

MINUTES OF SPECIAL MEETING OF KISSIMMEE UTILITY AUTHORITY HELD
THURSDAY, JUNE 3, 1993 AT 6:00 PM, BOARD ROOM, ADMINISTRATION
BUILDING, 1701 W. CARROLL STREET, KISSIMMEE, FLORIDA

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

A. MEETING CALLED TO ORDER at 6:07 p.m. by Chairman Hord for the purpose of reviewing the bond resolutions and bond pricing structure.

B. REVIEW OF BOND PRICING STRUCTURE

Mr. Welsh commended his Staff, the Financial Team and Bond Counsels for doing such an admirable job on pulling the numbers together for this bond refunding. He said we did very well in the market the previous day at a very competitive rate. We were oversubscribed and had repriced it and our interest cost is about 4.7%. We outdistanced Orlando Utilities Commission in terms of yield. Our present value savings is \$1.5 million. Our goal was 3%, but even without the reduction in negative arbitrage the refunding realized 3.237%. Our gross savings over the life of the issue without considering negative arbitrage is \$3.1 million, giving us a savings of \$1.2 million. Our cash flow is very tight for 1994 and this refunding would bring about an increase in our cash flow by debt service reduction of \$485,000. In fiscal year 1993 we would realize a \$220,000 increase in our cash flow because of our debt service reduction due to the refunding.

Joe Hostetler, Director of Finance, reiterated the hard work it took for several months, often being faced with the uncertainty of whether we could do the refunding, and the market vacillations, and he and his financial team were pleased that the new money deal and the refunding could be done at the same time. He distributed copies of new updated Resolutions (R93-4, R93-5, and R93-6) which included the final numbers.

Bill Jahnes, Merrill Lynch, Clearwater, Florida, gave an update on the current status of the financing plans. He and his team were here to obtain the Board's permission to buy the bonds. He went over the financing summary for KUA covering the proposed final numbers as shown in his handout, dated June 3, 1993. The amount of the gross savings on the refunding took a dramatic jump and following their doing several things simultaneously they captured a favorable interest rate. A number of things they did set in motion the process to acquire the government securities necessary for the funding of the escrow, the construction fund and the capitalized interest fund at a reasonable rate.

Another interesting aspect of the transaction, Mr. Jahnes said, was the reception our bonds got in the marketplace vis-a-vis some of the other entities concurrently in the state. He noted the comparable new issues of Orlando Utilities Commission, and two other entities. He responded to questions from the members.

C. APPROVAL OF BOND RESOLUTIONS

Mr. Jahnes asked the Board's permission to purchase the bonds on behalf of the syndicate and presented Mr. Hostetler with a good faith check in the amount of \$1, 460, 000.

Bond Counsel Peter Dame, Squire, Sanders & Dempsey, noted that Resolution R93-4 authorizes the issuance of the bonds and basically indicates they will be issued under our existing bond indentures and resolutions. This will authorize the sale of the bonds by public and negotiated sale.

Resolution R93-5 contains the interest rates and maturities of the bonds and makes award of the bonds to the purchasers. He highlighted two changes: 1) The new resolution indicates our needing \$145,800,000 (as opposed to the original amount of \$150 million) and cancelled the remaining \$4,200,000 authorization. 2) Merrill Lynch's techniques to maximize the earnings in the escrow is to have the Authority enter into a forward supply contract with respect to the investment of amounts which will be uninvested in the escrow account. This agreement was entered into today where purchaser is entitled to sell us securities in the future in the escrow account. We would get benefits of those earnings and then wait to make the purchases in the future. The value of that was \$321,000 to go into the construction fund and, accordingly, they issued \$321,000 less bonds because of this technique.

Resolution R93-6 refunding the 1991 bonds will be redeemed prior to their maturity date. This calls for the redemption of the first optional call date of those bonds.

Mr. Dame distributed copies of a "Certificate As To Public Meetings", which is new to this transaction. It had historically been used, except in the past couple of years. This certificate is designed to demonstrate compliance with the Sunshine Law. The Bond Counsel is used to build a record, a transcript of proceedings to demonstrate in the future that everything was done properly. It is designed to get the signatures of the members that they have complied with the Sunshine Law and they have not, outside the Sunshine, other than duly advertised, reached decisions which would affect the actions taken this evening. If in the future we were challenged, saying there was a violation, this paper would make them prove there was a violation, as opposed to having the burden on us to demonstrate that indeed we were in compliance. This certificate was to be notarized by KUA Attorney, Edward Brinson.

Director Bobroff inquired what was meant by paragraph D, pg. 11 of R93-4, "Unless paid or reimbursed by the original purchaser of the Series 1993 Bonds, the Authority shall pay all costs and expenses in connection with the preparation, issuance and sale of the Series 1993 Bonds."

Mr. Dame replied this is the provision that sets forth what they will do with the proceeds of the bonds when received and the establishment of the order in which the proceeds will be applied. He added that in the purchase contract there is a specific allocation as to which costs the Authority is responsible for and which the syndicate and Merrill Lynch are responsible for. The aggregate number KUA is responsible for is \$232,800.

Director Bobroff complimented the Merrill Lynch team, Bond Counsels and the KUA Staff who worked on this bond issue for a most admirable performance.

Motion by Director Jones, seconded by Director Lowenstein, to approve Resolution R93-4.

Motion carried 5 - 0

Motion by Director Jones, seconded by Director Bobroff, to approve Resolution R93-5 as stated in the information given this evening.

Motion carried 5 - 0

Motion by Director Jones, seconded by Director Lowenstein, to approve Resolution R93-6, as presented.

Motion carried 5 - 0

Director Gant inquired how we came out with the total cost of issuing the bonds compared to the previous issues. Mr. Jahnes said the Underwriters' Discount was \$647,203. Cost of issuance, the expense that is paid by KUA to the Bond Counsel (contract is in place covering their hourly rates) and Financial Advisors, etc. is \$232,800; however, no comparative figures were available this evening. Overall this came in an extremely aggressive manner on the part of Merrill Lynch and at a very reasonable cost, especially in the area of Underwriters' Discount.

In line with the financing of the Cane Island project and Director Bobroff's query, Mr. Welsh said that work was begun at Cane Island on Monday, May 17th.

Attorney Brinson stated that several contacts had been made with the property owners, although no contracts have been signed as yet. A resolution will be brought to the Board authorizing our going to court to file condemnation on the right-of-way and for various reasons. Chairman Hord felt this was good logic because oftentimes in the past owners were not against the power plant; they just did not understand the issues. Attorney Brinson said one question that came up at meetings with owners was, "Can we use the easement right-of-way as setback requirements?" He said the County is specific on this, that we can use it as our setback. Approximately 26 owners are involved here. Attorney Brinson feels we have been very generous in our appraisals. If we have to go into court, shortly thereafter we would have to make an offer of judgment and hopefully the jury would not give them more to cut down on the fees. Discussion followed.

D. OTHER

Due to a conflict of a Board member, the Board approved to reschedule the signing of the documents to **3:30 p.m., Monday, June 14** (from 3:30 p.m., June 16th) **in the Board Room**. All these bonds have been purchased and sold and everything is expected to change hands. Mr. Jahnes stated that the money will change hands and the documents need to be executed. Chairman Hord, Secretary Bobroff and Attorney Brinson will be present for the signing, along with necessary members of the Financial Team and Bond Counsel.

The Regular Meeting was also rescheduled to Monday, June 14 at 6:00 p.m. (from Thursday, June 17th) due to a conflict.

Mr. Welsh stated that the City Commission had approved the Board's nomination to the Board of Directors of Wayne Schoolfield, who was present this evening.

E. HEAR GENERAL MANAGER, ATTORNEY, DIRECTORS

GENERAL MANAGER - No comments

ATTORNEY - No comments

DIRECTORS - No comments

F. ADJOURNMENT: Meeting adjourned at 7:00 p.m.



CHAIRMAN

ATTEST:



SECRETARY