

MINUTES OF THE THIRTEENTH MEETING OF KISSIMMEE UTILITY AUTHORITY, HELD THURSDAY, SEPTEMBER 19, 1985, AT 7:00 P.M., CITY COMMISSION CHAMBERS, MUNICIPAL ADMINISTRATION BUILDING, KISSIMMEE, FLORIDA.

Present at the meeting were Chairman VanMeter, Vice-Chairman Hord, Secretary Bobroff, Director Maher, Attorney Brinson, General Manager Welsh, Recording Secretary Fitzgerald. Assistant Secretary Jones was absent. Director Gant arrived later in the meeting.

- A. MEETING CALLED TO ORDER by Chairman VanMeter at 7:02 P.M.
- B. AWARDS AND PRESENTATIONS - None
- C. HEAR THE AUDIENCE

Mr. Morlan Hole, Orange Gardens, addressed the Board. He stated that he has approved 90-95% of the actions taken by the Board, but he was concerned about a quorum of three Board members which might take action by a 2-1 vote. He felt such action would be in question. Chairman VanMeter explained that the Charter states there must be a majority vote for action to pass in a quorum, it must be a 3-0 vote.

- D. INFORMATIONAL REPORTS (REQUIRING NO ACTION)

- 1. BLACK & VEATCH, ENGINEER OF RECORD

Several representatives of Black & Veatch were on hand to give a presentation highlighting the firm's overall capabilities, as well as past, ongoing, and potential future projects. Those present included Earl Windish, Partner in Charge of the projects being performed for KUA, Don Knighton, Project Manager for KUA projects, and Ron Jarvis, Manager of their Orlando Office. During a slide presentation, these gentlemen answered questions from the Board.

(Director Gant arrived during discussion - 7:30 P.M.)

Meeting was recessed for a short break at 8:25 P.M., and reconvened at 8:38 P.M.

- E. OLD BUSINESS

- 1. FMPA FINANCING

Mr. Bob Freeman, Bond Counsel, gave a brief history of FMPA and its origins; how it was set up, how it is run, what its future growth may be. Mr. Freeman then highlighted the legal considerations of refinancing KUA's ownership interest in Stanton through FMPA.

Director Gant asked if the Agency went under, if there was any provision for KUA to take out their portion. Mr. Freeman stated that if the Agency dissolved, a trustee would step in and operate the Agency. He stated that he would check into what the procedure would be in the event of FMPA defaulting and get that information to Mr. Welsh. Further discussion followed.

Mr. Welsh asked if there were any legal preferences or differences in individual ownership versus participation through FMPA. Mr. Freeman stated that the only area he could think of was that there may be a difference in liability exposure; being an owner versus being a joint participant with the Agency. In respect to the normal conduct of business, he felt that there was not a lot of difference. KUA will have the same right to receive kilowatts under either arrangement.

Mr. Toby Wagner, Southeastern Municipal Bonds, highlighted the financial considerations in regards to refinancing Kissimmee's ownership in Stanton through FMPA. During his presentation, Mr. Wagner answered questions from the Board. Taking into account the risk factors, Mr. Wagner stated that the savings could not be ignored and he

didn't see the variable rates increasing above the 8.3% (which is your break even on your savings), over a 30 year average. He also stated that the Board would have to feel comfortable with the fact that a unanimous decision of all the participants would be necessary to convert from a variable rate to a fixed rate, rather than a pro rata decision based upon share of entitlement. Further discussion followed.

Jean Bennett, Finance Director, felt that it would be necessary to insulate ourselves against the uncertainty of the variation in short term rates in the market place, the uncertainty in the ability to remarket the bonds, and the cost of the step-up provisions. She suggested converting a substantial portion of the savings which would be achieved to a rate stabilization fund, which would insulate KUA from variations in the short term market.

Mr. Welsh summed up by stating that the Board needs to decide whether they think it is a good financial deal, in light of the risks associated with variable rate, and whether they can overcome the concerns they have over ownership and the management situation of the FMPA organization. Mr. Welsh stated that he did not feel that the ownership issue is a material issue; the debt service or the requirement to pay for it is still there, whether it is on or off our books, and the benefits derived from it are there in either case. He went on to say that there is a small management staff to administer the contracts which have been entered into by the cooperating municipalities of FMPA to achieve financial advantages in the financial market and they are competent in those areas, and he does not see it as an impediment.

Director Bobroff moved that this item be continued to next week. Motion seconded by Director Maher.

Discussion followed.

Motion Carried 4 - 0
Director Jones Absent

F. NEW BUSINESS

1. ETHICS PROCEDURE

Director Bobroff moved that the Ethics Procedure be continued to the next meeting. Motion seconded by Director Maher.

Motion Carried 4 - 0
Director Jones Absent

2. LINE EXTENSION CONTRACTS

These routine contracts are currently brought to the Commission when they exceed \$3,000. Since the KUA is going to once-a-month meetings, it is recommended that the General Manager be authorized to sign any Line Extension Contract up to \$25,000. Any contracts in excess of \$25,000 would be brought to the Board for approval and signature by the Chairman and the Secretary. During discussion it was decided that the General Manager would submit a list of all Line Extension Contracts executed by the General Manager each month, at the next KUA Board of Directors meeting.

Director Bobroff moved to authorize the General Manager to execute Line Extension Contracts up to a \$25,000 limit, anything in excess of that will be brought before the Board. The General Manager will report those contracts from \$3,000 up to the \$25,000 limit to the Board on a monthly basis in a brief manner. Motion seconded by Director Maher.

Motion Carried 4 - 0
Director Jones Absent

G. CONSENT AGENDA

Director Maher moved to approve the Consent Agenda. Motion seconded by Director Hord.

1. APPROVAL OF MINUTES OF SEPTEMBER 12, 1985, MEETING

Motion Carried 4 - 0
Director Jones Absent

H. HEAR GENERAL MANAGER, ATTORNEY, DIRECTORS

GENERAL MANAGER

Mr. Welsh discussed briefly the Conference Calendars which were included in the packets for the Board. He also mentioned the conflict with the November and December meetings during the holidays He will bring this matter up again, when there is more time. Mr. Welsh also brought up the Employees' Organization meeting, which is September 25, at the Community House, at 7:30 A.M.

DIRECTORS

Director Bobroff informed the Board of the insurance proposals presented to the City Commission. Director Bobroff then asked for the consent of the Board to contact Spike Carroll in regards to looking into the possibilities of the First National Bank building as a possible Administrative Building for the KUA. Following discussion, it was agreed that Director Bobroff and Mr. Welsh would contact Mr. Carroll on this matter.

Director Hord felt it was important that Director Jones be in on the discussions in regard to the FMPA Refinancing question and that he needs to be brought up to date on what was discussed. Mr. Welsh stated that he would get together with Director Jones as soon as he returned.

I. ADJOURNMENT

The meeting was adjourned by Chairman VanMeter at 11:40 P.M.

ATTEST:


Chairman


Secretary