CITY OF VERO BEACH, FLORIDA
MARCH 4, 2014 9:30 A.M.
REGULAR CITY COUNCIL MINUTES
CITY HALL, COUNCIL CHAMBERS, VERO BEACH, FLORIDA

The invocation was given by Pastor Terry Stover of Gatherers of the Harvest Church, followed by the Pledge of Allegiance to the flag.

1. CALL TO ORDER

A. Roll Call

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

2. PRELIMINARY MATTERS

A. Agenda Additions, Deletions, and Adoption

Mayor Winger requested that item 7-B) be moved up on the agenda and heard with item 2C-1). He also requested that item 2C-3) be heard first, then item 2C-1) and conclude with item 2C-2).

Mr. Fletcher made a motion to adopt the agenda as amended.

Mrs. Tammy Vock, City Clerk, requested that item 4-C) be pulled off of the agenda.

Mr. Fletcher accepted the additional amendment to the agenda. The motion was seconded and it passed unanimously.

B. Proclamations

None

C. Public Comment

1. Mr. Robert Joy, Managing Principal of JMZ Architects & Planners, would like to discuss the lease for the dog exercise area.

Mr. Robert Joy, Managing Principal of JMZ Architects & Planners, requested to speak. He mentioned that the use of the dog park has grown. There are now close to 3,500 people who have signed the petition to allow it. He suggested that the time has come to formalize the arrangement. He mentioned that there were a number of supporters in the audience. He has asked the supporters not to speak on the issue unless they have something new or different to add. He applauded both the City Manager and the City

Attorney in drafting the lease that has been presented to Council. They (The Friends of the Vero Beach Dog Exercise Area, Inc.) responded back to the City with their version of the lease agreement. They came up with four suggestions. The first suggestion was to take out the North 50 feet (outlined in Exhibit "A"). He said Section 5 deals with giving Police Powers and enforcing City Ordinances. He said they would encourage people to abide by the regulations and make sure dogs are licensed and have their shots. They came up with some suggested language to make that a little clearer. In Section 12, covering insurance, they have offered a $1 million dollar liability policy. The City's lease came back to them with the suggestion of a $2 million dollar liability policy. He asked Council to reconsider this because it increases their burden and this is extra money that they cannot spend on beautification. In Section 17 - Termination For Convenience. He said even in talking about having a long term relationship with the City this clause allows the City Council to terminate the lease with just a years notice. The practical difficulty for them, since they are not charging fees to use the dog park, they have to rely on volunteer contributions and continue to maintain the park. He has been told by some donors they are willing to write some $10,000 checks at any time. However, they won't do that if the City has a clause that would allow them to have to vacate the premises at any time. He suggested having a longer term and some protection especially for the donors. He agrees with every other aspect of the lease as presented to them. Again, he appreciated all of the efforts that went into drawing up the lease and putting it together.

Mr. Jim O'Connor, City Manager, explained in the lease they put in that the landlord may terminate this lease for convenience and without cause in the sole discretion of landlord's City Council by providing at least twelve (12) months written notice of such termination to the tenant. He said that he has no problem with changing the twelve (12) months to twenty-four (24) months. The City would like to have access back to the dog park if for some reason they need it. He mentioned that this property is in the Charter and is protected that it can only used for recreational purposes. He addressed the Marina issue and said that he did not see any expansion of the Marina in the foreseeable future.

Mrs. Turner questioned why 5.8 acres was needed for the dog park. She knows the City has the authority to utilize some of the land for debris if there was a storm, so she wondered why four (4) acres would not suffice. She said that is the square footage of most dog parks.

Mr. O'Connor said that staff had no problems with the request for the 5.8 acres and there is a provision in the lease for access to the property if they need to use it. He said this does not include Bob Summers Park.

Mayor Winger mentioned by having the extra land it frees up some maintenance cost for the City.

Mrs. Turner commented that if they are looking at abandoning Bob Summers Park there needs to be some long term planning for this whole area. She commented on the parking situation and how crowded it gets in that area on the weekends.

Mr. O'Connor explained they will take that suggestion under consideration when they are reviewing the site plan.

Mrs. Turner said she did not see that in the lease. She asked if this would have to be approved by the City.

Mr. Wayne Coment, City Attorney, explained that any improvements made to the dog park would have to be approved by the City Council.

Mrs. Turner mentioned that if they were going to restrict this area for the dogs then she has some concerns about flea and tick infestation. She mentioned that there are children playing in the park as well as dogs.

Mr. O'Connor explained that they (The Friends of the Vero Beach Dog Exercise Area) are responsible under the lease for maintenance and if fleas and ticks are an issue, then they will need to resolve them.

Mrs. Graves questioned if twenty-four months was acceptable to the dog park people.

Mr. Coment went over some of the things he had concerns with. He explained that the lease the City has drawn up includes that the term of the lease shall be ten (10) years and by mutual agreement in writing the renewal of the lease for additional terms of one (1) year or more. Should tenant desire to renew the lease they have to provide landlord with a request in writing at least ninety (90) days prior to the end of the term or the lease. The tenant came back with changes to this section of the agreement saying the term of the lease shall be approximately ten (10) years and if they are not in default at the end of the first term, then they may, in writing, renew the lease for an additional term of ten (10) years. Mr. Coment said this would make the lease a twenty (20) year lease.

Mr. Coment turned to Page 2 of the lease under Use of Premises. He said that in the City's agreement they have included *Nothwithstanding any contrary City park regulation, this Lease shall serve as authorization otherwise further conditioned on and subject to compliance with the limitations, restrictions, and regulations provided for herein and all applicable provisions of the Animal Control Ordinances of the City of Vero Beach and Indian River County (cumulatively "Animal Control Ordinance").* In the tenant's lease they have asked that the wording be changed to say *While landlord and tenant agree that enforcement of said Animal Control Ordinance and other City Regulations lies solely with the Landlord, tenant shall make its best effort to encourage compliance with such limitations, restrictions, and regulations on the Premises, including but not limited to…* He said on this issue of enforcement they want everyone to follow the law and it was not intended for this group to have arrest powers. He said that this language could be tweaked. He said that with any lease the tenant is taking possession, but the City has the ability to go on the property and enforce the lease. Under 10(e) – Municipal or Public Purpose - what was deleted in the tenant's agreement was special public event. He said that you never know in the future if the City would like to have an event on the property.

Mr. Coment referred to Section 11 – Assumption of Risk, Release and Indemnification. He said that this Section is very important and what was deleted out of the tenant's agreement was "*TENANT UNDERSTANDS AND AGREES THAT THIS RELEASE AND INDEMNIFICATION INCLUDES ANY AND ALL CLAIMS BASED ON THE NEGLIGENCE, ACTIONS, OR INACTION OF LANDLORD OR ANY OTHER RELEASED PARTY AND INCLUDES ANY OTHER CAUSE FOR CONDITION WHATSOEVER, AND COVERS, BUT IS NOT LIMITED TO, ANY CLAIMS FOR BODILY INJURY, DEATH OR PROPERTY* DAMAGE." He said that this basically states that the tenant is taking any and all risks and the City is not liable. He was not in favor of this paragraph being eliminated from the lease.

Mr. Coment explained in the City's lease in Section 10 (b) they included that the landlord retains a nonexclusive easement over the north fifty (50) feet of the premises, hereinafter "North Property Easement," for the purposes of ingress, egress, and maintenance of the drainage ditch and facilities along the northern boundary of the premises. He reiterated he did not have a problem with modifying the agreement in regards to enforcement, but wants to specify that the City does have the powers to enforce animal control. He said that Council will need to deal with Section 17 – Termination for Convenience.

Mr. O'Connor did not have a problem with reducing the commercial general liability insurance from$2 million dollars to $1 million dollars as long as the City receives a copy of the insurance policy every year.

Mr. Joy mentioned the indemnification clause and said that they cannot find an insurance company that will insure them for negligence.

Mr. Coment stated that clause must be in their policy. It is requested under Florida law that it is included if the City wants protection from the tenant.

Miss Olivia Hollinger mentioned that this past winter she put together a youth rowing team. There is a petition circulating that was not started until a couple of days ago asking that the dogs and rowers coexist. There are close to 200 people who have signed the petition (on file in the Clerk's office). They would like to see some land left untouched for Marina use. She said the rowing club is grateful for being able to use the area at the Sewer Plant, but said that it would be nice if they had a safe place for their boats.

Miss Iris Bollinger reiterated that the rowing team supports the dog park.

Miss Haley St Claire said that the rowing team is grateful for being allowed to practice at the Sewer Plant. However, she said there were some drawbacks. There is not much space to practice and sometimes it smells.

Miss Mattie Partow mentioned that their rowing program is growing at a steady pace and they likely will need more space, which isn't possible at the Sewer Plant. The rowing club is just asking for a small area be left available in case they need to use it.

Mr. Joseph Guffanti, 441 Holly Road, stated that what Council should do is compare the lease with the arrangement they have with the Theater and the Museum and afford the dog park people the same convenience. He said the problem with having only a twelve (12) month lease is that it is open for the good old boys who might come up with an idea for the property to be able to kick the dog people out of the park.

Mr. Chris Ryan talked about rowing and how this is increasing in participation. The rowers are asking for some consideration to save some space for potential waterfront use.

Dr. Sherry Anderson offered her services if there were any problems with flees or ticks at the dog park.

Mr. Jim Sendack (spelling may not be correct), explained that he does the website for the Sebastian dog park. He explained that the Park is more than a dog park it is also a people park. He said that dog parks bring people together. The Sebastian dog park has been in existence for five (5) years and it keeps getting bigger and better. He said that flees are not a problem in the dog park. He would support Vero Beach having a dog park.

Mrs. Shotsi Lajoie commented on the expansion of rowers that there are in this community since she came and talked to Council two (2) years ago. She always said "build it and they will come." She said they have not built a facility yet, but the people are here and practicing rowing. She expressed how rowing is good for the youths of this community and having different activities is important. Resources are limited for the rowers because they have to have waterfront. She expressed that the Sewage Plant was working out well for now. She said that it was better for sailing then rowing, but they are making it work.

Mrs. Patty Hollinger, mother of the daughters who recently spoke commented on how proud she is of her daughters for starting a rowing club in this area. She made it clear that they are by no means saying anything negative about the Sewage Plant and the space given to them to use. This is a great community and it would be nice to be able to see the children rowing, which cannot be seen under the bridge.

Mr. Bill Walker was not sure that Council understands the North property easement as outlined in the agreement. He commented that there is no more dry storage at the Marina, because there is no storage for it. He questioned whether Bob Summers Park, since it is no longer being used as a ballfield, could be allocated as a use for the dog people.

Mr. Ken Daige commented that the Parks in this community are City assets and the dog park, if allowed, will be open to all and no fees will be charged. He is in favor of allowing these people to use this Park. He said these folks are willing to do all of the improvements needed and reiterated that the dog park is open to all. He hoped that Council would allow this to happen. It is a win – win situation for the City and it is not costing the taxpayers anything.

Mr. Fletcher wanted to make sure that when this lease is renewed that it will come back to Council. He was told that it would come before Council every ten (10) years when the lease is up for renewal.

Ms. Graves commented that right now they are at a place with details. She would like to see a way, if possible that the park can be utilized by the people who want to access to the water. She suggested that they all work together and move forward.

Mrs. Turner felt that it would be great to go with the dog park, but would still suggest having the dog group sit down with the Planning and Zoning Board and have a total plot plan for the area. She said some planning needs to be done before they make a long commitment. She also thought that the parking access needs to be looked at. She thought that the park would be very popular and she just wanted to make sure that it doesn't create some problems.

Mr. Kramer did not agree with City's Termination For Convenience as it is outlined in the lease. He would agree with going with ten (10) years. He asked why some people are being treated differently than others. He wanted to see some parody on this issue. These people should be allowed to enjoy the lease the way the other leases are in the City. He reiterated to give them ten (10) years and if they are responsible, then give them another ten (10) years.

Mrs. Turner reiterated that there was no plan for the area that would address a possible use for the rowers or other uses for the Park. She would not have any problem going with a longer lease period of time if they had actually thought through the process. She felt that they needed to take some time and look at the area and have something that they can commit to for a long term.

Mr. Fletcher wanted to see them go with a twenty-four (24) month notice. He did not think that a twelve (12) month notice was long enough.

Mayor Winger mentioned a number of years ago there was a plan to expand the Marina, but at this time the City doesn't have any money or intentions of doing that. He felt that they needed to reach a balanced decision. He agreed with Mr. Fletcher that at least a twenty-four (24) month notice was needed.

Mrs. Turner suggested that they do a study to come up with a good plan for the park. They could have a vision and put some thought into this to create a permanent place.

Mayor Winger wanted to resolve this today in favor of the dog people.

Ms. Graves agreed with Mr. Joy's comments that it is difficult to ask for donations, which in the lease that are only being given a short term lease. She mentioned that this issue has been going on for a long time and they just keep on discussing it. She would like to see it resolved today.

Mr. O'Connor recommended that they have the term of ten (10) years, they give a thirty (30) month termination notice, they remove the 50 feet on the North end as requested and that they go from $2 million dollars down to $1 million dollars as the insured, but they leave in the portion that is recommended by the City where the liabilities are discussed.

Mr. Kramer did not agree with the thirty (30) months. He said it is a convenient way of getting out of a lease, which means that they really don't have a lease. He said someone would not have the privilege of investing in a piece of property with the threat of it being pulled out from underneath them.

Mr. Fletcher asked Mr. Kramer what time period was he looking for.

Mr. Kramer was happy with five (5) years and then renewing for two (2) years after that. Which would mean the termination of convenience would not be applicable until the five (5) years has been met.

Mr. Fletcher made a motion to proceed with this providing a thirty (30) month termination notice, having the 50 feet to the North end removed, and the first five (5) years the tenant would be free and clear of any termination notice for convenience. Mayor Winger seconded the motion.

Mr. Joy told Council that he could not speak for the Board, but the Board reaffirmed today that they could not accept a one (1) year termination clause for convenience. He felt this sounded like a reasonable compromise that he will take back to his Board.

Mr. Mark Mucher agreed with Mrs. Turner that this should be planned out and sent to the Planning and Zoning Board. They have not looked at this property except for changing the Marina zoning to Park. He said before the dog park people start construction they need to look at the dog field and reconfigure the fenced area and perhaps give some area to the rowing people. He said if they are going to go with a five year no revert period then why three (3) years after that. He said if they are given five (5) years then maybe Council can give them one (1) year at a time for the first five (5) years.

Mr. Fletcher restated his motion. The motion is to accept the lease as presented by City staff with the exception that the first five (5) years would be immune from the reverter clause, there would be a thirty (30) month notice for that reverter clause, the 50 feet at the North end would be removed from the lease, and the insurance coverage would be reduced from $2 million dollars to $1 million dollars.

The Clerk polled the Council on the motion and it passed 4-1 with Mr. Fletcher voting yes, Ms. Graves yes, Mrs. Turner voting no, Mr. Kramer voting yes, and Mayor Winger voting yes.

Mr. Fletcher asked if when they (The Friends of the Vero Beach Dog Exercise Area, Inc.) go to put in trees, shrubs, etc., will their plans go before the Planning and Zoning Board.

Mr. O'Connor explained that any improvements being made will have to be approved by the Council.

Council took a break at 10:32 a.m. and the meeting reconvened at 10:45 a.m.

2. Mrs. Amy Brunjes, to give an FPL update.

Mayor Winger stated that he will be making a statement after FPL has made their presentation. He said that his statement will take approximately fifteen minutes and will be made a part of the record.

Mrs. Amy Brunjes, Representative from Florida Power and Light (FPL), was at today's meeting to provide an update on the sale of the utilities. She said in her last communication to Council, via email correspondence to the City Manager, on January 27th she made a commitment to them that she would get back to Council with some options for moving forward with the sale of the Vero Beach electric system to FPL. She stated that Florida Municipal Power Agency's (FMPA) number for assuming its own high cost power was much higher than what was anticipated. She said they all know the number is $52 million dollars. She said that FPL has been analyzing options to bring to the City because it is still their goal to bring the lowest electric bills in the State to Vero Beach. She is before them today to present them with what FPL believes is the best option for completing this long awaited sale. However, she emphasized that the option they ultimately pursue, as partners with the City, is their decision and theirs alone. There is a contract in place, approved by City Council in February and overwhelmingly approved by voters in March. Staying the course is also an option. However, they are not confident of closing the sale under the existing contract because of FMPA's insistence on an opinion from the IRS in regards to the three year Power Purchase Agreement currently in place between FPL and OUC. That does not mean they can't agree with FMPA that the Power Purchase Agreement puts those bonds in jeopardy. She said quite the contrary. It means they are not confident that a request for an IRS opinion, authored by the FMPA, will result in an IRS opinion that is satisfactory to FMPA, at its sole discretion. Based on opinions from their tax counsel, the City's tax counsel, and others, they are confident the Power Purchase Agreement will not put those bonds in jeopardy. But as they well know, FMPA controls the message. So this is why they have worked long and hard to study and analyze to see if there was another path moving forward and to reaffirm their commitment to working with the City of Vero Beach to bring lower electric bills to all of the City's electric customers. They have another path moving forward, a path they believe can close this sale by January 1, 2015. They realize it is ambitious to close this sale by then, but it is their goal and believe that it can be accomplished if all parties are committed to that outcome. The parties consist of FPL, five City Councilmembers and FMPA. Mrs. Brunjes said that FPL will show them a timeline on the needed steps to reach this goal. But again, that timeline is conditioned upon all the parties working towards a January 1, 2015 closing, not obstructing it. She said that FPL is one-hundred percent committed. She is here before them today as their partner, and to ask Council as to whether or not they wanted to pursue this option with

FMPA. They have said from their very first meeting with the City that their existing 4.6 million customers cannot be negatively impacted by this transaction. In their many internal discussions, they agreed as a team, starting with their most senior management, that they want to remain partners with the City. As a result, they have made the decision to share the burden of the $52 million FMPA payment with Vero Beach to extricate Vero Beach from its own contracts with the FMPA. They are offering to split the cost with the City to pay FMPA what it has asked for and to once and for all move forward. The President of FPL, Mr. Eric Silagy, told FMPA this on February 19th. Since then FMPA has responded with a letter that again lists the outstanding issues, none of which are new, many of which have been addressed by the City's Transactional Attorneys. Mr. Pat Bryan, FPL's Attorney and Mr. John Igoe, City's Transactional Attorney, are at today's meeting to speak more about this. FPL has responded again that this transaction can indeed close based on the solutions provided, so long as FMPA is willing. Also, City Council must be willing. She said that Council has heard her say before "this is not a hostile takeover" although some in this community might have you think as much. It is a response to an invitation from the City's elected leaders, representing the desires of this community to bring relief from high electric bills. It must remain as such for them to successfully move forward. The proposal includes Vero Beach paying $26 million dollars, one half of the FMPA's $52 million dollar payment and FPL paying the other half. Vero Beach's share of the FMPA payment would be realized by an immediate reduction in customer bills for either a three or four year period, at the end of which Vero Beach electric customers would enjoy FPL rates immediately and permanently. At closing, under this plan, the City of Vero Beach customers would receive an immediate discount on their electric bills of anywhere from eight (8) to sixteen (16) percent. Her colleague, Ms. Jennifer Cooper, will review the actual discount scenarios with them. Mrs. Brunjes wanted to be perfectly clear that this is not about additional charges or a surcharge, but rather a decision on how much of a reduction in rates Vero Beach customers will receive on day one and a guarantee of FPL's lower rates after three (3) to four (4) years. It is the cost that FMPA is requiring be paid to take back its high cost power. They have not seen FMPA's financial analysis, but what the price tells them is that the cost of FMPA's power is even higher than what they anticipated over the current market value. So while they don't know how FMPA arrived at the $52 million dollar figure, they do know paying it is the best way, perhaps the only way, to bring FPL rates to Vero Beach, Indian River Shores, and all of Indian River County.

Mrs. Brunjes gave a recap. She said what all this means for Vero Beach customers is an immediate discount on their electric bills at the sale's closing, meaning customers will see lower bills than they are currently paying today. Bills will go down even more after the City's portion of the FMPA payment, $26 million dollars, is collected; then, Vero Beach customers will enjoy the same low rates as all FPL customers. She said under a three-year option, the immediate discount means customers will receive more than 50% of the savings they would have expected if they received FPL rates on day one; under the four-year option, customers will receive about 65% of the savings they would have expected if they received FPL rates on day one. It would be up to the City Council to decide what length of time customers would pay back the FMPA payment. She said while they know this option is not what they were planning for at the beginning, it is

much better than what they have now. It will bring them half way to FPL rates immediately, and it guarantees FPL rates going forward. She explained with this option, if they stick to the original transaction, customers will continue to pay $138 a month for 1,000 kWh with no guarantee of ever getting FPL rates under the existing contract. She was sure there were many questions, but would appreciate it if they would hold them until the end of FPL's presentation. She said she would stay at the meeting until all of the questions have been answered.

Ms. Jennifer Cooper, Representative for FPL, presented a Power Point presentation to Council (please see attached). She explained if they went with a three year option, the typical residential customers would enjoy an immediate eight (8) to sixteen (16) percent reduction, which amounts to a discount of $10.94 or 8% for City residents. If they went with the four year option, the typical residential customer would enjoy an immediate ten (10) to eighteen (18) percent reduction from the existing Vero Beach rates. This would be a discount of $14.02, or 10% for City residents based on a 1,000 kWh bill. There would be immediate savings on the Vero Beach customer's bills.

Mr. Pat Bryan, Attorney for FPL, discussed the conditions applicable to the $52,000 million dollar payment and what the immediate next steps need to be. He said that they need FMPA's commitment to support this transaction. He said that FMPA must allow them to exit from the All Requirements Project and this would be the same for their bond requirements. FMPA must publically support transactions. FMPA contends that the City might have liability for certain City costs from the actual terminate date of October 2016. FMPA and the City must resolve all issues in regards to City contingent liabilities. FMPA wants the City to be secondarily responsible if OUC defaults under the entitlement contract. FMPA does not enjoy this second added layer of protection after closing of this transaction. The City has offered a proposal to FMPA that would involve several layers of protection and an involved contract and bond protection. This issue needs to be resolved. The first order would be to have a meeting with FMPA to discuss these issues. FPL believes the City should be present and have made calls to FMPA to find out when they would be available. After that amendments to existing documents need to be made to implement this proposal. When that process is completed a revised sales agreement will be brought before Council for their formal approval. He believes this is the best path forward and is convinced the contract will happen if all parties join together to make this happen.

Mrs. Brunjes said that this is the first step in the direction for them to pursue this path.

Mayor Winger read into the record his comments (please see attached).

Mrs. Turner stated that they really needed to look at where they are and how they got where they are. She said right now 60% of their cost of their customer's electric bill comes from the power. She said these bills are directly from their FMPA bills and OUC contract. She mentioned that for over thirty (30) years they have been a part of FMPA and the City has no equity at all after making those payments for thirty (30) years. In fact on one of their projects they even owe more on it then when they started (St. Lucie).

Those projects were evaluated by a consultant and the market values for their FMPA contracts. The low value is a -$30 million dollars and the high value is a -$18 million dollars. She said that is their power asset. With the OUC contract they are in, it was valued at a -53 million dollars between a -$32 million dollars. She explained this is what the City is committed to right now. She said with their FMPA commitment, time wise they are tied until 2066 and that can be extended. She said these are contracts that the City was meant to never get out of. This is their opportunity to get lower rates. They can only control 40% of their cost, so they will never get to FPL rates if they remain with FMPA. She realizes this is a long haul, but this is their chance to lower the electric rates and break away from these bad contracts that the City entered into. She said they need to move forward.

Mr. Joseph Guffanti asked if the usage rate is what they pay based on the amount of power that they use.

Ms. Cooper explained that the amount paid for the FMPA payment will be based on the actual usage.

Mr. Guffanti felt they needed to look at a long term goal meaning twenty (20) to fifty (50) years down the line. They need to do something now that will get them off the hook. He mentioned why he thought they were in the fix that they are in. He felt that an investigation on how the OUC contract was negotiated needed to be done. He said that the FMPA people are not their friends. The idea that we have to negotiate with them like they are our buddies is crazy.

Mr. Bill Fish, 2236 Buena Vista Boulevard, noted that he was on Council when the OUC contract was negotiated. They had FMPA and FMEA giving them wonderful advice and were shown graphics on where they would beat the rates of FPL. He said that the Council and their Commissions should be running the show. The former Council listened to those people and here we are today behind the eight ball.

Mayor Winger commented anyone that thinks he knows where the commodity market is going to be four to five years from now is wrong.

Mr. Toby Hill, 685 Lake Drive, lives in the City and owns and operates a number of companies that are not in the City, but on City power. He has a strong interest in getting to FPL rates and thinks that is where everyone wants to be. He is the Chairman of the Indian River County Tea Party and most of the Council has attended their forums and indicated that they were for the sale of the utilities to FPL. He asked Council if that was correct.

Mayor Winger said speaking for himself that is correct.

Mrs. Turner answered absolutely.

Ms. Graves stated that she was in support of the sale, but wanted to have the ratepayers have a say. She said the game has changed.

Mr. Fletcher stated that he was in favor and is still in favor of selling the utilities. He said their end goal is to get rid of the Power Plant and sell to FPL.

Mr. Kramer said that when he first ran for office three (3) years ago he was in favor of the sale, but now he is not in favor of it.

Mr. Hill commented that the Mayor mentioned some potential liabilities and some unknown contamination. He asked if those contingent liabilities exist today and if so then they are not all of a sudden going to exist because of the sale.

Mayor Winger explained the contingent liabilities are a condition of the sale. He said if they continue to have the Power Plant there would never be a slab so therefore they would never dig underneath it so they would never know what is under the Plant. The contingent liabilities also deal with the Taylor Swaps. Those liabilities will defease themselves over time. Additionally, the City has obligations to FMPA under the FMPA contracts for other liabilities. Also, there are approximately $240 million dollars worth of bonds that are backing the FMPA. He said this is the City's share of the bonds and they can be traced back to the City of Vero Beach. The way the FMPA contracts are written is there is liability and with OUC taking the responsibility over after three (3) years, while they have transferred the purchase of that power under Stanton, Stanton II and St. Lucie to OUC the City does not transfer the contingent liability on those bonds. He stated that it is correct that OUC's credit rating is better than the City of Vero Beach. But, he has concerns with this liability occurring after the sale has taken place.

Mr. Hill explained that his question was did the liabilities not already exist.

Mayor Winger answered yes.

Mr. Hill said it seems that they are already on the hook for those bonds. He was a member on the Utilities Commission and has read and educated himself on this matter and he has a difference of opinion. He felt that the Power Plant site could be looked at by the State or Federal Environmental Protection Agencies and it could change their life. He believes they already have those liabilities. His point is the liabilities already exist. He appreciated the time that the Mayor has spent on this and knows that he is trying to protect the City. He commented that the people who have sat and who are sitting on the Council are normal citizens and the utility business is not their business and they are not experts in it. The pros (FPL) are much better in the utility business then City Council. The contract they entered into with FMPA is not good for the City. The only reason they are not out of this contract is because FMPA is preventing it. He said that nobody likes what FMPA has come up with, but FPL has called their hand and put a number on the table. He agreed that no one wants to pay what FMPA is asking for, but at the end of the day when they are done there is light at the end of the tunnel and they can get rid of the Plant and turn this over to the pros who have proven they are better at estimating where

the commodity market will be for these different fuel sources. He didn't know why they would want to continue to have a relationship with FMPA. They don't care that the citizens of Vero Beach have voted twice to extract themselves from FMPA and go with FPL. He expressed that this is not FPL's doing and for the record he does not have any stock in FPL and there is nothing for him to gain personally. If Council doesn't show an effort and FMPA doesn't understand that they are going to get this done then FMPA is going to wait this out. The time frame date that they want to put in this contract could kill the deal.

Mayor Winger explained that the time line was set by Mr. Silagy of FPL. He continued with the contingent liabilities and explained that they have to be considered to protect the taxpayers.

Mr. Hill thought that the Mayor wanted to make it a time certain as a goal. He questioned that when they have to deal with all of the different municipalities for their approval to get out of the FMPA contracts, can anyone predict when that will all come together.

Mayor Winger thought that was a question for FPL. He said they chose the date, he did not.

Mr. Hill closed by saying that he hoped they would stay on track and get this done.

Mrs. Brunjes addressed the date. She said that Mr. Silagy has said that date is doable providing that all parties work in good faith with due diligence. She expressed FPL believes it is a doable date if Council helps them move forward and if FMPA works in good faith and due diligence then it will be a real date. It is clearly unknown from comments made this morning if Council is going to move this forward and it is unknown what FMPA is going to do. She agreed with Mr. Hill that FPL cannot control third parties and when they are going to make the approvals needed. She reiterated this is a goal and a date that FPL believes is doable if all three parties are working together.

Mayor Winger commented that the way he understood this is if they don't go forward with approving the $52 million dollars then they will go with option A), which is the IRS letter. He mentioned an original offer of $30 million dollars. As he said before, any referendum has to have a contract and a contract has to have a date. They cannot ask the citizens to vote on an open end again.

Mrs. Brunjes explained that the contract would have a date just like the existing contract has a date. If Council chooses to have a referendum they will make sure that the citizens have the information that they need. She addressed the original offer of $30 million dollars. She said in the original purchase and sales agreement that exists now they agreed to purchase power from OUC over three (3) years at a cost of approximately $30 million dollars. Under those terms they were receiving power that their customers could use. However, under this FMPA proposal ($52 million dollars) it increases the purchase price of the transaction without FPL receiving any power that would benefit FPL customers.

She said that FPL cannot justify these costs to their customers or shareholders. So that is why they came up with sharing the $52 million dollars as the best solution. She said that FPL receives no benefit from paying the $26 million dollars unlike the power they would have gained from the estimate value of $30 million dollars.

Mrs. Bea Gardner personally thanked Mayor Winger for his speech. She asked for a copy of the speech. She said the thing that stood out the most is that this Council was never charged with making a sale to FPL. They were asked about getting rates comparable to FPL. Vero Beach at one time was the fifth lowest utility provider in the State as far as rates. Since then their rates have been raised five (5) times and now the ratepayers are being asked to raise the rates again to pay a portion of getting FPL rates. She said that this deal is looking like it is not going to happen. She referred to the agenda and nowhere on the agenda did she see that said this City Council voted to agree to a surcharge. The only reason she came to the meeting today was because she read in the newspaper that the Vero Beach City Council was going to vote on setting a surcharge rate to FPL. She felt that maybe they needed to sit back and take a deep breath and continue to get lower rates.

Mr. Mark Mucher mentioned that in Mayor Winger's speech he said that "it gets better every day." He didn't see how when FPL has to kick in another $26 million dollars that it is getting better and he didn't see how OUC's position would change.

Mayor Winger explained that with OUC they have a twenty (20) year contract, which was signed in 2008 and commenced in 2010. They have offered to pay OUC $54 million dollars of which the first $20 million dollars is to exit the contract. He said that every year that goes by it is being defeased. Last year the City invested $4.2 million dollars in upgrading some of their Units at the Power Plant and they invested capital in cash those Units. The system today is better than it was a year ago when the contract was signed.

Mr. Mucher agreed that they did put $4 million dollars into the Power Plant, but he does not believe that FPL is ever going to run the Power Plant so he does not see how this would be for their benefit.

Mayor Winger commented that there is a long list of improvements that have been made at the Power Plant and because of that OUC is getting a better deal. His point was as time goes on things have changed and he has great faith in their Commissions to review this.

Mr. Mucher asked if a referendum would be required. He did not think that was the case. It just looks like they are delaying this further and making the January date more difficult to obtain.

Mayor Winger explained that he has been told by the City Attorney that if a major change is made to the contract then a referendum will be required. He said that there should not be a referendum until they have a firm contract to vote on.

Mr. Coment confirmed that a referendum is required if there are substantial changes in the contract.

Mr. Mucher explained that his point is that a referendum has the effect of possibility delaying the closing date.

Mayor Winger did not think so. He said what he is suggesting is that before there is a referendum that there is a contract and the contract has a date in it. In the contract it would allow an extension if necessary.

Mr. Mucher commented that the Mayor talked about debt and shooting for a closing date of January 1, 2015. He said if it takes three months to put together this refinancing that he mentioned, then they turn around and pay it off in six months, it does not make any sense. However, if they are going to stay in the utility business for the rest of their lives then maybe it makes some sense. The Mayor talked about shutting down the Power Plant. He said if they move forward and close in January 2015, FPL will take the employees at the Power Plant now and pay for the demolition cost to tear down the Power Plant. If the City had to pay for the employees vacation time, sick time, unemployment, etc., these costs could be tremendous (millions and millions of dollars).

Mayor Winger suggested that Mr. Mucher take his comments to the Finance and Utility Commission.

Mr. J. Rock Tonkel felt the goal remains as it has always been and that is to bring relief to its ratepayers. He is struck by the subordinate position that the City is in. He said they could be critical of the prior Councils' in terms of what they did to this City and its ratepayers. However, the impression he has because they are in a subordinate and weaken position the only party that will help them get the relief they need is FPL. He said there have been suggestions that there are other buyers out there, the City can run their own utilities, exclude the ratepayers in the County, and provide electricity to City residents will all prove to be false and unachievable. He doesn't want to see them leave the partnership they have with FPL. FPL has offered Council extraordinary steps including the interest free loan and the relief provided in order to deal with the unreasonable demands of FMPA. He hoped Council would reconsider setting a firm closing date and conclude in a long term relationship with FPL.

Mrs. Caroline Ginn thanked the Mayor for his remarks and agreed that they need to steer their own boat. She said this is not a good deal for the City of Vero Beach. There are a lot of contingencies coming out of the cash money supposedly going into funds, which they are not. She thanked Mrs. Turner for her accurate reporting concerning FMPA. She agreed that there is an enormous amount of debt and FMPA keeps refinancing all of their projects. She was not pleased that FPL and FMPA met without any City representation and came up with this deal between the two of them. She appreciated now they have to have approval of the bond counsel and that is not an easy thing to accomplish. Any one of the (20) twenty members in the All Requirements Project can say they were not going to let the City out, and she didn't think that Kissimmee was going to let them out. One

thing that concerns her is the contingency obligations and their name (City of Vero Beach) being on the bonds. They have an obligation to St. Lucie. She thinks they need to back out of the whole thing. Get out of the FPL contract and get on path with their own utility, then they will have some money if contingency relationships come up. She expressed to Council that she is very serious in everything that she has said to them.

Mr. Charlie Wilson stated the details of this deal can be discussed as they move forward. But there is one thing that cannot be discussed in the future and that is the will of this City. They either have the will to move forward or they do not. They are faced with that decision. In 2009, he was elected to City Council and one of the things he said if the City cannot be competitive in the electric business then they need to get out of the electric business. They are no more competitive than they were thirty-five (35) years ago. He said that any Councilmember who believes that operating their Plant they will achieve substantial savings is faced with thirty-five (35) years of history. He said that when you don't control the fuel prices then you cannot control what people pay. He mentioned that elections have consequences. They were all told at the last election not to worry this was a done deal. He said at the time he went over a number of ways they can stop this from happening and one of them is having a drop dead contract date. What they could call that is an FMPA stall date. Those Councilmembers who are saying they are being fair with this deal and then want to put in a drop dead date for closure are not being fair to the public. He expressed they are hostages of FMPA and it is getting worse every day and every year. FPL is doing what they have been asked to do and that is to give the City a fair rate. If a Councilmember doesn't like the deal then they need to make their case to the public, because the public is going to decide anyway. The direction he would like to see is for this Council to tell FPL that they would like them to continue to pursue a way out of this problem. Meanwhile the City will continue looking at ways to lower rates. When they come up with a final plan it will go to referendum to see if the people like it and whatever contract that FPL comes back with is what is going to be voted on. It doesn't matter whether the Council likes it or not, what matters is whether the people like it or not. The other path forward would be to have a voter initiated referendum that binds them to the decision of the public. He urged Council to move forward.

Mr. Glenn Heran suggested that there are three options to take. He said: 1) Sale to FPL and start saving over $20 million dollars this community is currently losing, 2) He said that FMPA is their problem child and decisions made by previous Councils' did this. They should go to the other cities involved in the All Requirements Project and educate them, or 3) Keep the system and stay prisoner to FMPA. They would collectively lose $200 million dollars a year. He recommended going with suggestion number one and getting out of the FMPA agreement once and for all. Then they can have FPL finish the deal.

Mrs. Honey Minuse, 27 Starfish Drive, stated that her comments were hers and hers alone. It was important to understand exactly where they were when this sale came in front of the public eye. They know they have a commitment with FMPA and to be relieved of that commitment all the cities that are in the All Requirements Project must vote to allow them to exit. They have recently learned that Kissimmee is not going to let

them out. She said if FMPA lets one city out of the All Requirements Project then their strength will weaken. There will not be a unanimous vote to allow them to exit. They have spent a lot of money between getting an appraisal of the system, hiring the Transactional Attorney and Bond counsel, then the City departed practice of using bonds for the system and used cash instead. They have to ask themselves where they are. Nothing has changed except they have spent a lot of money. There is nothing further they can do at this point. Holding another referendum will not get them out of the All Requirements Project. They need to lower electric bills for their customers and to focus on the stability of the City that they all love. She thanked everyone who has worked so hard on this deal and especially to Mrs. Brunjes, who has been very faithful.

Mrs. Turner asked Mrs. Minuse if she was aware that the City is still committed to Stanton, Stanton II and St. Lucie, which are some other long term commitments that the City has.

Council took a lunch break at 12:37 p.m. and the meeting reconvened at 1: 30 p.m.

Mr. Paul Teresi recalled at a taxpayer's meeting when all of the candidates were invited to speak, the question was asked if they were in favor of selling the utilities and the answer was yes with the exception of Mr. Kramer. He said that if the Florida League of Cities (FLOC) encouraged the Council to write a letter against the Mayfield Legislation then perhaps they (FLOC) should intercede with the negotiations with FMPA. He asked the Clerk if the City still pays dues to FLOC. Mrs. Vock said that they do. He then asked her if they pay any more money during the year to FLOC. She said usually only once a year if Council chooses to advertise in one of their quarterly magazine issues there is a fee to do so.

Mayor Winger invited anyone interested to participate in the weekly phone calls with FLOC when they give their update on legislative issues.

Ms. Dale Ross, 4801 Bethel Creek Drive, had some questions about trying to recover the $24 million dollars. She wanted to know how much additional money she will have to pay each month.

Mr. Bryan stated that her net bill will be 10% lower with FPL.

Ms. Jennifer Cooper said in the four years for a typical resident it would be between eight (8) and nine (9) dollars per month.

Ms. Ross was led to believe they still would be 50% ahead with having FPL. She was told that she will be saving 10% per month as compared to what she is paying now.

Mayor Winger asked if the City Council and FPL customer has to pay a surcharge what gives them the legal authority to do that.

Mr. Coment explained those rates have to go to the PSC for approval. However, they can still enter into a contract with FPL.

Ms. Ross asked, how do they know that FPL will pay the $26 million dollars.

Mr. Fletcher told her that Council would have to renegotiate the purchase and sales agreement and those terms would be in writing and voted on.

Mr. O'Connor added that the check would come to the City and the City would pay FMPA.

Mr. John Wester commented that he has been reading that the City is going to have this big pool of money when they sell the Plant and now he finds out they are going to be on the short end of the stick. The ratepayers are now being expected to pay $26 million dollars so they can save FPL six cents on their dividend. He knows by doing this the City is going to have to raise property taxes.

Mrs. Linda Hillman, 2315 18th Avenue, discussed the $26 million dollars that taxpayers are now being asked to pay in order to close this deal. In her opinion if FPL wants Vero Beach to fit in their east coast hole so they can continue moving up. She asked why can't they pay this $26 million dollars, instead of asking the City customers to pay it. She said his $26 million dollars is not being charged to the outside ratepayers who want FPL utilities. She said the businesses in this community will suffer. This started out as an inclusive deal so no one else could come in and negotiate. She agreed that there should be a drop dead date. If FPL wants this deal then let them pay this $26 million dollars. Before the contract is accepted a lot of different agencies have to approve it. The City also has to pay part of their franchise fees back to OUC and taxes will have to be raised. All the details need to be ironed out before the City decides to spend $26 million dollars in order for FPL to purchase the Plant from them. She felt that a lot of education will have to be done in order to show the savings.

Mrs. Brunjes made a few closing comments. She agreed there is a lot of education that needs to be done. She has heard some people say things that are incorrect. This was not what they hoped for, but it is better than what they have now and there will be savings in their electric bill. She hoped the Mayor and the City Manager would have the meetings with FMPA to explore this option and move forward in making this work.

Mayor Winger noted that on May 6, 2011, there was a Letter of Intent signed and since that time FPL has been authorized to work with FMPA. On December 6, 2013, a letter was sent from FPL to FMPA. He felt that FPL should continue to talk with FMPA. The only vote he would take today, since FPL had this since December 6th, and this is all new information for Council and the community, is that they pass this information on to their Commissions. However, that would not preclude FPL from working with FMPA. He asked Mrs. Brunjes what the City could do to assist. He also wanted their Commissions (Finance and Utilities) to look at ways to bring down utility cost.

Mrs. Brunjes clarified what they were asking for. She said they would like authorization from the Council to pursue this concept, which would involve splitting the difference between FPL and the City. She realizes that FPL is authorized to speak to FMPA under the current contract that is in place, but this concept is something new and without Council's vote of support to move forth to do this it would not be a successful path to take. She understood the importance of the Commissions reviewing this and FPL would be at their meeting to answer any questions. She reminded Council that time was of the essence and they want to tell FMPA if they are paid this $52 million dollars then these are the conditions that they need to meet. That is the support that they are looking for from Council, which would be either yes or no.

Mr. O'Connor commented that he feels that the Finance and Utilities Commission would be the ones who will be helping with educating the public. He wanted to make it clear that all 34,000 ratepayers will be paying back the $26 million dollars and not just City customers. He said as a recommendation, if the City wants FPL to go forward and talk to FMPA then Council needs to give them some support for this concept. The concept would be if the City is willing to burden some of the costs associated with this $52 million dollars and that is a critical path forward. They now understand what the number is and this was not a negotiated number. It is the number that they kept asking FMPA what it would cost for the three year incremental period of taking their power.

Mr. Kramer stated that his understanding of the $52 million dollars is that it is a starting point. There will be expenses that will be on top of this. He said that there are a lot of people who enjoy demonizing FMPA. He expressed that FMPA does not even have to take that power. He said the $52 million dollars was just a good will gesture from FMPA. They could flat out say no that they don't want to do the deal. He finds it amazing that the City will just head down any road that FPL tells them to and somehow it will turn out beautifully. He expressed they have been doing this for four years and the old contract is dead so there have been three (3) years thrown away. He questioned how much longer they are going to continue doing this. He provided rates that other utility companies throughout the State charge and he did not see that FPL was anywhere close to having the lowest bills in the State. He liked when Mr. Wilson said that if you can't compete in the business then you get out. He did not see how FPL could compete in the business. According to the list in front of him Lakeland's rates are lower than FPL's.

Mrs. Brunjes addressed Mr. Kramer's comments. She has heard it said that FPL does not have the lowest bills in the State. She believes this information is coming from the Florida Municipal Electrical Association (FMEA) report that many people are using for comparison purposes. She said that it does not always fairly represent electric bills of investor owned utilities. She said that when comparing FPL bills to the municipalities, FMEA tacks on franchise fees and other municipal or utility taxes that not all FPL customers pay and it varies between municipalities. Also, FMEA typically does not include an additional 10% utility tax that most municipal customers pay. She said that it is generally not a fair comparison. She told Mr. Kramer that she could provide documentation that FPL's typical bill has been the lowest of all fifty-five (55) utilities in the State for the past four (4) years. FPL is committed to keeping those bills low by the

investments that they make. She would be happy to have a workshop and show how the numbers are calculated and how the reports from FMEA don't include franchise fees when they are showing municipal rates.

Mr. Kramer said he would love to have a workshop. He shows FPL being number seven in the State.

Mrs. Turner agrees that this $52 million dollars is an outrageous sum, but it is what they are going to have to pay to get out of these terrible contracts. If they don't do it now they are committed until 2066 with FMPA. That means that 60% of their power bill is coming from FMPA. She said that FMPA has gotten the City into horrible hedging losses in the gas market, they continue to refinance and there is no equity and questionable Taylor Swaps. She questioned if this was the type of management that they wanted to leave the future of their electric utility. She heard it mentioned from the public why doesn't FMPA just pay this $26 million dollars and why are they pushing this back to Vero Beach. She explained that FPL has to meet requirements from the PSC that they are purchasing the utilities for a fair and equitable price and not burdening their other customers. She said that when FMPA came forward with this dollar figure they wanted it to be so outrageous that the City couldn't move forward. Now, FPL has come up with an option, which she agrees is not ideal, but an option to move forward.

Ms. Graves mentioned that there has been a lot talked about today that are not necessary the questions that they are being asked. They are being asked, does the City Council support moving forward with this concept. She said is it do they support a dollar amount or a contract that they (City Council) can review. She felt giving a concept to their Commissions to review is futile. The Commission need an actual contract to review and until they have a contract their Commissions cannot give an opinion. She wondered if they should ask FPL to go forward and bring back a completed contract so that then they could make a recommendation based on what the Finance and Utility Commission's input is. They need a complete contract to review and they can't have their Commissions review anything until that happens.

Mr. Fletcher stated that this is a path for them to exit their FMPA and OUC contracts. He said their goal is to extract themselves from those contracts, get rid of the Power Plant and in doing that they will have lower utility bills. He did not have a problem with having the Finance and Utilities Commission review this, but he agreed with Ms. Graves that they need something to review before they can move on. He felt that Council needed to review the contract at the same time the Finance and Utility Commission reviews it. The bottom line is Council needs to authorize FPL to continue with the negotiations with the understanding they are going to split the $52 million dollars with them. After this is done, FPL can put something on paper (formal document together) that Council can review. He made a motion to authorize FPL to continue negotiations with the understanding that the City will split the $52 million dollars with them and that they get back to the City as soon as possible. Mrs. Turner seconded the motion.

Mayor Winger said that he could not accept the $52 million dollars without having more time. He said they are being asked in one day to approve something that FPL could have given them on December 7th. He refused to be boxed in and have to answer something today. He suggested having a vote at their next Council meeting.

Mr. Kramer made a motion to table this matter until the next Council meeting. Mayor Winger seconded the motion. The motion passed 3-2 with Mr. Fletcher voting no, Ms. Graves yes, Mrs. Turner no, Mr. Kramer yes, and Mayor Winger yes.

Mayor Winger recalled that Mrs. Brunjes brought up working with FPL to go and meet with FMPA. He asked for Council comments on that request.

Mrs. Brunjes explained that her request was to reach out to FMPA to get a meeting scheduled. She would like to have the meeting before the next Council meeting so they could have more information to share.

Mayor Winger supported Mrs. Brunjes request.

Mrs. Turner told Mrs. Brunjes that however the Council can support FPL in calling a meeting they will.

Mrs. Brunjes suggested that maybe the Mayor and City Manager could reach out to FMPA and ask for a meeting before their next Council meeting.

Mrs. Turner made a motion that the Mayor and City Manager reach out to FMPA and ask for a meeting before their next City Council meeting. Ms. Graves seconded the motion.

Mayor Winger said if Council wishes him to do this then he will.

Mr. Kramer explained that this would be to support opening up the dialogue with FMPA.

It was the consensus of Council that a meeting be set up.

Mayor Winger would like to empower the two Commissions (Finance and Utilities Commission) to look at ways to begin to bring down the utility rates.

Mr. O'Connor reported that there is Joint Finance/Utilities Commission meeting set for March 19th at 2:00 p.m.

Mr. Peter Gorry, Chairman of the Finance Commission, stated that the meeting scheduled for March 19th is being held in response to the last Council meeting where they were asked to review the memo provided by Mr. Kramer on reducing rates. He has been in discussions with Mr. Craig Dunlop, their Financial Advisor, and City staff to go over the same material at the same meeting, but each Commission would make individual motions. He just didn't want to mislead anyone on what that meeting has been set up for.

Mayor Winger made a motion to instruct the Finance Commission and the Utilities Commission on that date (March 19th) to look at other means in reducing the utility rates. Mr. Kramer seconded the motion.

Mrs. Turner thought that it was fine to continue looking at other ways where they can reduce their utility rates.

Mr. Kramer commented that the contract they have with FPL doesn't allow them to deal with two different contracts on the same issue.

Mr. O'Connor asked Mr. Gorry about FPL being at their joint meeting on March 19th, which Mr. Gorry had no problems with.

The Clerk polled the Council on the motion and it passed 5-0 with Mr. Fletcher voting yes, Ms. Graves yes, Mrs. Turner yes, Mr. Kramer yes, and Mayor Winger yes.

Mayor Winger stated that he will ask the City Attorney to attend the meeting that he and the City Manager have with FMPA.

Mr. O'Connor said that he would work on setting up this meeting.

Mr. Mucher briefly discussed the different rates that are being charged by some of the different utilities in the State and how they compare with FPL.

Mr. Wilson reminded everyone that tomorrow there will be a Town Hall meeting at the Elk's Club and discussion of today's meeting will be one of the topics. He invited Mr. Kramer to be a part of the panel.

Mr. Kramer declined the invitation.

Mr. Guffanti told Council that they were only postponing the inevitable.

3. Mr. David Dangerfield is requesting permission for his organization to be able to sell alcohol at the 10th Annual Firefighters Chili Cookoff on November 8th and at the Halloween Horror Run on October 24th.

Mr. David Dangerfield reported to Council that he was excited to be bringing back the chili cookoff event to be held in the City. The event will be held in Riverside Park along the waterfront. He wanted to make it clear that the Firefighters do not benefit from the proceeds made from the chili cookoff. The proceeds are donated to various non-profit agencies in the community.

Mr. O'Connor stated that administration supports this request.

Mrs. Turner made a motion to allow the sale of alcohol at the chili cookoff as well as at the Halloween Horror Run. Mr. Kramer seconded the motion and it passed unanimously.

D. Adoption of Consent Agenda

1. **Regular City Council Minutes – February 18, 2014**
2. **Utility Easement #2014-EG-0144 – Portion of Tract 29, Section 29-32-39 – 5980 37th Street**
3. **Renewal of Laboratory Services Provider Contract 1559-C – Flowers Chemical Laboratories, Inc.**

Mrs. Turner made a motion to adopt the consent agenda. Mr. Kramer seconded the motion and it passed unanimously.

3. PUBLIC HEARINGS

Quasi-Judicial Hearing (*Final Public Hearing*)

A) An Ordinance of the City of Vero Beach, Florida, amending the Official Zoning Map by Changing the Zoning District Designation of C-1M, Marina District, to P-2, Park District, for City-Owned Property bounded by East Indian River Drive on the East, the Indian River Lagoon on the West, State Route 60 on the South, and the Northern Line of Government Lot 2 on the North, containing 17.35 acres, more or less; Providing for an Effective Date. – Requested by the City Council

Mayor Winger read the Ordinance by title only and conducted the quasi-judicial hearing. There was no ex parte communications that have taken place. The City Clerk swore in Mr. McGarry.

Mr. Tim McGarry, Planning and Development Director, suggested opening up the public hearing.

Mayor Winger opened and closed the public hearing at 2:33 p.m., with no one wishing to be heard.

Mr. Kramer made a motion to approve the Ordinance. Ms. Graves seconded the motion and it passed 5-0 with Mr. Fletcher voting yes, Ms. Graves yes, Mrs. Turner yes, Mr. Kramer yes, and Mayor Winger yes.

B) A Ordinance of the City of Vero Beach, Florida, Amending Chapter 58 "Personnel and Retirement," Article II, Divisions of 4 and 5 of the Code of Ordinances of the City of Vero Beach to Provide for Internal Revenue Code Compliance; Providing for Repeal of all Ordinances in conflict herewith; Providing for Severability; Providing for Codification and Providing an Effective Date – Requested by the Police Pension Board

Mayor Winger read the Ordinance by title only.

Mr. Coment reminded Council that this Ordinance was tabled from their last meeting at the request of Council so that they could receive some additional information.

Mrs. Turner stated that the recent impact statement that Council received satisfies her concerns.

Mayor Winger opened and closed the public hearing at 2:35 p.m., with no one wishing to be heard.

Mr. Fletcher made a motion to approve the Ordinance. Ms. Graves seconded the motion and it passed 5-0 with Mr. Fletcher voting yes, Ms. Graves yes, Mrs. Turner yes, Mr. Kramer yes, and Mayor Winger yes.

4. RESOLUTIONS

A) A Resolution of the City Council of the City of Vero Beach, Florida, expressing opposition to Florida House Bill 813 relating to Water and Wastewater Utilities which Bill, if enacted by the Florida Legislature, would have direct adverse effects on Florida Municipalities and their citizens and utility ratepayers; Providing for an Effective Date. – Requested by Mayor Richard Winger

Mayor Winger read the Resolution by title only.

Mr. Coment reported that he received input from Mr. Ryan Matthews, Florida League of Cities lobbyist and Mr. Schef Wright, their outside counsel located in Tallahassee, in drafting this Resolution.

Mayor Winger mentioned that every Monday morning the FLOC does a recap of what has taken place in Tallahassee concerning legislative matters and anyone is welcome to participate in those calls. He said that the Florida League of Cities have taken a strong stand in opposition of Florida House Bill 813 and the City of Vero Beach is supporting them.

Mayor Winger opened and closed the public hearing at 2:37 p.m., with no one wishing to be heard.

Mr. Mucher questioned who drafted the Resolution.

Mr. Coment explained that he drafted the Resolution with input from the Florida League of Cities and Attorney Schef Wright.

The public hearing was closed at 2:38 p.m., with no one else wishing to be heard.

Mr. Fletcher made a motion to adopt the Resolution. Ms. Graves seconded the motion and it passed 5-0 with Mr. Fletcher voting yes, Ms. Graves yes, Mrs. Turner yes, Mr. Kramer yes, and Mayor Winger yes.

B) A Resolution of the City Council of the City of Vero Beach, Florida, expressing opposition to Florida House Bill 861 relating to Municipal Power Regulation which Bill, if enacted by the Florida Legislature, would have direct adverse effects on Florida Municipalities and their citizens and utility ratepayers; Providing for an Effective Date. – Requested by Mayor Richard Winger

Mayor Winger read the Resolution by title only.

Mayor Winger expressed that if Council wishes for himself and the City Manager to speak with FMPA then this Resolution needs to be adopted. He said that this Bill targets FMPA. He does not believe the Bill will pass in the House, but he still asks for Councils' support on it.

Mayor Winger opened the public hearing at 2:40 p.m.

Mr. Guffanti commented that he questioned whether or not PSC oversees utilities. The way he reads this is that Representative Mayfield is asking the PSC to oversee these people (FMPA). He said the simple answer would be to look at their rates and look at FPL rates. He felt that it was a disinterest for Council to oppose this. It is the only thing he has seen Representative Mayfield come up with that is any good. He said they wouldn't be in the fix that they are in now if PSC oversees these people. He said that Council is in no way able to deal with these people and they should get rid of the power system.

Mrs. Turner noted that in one of the Whereas statements in the Resolution it says as a municipal electric utility customer they already have an existing remedy for the determination of whether their electric rates are just and equitable by a determination in local Courts. She asked Mr. Coment to explain this.

Mr. Coment explained if a ratepayer does not believe that the rates being charged are just and reasonable they can sue the City and have a Court determine that they are not just and equitable. He said that this is Florida law.

Mrs. Turner continued by saying that in the Resolution it mentions filing rates with the PSC. She understood as a courtesy that they do send their rates to PSC. She realizes that at the moment the rates are not being approved by the PSC, but she understood that this information is sent to them anyway.

Mr. O'Connor told her that was correct. He explained that every five (5) years they send their structures and proposed rates to PSC. He said they don't have to impose the rates that they send to them (which they have not), but they do file the rates with the PSC.

Mrs. Turner was perplexed where it says in the Resolution, "unnecessary cost of rate regulation by PSC" if they are sending that information to them. If they can justify their rates she did not understand what additional costs they would be incurring.

Mr. Coment explained that now there are rate cases that have to be presented before the PSC and the rates have to be defended.

Mr. Fletcher made a motion to adopt the Resolution. Ms. Graves seconded the motion and it passed 4-1 with Mr. Fletcher voting yes, Ms. Graves yes, Mrs. Turner no, Mr. Kramer yes, and Mayor Winger yes.

C) A Resolution of the City Council of the City of Vero Beach, Florida, Establishing the "Historic Downtown Vero Beach Economic Development Zone Advisory Committee," Establishing Committee Organization, Procedures, Authority, and Duties; Providing Direction to the City Clerk; Providing for Conflict and Severability; and Providing for an Effective Date. – Requested by the Planning and Development Director

This item was pulled of the agenda.

5. FIRST READINGS BY TITLE FOR ORDINANCES AND RESOLUTIONS THAT REQUIRE A FUTURE PUBLIC HEARING

A) A Resolution of the City Council of the city of Vero Beach, Florida, designating the Geographic area of Historic Downtown Vero Beach as an Economic Development Zone and a Tax Increment Area; Providing for Establishment of an Economic Development Trust Fund for such Economic Development Zone; Providing for Conflict and Severability; and Providing for an Effective Date. – Requested by the Planning and Development Director

Mayor Winger read the Resolution by title only.

Mr. McGarry reported that on May 15, 2012, the City Council passed an Ordinance enabling the City to designate Economic Development Zones to provide funding for economic development capital projects based on tax increment funding. Tax increment financing allows the capture of any increase in the ad valorem tax revenues resulting from the cumulative increase in the total gross taxable value of all real property within the designated economic development zone over the initial base year. An Ad Hoc Committee was formed in 2013 with Mr. Peter Jones, Chairing it and the Committee explored the establishment of an Economic Development Zone within the downtown area of Vero Beach. The economic zones are intended to fund an economic development program and to advance economic development initiatives in zones of geographic concentration within the business and commercial areas of the City. Council will need to

establish an Advisory Commission to prepare the economic development plan for the zone.

Mr. Peter Jones, Chair of the Ad Hoc Committee, stated that he believes in the value of the downtown area. He thanked Council for the opportunity to come before them with this district as an Economic Development Zone. He noted the progress that they have made since they were before Council last June. He thanked staff for working with them on getting this accomplished. He also thanked his colleges on the Ad Hoc Committee for their efforts. He said that nearly ten (10) years ago they came up with a Vision Statement for downtown, which he believes is important today (he read the Vision Statement). He recognizes that the establishment of this zone is a step in the process, but there are a lot of dedicated people in the community ready to help to make this first economic zone a success.

Mayor Winger opened the public hearing at 2:51 p.m.

Mr. Charlie Wilson commented that he had the opportunity to attend the last Mainstreet Downtown Board meeting and it is an impressive group of people working for their community. He had a couple of concerns with this Resolution. He asked does this organization have the ability to borrow money. Mr. O'Connor told him no. Mr. Wilson continued by saying that the tax rate is set at whatever current tax revenues are and if tax revenues go up this organization can spend this additional tax money. Mr. O'Connor explained that is not correct. He said the money comes back to the City and that organization makes a recommendation for that money and it comes back to City Council to authorize any expenditure of the money.

Mr. McGarry added that they are talking about gross taxable value and not about revenue. He said that the soonest this could could start would be 2014 and it would not start drawing money until 2016.

Mr. Coment said that this is only the City's ad valorem tax.

Mr. McGarry explained that the Advisory Commission would make recommendations on how the money is to be spent, but it would be Council who had the final say and would need to approve any projects. He said that this is not like a CRA.

Mrs. Turner felt that this was another layer of government and another Committee being formed. She didn't see the need for it. She supports downtown and would love to see it grow and develop, but could not understand why they were giving special treatment to one area in the City.

Mr. McGarry announced that the Oceanside Business Association (OBA) will probably be coming to Council with a similar request. He explained by having this mechanism in place an economic plan is drawn up for funding. He felt there was enough protection so they would not end up with any real problems.

Mr. Wilson asked if they have looked at how much this is going to cost the City. He said it may be only a little bit right now, but it could continue to grow and what prevents the other areas in the City from requesting the same thing.

Mrs. Turner mentioned that other projects have been done without having a "zone."

Mr. Kramer explained that this is an investment in areas, then having the benefits of the investment. They would not be taking money from the outside district.

Ms. Cindy Lawson, Finance Director, explained that the assessed value of $9.7 million dollars for the proposed Economic Development Zone is approximately 9% of the City's total taxable value at January 1, 2013 of $2.126 billion dollars. At the City's current millage rate of 2.0336, a 1% increase in taxable value for the Economic Development Zone would generate approximately $3,700 in annual tax increment revenue (assuming a maximum 95% capture rate). This annual increment would increase with sustained growth in taxable value. If they projected that sustained annual growth in taxable value of 1% each year for five (5) consecutive years within the Economic Development Zone, it would generate $56,000 in total Trust Fund revenue (all five years combined) and sustain 1% growth for ten (10) consecutive years, which would generate $210,000 in total Trust Fund Revenue (all ten years combined).

Mrs. Turner commented that when looking at the CAFR the years between 2008 and 2011 there seems to be a decline in property taxes and those swings are significant and it could be a significant number if there was a swing where property taxes were to go up every year.

Mr. O'Connor thought it was important to know that Council can spend the money any way that they would choose.

Mr. Mucher said that he was surprised on how huge this area (zone) is. It is not what he considers to be downtown. He explained that if this organization does nothing the taxable value will grow and money will go into this fund. He said Council might as well just write them a check because they don't have to do anything to get it. He felt that a realistic level should be set and when they reach that level then they get credit for appreciation above a reasonable level. He was glad that the City controls the funds.

Mr. Ken Daige commented that he does not live far from the downtown area. He asked Council to move forward in passing this Resolution. He said that there have been a lot of people who have worked hard on this and what this allows is a trust fund to be set up and allows for other funds to come to that trust. There are other dollars that could be available such as grants. He knows it is difficult to obtain those monies, but this opens up those avenues. If you look at their downtown area there are a number of capital improvements they would like to see done. Not that there has not been a number of things done by local people. He reiterated that he hoped Council would support this and allow this organization to move forward in a positive direction.

Mr. McGarry explained that if this Resolution is adopted and an Advisory Committee is formed they would come back to Council with an Economic Development Plan.

Mr. Kramer made a motion to set the public hearing on this Resolution for March 18, 2014. Ms. Graves seconded the motion and it passed 3-2 with Mr. Fletcher voting no, Ms. Graves yes, Mrs. Turner no, Mr. Kramer yes, and Mayor Winger yes.

6. CITY CLERK'S MATTERS

A) Commission/Board Appointments

UTILITIES COMMISSION

There is one full member and two alternate positions open on the Utilities Commission.

Mayor Winger nominated Mr. George Christopher for the full member position. Mrs. Turner nominated Mr. Chuck Mechling. Mr. Kramer nominated Mr. Robert Blumstein. The nominations were closed.

Mrs. Vock called the roll for the vote of Mr. George Christopher for a full member. Mr. Fletcher voted no, Ms. Graves yes, Mrs. Turner no, Mr. Kramer no, and Mayor Winger yes. Motion failed.

Mrs. Vock called the roll for the vote of Mr. Chuck Mechling for a full member. Mr. Fletcher voted yes, Ms. Graves no, Mrs. Turner yes, Mr. Kramer no and Mayor Winger no. Motion failed.

Mrs. Vock called the roll for the vote of Mr. Robert Blumstein for a full member. Mr. Fletcher voted no, Ms. Graves yes, Mrs. Turner no, Mr. Kramer yes, and Mayor Winger yes. Mr. Robert Blumstein was appointed as the full member on the Utilities Commission.

Nominations were taken for alternate #1. Mr. Kramer nominated Mr. George Christopher for alternate #1. Mr. Fletcher nominated Mr. Charlie Wilson. The nominations were closed.

Mrs. Vock called the roll for the vote of Mr. George Christopher for Alternate #1. Mr. Fletcher voted no, Mrs. Turner no, Ms. Graves yes, Mr. Kramer yes, and Mayor Winger yes. Mr. George Christopher was appointed as alternate #1 on the Utilities Commission.

Nominations were taken for alternate #2. Mayor Winger nominated Mr. George Baczynski for alternate #2. Mr. Fletcher nominated Mr. Charlie Wilson. Nominations were closed.

Mrs. Vock called the roll for the vote of Mr. George Baczynski for alternate #2 with Mr. Fletcher voting no. Ms. Graves yes, Mrs. Turner no, Mr. Kramer yes, and Mayor Winger yes. Mr. George Baczynski will serve as alternate #2 on the Utilities Commission.

PLANNING AND ZONING BOARD

There is one alternate position open on the Planning and Zoning Board.

Mrs. Turner nominated Mr. Richard Cahoy as the alternate member on the Planning and Zoning Board. Mr. Cahoy was unanimously appointed as the alternate member on the Planning and Zoning Board.

CODE ENFORCEMENT BOARD

There are three full positions and two alternate positions open on the Code Enforcement Board.

Mr. Kramer made a motion to approve both Mr. Frank Pizzichillo and Mr. David Devine to be full members on the Code Enforcement Board. Mr. Fletcher seconded the motion and it passed unanimously.

FINANCE COMMISSION

There is an alternate position open on the Finance Commission.

Mayor Winger nominated Mr. Randolph Old for the alternate position on the Finance Commission. Mr. Randolph Old was unanimously appointed as the alternate member on the Finance Commission.

HIGH SPEED RAIL COMMISSION

There is an alternate position open on the High Speed Rail Commission.

Ms. Graves nominated Mr. Frank Pizzichillo to the High Speed Rail Commission. Mr. Frank Pizzichillo was unanimously appointed as the alternate member on the High Speed Rail Commission.

HISTORIC PRESERVATION COMMISSION

Mrs. Deborah Daige serves as the alternate member on the Historic Preservation Commission. She would like to be moved up to a full member. If this is done it would leave a full member position and alternate position open on the Commission.

Mrs. Daige was moved up to a full member.

Mr. Kramer made a motion to appoint Mrs. Victoria Gould to the Historic Preservation Commission. Mrs. Victoria Gould was unanimously appointed to the Historic Preservation Commission as a full member.

MARINE COMMISSION

Mr. Clinton Lanier sits on the Marine Commission as the alternate member and would like to be moved up to a full member. If this is done it would leave one full member and one alternate position open on the Marine Commission.

Mr. Lanier was moved up to a full member.

Mayor Winger nominated Mr. Bill Walker for the full member position. Mrs. Turner nominated Mr. Bill Johnson.

Mrs. Vock called the roll for Mr. Bill Walker to be the full member on the Marine Commission. Mr. Fletcher voted yes, Ms. Graves yes, Mrs. Turner no, Mr. Kramer yes, Mayor Winger yes. Mr. Bill Walker was appointed as the full member on the Marine Commission.

Mayor Winger nominated Mr. Bill Johnson for the alternate member on the Marine Commission. Ms. Graves nominated Mr. Francisco San Miguel.

Mrs. Vock called the roll from Mr. Bill Johnson to serve as the alternate member on the Marine Commission with Mr. Fletcher voting yes, Ms. Graves no, Mrs. Turner yes, Mr. Kramer no, and Mayor Winger yes. Mr. Bill Johnson was appointed as the alternate member on the Marine Commission.

TREASURE COAST LEAGUE OF CITIES

Councilmember Graves currently serves on the Treasure Coast Regional League of Cities as the full member for the City of Vero Beach. They have asked that an alternate member be appointed in case Councilmember Graves is unable to attend one of their meetings.

Mrs. Turner volunteered to serve as the alternate member on the Treasure Coast League of Cities.

7. CITY MANAGER'S MATTERS

A) Proposal from Indian River Sports Complex

Mr. O'Connor reported during last year's budget it was decided that the Little Leagues held at Michael, Thompson, Grall Softball and Bob Summer's baseball fields would need to generate less overall cost to the City. The League Presidents and Board from the different Leagues met and began the process of working with the new Indian River Sports

Complex to put together a plan to try and incorporate all of them into their program. Attached they have a letter from the Manager of Indian River Sports Complex. The Indian River Sports Complex would like to take over the responsibilities and maintenance at the facilities housed at Michael and Thompson baseball fields. They would assume the responsibilities of paying for all of the utilities and maintain the properties including the four practice fields at Michael Baseball Field.

Mr. Coment explained that an agreement would have to be drawn up to permit this.

Mr. Fletcher made a motion to have the City Attorney form an agreement between Indian River Sports Complex and the City of Vero Beach. Ms. Graves seconded the motion and it passed unanimously.

Mr. O'Connor brought up the second item of this request. He said that Indian River Sports Complex have arranged with various baseball leagues that were housed at Michael, Thompson and Bob Summers baseball fields to become active members of the Sports Complex on 16th Street. They have asked Council to consider either borrowing or leasing some of the capital equipment including the stadium lights, scoreboard, and bleachers. The proposal was taken to the Recreation Commission who voted 5-0 in favor of having the new Sports Complex take over control of the various fields and baseball programs. The Recreation Commission voted 4-1 to approve allowing the capital equipment to be leased or borrowed by the Sports Complex.

Mr. Coment commented that since this deals with property owned by the County he will make sure that the County is in agreement with this.

Mr. O'Connor commented that as far as Bob Summers baseball field goes, staff will look at the demand for the field and may ultimately abandon the field and use it for something else.

Mr. Fletcher made a motion to approve the loaning request as proposed by Indian River Sports Complex. Ms. Graves seconded the motion and it passed unanimously.

Mr. O'Connor reported to Council that he was going to register Mr. Schef Wright, Attorney out of Tallahassee, as a lobbyist for the City of Vero Beach. He said the cost to register him as their lobbyist is $50.00.

Mrs. Turner asked what is the objective for Mr. Wright to carry their name (City of Vero Beach).

Mr. Coment mentioned the reason for doing this now is because of the two Bills that have been filed (Resolutions voted on earlier in the meeting). He did not know how much lobbying the FLOC would be doing.

Mayor Winger added that Attorney Schef Wright is an expert in this field and a very good attorney. They just have to keep costs down.

Mrs. Turner asked how much money are they talking about spending.

Mr. O'Connor said not over $5,000 in any given year.

Mr. O'Connor reported that the Water and Sewer Franchise discussions will be put on hold until after they determine if this new Bill (discussed earlier involving the PSC) is going to pass.

Mayor Winger mentioned that the septic tank step program will be discussed at tomorrow's Treasure Coast Council of Local Government's meeting and he hoped to have the support of all three counties.

B) Lease Agreement by and between The City of Vero Beach, Florida and the Friends of the Vero Beach Dog Exercise Area, Inc.

This item was moved up on the agenda and heard earlier.

8. CITY ATTORNEY'S MATTERS

9. CITY COUNCIL MATTERS

A. Old Business

B. New Business

10. INDIVIDUAL COUNCILMEMBERS' MATTERS

A. Mayor Richard Winger's Matters
1. Correspondence
2. Committee Reports
3. Comments

B. Vice Mayor Jay Kramer's Matters
1. Correspondence
2. Committee Reports
3. **Comments**

Mr. Kramer reported that he attended a luncheon with Compassion In Vero. They are pushing for more civility in public meetings that are held. He attended the Italian Food Festival and Downtown Friday. He reminded the community to attend the Under the Oaks event this weekend at Riverside Park.

C. Councilmember Pilar Turner's Matters
1. Correspondence
2. Committee Reports

3. Comments

Mrs. Turner reported that she attended an FMPA meeting. She also attended a Tourist Development Council meeting and reported that tourist dollars were up 6% from last December and overall 30% year-to-date. The Treasure Coast Food Bank celebrated 25 years of helping people in our community. She learned that 40% of all food in the United States is wasted. She went to the Environmental Learning Center for the ECO fest. It was an incredible event. She reminded the public about the event at the Heritage Center on March 13th and that beginning Monday College Spring Baseball Training Games will be held at Heritage Dodgertown.

D. Councilmember Amelia Graves' Matters

1. Correspondence

2. Committee Reports

3. **Comments**

Ms. Graves reported that she attended a Beach and Shores Advisory Commission, as well as the groundbreaking ceremony at Leisure Square.

E. Councilmember Craig Fletcher's Matters

1. Correspondence

2. Committee Reports

3. Comments

11. ADJOURNMENT

Today's meeting adjourned at 3:35 p.m.

/tv