

**SPECIAL JOINT - CITY COMMISSION AND UTILITIES ADVISORY BOARD MEETING
MINUTES
February 9, 2004**

The special joint meeting of the Winter Park City Commission and the Utilities Advisory Board was called to order by Mayor Kenneth "Kip" Marchman at 2:00 p.m. in the Commission Chambers, 401 Park Avenue South, Winter Park, Florida.

CITY COMMISSIONERS PRESENT: Mayor Kenneth "Kip" Marchman, Commissioners Douglas Storer, John Eckbert, Douglas Metcalf and Barbara DeVane; City Manager James Williams, Assistant City Manager Knight, City Attorney Brent McCaghren and City Clerk Cynthia Bonham.

UTILITIES ADVISORY BOARD MEMBERS PRESENT: Stanley Wilson, John Melaugh, Steve Miller, John Weesner, Patricia Fusilier, Julie Carmody and Bill Forness.

1. Introduction of Issues - Assistant City Manager Knight

Mr. Knight explained the main purpose of the meeting was to begin to focus on policy issues and to give the Commission and the Utilities Advisory Board the opportunity to interact with each other. He said this interaction should provide guidance to the UAB on how the Commission wants the board to operate during the transition process.

Mr. Knight provided a status update on the request for proposal for the bulk power supply. He stated that the proposals are due by February 17, 2004. Additionally, Mr. Knight confirmed that a request for banking services bid has been processed to select an underwriter for this project. He stated the three main policy decisions to be discussed at this meeting are the tree trimming policy, the general fund transfer policy and the issue of governance. Mr. Knight stated that discussions need to be held on the UAB's responsibilities throughout the process.

UAB member Stanley Wilson inquired as to the time frame for the Request for Proposals for the operations and maintenance side of the business. Mr. Knight responded that the RFP is currently being written and should be released within the next three weeks. Mr. Wilson sought clarification on the anticipated time frame for the bonds. Mr. Knight responded that the anticipated timeframe for the bonds would be some time in the summer of 2004.

2. Selection of Investment Banking Firms - Randy Knight, Sylvia Dunlap

Mr. Knight explained that twelve companies responded to the RFP and that ten separate proposals were received for underwriting services. He said staff selected six firms to submit presentations and four out of the six are recommended to be the City's ongoing investment banking firms. He identified the four firms as J.P. Morgan Securities, William R. Hough, Morgan Stanley and Gardnyr Michael. He said all four firms will be involved in the major bond issues but one will be selected as the lead and senior underwriter.

He noted the approval tonight is that the firm of J.P. Morgan be the lead on the electric issue and that the firm of Morgan Stanley be the lead on the water and sewer issue. He spoke about a small refunding deal that will be handled by the firm of Gardnyr Michael. Discussion ensued regarding the time frame for the water and sewer bond issue. Commissioner Eckbert commented on the expertise and outstanding reputation that J.P. Morgan has within the investment community. Sylvia Dunlap, Dunlap and Associates, provided comments on the selection process. She

elaborated on the firms selected and the possible benefits for the City. Discussion ensued regarding determining the interest rates for the bonds and how the City's rating impacts the interest rates.

Motion by Commissioner Metcalf to accept the following underwriters: J.P. Morgan and Morgan Stanley as Co-Senior Managers with J.P. Morgan as the book-running manager; William R. Hough and Gardnyr Michael as Co-Managers for the \$49.8 million Electric System Revenue Bonds; Morgan Stanley and J.P. Morgan as Co-Senior Managers with Morgan Stanley as the book-running manager; William R. Hough and Gardnyr Michael as Co-Managers for the \$37.0 million Water and Sewer Revenue Bonds; and Gardnyr Michael as the Senior Manager for the \$3,750,000 General Obligation Refunding Bonds. Seconded by Commissioner DeVane and carried unanimously with a 5-0 vote.

3. Policy Issues - Jerry Warren, Randy Knight
 - a. Tree Trimming
 - b. General Fund Transfers
 - c. Governance

Jerry Warren, First Southwest Company, provided a powerpoint presentation on the following policy issues: tree trimming, general fund transfers and governance. He elaborated on reliability and aesthetics vs. costs, the balancing of interests, general fund transfers, basic approaches, implementation/amendment approaches, Florida examples of general fund transfers, governance issues dealing with the City Commission, an independent board or a hybrid-advisory board.

Specifically related to the tree trimming issue, Assistant City Manager Knight reported that the Utilities Advisory Board has discussed the issue and recommends a two year tree trimming cycle. Discussion ensued regarding whether tree trimming is the only obstacle to improving reliability, providing direction on the operations and maintenance RFP, the need to define a tree trimming policy, the need to create a methodology that would measure reliability improvements, estimated cost for undergrounding, the need to prioritize and identify problem canopy areas that cause power outages, whether the existing tree trimming policy is adequate, and whether the selected operation and maintenance provider can suggest a more appropriate tree trimming policy. Assistant City Manager Knight reported that a reliability enhancement and undergrounding plan is forthcoming from the First Southwest Company.

Chief of Forestry Lee Mackin elaborated on the current tree trimming policy and how it was developed. He stated that the proposed tree trimming standards would be acceptable to the public if they were adhered to.

Motion made by Commissioner Eckbert to enforce the current tree trimming policy with a 4 foot maximum distance, seconded by Commissioner Storer (a vote was not taken on this motion).

Mr. Mackin explained that the proposed guideline applies only to right-of-ways and does not include rear lot lines. He suggested approving two separate guidelines that would include trimming on right-

of-ways and rear lot lines. There was discussion that a decision may not be reached at this meeting and possibly directing the UAB to return with a recommendation.

Mr. Warren addressed the issue of general fund transfers. His presentation included explanations of transfer amounts that are set by formulas, annually setting transfers during the budget process, examples of formulas, and pros and cons for both approaches and implementation. He said multiple sessions should be scheduled to deliberate issues with general fund transfers and governance. Mayor Marchman asked that Mr. Warren provide the Commission a time line of when certain decisions need to be made so that meetings can be scheduled accordingly.

Mr. Warren explained the following governance models: City Commission acts as the Utility Board of Directors, Independent Utility Authorities, and Hybrids which are powers shared by Utility Advisory Board and the City Commission. Mayor Marchman asked that staff schedule additional meetings to discuss this issue in greater detail.

The meeting adjourned at 3:30 p.m.

ATTEST:

Mayor Kenneth R. Marchman

City Clerk Cynthia Bonham