed unanimously on a roll call vote.

Commissioner Hall stated I have a question, how do we plan to allow our customers to know this is happening, other than a flyer inside the bill. He added and I'm not knocking that, but I question how many John Doe citizens are reading them. He stated that's not a knock or anything, I mean I've been in another world where I had the same problem. How do we get the message across, public relations-wise, that the rates are going to go down for our ratepayers. He stated and how do we get that information across the street so people understand it across the street.

Mr. Rodi stated in the past we have been reluctant to take out ads to blow our horn, because we're often criticized, why do you need to advertise. So we have pretty well resorted to using the flyers because that is for the most part a pretty effective tool for us. We keep down in the customer service area usually important flyers, we've been putting them out on the tables because oftentimes individuals who visit with us have some difficult issues and they do read some of those.

Due to noise occurring during the meeting, Mr. Rodi explained we're putting in a new air conditioner down on the first floor, the one that was there was what seventeen years old and it died. So what we've tried to do is post this on our website as current news and keep playing it, what we found is we have to keep it in front of the public regularly. And so we've tried to avoid the criticism of spending money, you know why are you taking out ads to tell us you're low on the rates, just take the money that you would have spent on that and give it to me, which you know makes some relative sense. So all we can do is continue to emphasize that, we might take out a small ad saying do you know that your rates are going down. And of course our budget for next year is premised, the 2011 budget, is premised on holding those rates. We hope to be able to do so, but I would not want someone, if we run into some unforeseen thing like hurricanes that wipe out our gas supply, that we've tried not to antagonize people who would say well you just lowered them and you were crowing about that. So frankly, I am not quite sure how to be effective with that message, using the media that we have here.

Commissioner Reynolds stated one suggestion, and I agree with Commissioner Hall, we could go across the street and get on the agenda of the City Commission, and tell them the story, you know synopsis of how we're able to do this and get the rate across. At least it's a public hearing, it might get picked up by a newspaper.

(2) Modification to Fuel and Purchase Power Cost Adjustment Clause (FPPCAC) (cont.):

Commissioner Diesen stated well I would think the press would pick it up, if there's a press release on it, I mean there would be a story or two, obviously. But you know it will be presented to them when we present our budget.

Mr. Rodi stated oh yes, the cover letter that we transmit the budget with has those assumptions within it. But I do think that there is some opportunity depending upon how circumstances work out going forward, but I do think the press release might be in order for this and then depending upon the opportunity for special discussion, because I know the City is also very concerned about the continuing contributions by the U.C. You know our sales have dropped, even though we're showing a couple of percent if you will increase, for the last couple of years we've had 8% reductions in those sales, which dramatically affect the contributions. He stated and for the budget, I think they will be facing also, it's going to be an important message to know that we're trying to also protect the customers and citizens.

Chairman Allen stated one other possibility as far as public notification at the City Commission meeting is just making note that the operation of the Utilities Commission sees a drop of \$4 in the fuel adjustment would be kind of a simple way to approach that, it be a, kind of a no-nonsense way, it's not really to be moved or anything.

Commissioner Hall stated I think you ought to go to the next meeting.

Chairman Allen stated we can do that if you so desire.

Commissioner Diesen stated I'll make that a motion, that the Chairman goes to the next the City Commission meeting and informs them appropriately.

Commissioner Hall stated I second that.

Commissioner Zeller then stated to Commissioner Diesen, do you want him to be an agenda item.

Commissioner Diesen stated absolutely, thank you, I'll make that amendment to my motion.

Chairman Hall then stated I accept that amendment.

Chairman Allen confirmed there were no further questions or comments on the motion and asked for a roll call vote to be taken. Commissioner Diesen's amended motion then passed unanimously.

**ADD-ON ITEM (3) Backwash Pump for Glencoe Water Treatment Plant Facility Improvements:**

Chairman Allen stated okay item-3 is a backwash pump for Glencoe Water Treatment Plant facility improvements. He stated as we come to this, it's an added item.

Mr. Rodi stated if I may I'm going to ask Mr. White to cover that briefly, and for Mr. Hoover to chime in, and I'll chime in too.

Mr. White stated this pump was installed new some thirty-five years ago when the water treatment plant itself was constructed. We had included the replacement of this pump in our current water project and subsequently removed it because when we got the shop drawings on the pump, we discovered that the pump submitted to bid on, would not fit. And the reason it wouldn't was there's only one world-wide supplier of a pump that will drop in and fit that exact pump. In order to remedy that we've negotiated a single source supplier for a drop-in, virtual exact replacement of that pump. The pump itself is the backwash pump and it's a sole source, single-point failure situation for the plant. What that means is if the pump goes down the whole plant is down until that pump is replaced. And so that's why we chose to replace that at this time.

Commissioner Reynolds then stated I make a motion to approve the sole source purchase of a vertical backwash pump with 125 horsepower, U.S. electric motor, for the Glencoe Water Treatment Plant for R.C. Beach and Associates in the amount of \$71,660.

Commissioner Diesen seconded the motion.

Chairman Allen asked if there were any a questions or comments.

Commissioner Zeller stated yes, one, Mr. Hoover is this a soft start.

Mr. Hoover asked what was the question.

Commissioner Zeller stated the controls on the pumps, is this a new technology or are we using the old.

Mr. Hoover stated it's all new technology, it's not a BFD, because it's not a transmission pump, it's set for the amount of lift you need to clean the filter and will match perfectly manifold and the flow requirements. It will be energy efficient motor, I think that's probably the question you have.

Mr. Rodi stated the question was, to Mr. Hoover or Mr. White, is this motor equipped with soft start technology so that it will come on line without loading the system too heavily.

Mr. White answered all the pumps we bought are either soft start or variable frequency drives.

ADD-ON ITEM (3) Backwash Pump for Glencoe Water Treatment Plant Facility Improvements (cont.):

Commissioner Zeller stated very good, thank you.

Chairman Allen confirmed that there were no further questions and asked for a roll call vote to be taken on Commissioner Reynolds previous motion. The motion passed unanimously on a roll call vote.

(4) Possible Other Business – Time for Commissioners:

Mr. Rodi stated I have a couple of items if the Commission will indulge me. You recall at the last regular meeting, there was some discussion about our litigation that's ongoing with St. John's, and you heard from our external legal counsel, as well as Counselor Preston, that we were going to move forward with the resolving this as best as we can. Obviously since that time there's been some legislation introduced to change again the authority that was granted in the last legislation session to the Water Management District directors to solely approve or deny CUP and other administrative matters of that nature. The legislation also contains within it the requirement that local sourcing be viewed first. And what's important about that is that our alternative water supply is a local source, as opposed to a 62 mile pipeline to bring water from an area that may not be permitted to do such things. What we are requesting, and I had a brief conversation with counsel on this issue, is the authority to settle with counsels' advice and my signature, as best we're able to, because this is a continuing longer term problem. You had supported the idea of counsel settling that and you did that without a vote. And I guess what I'm asking for here is just a vote that you would give us that authority to move forward and trust counsels' judgment and my own to do the best we can with this. So I just wanted to bring it forward in a very straight forward fashion to ask that of you.

Chairman Allen stated okay, we need a motion to that, your recommendation.

After Commissioner Zeller inquired, Mr. Rodi stated this is with Clay Henderson, who is our lead counsel.

Commissioner Zeller then stated I will make a motion with the wording I need to authorize Mr. Rodi and Mr. Henderson to negotiate this.

Mr. Rodi interjected and Counselor Preston too.

Commissioner Zeller stated and Counselor Preston too.

Mr. Preston stated and if you could add to that just execution of settlement of the issue, so it can be resolved.

Commissioner Zeller stated okay, and do we need that read back.

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

The Recording Secretary (Mrs. Simmons) stated authorization for Mr. Rodi, Mr. Henderson, and Mr. Preston to negotiate the settlement and execution of the settlement as well.

Chairman Allen stated sounds good.

Commissioner Zeller's motion was to authorize Mr. Rodi, Mr. Henderson, and Mr. Preston to negotiate the settlement for the litigation with the St. John's River Water Management District and additionally authorization for the execution of said settlement. Commissioner Reynolds seconded the motion and it passed unanimously on a roll call vote.

Chairman Allen asked Mr. Rodi if he had any other items.

Mr. Rodi stated yes, I have what is a significant item. As you know I have met individually with each of you to inform you of my resignation that will take effect May 24, 2010. I had provided to you the letter which was dated March 24, 2010, along with a last Year In Review update. I certainly look forward to continuing to support the Commission and move forward with my replacement. He stated I ask a couple of things, one that you affirm that the Year In Review is again, as you have in the past, an accurate representation, and I believe it is. Also, those UC related matters that I cited in my letter as also truthful and accurate to the best of your knowledge. He then asked Counselor Preston if he had reviewed and if he had any comments that he would like to make.

Mr. Preston stated I do have comments, actually the request is similar to what I had. My comments are in regards to the resignation letter itself and its impact. I reviewed the letter for legal sufficiency, I found it to be in order. I found that statements regarding the law and the application of the law stated therein to be accurate. This is a reminder that the Charter provides for the autonomy and the independence of the Utilities Commission for valid reasons. One of the most important being the preservation of the ability to operate this important critical public service entity without the interference of politics. Mr. Rodi has been diligent in the preservation of this most important distinction, losing that would lose this community's most valuable and vital resource. I believe that it is important for you to affirm this position as stated in Mr. Rodi's letter and to keep as priority this position as you move forward with determination of new leadership. There is a group of citizens which seeks to undermine this authority and position granted to the Utilities Commission; this undermining is a detriment to the ratepayer and to the community. I know that all of you regard the statements and positions taken by some, including those found in some written position papers, and I know that all of you take seriously your duty to uphold the law and the preservation and the integrity of the Utilities Commission. So I too, ask that you take a position here as the Commission for the utilities in regards to the statements made in Mr. Rodi's letter as they're being an accurate representation of the facts and the direction of the Utilities Commission.

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

Mr. Rodi stated with that, I also want to introduce the letter and the Year In Review for purposes of attachments to these minutes.

Commissioner Diesen then asked do you want a motion on this?

Mr. Rodi stated I think it would be in order.

Commissioner Diesen stated I'd be glad to make the motion but I want to make sure that everything that Counselor Preston said is included in that, so that becomes part of the record.

Commissioner Hall stated that all five of us agree with what he has just said. Commissioner Diesen stated yes, but it's a part of the motion so if you don't like it you just say no.

Commissioner Hall stated let me ask a technical question, are we accepting the resignation first, then making another motion for the progress report and what Mr. Preston said, or do you need to put them all under one.

Mr. Rodi said I think that would be in order if you are so in agreement.

Commissioner Diesen stated which, to put it in one or make it two separate motions.

Mr. Rodi stated well two separate motions, one is the acceptance and then the motion that will have derived from Counselor Preston's statements.

Commissioner Diesen stated alright then I'll withdraw my motion in favor of a motion to very sadly accept your resignation (dated 3-24-10, effective 5-24-10).

Commissioner Hall stated he would second that motion. He added but I also echo what Commissioner Diesen has just said, and added we (himself and Mr. Rodi) talked about it.

Commissioner Diesen commented this is a very sad day and a very sad commentary as well.

Chairman Allen stated okay we have a motion to accept Mr. Rodi's resignation and we have a second, a lot with regrets across this board. The Commission here, I know, there is great regret. Mr. Rodi has served very well here, has done an outstanding job, led staff, and we've got a stronger Commission today than I've seen here in many, many years. I look forward to maintaining a strong environment, a good work place, and a future for families, as they raise families, that there's a place as far as when we think about the technology and the leadership that has come to our community through the Utilities Commission, it's an opportunity to grow a community, and it's been done well over the

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

last five years. I really appreciate all of the effort that's been put into it and as we come to this point of accepting this resignation are there any other questions or comments.

Commissioner Reynolds stated I'd like to say I had two neighbors come up to me and they were very sad to see Mr. Rodi go, which is pretty interesting since we've never discussed, I've never discussed with any of these two neighbors anything about the Utilities Commission.

Chairman Allen then requested a roll call vote on Commissioner Diesen's previous motion to accept Mr. Rodi's resignation.

Commissioner Hall stated yes, reluctantly.

Commissioner Reynolds stated regretfully.

Commissioner Zeller stated yes.

Chairman Allen stated regretfully yes.

Commissioner Diesen with regret, yes.

Chairman Allen stated okay as we move on to the second item in this area, Commissioner Diesen did you want to ...

Commissioner Diesen answered well, I'm not exactly sure how to word it, I'll leave the word-smithing to Counselor Preston but I think we need as a Commission to affirm the attachments that were included with Mr. Rodi's resignation letter because I think that specifically states what has been done and how we've come and I think it's important that be a part of the record, but I'd like included in that what Counselor Preston had to say, I think that's the really important issue that he reiterates. So I'll make that in the form of a motion, however it gets word-smithed, and added I'm not in the word-smithing this morning.

Commissioner Hall stated I would suggest that we affirm Mr. Rodi's Year In Review, in addition to Mr. Preston's analysis, all verbiage included, and comments included, as part of our motion, so that everything he has said is on the record, that we agree with it.

Chairman Allen stated okay, that is as a motion. Do we have a second?

Commissioner Zeller seconded this motion.

The recording secretary then confirmed the motion was made by Commissioner Diesen.

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

Commissioner Hall stated Commissioner Diesen made the motion, I just made a suggestion, so she has to agree to my suggestion.

Commissioner Diesen stated yes, include Commissioner Hall's word-smithing of the agreement.

Chairman Allen stated okay, seeing no other comments, please call the roll.

Commissioner Diesen's previous motion, after word-smithing by UC legal counsel, was the Utilities Commission affirmed the UC's General Manager/CEO's (Mr. Rodi) "Year In Review" (attached to his resignation letter) as true and accurate representations, and in addition UC's Legal Counsel's (Mr. Preston) analysis of the resignation letter and attachments, (previously stated on page 17), with all the verbiage and comments included, is herewith made a part of this motion, and the Utilities Commission additionally affirmed agreement with said analysis and statements. This motion passed unanimously on a roll call vote.

Chairman Allen then asked Mr. Rodi if there were any other items.

Mr. Rodi stated no and added that's quite enough, thank you.

Chairman Allen stated with the sad news that brings a lot of responsibilities to this body right here and some of the things we need to look at and think about as we move forward to try to find another person to fall in line as General Manager/CEO here at the Utilities Commission. A need to be able to advertise and having some information and after talking with Mr. Rodi and staff, I've got some draft information I'd like for you to look at a little bit and as we strive to move forward, try to develop and have an ad. We've got pretty much a job description for the General Manager/CEO position and if we could look at this information and be able to possibly act on this and be able to get things moving, I'm open for some input in this area.

Commissioner Diesen asked if all could take a brief break to review.

Commissioner Hall stated let me ask a procedural question, are we going to discuss how we're going to go about the search today.

Chairman Allen stated yes, I would hope so, yes. Let's just take a few moments and let you look at this and then we can get into somewhat of a discussion with this matter.

Commissioner Hall stated my question is do you want any visitors in the audience or anybody in the audience to have copies of what we're looking at, at this point.

Chairman Allen stated I don't think so, I think this is our responsibility to begin with.

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

Commissioner Diesen then confirmed with Chairman Allen that the Commission was officially on break.

Chairman Allen called the brief break for review of distributed documents at 11:04 a.m.

Chairman Allen reconvened the Special UC meeting at 11:12 a.m. and stated we'll open up to this body to discuss this matter.

Commissioner Hall stated on the draft ad copy, the salary part, we're limiting it to \$165,000. Now before anybody jumps out of their seat, this is not an easy CEO position, in fact I don't think any are, but this one is I should say unique in how we operate, because we're really not fully an entity unto ourselves. We have a City Commission that has to approve our budget. If I were someone looking for a job or thinking about moving, and believe me I've been involved and requested to move in my other life, and there's a lot of things you look at. One is do you have a good board of directors, or in my case school board, second is do you have good employees who are faithful and knowledgeable. The salary, many times, gets to be a sticky point and I think we need language in there, we need a little wiggle room on the salary. Bob Rodi was underpaid, we all know that he's been offered positions elsewhere at a much higher salary; he chose to stay here. So I think for us to find the best person for this job we're going to have to have a little wiggle room, we don't want to tie ourselves in. We may get the top notch person for \$165,000, or even less, but if it means we lose the top three or four candidates, then it's not necessarily a good situation.

Commissioner Reynolds stated I sort of agree, I think we could put a range in there based on experience rather than one salary.

Chairman Allen stated basically what's in here is an "up to", you may want to change the up to level, is that what I understand.

Commissioner Diesen stated my theory is if it's just negotiable, you're going to draw in maybe a lot of people that are expecting in the \$200,000 range.

Commissioner Hall interjected I agree.

Commissioner Diesen stated and we can't afford that, so how do you, it's kind of a balancing thing, how do not get that real high end because we're going to be going through these ourselves, hopefully.

Chairman Allen answered yes.

Commissioner Hall stated to Commissioner Diesen perhaps at the end of that sentence, we could put in parentheses salary may be negotiable dependent upon experience.

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

Commissioner Zeller stated when you throw the benefits at 20% in here, it's over \$200,000, which is about \$1,000 per employee. I know what you're saying.

Commissioner Hall stated we're not giving employees a pay raise, I recognize that, but again we don't want anything but the best and I know what's out there. I've talked to Mr. Rodi about salaries of other CEO's in utilities and somehow we need to word-smith this thing where we can have a little negotiations is all I'm saying. We may want to limit it to, we don't want to write down what we're going to limit it to but if we just say it's negotiable and we have an understanding that we're not going to go beyond a certain amount period, amongst us is one thing. I would hate to put in there a cap. I think we say it's negotiable based upon experience and other factors.

Commissioner Reynolds stated one alternative is to say that the management and its staff are eligible for bonuses so that you're not having the salary "creep" problem, but you can actually can, you know, reward the person based on performance.

Commissioner Zeller stated we've got to be careful with the perception of the ratepayers. You know, we understand that Mr. Rodi was underpaid for what he did because he worked extremely hard and a lot of long hours, but we have ratepayers out there who are having a tough time making ends meet. We've got to be careful what we advertise for.

Commissioner Diesen stated I think the pool right now probably has more folks in it given the economic situation. I'm not wanting to open it up to the world because I think when someone thinks about coming to live here, they will also think about quality of life and they will think, they'll look at what the cost of living is in comparison to where they are, and I think all those things will feed into it. And as you say Commissioner Zeller, when you add the benefits to it, it's a big package.

Commissioner Zeller stated for our area it's a big package.

Commissioner Diesen concurred and added you would know as well as anyone, so I'm hesitant to just go, you know, it's negotiable. I think we have to be very mindful of what's going on out here in our community with our ratepayers. And we may never get anyone else, I mean I couldn't expect in our wildest dreams we'd ever get anyone as articulate, as astute, as knowledgeable, as well educated, whatever as Mr. Rodi. You know that's just beyond my wildest dreams that we could ever get anyone like that. Does money always mean the most, is that the most important thing to someone; I don't think so.

Commissioner Hall stated not in my case, and not in Bob Rodi's case. However we're losing a tremendous CEO, it is incumbent upon us to attempt to find someone who can replace him. Unlike, I understand Commissioner Zeller's position and yours about the money, but I felt that it needed to be brought up. I think maybe we can resolve it by what

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

Commissioner Reynolds said, perhaps we need to add, maybe right after annually, not including bonuses. Now we offered Mr. Rodi bonuses, and he turned us down.

Commissioner Zeller stated that would be good.

Commissioner Hall stated and we've got a set salary, I recognize is very good for this area, and at the same time if the person does announce, to any job, we have the ability as a Commission to offer a bonus at the end of the year review or some place along the line.

Commissioner Diesen stated if that's going to be the way we cover it, then I would want to word it so it's not necessarily going to happen, that's not an expectation. If it's appropriate yes, if enough has been accomplished and they've met their goals and you know their priorities have been met, then as a body, as the Commission, whoever it is, would make that decision.

Commissioner Reynolds stated bonuses can be issued based on meeting or exceeding the Commission's goals.

Commissioner Hall stated I would say exceeding because that's what Bob Rodi did.

Commissioner Diesen stated but somehow, not that that's an expectation.

Commissioner Hall stated perhaps bonuses if appropriate.

Commissioner Diesen stated salary up to \$165,000 and bonuses, I guess, if appropriate.

Commissioner Hall stated is appropriate the right word.

Commissioner Diesen stated yes.

Chairman Allen stated okay, then we're looking at changing the one sentence where it talks about salary to \$165,000 annually is commensurate with experience, and if appropriate a bonus.

Commissioner Hall stated bonuses if appropriate in parenthesis. I would say it in parenthesis, we really want to emphasize the \$165,000 salary.

Commissioner Diesen stated I'd like to, I think up here what we're saying because we want to fast track this and I see our first review is by the 19<sup>th</sup>, to make very certain I'd like to add, you know put one line in there no mail or faxed resumes so there's no question about somebody not getting into the pool, that everything must be electronically. I know you say that but I think...

Chairman Allen stated okay, you want that at the top.

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

Commissioner Diesen stated no I think down here where it says electronic cover letter and resume submissions, and then maybe after you say no phone calls then no mail and faxed resumes.

Chairman Allen reiterated no fax or mail.

Commissioner Diesen stated right.

Chairman Allen stated okay, any other comments.

Commissioner Hall stated yes, we're doing the search, we're not hiring an outside consultant, am I right.

Chairman Allen stated no we're not.

Commissioner Hall stated okay, do we need to make it, is it clear that the Utilities Commission is doing the search, do we need to make that clear. Or will Debbie Simmons handle that if she gets phone calls or questions.

Mrs. Simmons interjected the ad says no phone calls.

Chairman Allen stated I think it will be fairly clear because we're going to place that ad ourselves so it will be in different areas.

Commissioner Diesen stated and it will be up on the website as soon as it's approved. Commissioner Hall stated so we'll say in the advertisement that the Utilities Commission of New Smyrna Beach is advertising for; for whatever.

Chairman Allen stated yes.

Commissioner Hall stated okay.

Commissioner Diesen then commented Mr. Preston can word-smith it.

Mr. Preston stated I'll be glad to.

Commissioner Diesen added and you know there's a fast track on it.

Mr. Preston stated correct.

Commissioner Reynolds stated if we're going to say Utilities Commission, New Smyrna Beach, and we start out by saying a coastal Florida municipal multi-utility, is that somewhat redundant. I mean are we trying to keep it a secret the location.

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

Chairman Allen stated I don't think so because it would be very obvious if you went to the website. I think we can actually begin the ad with the Utilities Commission, a coastal Florida municipal multi-utility, that would be a proper way to word that I believe, or somewhere in that aspect.

Commissioner Diesen and I guess somewhere I see we haven't put in our website, I suppose we will. But if we're going to remain anonymous.

Chairman Allen stated well our website is and then he asked if he could read the ad with some of the word changes we've made along with what we have here. I'll read it quickly, so I know everybody is sitting out there and they're wondering what we're discussing up here so I'll just read this draft that I have here. He stated, "The Utilities Commission, a coastal Florida municipal multi-utility, governed by a 5-member independent Commission, is searching for a successful, experienced, and innovative CEO/GM to further its existing programs, business models, and strategic platforms. A Bachelor's degree from an accredited university with 10 years of increasing utility responsibility experience, 5 years of which must have occurred at the senior-executive level, is required. Salary to \$165,000 annually (bonus if appropriate) is commensurate with experience. The position is to be open until filled; the first review is anticipated by April 19, 2010. Visit [www.ucnsb.net](http://www.ucnsb.net) to review a detailed position description of this "at-will" contract position. Electronic cover letter and resume submissions should be sent immediately to: D. Simmons, Executive Administrative Offices Manager, [dsimmons@ucnsb.org](mailto:dsimmons@ucnsb.org). No phone calls please, no faxed or mailed resumes. (missed stating EOE) All submitted materials become public documents upon submission and are available for public examination."

Mr. Preston stated there is no reason not to, to identify the Utilities Commission as it is named and that being the Utilities Commission, City of New Smyrna Beach. If you don't want to, for whatever reason, to identify the location, then I wouldn't name it the Utilities Commission.

Chairman Allen stated right, we need to be named as we are, as that entity.

Commissioner Diesen stated yes, if they're going to the website, they're going to know who we are.

Commissioner Reynolds stated I see no problem with identifying ourselves.

Mrs. Fisher addressed Chairman Allen and stated I just want to say we are leaning toward identifying the web site as [ucnsb.org](http://ucnsb.org), to be consistent with our email addresses, so I don't know if that's important to bring up at this time but I didn't want it to be approved with a different. They both go to the exact same website but for consistency we identify the website as [ucnsb.org](http://ucnsb.org).

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

Chairman Allen stated okay, so to visit for the detailed position description they would go to .org.

Mrs. Fisher stated yes sir.

Chairman Allen confirmed with the recording secretary that change.

Commissioner Hall stated are we going to change the middle part of that first sentence then, it says governed by a 5-member independent Commission. Are we going to say governed by the Utilities Commission of New Smyrna Beach, or governed by a 5-member Utilities Commission of New Smyrna Beach.

Commissioner Diesen stated I thought we were going to say the Utilities Commission, City of New Smyrna Beach, Florida, a coastal Florida municipal multi-utility is searching for a ...

Commissioner Hall stated that sounds better.

Chairman Allen stated yes.

Commissioner Hall stated that wipes it out.

Chairman Allen stated as you identify the unit, we are the independent Commission.

Mr. Preston requested a repeat of the above change.

Commissioner Diesen reiterated her earlier statement.

Mr. Preston confirmed, so removing that designation.

Chairman Allen then stated Commissioner Reynolds made a suggestion that rather than have bonus in there, providing exemplary merit performance, consideration; that sound like good word-smithing.

Commissioner Reynolds interjected we can than Mr. Rodi for that too.

Mr. Rodi stated I'd like to interject at this point, just like Ms. Fisher made the comment about .org, and .net. After you have decided, I'm sure when we place the ad or something, there will be a need for some administrative changes, and if you would authorize that Chairman Allen or whomever, and myself or whomever else you might want, to make those changes, then I think we would end up with the best possible ad. Just like the word-smithing that's done here, like it says EOE, Equal Opportunity Employer, you know that means something, that kind of items.

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

Commissioner Diesen stated I will make a motion that we leave these administrative issues to the Chairman in the absence of Mr. Rodi or in conjunction with him throughout this process if that's appropriate.

Commissioner Hall stated should we add legal counsel.

Chairman Allen stated I think so.

Commissioner Diesen stated well, okay, and then we'll add Counselor Preston to the mix, and throughout this process, whether if Chairman Allen and Mr. Preston will be available for consultation in the event Mr. Rodi is not available or if it happens to be in conjunction with, but that should be the body that makes the decisions. She stated to Chairman Allen, if you can't do it by yourself and you need legal advice, or you and Mr. Rodi can't do it, this is what I'm trying to get to, is that we have that entity in place; there's no question, there's no vacuum. She added however you want to word that, we seem to be out of the word-smithing business this morning, at least I am this morning. I would make that in a form of a motion so that's set in place.

Commissioner Hall seconded that motion.

Chairman Allen stated Mr. Tolley is raising his hand. He stated to Mr. Tolley he would be open to his comment; and then added short.

Mr. Tolley addressed the Commission and stated I really would like to make a recommendation because Mr. Rodi was a very unique situation. If you go back and you look at Vaden made, you go back and look at what Turano made, we're going backwards. If you want to get somebody half decent I think you've got to put \$190,000 in there because you're saying up to \$165,000. Somebody reading that will say up to \$165,000, it might be less than \$165,000; what are you getting? We can't keep thinking about Mr. Rodi, I'll say it again, he was very unique. If he had taken what we had wanted him to take, he'd easily be over \$200,000 with the bonus situation now. At \$165,000, you're going to restrict your ability to get the best person out there, I'd really go up to \$190,000. He stated if we can't afford \$190,000 then I'd shut the doors, I don't agree with what I've heard here, that you know we're a small community, we can't pay it. Hey, let's go get Gummey's vet over here, perfect example. I mean this is a very, very important position in this town, maybe one, maybe the top position where we're heading in the future. So I think again, you're really restricting yourselves, I think you need to look at \$190,000 plus. You can always decide, but at least get the responses in here, and then you can come back and say hey, this person's really good but they're looking for \$190,000. Then the five of you make that decision with the input of Mr. Rodi. But I think you're really making a big mistake by keeping it at \$165,000.

Commissioner Diesen asked Mr. Rodi if he had input into this. She added you stay on top of the market, you know what's going on.

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

Mr. Rodi stated well, from the market standpoint those are all valid points. What Mr. Tolley is saying, if you look at a number of other kinds of comparisons oftentimes municipal based utility executives are even more underpaid. So those who would cut against that \$165,000 or \$190,000 would point to someone who may have gone to a location because they liked it and they wanted to live there, retire, or whatever; as you said there are a lot of other issues. I think you can, you know in the salary surveys that we did, and this is online too, again, Volusia County, this is conducted by the State, last year, I think, which was a down year, 2008 is the last information I'm aware of, CEO's are \$165,000, \$175,000, that are experienced. If you're not experienced it's quite a bit different, much lower for Volusia County. So that's sort of the non-governmental market that's here and the environment that is here. If you look at, I know we looked at a lot of FP&L, I don't know I think Armando is \$600,000, plus a couple million in bonuses. I'd like to say that I have a far more reaching range of things that I deal with even though they're not as voluminous, I've been on the voluminous side of this so I think I could speak with some authority. It is what is needed for the market and you very much have to understand where the industry is going. There's a completely new business model that's coming that relates to independent generation, whether it's solar, wind, any other number of these things, that will really complicate the business model. So there's a need for someone to understand that it might not be business as usual; how quickly that will occur, I'm not sure. So those are the kinds of elements that you need to take into account with what you think is there. I wish there was a hard number, you know, and whether you want to change that or not based upon everything you're hearing, that's fine, but it's going to be a very, very large transition for the whole industry, and we're talking about water as well. So that, you know, the discussions we've had about alternative water are going to be as important in a number of our projects. You really need to have someone who understands that future, so where they may come from I don't know. He added I'm trying to give you anchor points as opposed to a number, I'm just trying to say to you this is the kind of environment that's coming forward.

Commissioner Diesen asked if Mr. Rodi knew off hand what the CEO of GRU makes up in Gainesville.

Mr. Rodi stated I think \$225,000 plus I don't know this year if they passed salary increases, but I thought it was \$225,000; it's been a long time since I've looked. And he's been there a year and a half, and he was hired in I think at \$225,000 or \$235,000. He stated they lost a person because they didn't want to go above \$235,000.

Commissioner Diesen then asked what was the most recent turnaround, Fort Pierce, Vero.

Mr. Rodi stated I think there and I don't know what that turned out to be. He added and Vero is on fire right now.

Commissioner Diesen stated and Lakeland, do you happen to know what their's was.

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

Mr. Rodi stated the last I knew, \$175,000.

Commissioner Zeller then asked does the Lakeland CEO do water and sewage?

Mr. Rodi stated no, just power. They have a natural gas contingent because they offer wholesale natural gas to their large customers so they broker natural gas because they have to buy it for Unit 5, which is their large combined cycle unit; so there's some aspect of natural gas.

Commissioner Zeller stated well maybe we should reconsider that bottom line.

Commissioner Hall asked \$190,000 or \$185,000.

Commissioner Zeller stated \$195,000.

Commissioner Hall stated I'll go along with that.

Commissioner Diesen stated well take the bonus part out.

Commissioner Hall stated yes.

Commissioner Reynolds stated well we don't even know, we will know this guy for two hours at the most when we hire him, okay. It just seems like to me that before we have this grand package, we would want to see how he performs for six months and then we can talk about some graduated salary if we want to. But to start it out at a high point it will be just like negotiations that the City did with the City Manager, and what we want to do is get a good guy in here at whatever reasonable salary and bonus you want to put in there, and just say that a review of your salary will be done six months after you've been on the job.

Commissioner Diesen stated I think that's an excellent point, that would speak to the issue though of, I think, staying at \$165,000 with bonuses as appropriate, because if they're interested...

Commissioner Reynolds interjected if they're interested just in salary we don't want them.

Commissioner Diesen stated right, and they can, we can, when we negotiate talk about well you know you'll be reviewed in six months.

Commissioner Zeller stated yes but it's like Mr. Tolley said, you might limit your applicants.

Commissioner Hall stated you will limit your applicants.

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

Commissioner Diesen stated do you want to bring somebody in here at \$190,000 and go through to the wall.

Commissioner Zeller stated no ma'am.

Commissioner Diesen stated okay.

Commissioner Reynolds stated so basically \$165,000 with bonuses, and small wonderful community, and six months later review of performance and ...

Commissioner Diesen stated and if you want to say something about a salary review at six months or something like that, I mean you can go into all the details if you want to, to cover yourself. But I think if you put \$190,000 and there's an expectation, that's where it's going to be, and if it is, you guys are going to get nailed to the wall.

Commissioner Hall stated well hold on now, if we say up to, up to are the two key words, always. Now, yes, they will come in and want to negotiate for \$190,000, but if they really want the job, and believe me those who want the job are going to check this position out frontwards, backwards, sideways, and any other way you can think of; they are going to know what they're possibly getting into. And yes, we'll have some applicants who don't fit that we'll throw out, we'll throw the resumes out quickly. But we're going to come down, if the pool is available we're going to have some good applicants. Again, I think the key words are up to what, Commissioner Zeller, \$195,000 or \$190,000 now.

Commissioner Zeller stated \$195,000.

Commissioner Hall stated I don't think I'll be afraid of it frankly.

Commissioner Diesen stated you could always say salary negotiable. I mean if you want to just open the pool up just say salary negotiable, take out the bonuses and take out any cap.

Commissioner Hall stated then we say minimum \$165,000, salary negotiable.

Commissioner Diesen stated no, don't put any minimum, you might get somebody that will come here and work for \$140,000, just say salary negotiable, period. Then if you find, that they come in and want \$400,000, well it won't be too hard to know they're not making the cut, based on salary expectations.

Commissioner Reynolds stated yes, you could say words like salary will be at industry standards.

Chairman Allen stated that wouldn't work.

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

Commissioner Diesen commented they'll come in with the guys at FP&L and say hey, he's right down the road. She then added why don't you put negotiable, salary negotiable, then you negotiate \$100,000 plus a bonus or something. I have an aversion to putting in writing at this time \$195,000, up to. She reiterated I have an aversion to it.

Commissioner Reynolds stated I'm not comfortable with that either.

Commissioner Diesen added I mean a very strong aversion. I just think it sends a message to our ratepayers that we don't want to send and if we say negotiable, okay salary negotiable.

Commissioner Hall stated you know I'm going to disagree with you. You and I agree to a point but our ratepayers if we were to do a survey they'd want somebody for \$50,000. I'm sorry folks but that's the area we live in, now let's be honest. There are a lot of people out there that are jealous that the average UC employee makes \$70,000 a year.

Commissioner Diesen stated I think we should be aware of the kind of firestorm this could stir up and I think if we put in the term, if we put in salary negotiable, then it's negotiable.

Commissioner Hall stated I think that's going to keep people away. Good applicants will not apply. They'll be trying to call Mr. Rodi or all five of us that are listed on the website, I think that's Commissioners, am I right, and what are we going to say. Oh, it means that, just exactly, it's negotiable. Commissioner Zeller might say well it's going to be \$195,000 and Chairman Allen may say no it's \$165,000. And you might say whatever we're going to get you for, x amount of money.

Commissioner Diesen stated I'm not going to be talking to you, you were told no phone calls, you're not calling me, you do you're out of the pool.

Commissioner Hall commented well they'll call Mr. Rodi.

Commissioner Zeller stated you know we're caught between hard times.

Commissioner Hall stated we were selected because one I think we're bright, most of us, no, we're all bright. We are considered leaders, in leadership sometimes unfortunately you create a firestorm, and I think this is one of those times when no matter what salary we're going to decide on, what words we're going to use, it's going to be a firestorm. I think we just have to get our thick skin on and be ready for it, I'm sorry. He then added I'm not sorry, I mean I'm ready for it.

After a couple of comments, Chairman Allen stated can I throw out a little bit of thought into this. I know that we've got a feeling that the dollar amount, and I feel that a dollar amount is kind of important, that if there is somebody that sees and want to be innovative

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

that dollar amount gives them the initiative to act on it. You know, maybe there's some gut feeling that \$195,000 is too high but I would suggest \$185,000 and we have to remember as you said it's commensurate on experience, and go ahead and leave in the merit performance considerations. And if anybody has any "salt" and they're innovative, they'll come and if they have the experience, they'll come and we'll see the performance.

Commissioner Reynolds stated I think so but the other thing we may want to put in there, if we're going to leave a dollar amount in, is say plus benefits. Which lets them know that that salary of \$165,000 or \$175,000, whatever, it does not include the benefits, 401 k, insurance.

Commissioner Diesen stated of course you can say the opposite way, you know, package up to \$200,000 and ...

Commissioner Reynolds stated that sounds better.

Commissioner Diesen added and the package can be whatever you want it to be.

Commissioner Reynolds stated yes.

Commissioner Diesen stated it can be your FRS retirement or your Principal, or whatever, depending on, and they see the \$200,000.

Commissioner Hall stated well, normally you don't put in fringe benefits, that is negotiable.

Commissioner Reynolds stated that's what I say plus.

Commissioner Hall stated every candidate is going to have different needs to some degree. So again, I think the base salary is where we ought to stick with. He added and I like your suggestion Chairman Allen of \$185,000. I'm not sure if we need to put bonuses, I think that can be dealt with as we interview.

Chairman Allen stated okay.

Commissioner Hall stated if I was being interviewed for this position and bonuses were not included in this advertisement, I would ask you all about it, are bonuses included down the road.

After a couple of comments, Chairman Allen stated the major drive for the ad is to get the resumes and because it is a contract type employment, under that contract a lot of things take place. So merit performance considerations even flow into part of that if it is not in the ad itself.

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

Commissioner Hall stated so let's just say up to \$185,000.

Chairman Allen stated up to \$185,000 annual.

Commissioner Hall stated yes.

Chairman Allen added and just leave the merit performance out of it. He then asked the Commissioners, are we in agreement on that.

Commissioner Hall then asked Mr. Rodi what his thoughts were.

Mr. Rodi stated I think if you want to indicate there's something else out there at that level you can say other contract related items negotiable.

Commissioner Hall stated okay.

Commissioner Diesen stated I think that's good because no where near does this specifically it's a contract position, and I think that's important, that's a real key element, otherwise it may look like you're just a line item employee. And so I think that's good if that's what we're going to do, I think \$185,000 is kind of...

After a couple of comments Chairman Allen asked the recording secretary if she had picked up on that last part that Mr. Rodi said.

Mrs. Simmons stated other contract related items negotiable.

Chairman Allen stated right, I think that would slide right in there where the annual salary is, in developing this ad. He then asked the Commissioners if they were in agreement on this.

Mrs. Simmons also pointed out the ad does have contract position where it mentions "at will".

Commissioner Hall stated it is an "at will" for this.

Chairman Allen stated yes.

Commissioner Hall added Mr. Rodi was here "at will", even though he's under contract.

Commissioner Diesen then stated all right to Commissioner Hall, I'll give this to you.

Chairman Allen stated okay, are we to a point where we want to bring a motion to develop this ad and get it into circulation.

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

Commissioner Diesen asked will it hit the street immediately.

Chairman Allen stated this week sometime, hopefully, pretty fast.

Commissioner Diesen stated to Mr. Preston, you'll do the final say on it, that's it all legal you know...

Mr. Preston interjected which should be done by this afternoon or tomorrow so that we can go ahead and submit it.

Chairman Allen stated and when this is at final point, Mrs. Simmons will make sure that each one of us receives an email of it, so we'll know what's going out there.

Mr. Rodi requested Chairman Allen to please confirm what his understanding is about is there a salary number listed, not listed, just that, you had a lot of conversation and I'm not...

Chairman Allen stated the salary number will be listed at \$185,000 annually.

Commissioners Hall and Diesen interjected "up to".

Chairman Allen reiterated up to, annually, and commensurate with experience; up to that point.

Commissioner Diesen stated and other contract items negotiable.

Chairman Allen stated and then other contract items negotiable.

Commissioner Hall then asked if Chairman Allen could read the entire advertisement, let's be clear.

Commissioner Diesen stated Mrs. Simmons got it.

Commissioner Hall stated but let's be clear, let's go on record publically and be clear with it.

Chairman Allen asked the Recording Secretary, Mrs. Simmons, if she could read that.

Mrs. Simmons indicated she would try and stated: The Utilities Commission, City of New Smyrna Beach, a coastal Florida municipal multi-utility, is searching for a successful, experienced, and innovative CEO/GM to further its existing programs, business models, and strategic platforms. A Bachelor's degree from an accredited university with 10 years of increasing utility responsibility experience, 5 years of which must have occurred at the senior-executive level, is required. Salary up to \$185,000

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

annually is commensurate with experience (other contract related items negotiable). The position is open until filled; first review is anticipated by April 19, 2010. Visit [www.ucnsb.org](http://www.ucnsb.org) to review a detailed position description of this “at-will” contract position. Electronic cover letter and resume submission should be sent immediately to: D. Simmons, Executive Administrative Offices Manager [dsimmons@ucnsb.org](mailto:dsimmons@ucnsb.org). NO PHONE CALLS PLEASE AND NO MAIL OR FAXED RESUMES. Equal Opportunity Employer. All submitted materials become public documents upon submission and are available for public examination.

Chairman Allen stated okay, that’s our ad.

Commissioner Diesen then asked do we need a motion.

Chairman Allen stated yes we do.

Commissioner Diesen stated I will make that motion, to approve the CEO/GM ad as stated above by the Recording Secretary. She added, set it in cement and get it on the street.

Commissioner Hall stated I will second it.

Chairman Allen stated okay, we have a motion and a second. He confirmed there were not any other questions or comments, and then asked for a roll call vote to be taken.

Mrs. Simmons interjected we can vote for the ad, but we also have a motion on the floor about administrative changes, with Mr. Rodi, yourself, and Mr. Preston.

Chairman Allen stated correct.

Mrs. Simmons added there was a first and second made to the motion but no vote was taken.

Chairman Allen stated well, let’s take care of the first one that was on the floor.

Mrs. Simmons then proceed to take a roll call vote for Commissioner Diesen’s previous motion, as seconded by Commissioner Hall, and as stated previously on page 25 of these minutes. (A motion approving Mr. Rodi, Chairman Allen and Counselor Preston, throughout this process for administrative changes and consultations as the body that makes the decisions.) This motion passed unanimously.

Commissioner Diesen stated and now the ad.

Commissioner Diesen’s previous motion above, to approve the ad then passed unanimously on a roll call vote.

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

Chairman Allen stated okay with that, and the job description for the General Manager and CEO will be put up on the website.

Commissioner Diesen stated there's one little thing I didn't see it and maybe I didn't get through it word by word, but I think, was this in there, I think it's real important that somewhere in there it needs to be reiterated and maybe it's in here, maybe I just didn't find it. That this individual be politically astute but remain apolitical.

Commissioner Reynolds stated I have something like that too.

Commissioner Diesen stated don't you think that's important.

Commissioner Reynolds stated I just said must be interactive with the City Commissioners and the City staff in carrying out his duties.

Commissioner Hall stated well now doesn't that go beyond that though. I mean he has to work with State agencies, ...

Commissioner Diesen stated this isn't in here, I thought it was.

Commissioner Reynolds stated I didn't see it in there, that's why I wrote it down.

Commissioner Diesen okay.

Commissioner Reynolds stated well we can say that interactive with those people you named. I think that should be added, I make a recommendation, I think we need to vote on it. The other thing I thought that might should be in the details would be we never mentioned in here about management of a number of people, this could be a staff person that could qualify for this job. So I was going to suggest that somewhere in there in the job summary experience and effective supervision and management of a diversified and highly technical work force.

Commissioner Zeller commented could that be included in the interview, I mean you can't put everything in there that you need.

Commissioner Diesen stated well you're not suggesting that go in the job description, though are you. You're talking about up in the skills and abilities.

Commissioner Hall stated I thought we mentioned it, needed to be in charge of 175 people some place in that.

Commissioner Diesen stated a minimum of 150 employees.

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

After confirming that was covered, Commissioner Hall commented as a staff person that's a mighty big organization.

Commissioner Reynolds stated I didn't see it in here, that's why I wrote it down.

Commissioner Diesen stated it's under the summary assessment criteria, current or past position experience and scale.

Commissioner Reynolds stated yes, okay.

Chairman Allen stated okay are we...

Commissioner Hall stated Commissioner Reynolds had the political, apolitical item. Commissioner Diesen had it and/or you said working with the City Commission.

Commissioner Reynolds stated yes, and you (Commissioner Hall) developed it bigger, I would say working with State, Federal, and City officials.

Commissioner Hall interjected I would probably say the City first.

Commissioner Reynolds stated I agree, working with the City Commission and staff.

Commissioner Hall stated why don't we let Mr. Rodi and our Counselor decide where to put that.

Commissioner Reynolds stated that's fine.

Mr. Rodi stated in the position description it says works with counterparts representing other utilities, other governmental bodies, and non-government agencies on matters of mutual concern; so that covers everything.

Commissioner Diesen stated and did I miss the piece about being politically astute but...

Mr. Rodi stated I think that's a judgment call, I think if someone missteps then they're not politically astute, and you can misstep and be politically astute, so.

Commissioner Hall stated well that's one of the things when we're reviewing our finals.

Commissioner Diesen commented we don't want some political animal.

Mr. Rodi stated no.

Commissioner Reynolds then asked where are we placing this ad.

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

Chairman Allen asked Mr. Rodi if he would touch that base a little bit.

Mr. Rodi stated there's some standards like APPA that will get national coverage, you can get the ad in there quickly enough, and Energy Central. There are a number of different groups that are routinely looked at for those that are out there searching for other positions and there are probably three or four that are the primary ones that posts very quickly so I would suggest that you try those normal channels first. Obviously what that does is allow for the initial flurry of resumes and cover letters to come in, but the way this is worded it says open until filled. So you can have a review the first time around and then have another very good person submit, it wouldn't exclude that person but then you can add them in time for the second review; and that gets into your process. Now just like some of the criteria that are used there, some of those criteria may be more important to each of you in different ways, so if you would want to stress asset management versus someone else who might want to look at financial models. So that allows each of you to review each candidate for their strengths and weaknesses and allow for a collective decision. He stated it's pretty broad ranging and you have, obviously, the description as an initial reference point. But I think what you might end up doing is looking for those distinguishing factors that have someone stand far and above the others. Chairman Allen stated okay as we come to look at a couple of things, we're looking at the first review, anticipated, on April 19<sup>th</sup>. So as we look, there's probably going to have to be a special called meeting/workshop in preparation for that, and I'm not sure where you all want to stand as far as evaluating. Whether to have an evaluation team or do you want to receive those resumes and do it all yourself, or have a Commissioner serve on an evaluation team with a selection from staff to have a look at that, or not.

Commissioner Diesen stated I would recommend we do it all ourselves, that keeps you clean, it keeps staff clean. I went down this road on the search when we got Mr. Rodi and it was gut wrenching and it was blood letting. If we get 100 applicants by April 19<sup>th</sup> then I would suggest that maybe we have you go through them and bring the top 10 or whatever we determine, with the understanding that every Commissioner has the right to come in individually and look at every resume, and add to or subtract from or whatever. But I would be very much opposed to this going anywhere other than as Commissioner Hall said, we're tasked with the job at the policy level, and this is policy and this is where it needs to stay.

Commissioner Reynolds stated I would agree with that but I would also add that I'm hoping staff has an opportunity to review it just to make sure that they meet those criteria.

Commissioner Zeller stated well it's open to the public.

Chairman Allen stated it will be open, all that stuff will be open in a public meeting. As this Commission comes down to the final ones, I'm sure staff will have somewhat some final input as we look and as we work together with this.

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

Commissioner Reynolds stated I'm hoping so.

Commissioner Diesen stated I would assume, whoever the final two or three or whatever, would come and spend time and be introduced to staff and let interaction and come back for a final decision after they've all been here, done that.

Commissioner Reynolds stated yes, they should be taken on a tour, see the facilities, meet the staff, absolutely.

Chairman Allen stated okay, we'll work through that process like that.

Commissioner Diesen interjected, you're in charge.

Commissioner Reynolds commented see what happens when you're the Chairman.

Commissioner Zeller stated to Chairman Allen we should cancel our joint meeting with the City.

Chairman Allen stated that was one of the next items I was, probably should discuss right here. It was suggested we have a Joint Commission (City/UC) meeting April 20<sup>th</sup>, but I think to this date we haven't received any word back from the City Commission as far as any type of subjecting and with Mr. Rodi preparing to leave it would make more sense to wait until we get another General Manager/CEO on board before we do that, a joint meeting, if you concur with that.

Commissioner Diesen asked Commissioner Zeller if he made that in the form of a motion.

Commissioner Zeller stated he had put that out as a question.

Commissioner Reynolds stated well can we just let sleeping dogs lie and see what they want to do there.

Chairman Allen stated I think we need to act on it rather than all of sudden they want to have it.

Commissioner Zeller then stated I make a motion that we postpone the Joint Meeting with the City Commission until we have a CEO. Commissioner Diesen seconded this motion and it passed unanimously on a roll call vote.

Chairman Allen stated okay, I just wanted to touch another item. As we go through this process and I would hope we would be through this process before July, but we don't know that for a fact. I want to throw out to think about having someone that would be able to, that we would think about as an interim leader. Mr. Rodi is still the General

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

Manager here until the day he walks out the door but my concern is we need to have that connection take place. We have basically what, six weeks to make sure things are in line. I don't know what your thoughts are on having somebody in that as an interim position in that area.

Commissioner Diesen stated do you want my thoughts, adding I always have them. She stated to Chairman Allen if you're available for policy, Counselor Preston's available for legal, and we have an office manager, why do we need to pull somebody from another position to be there.

Chairman Allen stated my feeling is to keep the day to day operations functioning.

Mr. Rodi stated the only comment I can make is my time is going to be limited but our internal process that we use now often has Mrs. Simmons as the relay person and I'm called and I provide answers; I'll still continue to do that. But I think that the question that the Chair asks is what happens if you can't get him on his cell phone. I plan to be making some trips out of state so depending on what might happen you may want to have someone with more authority in the absence of, or not being able to contact me. So I think that's the focus of the discussion as I'm understanding it.

Commissioner Diesen stated well what about Mrs. Simmons.

Mr. Rodi stated she certainly is knowledgeable but I don't know that she needs any more burden.

Mrs. Simmons commented I think we're talking about the big, like emergency items, I mean it would really be over my head if it went, depending on the action. Now on the day to day I can facilitate it.

Commissioner Diesen stated well if it's a big item.

Mrs. Simmons added and if I can't get a hold of Mr. Rodi then...

Commissioner Diesen stated well Chairman Allen is available and legal counsel is available.

Commissioner Reynolds stated well I think to appoint one of the staff in his absence would be the appropriate thing to do.

Commissioner Hall stated one of the Directors.

Commissioner Reynolds stated yes.

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

Commissioner Hall stated I agree. I don't know if we have to decide that right now, maybe at the next meeting. At our next official UC meeting that we go ahead and put that as an agenda item that if we need to, if not decided by May 24<sup>th</sup>, to have somebody on board by May 24<sup>th</sup>, that we designate someone as the Interim CEO.

Mr. Rodi stated yes, it can obviously be an agenda item and I think it would allow some soak time to think this thing through. He stated I'm likely not going to be available for other formal meetings from today forward but I do think that can be an agenda item and let some of the pieces settle, and that would help. I'm sure if there are staff who would want to become the interim or even internal candidates understand that they have some opportunity here as well, and they may or may not want to be a part of this. And then part of that consideration would be if you have someone who's very capable who would be a candidate, would you also want that person to be an interim. So I think those are the kinds of issues to think through as you move forward.

Commissioner Diesen stated I think it might behoove us to wait and see what's in the pool, because obviously any internal candidates would come out in the first pool, then we would know. It could be very detrimental for someone who is applying to be named interim. So we need to be able to... When is our next meeting?

Chairman Allen answered the 19<sup>th</sup> (April).

Commissioner Diesen stated so that's our first, also are we going to have a special meeting along with the meeting or are we just going to ...

Chairman Allen stated we may very well have a special meeting that particular day and maybe a morning meeting or early afternoon.

Mr. Rodi stated you could have a workshop that would allow for some free-ranging comments obviously as opposed to a Special Meeting; that's totally your choice.

Commissioner Hall stated when is our meeting in May?

Chairman Allen stated April 19<sup>th</sup> is our next regular meeting but prior to that we could have a workshop.

Commissioner Hall then asked again what's the date of our regular meeting in May.

Chairman Allen stated May 17<sup>th</sup>.

Mr. Rodi then interjected and are all of you going to be available for that meeting in May.

Chairman Allen answered no.

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

Commissioner Hall stated he had a daughter graduating for medical school, I'm not sure if I'm going to be here.

Commissioner Zeller also indicated he may not be able to attend.

Commissioner Diesen asked Chairman Allen, you're not going to be here in May.

Chairman Allen stated I'm not going to be here in May, I'll be somewhere between California and Texas.

Commissioner Reynolds stated that's three people that may not be here, so that's not a quorum.

Mr. Preston stated to the Commission you can certainly adjust your meetings, call special meetings. I think from this day forward, as we move forward we need to be somewhat flexible about when we get together. I think there's a lot of things that are still in the air, even the procedure regarding the determination and hiring. So I think that we need to be flexible in the next upcoming months, looking toward meetings. The two on the 19<sup>th</sup> of April makes some sense but that's still three weeks away or more, so it might be something that as we get results from the ad that has been placed, and as we let all of this settle we may want to have more answers or more determinations made for how we're going to proceed. Two months is not a long time, and added I'm not acting as lawyer and I need to do so, but that's just my opinion as far as moving forward with this process. Commissioner Diesen stated just as a comment, since we've asked for electronic only, that cuts down the time the minute it hits the street, and when people see it first, that's when they're going to jump. She stated to Chairman Allen, if you find yourself in a situation of having, you know, 20 to 25 resumes by next week, it may be that...

Commissioner Hall stated then call a workshop.

Commissioner Zeller stated yes, let's do that.

Chairman Allen stated we can be flexible on these workshops to be able to get the information out there, just an open workshop.

Mr. Rodi stated Commissioner Reynolds made a point that I thought it appropriate to comment on. He asked well these locations how often do they publish or what do you see, and these will be electronic postings and most of those update daily so that once the ad gets through the process then it will go on the site and you'll get some quick turn around. I mentioned APPA seems to be slow, we've had I think very inconsistent response out of them where we have advertised, sometimes it's been quick, most times it's slower. But there are others that are "boom" the next day, they're there.

Commissioner Diesen stated well FMPA's going to know.

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

Mr. Rodi stated sure.

Commissioner Diesen stated I mean it's going to hit the State of Florida, I mean there's even Administrative Weekly if you have to go there. But it's going to hit the wires instantly.

Mr. Rodi stated yes, it will be like a lightning strike.

Commissioner Diesen stated I bet we'll get a flurry at the beginning of returns.

Chairman Allen stated okay, so with that discussion out of the way, I'd like to look at one other item. Back in July, 2009, we made a proclamation in reference to Mr. Rodi, and in that proclamation the last comment in there was that "The Utilities Commission previously and currently recognizes Robert J. Rodi deserves a monetary merit reward but due to the continuing financial and economic crisis, and per his recommendation, will forego this reward to a future date." I would like for us as a Commission, and as Mr. Rodi has done a superb job in carrying out his tasks and far exceeded, I would like for us to think about having some type of merit performance consideration to reward his performance here in leading.

Commissioner Hall stated my suggestion is either we agenda this as an item at the next U.C. meeting or it comes up under our discussion from the Commission members at the end of the meeting.

Chairman Allen stated okay.

Commissioner Hall stated which do you prefer Counselor, to Mr. Preston.

Mr. Preston answered either.

Commissioner Diesen stated rather than doing it now.

Mr. Preston stated no, I mean that's your decision whether or not to do it now, but as far as the procedure as to whether to bring it up during Commission time at the next meeting or have an agenda item, is up to you all as well.

Commissioner Hall stated I think we need to send a statement, let's make it an agenda item.

Commissioner Diesen stated and I think we are all in agreement with it, so...

Chairman Allen stated okay, let's make it an agenda item at the next meeting then.

Commissioner Diesen stated good, do you need a motion on that.

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

Chairman Allen stated I don't think we do.

Mr. Preston stated no you don't.

Chairman Allen continued it's just comments and discussion here. He then stated okay, I think my sheet of paper is empty here so.

Commissioner Diesen commented well you made up for the last meeting.

Chairman Allen then went to Commissioner Hall for any other possible business or comments.

Commissioner Hall stated no, other than to reiterate that I accepted Mr. Rodi's resignation regretfully. I think we need to look at the glass as being half full that we're going to find another person with his capabilities even though when you change leadership, things do change. I don't care if you have the same name, the same looks, and the same talents and skills, just by the very fact that a new person is taking over, there's going to be changes. I'm sure the staff, since they've gone through some changes, at least the veteran ones understand that, and we understand that; that's all.

Commissioner Diesen stated well I can't say enough about Mr. Rodi and what he has brought us through. I was on here when we were lucky enough to get him and I remember the mess we were in and how far we've come and my concern is the people in this City don't realize how fortunate they've been to have someone like this who's been able to bring us to where we are. We were a body without a strategic plan, we now have one. We had no, our long range plan was flying by the seat of our pants, the CIP, really every way, we have just progressed so far. And I don't believe that anyone really realizes how much an impact of that developer's addendum had on this City and on our ratepayers. That was a huge thing for us to have, to be able to get that in place and have it accepted. Those are the kinds of things that only a visionary can do for you and we have been so fortunate to have him in our presence. She stated to Mr. Rodi, I am so sorry that we couldn't do something to make it so you could stay here, but I understand and I apologize to you for some of the dark side of this City.

Commissioner Reynolds stated well I was reflecting when Commissioner Diesen was talking there and I think Commissioner Hall, Commissioner Diesen, and myself, we were cast into this Utilities Commission at a tumultuous time and it's sort of like to me you're in the rough seas and your boat's sinking and some guy comes along with a bilge pump and you know saves you. And I think the thing I take away is that Mr. Rodi has organized this organization in a way, both administratively and program wise where it's smooth sailing. It's almost like we don't want a change and we don't want anybody to come in and make swift changes. We want someone who picks up where we are and make sure we get through that, and consequently, we don't need somebody with a life vest anymore, thanks to Mr. Rodi.

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

Commissioner Diesen commented very well said.

Commissioner Zeller stated ditto. I guess I'm the newcomer here and I have learned a lot and I certainly appreciate Mr. Rodi and what he has done. We have a very good utilities.

Chairman Allen stated as all the comments that have been said here, I worked, I think Mr. Rodi has been about the seventh General Manager I've functioned under; just with him on the different side. Of all the ones I've worked with and communicated with, I would have to say Mr. Rodi is probably the best. Having looked and seen some pretty good ones that have come through here and then others that weren't so good. The reason why I say Mr. Rodi is the best, I see his leadership that he brought, I see his visionary looking and seeing and building and developing the staff. Giving them the hands on and they're being responsible in their particular area, to see this body grow in that strength. I'm sure Mr. Rodi has done that for the prime reason, he can know and understand that they're going to be responsible for operating their area as they answer to him and to be able to meet the needs of this community. That leadership that has come with him has far moved us into the future and I'm hopeful, and maybe some people will say that I'm too hopeful, but I see us bringing someone on that's going to take what's been brought to the table and build on that. We're not wanting to bring somebody in here that's, and you always have change, every General Manager that come in, there is going to be change, but that person would come in would build on what has been built here so that it would even be a better place. And that's my vision, that we're going to see take place here as we work through this process. So that's all I have to say. He then recognized Mr. Rodi.

Mr. Rodi stated I'd just like to thank each of you, I'd like to thank staff. You know that the strength of the organization is really in the body of that organization. What's been pleasurable is to see people doing their jobs again, feeling I won't say good, but a whole lot better about being able to decide and do and contribute. And even where there's a disagreement, to be understood that it's for the benefit of the community. My tribute goes to staff, obviously I don't do these things alone, no one does it alone, we've all done it together. So thank you very much, I appreciate your comments, they are heartfelt, and I understand them that way, thank you each.

Chairman Allen stated okay with that, I suppose there's no other business. Mr. Tolley we do appreciate you being in the audience and we do take your comments to heart when you make comments. He added and I appreciate the staff. He stated the other thing I would just like to make mention of, as we go through these times, and a lot of the time there's that level of fear and anxiety that comes into the life of the employees not knowing and feeling uncomfortable about what may lie in the future, but I would hope the employees and staffing here would recognize the Commission and it's a different environment today. That we do have a concern for staff and employees as we move through this process and we desire the very best for our community and also for you.

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

There being no further business to come before the Commission, Chairman Allen closed this Special U.C. meeting at 12:27 p.m.

APPROVED:

ATTEST:

  
CHAIRMAN

  
SECRETARY-TREASURER

These minutes were formally approved by the Utilities Commission at their April 19,  
2010 meeting.

**UTILITIES COMMISSION,  
CITY OF NEW SMYRNA BEACH, FLORIDA**

200 Canal Street  
New Smyrna Beach, Florida 32168  
386-427-1361



**Mailing Address:  
Post Office Box 100  
New Smyrna Beach, Florida 32170**

March 24, 2010

Mr. Walter Allen III, Chairman  
Mr. William Hall, Vice-Chairman  
Mr. William Reynolds, Secretary-Treasurer  
Mr. Oscar Zeller, Assistant Secretary-Treasurer  
Dr. Jeanne K. Diesen, Commissioner

Dear Utilities Commissioners,

I am writing to you, with due reflection and under my sole initiative, to officially and voluntarily convey my resignation from the Utilities Commission, City of New Smyrna Beach, Florida, effective May 24, 2010.

Following my external-candidate selection as CEO/General Manager by the five Commissioners in mid 2005, the remediation of the financially- and ethically-embattled utilities was undertaken, which has included the consistent application of the overarching policy of protecting UC public assets against conversion to private gain, in compliance with the 1967 State Special Legislative Act (Chapter 67-1754, as amended), which created the UC, and in compliance with the 1978 UC Resolution 28-78 relative to UC bond requirements and indebtedness.

This was another tumultuous time for the UC, with all of its Commissioners having been recently appointed in September 2004 and May 2005 following the removal of prior Commissioners as a result of disputes between the City and the UC regarding property disposition, while UC matters continuing from 2004 included mismanagement and criminal allegations regarding the UC telecommunications activities.

Since July 2005, when my UC leadership began, significant progress has occurred and has been reflected in the annual cumulative "Year in Review" summaries which have been publicly shared on several previous occasions. I have attached a final update of the "Year in Review." The activities and accomplishments referred to in the updated cumulative "Year in Review" can be summarized to include:

- the avoidance of nearly \$225 million in potential UC expenditures for pre-2005 commitments to ill-conceived and environmentally-unpermittable water-related projects;
- reductions of nearly 25% (\$20 million) in long-term UC debt; reductions of nearly 12% (\$10 million) in total UC liabilities; and returning the UC to financial stability as a "cost-only" public enterprise and as defined by Florida Special Legislative Act (Chapter 67-1754, as amended) and UC Resolution 28-78;
- the correction of previously existing major vulnerabilities of the electric, water, wastewater, and reclamation water utilities' infrastructure, support systems, management systems, and the previous, failing seven-state UC CLEC telecommunications venture;
- that nearly \$20 million has been secured, of a projected \$50 million, in equitable contributions for new-development utility infrastructure from developers, rather than from increasing UC customer rates;
- significant progress in the development of the UC's organization and personnel in order to further openness, transparency, and responsible empowerment;
- exemplary results in energy and water conservation and efficiency improvements; and,

*"Connecting You With Quality"*

- continued improvement in the UC's relative competitive ranking among Florida electric utilities (projected 7th lowest of 55, 6/1/10) in comparative 1,000 kWh residential rates.

Clearly, since my appointment in 2005, the efforts of and decisions by the UC Commissioners, the UC staff, and myself have resulted in the vastly improved financial and infrastructure condition of the UC, a high-tech local employer. Throughout my tenure there has been ethical stewardship and adherence to the protection of the public interest and, accordingly, I value the July 2009 UC Proclamation recognizing my dedication and performance.

Currently, the external independent UC Audit for Fiscal Year 2009, with no material deficiencies noted, has been accepted by the UC, and the Fiscal Year 2011-2012 O&M and 2011-2021 CIP budgets have been completed.

The UC is currently well-poised in its role as a valuable community asset and contributes value well beyond its current \$3.5 million annual payment (6% by UC Charter) to the City of New Smyrna Beach. The renewable energy projects (which follow the 2007 Governor's Executive Orders) and alternative future water supply projects (which follow the 2006 SJRWMD mandate) currently being planned for development on UC land reflect the realistic expectation that a lower-cost, affordable, and environmentally-compatible renewable local power supply and an alternative future local water supply would be provided by the UC should these projects proceed under its authority. Direct and indirect additional financial benefits would be provided to the City from these projects, particularly if federal carbon emission limitations and carbon taxes are imposed; however, within current economic and political environments a range of external plans, beyond the purview of the UC, again envision other conversion.

On a professional basis, I intend to further my career-long involvement in the development of innovative, realistic power and water technologies, systems, and resources which necessarily require legitimate and timely development and collaboration for their success. On a significant personal basis, the June 2009 veto of Florida legislation that would have maintained a policy environment for accessibility to windstorm insurance with sufficiently capitalized, large-scale insurers statewide is very problematic in this coastal region which routinely experiences a variety of serious, damaging weather and climate events.

I appreciate your support of the manner in which I have exercised my management expertise in a professional and apolitical manner. I genuinely extend my gratitude for the opportunity to have served with you. Although I will be available to provide any advice and counsel regarding my successor or other UC matters that you may request during my remaining time at the UC or in the future, I will be devoting much-needed time to personal and relocation matters prior to the hurricane season. Consequently, I will have limited availability to represent the UC at formal functions going forward.

Please accept my best wishes for the Utilities Commission, for you as Commissioners, for UC employees, and for those who with us have genuinely served the community.

Sincerely,



Robert J. Rodi

Enclosure:

cc: William T. Preston, Esquire, UC Counsel, w/enc.

A Year in Review Final  
Summary Items, July 2005 to June 2010  
(July 2005 to June 2009 previous entries retained;  
current update from July 2009 on pages 7-9)  
(Random order, partial listing)

- Developed and published UC Strategic Initiatives detailing Vision, strategic plan, strategies, objectives, tactics, and goals.
  - Initiated or completed formal studies on telephone, electric, water, wastewater, reuse, healthcare, Spill Prevention Control & Countermeasure (SPCC) rule, and cost of service.
  - Exit from cell phones and prepaid completed June 2006.
  - Exit from telephone business effective all states by 8-1-06 (9-1-06 for Tennessee).
  - Exit from cable business formally approved and exit targeted for 10-1-06.
  - Implemented selective retire-rehire program.
  - Implemented info systems back-up storage and effective firewall.
  - Evaluated WAV master plan for water supply potential and publicly conveyed perspectives, pros, and cons of Interlocal agreement e-mail on 5-17-06 and presentations on supply issues on 5-22-06 and 7-17-06.
  - Terminated Lightning Protection Program provided through Progress Energy with carry – over for existing customers.
  - Terminated contract with 5G Wireless for non-performance.
  - Publicly presented growth infrastructure impacts upon utility systems and water needs on 6-19-06.
  - Completed Water CUP application with increase to 8.33 mgd in 2012.
  - Developed and posted RSQ for water harvesting concept March 2006.
  - Developed and presented 5 and 10 year integrated O&M/CIP budget for 2007 incorporating water and generation strategies during March, 2006 workshop.
  - Developed and implemented ERU Developer’s agreement addendum 7-06 to pay for external infrastructure for new developments.
  - Completed special, extensive forensic audits of financial and business practices ordered by the Utilities Commission, NSB.
  - Completed UC cyber audit of systems and digital security review.
  - Initiated alternate water source and energy production concept.
- 
- Conducted focus groups with our customers and incorporated key findings into our Strategic Initiatives.
  - Upgraded essential medical customer process and procedures.
  - Incorporated hurricane storm surge, fire risk information, growth forecasts, and study results into the UC’s 2007 -2016 CIP.
  - Updated and jointly published 2006 Hurricane Preparedness Guide.
  - Initiated Field Street Substation transformer addition to relieve load.
  - Initiated new UC health insurance selection process and determination completed 7-06.
  - Financial reports produced one month earlier for more accurate reviews.
  - Growth/tracking maps created for system and development impacts.

- Initiated electric reliability goals and performance reported monthly.
  - Cleared Cassadaga 115kV line of undergrowth which jeopardized the circuit and created a fire threat (never was trimmed or cleared since construction in 1988).
  - Instituted lineman refresher and apprentice training with MEAG instructor.
  - Formalized document retention, information management, and e-mail policy and support through annual training.
  - Conducted special meeting on 9-8-06 on energy supply issues resulting from hurricane impacts to fuel and electric transmission supplies.
  - Conducted energy and water supply workshop 10-13-05.
  - Completed 2006 budget and CIP—CC approved on 10-12-06 and UC on 10-17-05.
  - Completed UC administration building security system 4-06.
  - UC workshop on held 12-7-06 on green technologies and UC 2006 Strategic Initiatives.
  - Updated and executed licensing agreements for existing software.
  - Initiated weather and water leak sealing of UC admin building to avoid potential loss of the building due to known water leaks and the potential for mold infestation.
  - Formalized UC contract authorization process.
  - Initiated vehicle allowance program.
  - Initiated Avian Flu countermeasures risk management and response plan.
  - Implemented City and UC joint use of DeBerry Room.
  - Revise UC Agenda format and protocols.
  - Resolved 10<sup>th</sup> Street utilities relocation avoiding ~\$250,000 costs.
- 
- Tentative FP&L 230 kV substation commitment to UC near existing New Smyrna Substation at I-95.
  - Secured TECO 2-year 10MW must take power contract ending 12-07 and a 1-year non-firm 20-40 MW power contract ending 12-06.
  - Completed new budget process in compliance with City Ordinance 19-05.
  - Initiated policies determination and review process.
  - Completed wage and Health benefits negotiations with local 2088.
  - Secured contracts for routine and emergency workforce to manage growth or emergency impacts for the UC electric and water utilities.
  - Implemented timber foresting of fire-damaged timber and selective existing stock harvesting on UC I-95 area property (~\$12,000 as of 7-24-06).
  - Initiated and implemented appropriate work dress protocols.
  - Recovered over 2 years of back payments for county for fire hydrant maintenance, ~\$21,000 performed by the UC water group.
  - Recovered back payments as a result of meter and system accuracy review initiative recovering ~\$240k in last 12 months.
  - Resolved consent order regarding reuse water discharge with FDEP through a study of the actual effects in the zone where the water enters the river avoiding potential costs ~\$500k.
  - Completed reuse pond construction and obtained operating permits which will provide about 15 million gallons of reuse when the pond is full.

- Completed over 100 public information requests and over 1,000 document research requests.
  - Maintained level of payments to the City even after shut down of high-loss Telecom and cable operations effective September 1, 2006. FY 2006=\$3.665 million, FY 2007=3.671 million, and FY 2008 currently forecasted at \$3.7 million.
  - Some Telecom contracts included various penalty and royalty provisions for termination. No litigation has occurred and over \$3 million in royalty payments were avoided.
  - Settled predecessor action litigation, which had serious multi-million dollar exposure for direct and punitive damages.
  - Implemented Addendum concept under the UC policy that existing customers should not pay for growth infrastructure investment. \$15 million realized to-date of the over \$50 million (NPV) for new growth infrastructure, which is approaching the value of the UC's total existing senior debt. This approach will mitigate future costs for current and to-be customers alike. Aside from new investment, the UC's future debt liability will drastically diminish in a few years compared to previous methodologies.
  - \$43 million dollar UC cost-avoidance achieved due to the redefinition of WAV.
  - \$186 million dollar UC cost-avoidance achieved due to the transition to a different alternative water plan.
  - Active development of two R&D projects which may secure sustainable electric and water resources for our customers as an outcome from a formal Renewable Energy RFP.
  - Secured a new 5-year firm 25 MW power contract with Progress Energy resulting in minor, but net savings over the previous and expiring 15 MW PE contract.
  - Completed street light inventory to calculate accurate costs and asset logging.
  - Implemented the Great Plains 9.0 financial systems and new Enquesta customer system, which allow credit card and internet payments and the capability to implement a quantifiable performance measurement and incentive system.
  - Developed a new pole attachment agreement for non-cable requestors; draft of cable provider agreement is in process.
  - Developed Interim Net Metering Rider for renewable generation to address load reductions and encourage private renewable generation sources.
  - Updated Strategic Initiatives for 2008.
- 
- Implemented water and power conservation, efficiency, and education programs with modest first year success and sponsored a Green Fair in NSB, which is promoted as the largest to date in Florida.
  - The 2008 Triennial Report is in final draft for release in August 2008 (Res. 28-78 requirement).
  - Completed \$10 million financing package for critical existing water system infrastructure upgrades and system deficiency corrections, which will also reduce pumping costs.
  - Initiated water infrastructure restoration projects involving the 3<sup>rd</sup> St. million gallon potable tank, a 20" low pressure transmission line, and new pumping systems at Smith and Glencoe locations inclusive of the upgrade of emergency generation systems at Glencoe.

- Coached off-site stock storage and consolidated inventory process for transformers, poles, conduit, and water/wastewater piping to reduce costs and appropriately match inventory needs.
  - Completed corrections to electric system high-priority deficiencies regarding the Field Street substation, distribution circuit partial upgrades, and voltage deficiencies in the south beach area.
  - Corrected marginal south beach area water quality performance issues and developed new methodology for low-flow area applications supported by DEP and VHD.
  - Evaluated current nuclear generation options being promoted related to future supply and cost exposure.
  - Initiated validation review and correction of AC/water heater load management program and equipment.
- 
- Designed and implemented new position descriptions, performance evaluations, competencies, and a succession planning system, all of which continue to evolve to meet organizational needs.
  - Coached improvements in: new employee recruiting, orientation, health and accident prevention processes; DOT, FMLA, and HIPAA regulatory adherence; and the development of an accident prevention manual and risk management analyses.
  - Implemented Shigo method of vegetative clearance, which is a high-production method also beneficial to the tree and results in significant reduction in re-growth for subsequent trimming cycles.
  - Coached the completion of a new principal agreement and supplemental agreement affecting UC employees represented by Local 2088.
  - Instituted changes to Personnel Practices to update provisions including IRS compensable rulings.
  - Reduced vehicle fleet and cell phones as determined by need and application.
  - Initiated PURPA declaration provisions and provided for appropriate actions to manage system impact exposures.
  - Initiated and implemented PSC required storm hardening standards and field upgrades.
  - Initiated and completed the new 18" beachside forced main project.
  - Coached expeditious repairs to the Turnbull Bay and Islesboro tornado damaged areas.
  - Coached expeditious repairs to the 30" forced main pipe failure.
  - Coached upgrade and implementation of the new UC web-site.
  - Initiated conversion of previous selective paper-form-approval process to a intranet web-based system.
  - Completed repairs to the UC's monopole communications tower.
  - Tendered MOU to protect LDR buffer provision while protecting significant UC asset infrastructure investment by using easements for selective geographical areas where road widening and other disruptive conditions could reasonably be expected.
  - Removed diseased live oak in COB parking lot, planted two 8" live oak trees, and upgraded beds and window containers with drought tolerant plant displays and plant identifiers.
  - Initiated SPCC plan and evaluations to affect regulatory compliance for all UC facilities.

- Initiated customer-comment tracking and improvement/resolution system.
  - Relocated personnel on UC first floor areas to afford improved customer contact and confidentiality needs and privacy and relocated engineering to the second floor area to enhance technical engineering discussions, which include financial arrangements.
- 

**Listing from July 2008 to June 15, 2009**

(Random order, partial listing)

- Implemented Interim Net Metering Rider tariff as a voluntary measure with Florida Public Service Commission to appropriately encourage small renewable generation from a variety of technology sources.
- Sponsored the Green Fair, which was the first-ever green building materials fair in Florida and which was attended by an estimated 7,500 persons on September 7 and 8, 2008.
- Replace the Avaya phone system with a Cisco system, thus providing greater security and cost-effective equipment.
- Successfully completed full contract negotiations with Local 2088, resulting in a 3-year principal agreement with wage reopeners in years two and three.
- Introduced energy and water conservation and efficiency programs which were effective in accomplishing net reductions in electric and water consumption.
- Completed the 2008 triennial report with satisfactory results to satisfy UC Resolution 28-78.
- Completed the subaqueous river mapping and marking survey to facilitate dredging requirements and asset mapping.
- Secured river outfall easement on AOB site (former wastewater treatment plant site) and secured the UC legal existence opinion (a change to UC charter language can only be accomplished via a legislative act).
- Worked through the 500-year flooding and events of tropical storm Fay.
- Completed the P-2 experimental artificial potable water circulation loop to maintain water quality in low-use areas and to reduce water system flushing—results approved and endorsed by Volusia Health Department and FDEP.
- Completed the new 1 million gallon effluent storage tank at the water reclamation plant and met a permit compliance requirement. Tank will be used as temporary storage for reclamation water and also used to avoid river outfall discharge of fresh water into saline river water.
- Completed *Chloramines to Chlorine* disinfectant program which improved the water quality performance of the potable water system and significantly reduced the routine flushing requirements to maintain the system.
- Completed the replacement to the Glencoe emergency generation back-up system including new protective schemes and auto-start capability.
- Completed water and wastewater pump pressure electric consumption efficiency the program resulting in estimated savings of \$250,000 annually. The UC water and reclamation water operations are the UC's largest electrical customer.

- Implemented the Red Flag compliance rules and policy requirements in support of customer privacy issues.
- Completed the fourth revision to the UC's Strategic Initiatives for 2009.
- Completed the review and determination of PURPA related standards and held public hearings.
- Completed the installation of the new one million gallon potable water storage tank beachside on 3<sup>rd</sup> Avenue increasing fire protection and reliability for the north beach area.
- Provided renewable energy and alternative water technology information for Senator Webster's legislative action group and the Governor's Energy and Climate Commission Office.
- Completed a reorganization of records retention and records management system including Sunshine compliance, open records, and fulfilling public records requests.
- Introduced KPI performance reporting at the enterprise and division levels. Line-of-sight measures identified through individual employee involvement and participation.
- Completed restoration of the second failure of the UC's 30" forced main. Conclusions to date indicate improper installation techniques and lower grade materials as the root cause. A mitigation plan has been developed and awaits approval by the FDEP. Due to the nature of this issue, investigation continues.
- Implemented a formal transmission and distribution wood pole inspection and identification program.
- Completed a MOU with Horizon Energy to pursue a 36 MW renewable energy plant for UC consumption through a to-be negotiated Purchase Power Agreement with a future option to purchase the plant.
- Completed the installation of an aquifer recharge system on the UC I-95 property using reclamation water rather than discharging to the river outfall and which also environmentally protects the Mosquito Lagoon.
- Completed a firm five-year purchase power agreement with Progress Energy Florida effective 1-1-09 with net favorable terms.
- Implemented an in-house Electrical Operations electrical skills training apprenticeship program.
- After nearly three years of preparation and tactical actions, implemented the UC's succession planning system which incorporates new position descriptions, annual performance reviews of all employees, identified and applied competencies for the respective positions, goals and objectives, and necessary training for employee planned succession. This system is currently being applied in Electrical Operations due retirements of several employees in leadership positions.
- Completed the upgrade and installation of the Financial, Human Resources, and Accounting with Great Plains 10.0 systems and have scheduled the mid-July replacement of the underperforming Enquesta Customer Service and Billing system with Cogsdale version 10.0.
- Revised and updated a pole attachment agreement to provide accurate rates and consistency among telecommunications users.
- Completed the draft of a new Purchasing Policies and Procedures Manual scheduled for July 2009 Commission approval presentation.

- Completed the EPICUS bankruptcy litigation \$3.7 million award to the UC whereby the UC has only received approximately \$40,000.
- Maintained the UC's alternative water supply project status with SJRWMD and developed the UC's concurrency monitoring system for adoption in the City's Comprehensive Plan.
- Established wireless high-speed communications links from the UC's communications tower to the Glencoe Water Plant and to the I-95 Water Reclamation Plant.
- Managed a second 500-year flood event during the May unnamed storm which deposited over 20 inches of rain in the service area over a three day period.
- 2008 water efficiency programs reduced water use to 98 gpd/person potable consumption, reclaiming 70% of potable as effluent and redeploying 90% of treated effluent for non-potable reuse.
- Successfully completed the new NERC/FRCC Reliability and Enforcement Audit and its corrective actions, averting \$500,000 in penalties. All transmission operators are nationally certified.
- Implemented the formal policy review processing system incorporating a standardized format and organizational approval process which is administered through the Controller's Office.
- Completed a draft, functioning-pilot Economic Value-Added financial (EVA) measure which discloses a positive value and stable trending of UC financial performance even in the current deteriorating UC sales environment.
- Completed a \$20.5 million short-lead-time refinancing and water project funding initiative at reduced overall costs while maintaining a 2020 senior debt-free plan.

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**Current update listing from June 15, 2009 to June 2010**

(Random order, partial listing)

- Filed an administrative hearing to exercise the UC's rights in having previously selected a local project for an alternative water supply in response to the 2006 SJRWMD requirement (rather than a regional plant 62 miles from NSB which is likely unpermittable).
- Received two international communications awards for the UC's 2009 conservation calendar and information access on the UC's web site.
- Participated, as an advisor, in the selection process for the new NSB City Manager.
- Secured a \$20.5 million bank loan with a rate of 3.96% for high-priority water projects, which included an additional savings of .09% or \$18,000 annually for other capital applications.
- Achieved a settlement agreement in concept through mediation regarding the UC's alternative water supply project with the SJRWMD.
- Provided infrastructure guidelines and reference information for the annual infrastructure update.
- Developed a resolution proposal for the City and County Trails use of the UC's transmission corridor for a public pedestrian, bicycle, and horse trail.

- Revised and updated the UC's Service Fees Rate Schedule which, with few exceptions, had not been updated since 1994, with some rates dating back to 1989.
- Provided a billing insert with data and information demonstrating the UC's relative competitive position as a low cost provider for water, wastewater, reuse, and electric resources.
- Updated the UC's pole attachment agreement to reflect current rates for the use of UC assets by telecommunications providers.
- Provided formal notice to contractors and vendors regarding their improper use of UC utilities without authorization or without the establishment of an account.
- Developed and implemented a Red Flag Identity Theft Prevention Program to protect UC customers from potential identity theft.
- Obtained approval regarding an Anti-Fraud Risk Control Policy and Procedures Manual. This item is a companion to the UC's ethics and conflict of interest policy and has established a comprehensive approach regarding such matters. The UC consequently has adopted very stringent policies and procedures.
- Completed the 4th year of hurricane preparedness and the 2nd year of storm hardening of the UC transmission and distribution system with over 20% of the system completed.
- The UC's CEO/GM accepted a UC Proclamation in recognition of exemplary performance and dedication during his tenure as achieved with the support of UC staff.
- Completely revised the UC Manual for Human Resources Management, which is a newly titled and incorporates a broadened responsible-empowerment concept, replacing the previous Personnel Practices Manual.
- Provided, for a City Commissioner, a UC commentary and perspective of selective Florida League of Cities Legislative Policy Committee position statements.
- Received a Fitch upgrade for the City of NSB credit ratings, which is in part due to the solid financial performance of the UC.
- Produced and published the UC's 2010 Strategic Initiatives, the 5th edition of this strategic planning and objectives attainment document, as referenced in the UC's enterprise development model.
- Upgraded and refreshed the UCNSB website with new features which include bill access and on-line payment features.
- Resolved legal dispute regarding Deltona's incorrect incorporation of the UC's western-most well field within Deltona's 360 water plan.
- Received three awards from AWWA for excellence in water conservation through programs supporting water-wise gardens, rain barrels, and showerhead exchange.
- Negotiated a conservation incentive based agreement with developers regarding infrastructure and capacity fees for the proposed Flagler Avenue Hampton Inn.
- Provided a 12-09 information bill stuffer for the commercial customers entitled "How Your Local Utility Stacks Up". 90% of UC commercial customers pay less than the FPL rate counterpart for this customer class.
- Due to the continuing economic downturn in this area, provided a special payment schedule for customers affected by the historic cold period in January and who may have experienced bills 2 to 3 times larger than anticipated bills for this period.
- Achieved 18 to 30% energy reductions in the Water Resources department due to an aggressive conservation initiative as the UC's largest electric customer.

- Recovered over \$4.7 million in FPP costs from the 2008-09 period without raising rates. Anticipate a \$4.00 reduction in FPP effective June 1, 2010 due to improved competitive bidding and sourcing techniques which is expected to place the UC as the 7th least expensive of 55 electric utilities in Florida for comparative 1,000 kWh residential rates.
- Completed a new Comprehensive Purchasing Policies and Procedures Manual.
- Completed a new contract for engagement of legal counsel to represent the UC with private attorney William T. Preston.
- Completed the 2009 external Audit with no material deficiencies; provided significant financial stability even when sales have continued to decrease at an 8% levels over the last two fiscal years.
- UC long-term debt was reduced ~20% and total liabilities reduced by ~12% over the last five years.
- Completed diagnostic testing of the UC 30 inch FM to comply with FDEP consent order with findings indicating no leaks from this pipeline and indicating that the previous two failures may have been the result of 1995 local installation events at that particular section of pipe line. The UC's approach is now expected to mitigate the potential for FDEP to require a \$3 million replacement project.
- Completed the HR performance management system responsible-empowerment segment with a line-of-sight metric program inclusive of the field roll-out presentations currently underway and with an additional potential application for implementing a performance-based incentive program. Metrics will be system-generated and updated as part of a new dashboard system for KPI and business metrics under development.
- Presented on 3-18-10 the UC orientation for the Citizens Academy; a program sponsored by the City of NSB.
- Completed the FY 2011-12 and 2011-2021 CIP budget for approval at a UC Special Meeting.
- The new 20" potable transmission main from Glencoe to Smith Street is expected to be completed by June 2010, thereby correcting the UC's greatest and costliest water priority project on the infrastructure priority list. This complex project is expected to have been completed at a 30% reduction in cost or nearly \$4 million under original budget estimates.

End

End