

MINUTES OF REGULAR MEETING OF KISSIMMEE UTILITY AUTHORITY, HELD WEDNESDAY, OCTOBER 23, 1991, AT 6:00 PM, BOARDROOM, ADMINISTRATION BUILDING, KISSIMMEE, FLORIDA

Present at the meeting were Vice-Chairman Gant, Secretary Bobroff, Assistant Secretary Lowenstein, Director Jones, Mayor Pollet, Attorney Brinson, President & General Manager Welsh, and Recording Secretary Rundio. Chairman Hord was absent.

A. **MEETING CALLED TO ORDER** at 6:00 PM by Vice-Chairman Gant acting as Chairman.

B. **AWARDS AND PRESENTATIONS**

1. **OATH OF OFFICE - GEORGE GANT**

KUA Attorney Edward Brinson administered the Oath of Office to Vice-Chairman Gant, who was reappointed by the City Commission for a five-year term of office. (Copy attached to the Minutes.) Congratulations were extended to Vice-Chairman Gant for his past as well as future contributions to KUA. Vice-Chairman Gant expressed his appreciation in being accepted for another term. He feels he understands the utility business and hopes to look out for the interests of the community. Director Bobroff also extended his personal thanks.

2. **NOVEMBER EMPLOYEE OF THE MONTH - MARIO SEIJO**

Mr. Welsh profiled the working credentials of Mario Seijo, Power Plant Mechanic. Mario was selected by fellow employees for his outstanding dedication, reliability and dependability. Mario has completed thorough inspections of turbine and diesel parts, discovering discrepancies that would have curtailed operations at very crucial times, thus benefiting KUA through cost savings. Mr. Welsh expressed appreciation for Mario's contributions.

Vice-Chairman Gant congratulated Mario on behalf of the Board and presented him with an Employee of the Month plaque. A U.S. Savings Bond was given to him by Director Bobroff. Mario will also receive one day off with pay and a reserved parking space during November.

C. **HEAR THE AUDIENCE** - There was no audience response

D. **PUBLIC HEARING** - None

E. **INFORMATIONAL REPORTS (REQUIRING NO ACTION)**

1. **MONTHLY PROGRESS REPORT ON ENGINEERING PROJECTS**

Ken Davis, Director/Planning & Engineering, highlighted several ongoing projects.

AM/FM and Engineering Analysis Software - Mapping project is being done in-house and is proceeding well in spite of being a difficult task.

Transmission System Expansion - Recommendations for award of bid for transformers for the Overoaks/Carroll Street Substations are addressed under a separate agenda item. The authorized right-of-way agent has acquired permission from all affected property owners to begin survey work within two weeks.

Power Plant to Lake Bryan Circuit, Maintenance and Upgrade The final portion of line between the Power Plant and Airport substations is being completed.

Carroll Street Site Development - Work is progressing well.

Eastern Beltway Line Relocation Project - see Consent Agenda

2. CONDENSED FINANCIAL REPORT

Joe Hostetler, Director/Finance, updated the members on the various reports, via overheads.

At the end of the fiscal year we came close to our original budget and budgeted dollar sales. Some audit adjustments will be made to our revenue. Discussion ensued on adjustments, rollovers into the new fiscal year, designated cash decreases, and numerous other items. Questions were responded to by staff.

3. MONTHLY REPORT ON POWER SUPPLY DEPARTMENT PROJECTS

Ben Sharma, Director/Power Supply, highlighted ongoing projects in his department.

Gas Turbine Project - Negotiations are underway with General Electric for an LM 6000 GT unit.

SCADA Project - Recommendation for award of Installation Contract for Remote Terminal Units (RTU's) will be discussed at the November meeting. Several KUA personnel will visit Landis & Gyr later this month to undergo training on various software and RTU maintenance.

Stanton Energy Center Unit 2 (SEC 2) - Awaiting a December recommendation by the Governor and the Cabinet on environmental hearings relative to this project.

Cost of Power Adjustment (COPA) - September, 1991 COPA will be \$1.08/1000 kWh effective November 1.

Load Management (LM) - Project is on schedule. Only 15 out of 300 local builders and electrical contractors attended KUA's informational meeting on this subject on October 4th. Another meeting will be scheduled in December.

Natural Gas Issues - FGT's Service Agreement for Phase III gas supply discussed under agenda item G.3.

Power Plant Yard Clean-up Project - Awaiting contractor's final clearance, then KUA can pave the yard.

Maintenance Outage of the CC Unit - Nothing new to add. This item will be discontinued in this report.

Other Purchased Power (Sales) Issues - The FMPA Board of Directors will decide on October 25th whether or not to participate in developing the Cane Island site. Discussed under agenda item F.3. KUA will also experience cost savings by contracting with TECO (Tampa Electric Company) for 26 MW for 1992.

4. ELECTRICAL MAINTENANCE WORKSHOP/WAREHOUSE MEZZANINE

Ken Lackey, Director/Transmission & Distribution Department, said Architect Charles Parsons is developing construction drawings and specs on this. Hanson & Walter Engineering firm is to submit a proposal to supply engineering services and drawings for additional pavement.

F. OLD BUSINESS

1. CARROLL STREET AND OVEROAKS SUBSTATIONS 13.2 KV TRANSFORMER BID AWARD

Ken Davis highlighted the progress. Low bidder, Delta Star, Inc., was selected to provide four 13.2 kV power transformers, two each at the Carroll Street and Overoaks substations, totaling \$1,368,259.

Director Jones moved to authorize the award of bid for the four 13.2 kV transformers to Delta Star, Inc., contingent upon negotiation of a satisfactory contract for a not-to-exceed price of \$1,368,259; and authorize the Chairman and Secretary to execute said contract. Seconded by Director Bobroff.

Motion carried 4 - 0
Chairman Hord absent

2. BID AWARD - OVEROAKS SUBSTATION 230 KV AUTOTRANSFORMER

Following a brief update by Mr. Davis, it was staff's recommendation to negotiate a final contract with the low bidder, North American Transformer, Inc., for a maximum price of \$1,432,075.

Director Bobroff made a motion authorizing the award of bid for the 230 kV transformer to North American Transformer, Inc., contingent upon negotiation of a satisfactory contract for a not-to-exceed price of \$1,432,075; and authorize the Chairman and Secretary to execute said contract. Seconded by Director Jones.

Motion carried 4 - 0
Chairman Hord absent

3. AGREEMENT WITH FMPA FOR JOINT PROJECT DEVELOPMENT AT CANE ISLAND

Mr. Welsh and staff gave an in-depth presentation on the prospective joint agreement between KUA and FMPA (Florida Municipal Power Agency) for development of the generation project at Cane Island. KUA would own one-half of four combustion turbines. Joint participation with EMPA would provide considerable savings and benefits:

- sharing common facility costs while reducing risk;
- getting multiple unit discounts for major equipment;
- added reliability;
- strength in negotiation with other utilities for transmission interconnections;
- and support of numerous municipalities in our efforts to acquire permits and licenses.

It was staff's recommendation that the Board approve the Conceptual Participation Framework Agreement with FMPA for joint participation and ownership of this project.

Considerable discussion followed. FMPA has not made their final decision as yet but staff asked for Board approval prior to returning a signed contract to them, giving them an additional 95 days to decide.

Mr. Sharma highlighted revenue requirements, the savings to be had on two combustion turbines vs. 50% of four combustion turbines, the terms of the agreements, etc.

Motion by Director Bobroff, seconded by Director Lowenstein, authorizing Board approval of the Conceptual Participation Framework Agreement between KUA and FMPA for joint development of the project at Cane Island; and authorize the Chairman and Secretary to execute the same.

In response to Director Bobroff's concern, discussion and explanations followed on the operating rights of each party. Mr. Welsh read an excerpt from the Agreement (para. 1, page 8: 7.0 Operation and Maintenance).

Motion carried 4 – 0
Chairman Hord absent

G. NEW BUSINESS

1. ELECTION OF OFFICERS

Due to the absence of Chairman Hord, the election of officers was deferred until a full Board was present at the next meeting.

2. SELECTION OF THE UNDERWRITING TEAM

The RFP Review Committee shortlisted five firms as KUA's Underwriting Team, as follows:

Merrill Lynch	Co-Senior & Book Running Manager
Bear Stearns	Co-Senior
William R. Hough & Co.	Co-Manager
Smith Barney	Co-Manager
Sun Trust	Co-Manager

Staff felt the best financing team possible was put together for the most efficient and cost effective marketing and distribution of KUA's bonds. This team will give us excellent distribution coverage to the institutional and retail markets in the local and regional areas. Staff recommended Board approval of the above-listed team.

Moved by Director Jones, seconded by Director Bobroff, to approve staff's selection of the Underwriting team and the proposed financing schedule.

A calendar of the proposed financing schedule was highlighted. Several important dates on various activities were pointed out. The October 31st Special Meeting will cover our financial planning. Mr. Welsh stated that the November 19th date is where we make our commitment (pricing and sales of bonds), and on the 20th the Board will be asked to approve the bond purchase agreement. The closing date is scheduled for December 12, 1991.

**Motion carried 4 - 0
Chairman Hord absent**

3. SERVICE AGREEMENTS WITH FLORIDA GAS TRANSMISSION (FGT) FOR PHASE III GAS

Mr. Sharma explained our position on three natural gas Service Agreements (Nos. 106, 946 and 947) for firm gas transportation from FGT covering the volumes of gas requested by KUA under FGT's Phase III expansion program. KUA's Attorney, Edward Brinson, said he has reviewed the contract and consulted with staff and our Black & Veatch consultants and all parties approved the agreements. He felt that with the modification, this contract was in our best interests.

Mr. Sharma, using an overhead, gave an explanation of two alternatives for service agreements. Following an in-depth discussion, staff submitted a modified recommendation, that the Board approve the three Gas Service Agreements, Nos. 106, 946 and 947, with FGT; and further authorize staff to work towards FGT's recognition of Florida Gas Utility (FGU), and upon such recognition prior to the submission deadline of December 12, 1991, include KUA's gas volumes with that of FGU's total and submit Agreements Nos. 106, 946, and 947 on a conditional basis only.

Moved by Director Bobroff authorizing Board approval for the Gas Service Agreements Nos. 106, 946 and 947, with the Modified Recommendation submitted and as stated above, with Florida Gas Transmission Company; and authorize the Chairman and Secretary to execute the same. Seconded by Director Lowenstein.

**Motion carried 4 - 0
Chairman Hord absent**

5. INSURANCE CLAIM - OCTOBER 2, 1991

Neville Turner, Director/Personnel & Risk Management, showed slides of the smoke damage incurred to our main floor offices and of the ruins adjacent to our Administration Building during the October 1st fire. He highlighted current and anticipated expenditures for repairs, replacement of carpeting, cleaning of computer equipment, etc. A recap of all expenses totaling \$106,531.59, with a \$50,000 deductible, was reviewed. Staff recommended the Board approve an agreement with TRC (The Restoration Company) and expenditures for a not-to-exceed total of \$43,945.

Director Bobroff made a recommendation for Attorney Brinson to draw up a proclamation of commendation for the KUA staff's dedication and assistance immediately after the fire to keep KUA in business. Mr. Welsh said this would be done.

Director Jones moved to authorize staff's recommendation approving the agreement and fire damage expenditures for a total not to exceed \$43,945.00. Seconded by Director Bobroff.

**Motion carried 4 - 0
Chairman Hord absent**

H. CONSENT AGENDA

Director Jones moved to approve the Consent Agenda, as presented. Seconded by Director Lowenstein.

**Motion carried 4 - 0
Chairman Hord absent**

1. APPROVAL OF MINUTES OF SEPTEMBER 25, 1991, MEETING

1. **ANNUAL REQUIREMENT FOR FUELS, IFB #91-001** (Board approved - est. \$780,129 to be purchased, as required, from fuels inventory funds.)

2. **FIBER OPTIC CABLE INSTALLATION BID AWARD** (Board approved - Focas, Inc., \$226,471.59)

4. **FIBER OPTIC AND SCADA SYSTEM EQUIPMENT BID AWARD** (Board approved - KEMCO Industries, Inc., \$271,816)

5. **EASTERN BELTWAY (SOUTHERN CONNECTOR) TRANSMISSION
LINE RELOCATION - LINE CONSTRUCTION BID AWARD**
(Board approved - Terry's Electric, Inc., \$79,943)

6. **DEDICATION OF EASEMENTS - CARROLL STREET PROPERTY**
(Board authorized - Chairman and Secretary to execute documents)

7. **AS/400 UPGRADE**
(Board approved - Upgrade to Model D50)

I. HEAR GENERAL MANAGER, ATTORNEY, DIRECTORS

GENERAL MANAGER

Mr. Welsh informed the Board of being approached by Dr. Phillip Haselden of KUA's possible interest in purchasing his adjacent property (19' wide) which burned down October 1st. The appraisal price is \$40,000. Mr. Welsh said we could aesthetically enhance the property with greenery and benches and be used as a buffer from an adjacent building in case of a future fire.

Director Bobroff suggested the Board give direction to the General Manager to pursue this for the time being until more information was obtained. Director Lowenstein said we should negotiate on it. Director Jones said we needed more input from a full Board concerning the liability exceeding the cost, cost overruns, etc., before making any recommendation. It was the consensus of the Board not to purchase and develop this 19' property until it was ascertained what would be developed next door to it. Director Gant suggested negotiating with the owner on this property, at a reasonable price.

Mayor Pollet said the purpose to buy the property appears to be fire protection. He said KUA does not need the property, especially with added maintenance, responsibilities, etc., added to the cost.

Mr. Welsh stated that the City Commission showed interest in attending our October 31st Financial Plan Meeting to apprise themselves on how our bonding would affect the ratepayers, and other concerns. They also wish to discuss with the Board our philosophy on bonding, how it would affect our rates, etc. November 14th was set aside as a continuation date, if needed, as a joint workshop.

ATTORNEY - No comments

DIRECTORS

Mayor Pollett said a meeting was held with a legislative delegation for our area. An issue was raised regarding a bill disallowing the public accessing a utility company's customers' billing records, which normally they are allowed to do under Public Records Information Act. Mayor Pollet said all four local representatives were supportive of this bill. Mr. Welsh stated at present our records are open to anyone seeking public information.

Director Lowenstein questioned an item on the Customer Service Monthly Activity Report. Ms. Chris Beck responded the irrigation accounts were billed separately the previous year; now they are combined with the residential monthly bills.

Director Bobroff asked that the issue of the Martin Luther King, Jr., holiday be agendaed for the next regular meeting. He said that all other governmental agencies in the County have now adopted the Martin Luther King day as an added holiday.

J. **ADJOURNMENT**: Meeting adjourned at 8:30 PM.


CHAIRMAN

ATTEST:



SECRETARY

OATH OF OFFICE

I, GEORGE GANT, do solemnly swear that I will support, protect and defend the Constitution and Government of the United States and the State of Florida against all enemies, domestic and foreign, and that I will bear true faith, loyalty and allegiance to the same; that I am entitled to hold office under the Constitution; that I will faithfully perform all the duties of the office of Director of the Kissimmee Utility Authority, on which I am about to enter. So help me God.


GEORGE GANT

Sworn to and subscribed before me this
23 day of Oct, 1991.


Edward Brinson
Attorney for the Kissimmee Utility Authority

Notary Public, State of Florida
My Commission Expires:


NOTARY PUBLIC STATE OF FLORIDA
MY COMMISSION EXPIRES JULY 31, 1994
BORNED THRU GENERAL INS. UND.