

**SPECIAL CALL CITY COUNCIL MINUTES  
JANUARY 29, 2015 9:30 A.M.  
CITY HALL, COUNCIL CHAMBERS, VERO BEACH, FLORIDA**

**PRESENT:** Richard Winger, Mayor; Jay Kramer, Vice Mayor; Pilar Turner, Councilmember; Amelia Graves, Councilmember and Randy Old, Councilmember **Also Present:** James O'Connor, City Manager; Wayne Coment, City Attorney and Tammy Vock, City Clerk

**1. CALL TO ORDER**

Mayor Winger called the meeting to order and the Clerk performed the roll call.

**2. PLEDGE OF ALLEGIANCE**

Mayor Winger led the Council and audience in the Pledge of Allegiance to the flag.

Mayor Winger said that he received a request from the County to move item 4-E) - FMPA Auditor General's Preliminary Report up on today's agenda and be heard first.

The City Councilmembers agreed to hear item 4-E) first on today's agenda.

Mayor Winger said there are a number of items on today's agenda and it is possible that they might not get to all of them. He said they will handle today's meeting like the Indian River County Commission handled their meeting yesterday. They will have Mr. Old give his comments, the City Councilmembers will then make their comments, and then they will open it up for public comments.

**3. PUBLIC COMMENT**

This item was heard later in today's meeting.

**4. ITEM FOR DISCUSSION:**

- A) Consider the best use of the City Waterfront for recreation over the next five years – Requested by Mayor Richard Winger**
- B) Discuss Code Enforcement – Requested by Mayor Richard Winger**
- C) Discussion of Vision Plan – Requested by Councilmember Amelia Graves**
- D) Long Range Planning – Requested by Councilmember Randy Old**

\*Please note that items 4-A), B), C), and D) were not discussed and will be heard at a later date.

**E) FMPA Auditor General's Preliminary Report – Requested by Councilmember Randy Old**

Mr. Old said that he is the City's Representative serving on the Board of the Florida Municipal Power Agency (FMPA). He reported that there was an FMPA Audit Committee meeting and a FMPA Board meeting held last week. The night before the meetings they received a copy of their operational audit. He said that he read it and understood it. The audit was brought up at the Audit Committee meeting and the FMPA Board meeting and there were basically not any comments on it. He said that he did not make any comments on it because he is still puzzled with his role. Should he should speak up on what

he thinks or ask what the City wants him to comment on. He asked Council for guidance on what he should be saying to FMPA. He felt the audit was very serious and shows a pattern of not enough oversight in taking excessive risks resulting in excessive losses. He said that he spoke with several people about the audit and suggested to Council that they request FMPA to hire an outside consulting firm to recommend that FMPA puts in requisite controls and oversight that a firm of this size, sophistication, and complexity deserves. He said someone like him representing the City and making decisions on hedging or swaps is not correct. He does not have any concept on what those are about and for him to make decisions on that is not correct. Some better management style has to be there and it should not be done internally, but from someone who understands it from the outside. He recommended to the City Council that they make the recommendation to FMPA that their Board hire a qualified outside utility consulting firm to make recommendations to the FMPA Board on how to oversee it so that the risks and the resulting losses would not happen again.

Mayor Winger suggested that Council have some sort of Resolution directing Mr. Old on how to proceed in the future.

Mr. Old asked would the Resolution empower him to speak on behalf of the City when attending these meetings.

Mr. Wayne Coment, City Attorney, said staff would need to draft the Resolution because it would have to be presented in writing. If Council wants to just take action they could do that today.

Mayor Winger said that he was proposing both. He said a few weeks ago, prior to when the audit came out, Mr. Old provided Council with the first copy of the financial report from FMPA that he has ever seen. He said that he was not surprised with the results. He said the hedging errors made were obvious. He felt they have a situation where FMPA should be ruled by their Board of Directors and he questioned if that has happened.

Mrs. Turner said that she was not surprised. Over the last three years she has attended over 72 FMPA meetings. Subsequent to those meetings she reported to the City Council on the hedging losses, the PGP loss, continuing with their same auditor for 10 years, that not only did they have the Taylor Swaps, but as of July there were 40 Swaps to the tune of \$180 million dollars all "underwater." She understood that her comments were at the end of the Council meetings, but these items were brought to Council. During the time that she was on the Committee there were no comments for the regard of the ratepayers. FMPA passed a half a billion dollar budget at their last annual meeting without anyone asking any questions other than herself. She challenged the Board that they have a judiciary responsibility and asked who is looking out for the public. In 37 years of operation FMPA has never had an outside audit for their customers. She felt there was a need of an oversight review of these abuses and mismanagement of their operations resulting in higher rates to the ratepayers.

Mayor Winger said as an outsider, it seems like the Board of Directors is not running this outfit.

Mrs. Turner said in her opinion, it has been a clear capitulation to any staff recommendations.

Mr. Old felt that the City had negative influence in that they tried to get out twice. That they are a thorn in FMPA's side and so when the City says something FMPA is apt to look at it in an opposite way. The City is not effective in terms of influencing management. It doesn't seem like it is a tight run ship. He said they do have Purvis as their auditor, who does a very thorough job. They do an audit every year

and the audit is located on their website. It shows internal expense, cash flow, assets and liabilities by each project, etc. It is a very complicated audit. He felt that he understood about one-third of it and he has read audits all his life. He said it is a very complicated business that needs to be run by experts.

Mayor Winger felt that they have the responsibility to be a thorn in their side and take a hard stance.

Mr. Kramer said that he knows when FMPA did their hedging it put the City behind the ball. He did not think what FMPA was doing was correct.

Mr. Old said this is an accusation that they are being mismanaged and to ask for someone from the outside to come in and tell them how to manage and structure themselves is a slap. But, it is a rational reasonable thing that they could get in place fairly quickly. Other issues, such as if there should be some sort of oversight there or should the City find other ways of getting out are longer term things. He felt getting some kind of management and structure there now is what the City should be doing.

Ms. Graves asked Mr. Old if he thought because they have their audit that there is more leverage to push for a change. She said this has to change the game a little bit.

Mr. Old felt that it changed the game dramatically. He said information that has been available is the hedging, the Swaps, the big losses, etc. What was not public information was the lack of oversight on the smaller things. He said an outside well respected State auditor said they are taking more risks than other people in the industry.

Mrs. Turner referred to Mr. Old's statement that he looked at a lot of audits and felt that Purvis did a good and thorough job. She asked Mr. Old, wouldn't you think that a rebuttable auditor would be looking at things, such as travel expenses.

Mr. Old agreed. He felt that was one of the questions they should ask the auditor. He also agreed that the auditor should be changed. That should be something that happens after so many years. They also should change financial advisors, etc., to get fresh eyes, which brings new ideas and opinions. That is a healthy process in any company.

Mayor Winger said one thing about this are the small things that you can't see in the financial report or in the outside audit. When this happens with small things you know it is happening with big things. He felt that Council needs a Resolution with at least two items, which were to immediately bring in an outside management consulting firm and that it is time to change their auditor.

Ms. Graves said that she would like to see a shift towards implementing the auditor's recommendations.

Mr. Old thought there was a process where FMPA gets to answer it. He asked doesn't it then become the final report.

Mrs. Turner said they have 30 days from January 21<sup>st</sup> to respond.

Mayor Winger said the third item would be that they have satisfactory solutions to the audit report.

Mr. Old felt that part of a management report would be that they change auditors, financial advisors, etc.

Mayor Winger said the first item would be that FMPA would satisfy and correct the current audit, the second that there would be outside management, and third that they change auditors.

Mrs. Turner added that they change management.

Mayor Winger agreed.

At this time, Mayor Winger opened up the meeting for public comment.

Mr. Mark Mucher, 617 Indian Lilac Road, said this audit is just a red herring. He said at the County Commission meeting held yesterday, there were several finance professionals who testified that the first thing that should be done on an audit like this is to determine the value of FMPA and that it is important that City know what, if any, equity the City has. He said it appears that the City's value is close to a negative \$100 million dollars. In his mind, this audit is highly incomplete and needs a stage two (2). It was also discussed that there was \$200 thousand dollars allocated by the Legislature to do this and no one seems to know whether penny one was spent outside or if it was the Auditor's General's internal staff that did this in which case there is a lot of money left to do a stage two (2) audit. He felt that they should look at FMEA's practices as well. He suggested that they ask the Auditor General for everything that he mentioned. He did not think it was fair that FMPA can respond to the audit and the City can't.

Mayor Winger asked is he correct that the County Commission had two (2) Resolutions. He was told they had three (3). He said the Council can have more than one Resolution. He felt one Resolution should be to give direction on what they want to see.

Mrs. Turner suggested that they allow Mr. Reingold to speak.

Mr. Dylan Reingold, Indian River County Attorney, reported that the County Commission took three (3) actions yesterday. The first was asking the Legislature to ask more questions, the second was that they are looking for the Legislature to conduct hearings and enter into a statewide dialogue with all the cities and counties that have been impacted and to immediately hire an organization to assist in having a statewide dialogue, and the third was that they support State Representative Debbie Mayfield's legislation that would move FMPA under the oversight of the Public Service Commission (PSC).

Mr. Joe Baird, Indian River County Administrator, said that he looked at the audit and the auditors did their job. He felt that it was mismanagement. He said this has nothing to do with the auditor. The reason they wouldn't have included travel is because it is immaterial. It would go into the management letter. He said they put this City and a lot of cities and counties in the State in a poor situation because of poor management. It put the County in a poor situation and they are trying to get the word out to the other cities that something needs to be done. The County feels that FMPA needs a management audit and they need oversight badly. He said the County wants to campaign to get the word out to get oversight so they can straighten out the situation.

Mrs. Turner said early on when she was on the FMPA Board they passed a resolution to extend the debt on the Stanton project and on St. Lucie. She spoke with the Mayor of Lake Worth and asked her how she felt about extending the debt on these projects and she didn't know what she (Mrs. Turner) was talking about. Mrs. Turner said it is clear that the Elected Officials have no idea what is going on with

FMPA. She urged the County to communicate this with the Elected Officials to let them know what is going on.

Mr. Baird thanked the City Council for moving this item up on today's agenda and for taking this on.

Mr. Dylan Reingold said that he heard a lot of comments from Mr. Old regarding management issues that should be addressed. Mr. Reingold said one fear that he has is based on a comment that was made today, which was that any decision would have to come to the FMPA Board to make those things happen. He said the County wants to work with the City of Vero Beach and all of the cities to take it to another level. He was afraid that internal decisions would be swept under the rug and could be short-term fixes. He said they learned from the audit that there are long term problems with this organization not being governed accordingly or having oversight from the outside. He said that he was present for today's meeting seeking the City's support on the issues that the County Commissioners discussed yesterday, which was calling for legislative hearings and supporting the County in Legislation that would bring in PSC oversight. He said last year a Bill was filed that would move cities under the jurisdiction of the PSC. That is not the County's goal. They do not want to have a fight with the City. The FMPA issue is about FMPA and in that regard, they want FMPA to have oversight by the PSC. He reported that the City of Green Cove Springs voted to take the lead among the 24 cities to seek the breakup of FMPA. He said there are other cities that are in the same boat. He said this is an issue where decisions were made that gets passed on to cities and ratepayers.

Mayor Winger said it would be extremely helpful if there wasn't legal action and they all worked together (lawsuit filed by Indian River County and Indian River Shores against the City of Vero Beach). He said the City has to defend themselves against lawsuits and complaints. Personally he felt that was the wrong course of action.

Mr. Reingold said that he understands they have their differences, but it doesn't stop them from working together on other issues that are essentially important for the community. For example, City staff has been wonderful to work with on the All Aboard Florida (AAF) issue.

Mr. John McCord, Indian River Shores resident, said that he was present for today's meeting on behalf of himself as a citizen, taxpayer, and ratepayer of the City of Vero Beach Electric. He is representing no one but himself and the statements he is going to make are his and no one else's. He said that he read the audit and is disgusted with it. He said that he spent his career in the energy industry and understands the importance of using fuel hedging. After reviewing the audit he was appalled to see that FMPA's poor hedging decisions increased its risks and caused ratepayers around the state to suffer. He was disgusted because the audit found that over 12 years FMPA lost over \$247 million dollars through bogus activities that the auditors noted were inconsistent with industry practice. He said FMPA's hedging practices are disgraceful and inexcusable at a minimum. To add insult to injury, the audit indicates that FMPA entered into a series of bogus interest rate swaps totaling over \$700 million dollars for a coal fired Power Plant that was never built. The audit notes that FMPA swap agreements represent risk taking in excess of industry practice. FMPA obligated their members and their ratepayers to the swaps before the Plant was even permitted. According to the audit, the swaps are currently underwater over \$109 million dollars. If a regular utility did something that stupid and tried to have their customers pay for it, they would be run out of town. Because of the imprudent hedging and interest rate swaps FMPA has losses in excess of \$350 million dollars so far. Those costs are passed onto the ratepayers. All of whom are not paying for FMPA's bogus, risky, and costly hedging practices. He said it is no surprise that the auditors found FMPA's associate power costs were almost 32% higher than Florida's regulated

utilities. He questioned, does FMPA care that their costs are so high. He said apparently not. He questioned what they should do about it. He suggested that the City, County, and every other municipal utility in Florida join together and say enough. They should demand Legislative changes to stop this and put FMPA under the regulation of the PSC. He feels that the City and their fellow FMPA members have the fiduciary responsibility to the ratepayers to hold FMPA accountable. He hoped that the City would complain to FMPA that they breached their fiduciary obligations to the City and demand that the contracts be annulled and seek damages on behalf of their customers. The City should also insist that FMPA gets serious about allowing the City to sell their electric system to FPL. The City is being held hostage by an unregulated monopoly that refuses to negotiate. He said the City now has leverage. He said let's not just sit back and complain. Let's make a difference.

Dr. Stephen Faherty, Indian River County resident, said over all, the audit indicates that FMPA needs a change in executive staff. He then read a prepared statement (please see attached).

Mr. Dan Stump questioned, do they really feel FMPA is going to voluntarily change their ways. He did not see that happening. He did not see one part of the State government regulating another part of the State government. He did not think Indian River Shores or Indian River County was the problem. They are representing their constituents. The City is currently in litigation and he felt they should take advantage of that. He would bring in FMPA on a third party complaint and ask the Courts to evaluate these contracts and to evaluate the past practices of FMPA. That is where the City is going to get damages and relief from the contracts. He said FMPA has 30 days to respond. He suggested that the City wait to take any action until they read FMPA's reply.

Mr. Old felt that Mr. Stump made a good point, which is that it is possible to bring in a management consulting firm that tells everyone that everything is fine. That is not what he had in mind. The mechanism has to be that the Board appoints someone impartial and from the outside that has the skills to design and make recommendations.

Mayor Winger asked Mr. Old when is the next FMPA Board meeting.

Mr. Old said that it is his understanding that they are going to have an emergency meeting, but he did not have the date at this time.

Mr. Jim O'Connor, City Manager, reported that there are nationally known firms who do management oversight on continuing contracts. He said they would do an oversight review on where the problems are and then be under contract over a period of time to make sure corrective action is taking place.

Mr. Harry Howle, 765 Broadway Street, read from FMPA's website a statement from Mr. Nicholas Guarriello, FMPA General Manager and CEO, *"I would like to thank the Auditor General's staff for their independent and professional work. In the public arena, there has been a lot of misinformation about FMPA, so I hope this report ends that. All FMPA has ever tried to do is to faithfully administer the contracts for our members, their customers and our bondholders."* Mr. Howle said that tells him that FMPA does not see any wrong doing. He said that he would like to see an audit from FMEA. He said the oversight is obvious, but it is too bad they have to manage their managers. He questioned who would pay for that. He would like to see a true evaluation of generation assets so they can quantify liabilities and values.

Mr. Old explained to Mr. Howle that he could look at the financial audit that Purvis did and extrapolate from that what the assets and liabilities are under each project they are involved in. He did not know the mechanism of evaluating each of the assets that is on the books of FMPA.

Mr. Howle said they would need to know the cost per kWh.

Mr. Old said the audit is very complete. It is whether or not that is the type of costing or evaluation that he wants.

Mrs. Turner said FMEA has been mentioned and she explained to the public that FMEA is the lobbying arm of FMPA. It is lobbyists supported by ratepayer funds by all municipalities that are members of FMEA. She said FMEA also has the Chief Counsel and Assistant Chief Counsel sitting on their Board of Directors. Their goal is to continue to promote FMPA.

Mr. Howle said page 18 of the audit is the best page and if they condensed it into one word it would be "culture," which is a "culture" of mismanagement.

Mr. Peter Gorry, Finance Commission Chairman, agreed with all the discussion today. But, felt that Mr. Mucher's comments were salient. This is in fact looking in the review mirror. It was his understanding that the response to the audit is going to be from the Board of Directors of the FMPA. What he wanted to address was the exit strategy. He said they are saying that the City can't get out of the contracts, but that is wrong. The question is what is the exit strategy, what would it cost, and what would be the potential to advocate and dismiss those contracts.

Mr. Old said that he learned that the cost for the City to get out would be about \$350 million dollars. The City offered about \$150 million dollars, which they cannot do because of the bond covenants. He said the City can't find a buyer that is willing to pay the \$350 million dollars so they are stuck in this contract unless there is some other solution that he doesn't know about.

Mr. Gorry said his comments were for the public because there has been a perspective that contracts can be broken. He said they all want to achieve lower rates.

Mrs. Turner said it is clear mismanagement. She said they could surely go back and question some of the agreements.

Mr. Old felt that this audit could be a game changer.

Mayor Winger said the bond strategy is a terrible problem because under Federal law they have to satisfy the convenience of the bonds. He said FMPA created a web of debt that they are beholden to, but it also protects them because that debt is rather impervious. He said if they are forceful and clever they might stop future errors, but he didn't know how they could correct errors that have been made.

Mr. Old said it is going to be a tricky year.

Mayor Winger said the Taylor Swap agreements will expire this year.

Mrs. Turner said the cost of the Taylor Swaps is going to be included in the ratepayers upcoming electric bills.

Mr. O'Connor explained to the public that they feel they are not part of the Taylor Swaps.

Mr. Kramer said FMPA does hold workshops before they take a vote to explain and answer questions on items. He asked Mr. Old to keep an eye out for those workshop meetings.

Mr. Lane Sikes, 836 Riomar Drive, said discussion on how to get out of FMPA contracts has been going on for over six (6) years. He said the audit report shows irresponsible spending and irresponsible with their investment practices. He was anxious to see the final report. He said it is very prudent that they understand the generation assets as well in that final report. He encouraged the City to work with the County to find a solution for the ratepayers.

Mr. Herb Whittall, Utilities Commission Chairman, said it appears that a lot of the members of the FMPA Board are not qualified as members. He asked does that mean that what they voted on is not correct. He asked if they have to be Elected Officials to be a member. He felt that they should send a letter to every City Council of every member city stating everything that Dr. Faherty said today. That they have to have an Elected Official and that they are not appointing them, as well as what they think about the audit and about FMPA. He said they might not be able to do anything about what happened in the past, but they can get things going for the future.

Mayor Winger said if Council agrees they could send a letter to the various cities who are members.

Mrs. Turner requested that the audit be placed on the City's website. The City Clerk noted that it has been put on the City's website.

Mr. Old requested that the Purvis audit be placed on the City's website.

Mr. Old said they are going to have to end up with having an organization that operates and that they trust their operation. He said they can't rely on people like him telling this Council what is going on so this Council can help manage it. He said that is not going to happen. It has to be that FMPA is well run and with a management that has skills and oversight. He said they need to have a much better utility understanding than he does. For him to try to get the prudent information back to Council is not going to happen.

Mr. Whittall said Mr. Kramer said they have workshops prior to voting. He asked if they know when that is, why can't he (Mr. Old) bring the Finance Director and maybe Mr. Gorry with him.

Mr. Old said his background is finance and he has been involved in a lot in businesses. He said that he did not think he could manage this. It is very complicated with multi-arms and pieces to it and he is not in a position where he can do that.

Mr. Whittall said maybe it is over complicated because they want it that way. Their sole purpose is to purchase electricity for the City that is cheaper.

Mayor Winger said FMPA is a management operation that has various agreements. He agreed that they have created a complicated structure and Mr. Whittall could be right that they did it because it makes them impervious.

Mr. Charlie Wilson, 2134 18<sup>th</sup> Avenue, said the fact that they are surprised surprises him. He cautioned Mr. Old about getting too close to FMEA. He said the reason the other cities are not alarmed is that FMEA has friends on all their Boards. The Chairman of the FMPA is the Mayor of Newberry. He said Newberry has one precinct and the Mayor was elected by 352 votes and he is the Chairman of FMPA. The City of Newberry gets more than 50% of their budget from FMPA. The City of Ft Pierce is depended on FMPA. It is there only way of taxation. He felt that they should stop beating up on the City of Vero Beach. The City squandered their opportunity to sell to FPL on March 5, 2014. He said the City is helpless and is not governed by the City Council. It is governed by a bond counsel in Orlando Florida. Every decision is made by FMPA in Orlando. He suggested that the Mayor invite the Mayors of all 31 cities to come to the City of Vero Beach for a conference to discuss FMPA. He said there are ways to deal with the contract. One is reorganization and the second is Legislation. He said that he is not going to blame the City of Vero Beach because they can't do anything. He said they feel it is about rates, but it is not. It is about governance. He said that he is working on a statewide ballot initiative. He said it would cost about \$2 million dollars to initiate the statewide ballot that the FMPA must be regulated by the PSC and FMPA can't say anything about it. He said they have to take it out of the hands of politicians and out of the hands of cities and place it in front of the public. He asked the City Council to consider having a conference with the Mayors from other cities.

Mr. Mark Mucher said they discussed informing the other cities and he would suggest that they send the other cities a tape of the County Commission meeting and of today's City Council meeting. He reminded Mr. Old that the City has a partner who would help Mr. Old, which is FPL. He was shocked to hear the price of \$350 million dollars to get out of FMPA. That is the first time he heard that number.

Mr. Old said that he was not sure where that number came from, but it does include the price of assets in the contracts and the contingent liabilities.

Mr. O'Connor thought the \$350 million dollars was an estimate that came out when Mr. John Igoe's firm was trying to figure out value. The City never received any number from FMPA.

Mayor Winger closed public comment at 10:50 a.m., with no one else wishing to be heard.

Mrs. Turner asked Mr. Old if he received any response from Mr. John Frost on the email that he sent him.

Mr. Old said that he spoke with Mr. Frost this morning. He said that he was in support of Mr. Old recommending management oversight and of the idea that they get an outside party to suggest controls.

Mr. O'Connor said that he also spoke with Mr. Frost and he asked that the City remember that they have filings in front of the PSC and that they are involved in litigation and to be cautious of drawing conclusions without facts. He said the questioning of some of the business decisions and those who made those decisions, one name that never pops up is the CFO of the organization. It is an issue the City will have to approach and they will use Mr. Frost as a reference as they put information together. He noted that Mr. Frost is up to date on the audit and the contracts the City is involved in.

Mr. Old said that he sent Mr. Frost the audit and they walked through it. They did discuss solutions and what Mr. Old should be recommending to the City Council.

Mr. O'Connor noted that Mr. Frost doesn't have any names or personalities to relate to FMPA so he is starting from a position of facts and speculation.

Mayor Winger asked is he correct that someone detached from FMPA has value.

Mr. O'Connor answered yes. He felt it was important to have attorneys who are familiar with the industry, who understands the PSC, regulatory authority, movement of power supply contracts, etc.

Mayor Winger that he has gathered five items from today's meeting, which are: 1) that FMPA be asked to satisfy the current state audit, 2) that FMPA be informed that the City believes they need an outside management consultant to come in, 3) that FMPA consider a change in management, 4) that FMPA consider an auditor change, and 5) that the voting Board of FMPA be Elected Officials from the various members.

Mr. Old said that he was trying to think of something that they will adopt. What he would like to see is that they get an arm's length strong qualified management consulting group to come in and suggest controls and a way to manage them. If they can get that done then they can expand. Part of that would be that an audit company would only be there five (5) years, part of it would be that they change financial advisors, and part of it would be about the items on the Mayor's list. The idea is not to go into specifics about management changes because he felt the chances of it passing and being accepted would be mute. He knows they deserve to throw bigger rocks, but he was not sure that would be successful.

Mrs. Turner said her big issue is they are asking the people who caused these policies to clean it up. She said they are the wrong audience with that Board of Directors. That is not an adequate response to this egregious mismanagement.

Mr. Old said that is the tricky part of this. It is trying to get an outside party that is distance from anything that is there to come up with something that does recommend structure.

Mrs. Turner suggested that the City join the County in asking for a more extensive review from the State Audit General. She said other areas discussed by the County were that they were looking at a three year GASP audit, a statement back from Purvis, a policy about internal controls, and looking at FMEA. She said that is the proper vehicle to pursue and she supports that.

Mr. Old said what Mrs. Turner is suggesting is that they look back and try to figure out the issues. What he is suggesting is a change for the future.

Mrs. Turner said they have to identify all the issues. They have to have a clear transparent look at this operation.

Mr. Old said they already know the problems. It is lack of controls and lack of management oversight. He said they can do them both at the same time, but they have to move forward. This is a big company that needs to have direction on how to manage it and the sooner they get to it the better.

Mr. Kramer liked the five (5) steps. If Mr. Old wants to formalize it and bring it back before Council he would be happy to pass something like this.

Ms. Graves said there are two paths. One is the five steps and the other is how to deal with the overreaching issues that Mrs. Turner brought up. She felt they could deal with them both at the same time. She felt that Council needed to give Mr. Old some guidance.

Mrs. Turner hoped that the other cities would be sharing their outrage.

Mr. O'Connor felt that they needed to build a coalition and so they need to introduce what it is. They need to make it as focused as possible. The oversight management consultant was very important. He suggested that they let the other cities know what their recommendations are and have them address that to their Elected Officials. On the other side of the coin, they can join with the County to make the other cities aware, but he felt the City could do that themselves.

Mr. Old said that he is not familiar with the other members. He said they can't talk to each other because of the Sunshine Law and so he is prevented from trying to reach a consensus from the other Board members. He can't ask for support on his position.

Mr. O'Connor suggested that Mr. Old sent the information as a Board member to the Mayors of the other cities and state that if they have any questions to contact the City Manager. He noted that he could not be a conduit to Mr. Old from one member to another, but he can give them answers to any questions that they might have.

Mr. Coment said from what they discussed today staff could bring back a Resolution before the Council or the Mayor could write a letter to the Mayors of the other cities and to FMPA. He agreed that the other cities need to know what is going on. He felt a big part of the breakdown is from the FMPA Board and their control of the management of the company.

Ms. Graves felt part of the problem is that they have a Board of Elected Officials that is constantly rotating and they don't have management who is properly informing the Elected Officials on how things are operating.

Mr. Coment said the cities need to take control on a local level and have their Representative report on what is happening on a regular basis.

Mr. Old said it has to come down to trust that is managed well.

Mr. O'Connor said getting the right firm that has auditing and engineering expertise is key. The real key is that they need to have the cities tell them what they want done.

Mr. Old said it is hard for someone in a City Council position to get into that position and do a good job at it.

Mr. O'Connor said in this particular case having further evaluation of the CEO by someone who is external of the business is probably called for.

Mayor Winger asked could they get the Resolution on next week's City Council agenda.

Mr. Coment said that he would work on it and they could add it to the agenda.

Mayor Winger made a motion that Mr. Old and Mr. Coment prepare a Resolution directing that there be an outside management consultant and centered around an outside management consultant.

Mr. Old said that he wanted to make sure that this was done prior to FMPA's next meeting.

The motion died for lack of a second.

Mayor Winger made a motion that Mr. Old and Mr. Coment come up with a Resolution that would direct that there be an outside consultant and that the final Resolution would be mailed to the cities on behalf of the City by the Mayor. Mr. Kramer seconded the motion and it passed 5-0 with Mr. Old voting yes, Ms. Graves yes, Mrs. Turner yes, Mr. Kramer yes and Mayor Winger yes.

Mr. O'Connor felt that it was important that the City Council gives Mr. Old the ability to speak his mind, in his opinion or at the best interest of the City, that he doesn't have to come back to City Council. That he takes advantage of the situation. He felt that Mr. Old needs that authority.

Mrs. Turner made a motion that Mr. Old continue to represent the public and ratepayers of Vero Beach electric, that he has the authority. Mayor Winger seconded the motion and it passed unanimously.

Mrs. Turner felt that Ms. Graves made a valid point that there are two issues to be addressing. One is how Mr. Old would go back to the FMPA. The second is what they, as Council, would like to get going forward. She felt that this public thing of supporting their Legislative hearings of the FMPA and continue to request that the State auditor expand their scope that any Legislative authority of the FMPA falls under the PSC. She asked that the Council support those efforts.

Mr. Old did not think there was any doubt that they would support those efforts.

Mrs. Turner made a motion that the City Council supports the three actions, 1) that they support requesting Legislative hearings of the FMPA, 2) that they would have as a legislative priority that FMPA being placed under the PSC, and 3) that they request expansion of the State Audit General's review of FMPA's accounts.

Mayor Winger asked Mrs. Turner to go over the third action.

Mrs. Turner explained that it is for an expansion of the State Auditor's review by establishing a fair market value of the generation assets and requesting from Purvis a policy on their control statement including FMPA.

Mayor Winger said that he could bite on the third action today, but was not sure about the first and second action.

Mrs. Turner explained that it is merely a policy statement that Council agrees with what she is requesting from Council.

Mr. Kramer said that is a lot to take in. He wondered if it would work abrasive to what Mr. Old is working on.

Ms. Graves felt they needed to look at how these other issues go forward. She felt this was something that they need to address. She said it might be perfidious tied into what Mr. Old is trying to accomplish, but she felt they still have to examine it. She did not get a copy of what the County officially did and she would like to see it so she could understand what they are doing.

Ms. Graves made a motion that they move this to a City Council meeting with some more backup so they can flush out these policies. She said that she would like to see the County's plan.

Mayor Winger asked would it be satisfactory to discuss it at the February 17<sup>th</sup> City Council meeting. He said that he would not be at the February 3<sup>rd</sup> City Council meeting.

Mrs. Turner answered no. She felt that they need to be putting pressure on this immediately. She sees an urgency, as well as a response to FMPA. She said that she would get a copy of the information from Indian River County and get it to the City Council for it to be placed on their February 3<sup>rd</sup> City Council agenda.

Mr. Old felt that a lot was going to be riding on how the other cities think. He felt that they could judge their action after that.

Mrs. Turner's motion and Ms. Graves' motion died for lack of a second.

Mayor Winger made a motion that Mrs. Turner brings back these issues for consideration along with the documentation at their February 17<sup>th</sup> meeting. Mr. Kramer seconded the motion.

Ms. Graves asked has Representative Mayfield issued a response to this.

Mr. O'Connor was sure that she would issue a response, but to his knowledge she hasn't. He felt that people were also waiting for FMPA's response.

Mayor Winger said that he heard she was waiting for the City's response, waiting for the audit, etc.

The motion passed 4-1 with Mrs. Turner voting no.

Ms. Graves thought that Council would be sitting at the round table discussing the items on today's agenda. She suggested that they deter items 4-A, B, C, and D to a later date as a City Council Workshop.

Mayor Winger agreed.

Mr. Coment explained that it would still be a Special Call meeting so Council can take action.

## **5. ADJOURNMENT**

Today's meeting adjourned at 11:27 a.m.

/sp