

MINUTES OF REGULAR MEETING OF KISSIMMEE UTILITY AUTHORITY,  
WEDNESDAY, OCTOBER 27, 1999, 6:00 P.M., BRINSON BOARDROOM,  
ADMINISTRATION BUILDING, 1701 WEST CARROLL STREET, KISSIMMEE,  
FLORIDA.

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Present were Secretary Toro, Assistant Secretary Gant, Director Hord, Mayor Attkisson, Director Shearer, Attorney Brinson, General Manager Welsh and Recording Secretary Fizer. Chairman Walter was absent.

A. **MEETING CALLED TO ORDER** at 6:00 P.M. by Secretary Toro.

B. **PLEDGE OF ALLEGIANCE TO THE FLAG**

The Board and audience recited the Pledge of Allegiance.

C. **INSTALLATION OF NEW BOARD MEMBER**

Attorney Brinson administered the oath of office to Don Shearer. The Board congratulated Mr. Shearer and he took a seat on the Board as Director.

D. **ELECTION OF NEW OFFICERS**

It was the consensus of the Board to postpone the election of officers until Chairman Walter could also be present.

E. **AWARDS AND PRESENTATIONS**

1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, and 13.

**5-YEAR SERVICE AWARDS**

General Manager Welsh and the KUA board congratulated employees completing five years of service. They were given a certificate and a gift of their choice. Employees present that were being honored were David Aviles, Tim Briggs, Bob Chywski, Marcial Diaz, Steve Gibson, Brenda Hebert, and Mike Stefka. Bob Crisp, Jean Dawson, Neute Johnson, Diane Sweenor, Mike Taylor and Bill Weidman were unable to be present and will be given their award later.

14, 15, 16, 17, 18, 19, 20, 21, 22 and 23.

**10-YEAR SERVICE AWARDS**

Mr. Welsh and the Board congratulated those employees completing ten years of service. They also were given a certificate and a gift of their choice. Employees present that were honored were Pete Valdellon and Debbie White. Those not present were Alan Burkhardt, Martha Carroll, Larry Crouch, Scott Ferguson, Cathy Mickel, Waverly Padgett, Bruce Thompson, and Tony Wilson.

24. **15-YEAR SERVICE AWARD - JOHNNIE BENN**

Ms. Benn was congratulated by Mr. Welsh and the Board for her years of service and presented with a gift.

25. **20-YEAR SERVICE AWARD - T.J. PALMER**

General Manager Welsh introduced Mr. Palmer to the Board and he was presented a gift and a certificate.

**26. EMPLOYEE OF THE MONTH FOR OCTOBER - UMBERTO "MANNY" RODRIGUEZ**

General Manager Welsh noted that Manny Rodriguez, a lineman first class in Transmission & Distribution, has been selected November employee of the month. He noted that Mr. Rodriguez was unable to be present and accept his award. Ken Davis, director of Transmission & Distribution, accepted the award and said it would be presented to Mr. Rodriguez later.

**27. UNITED WAY PLAQUE PRESENTATION**

Secretary Toro presented a plaque to the 1998 Chairman of the United Way campaign, Joe Hostetler. The plaque was given by United Way to recognize the efforts of KUA and its successful campaign.

**28. CHAMBER OF COMMERCE MEMBERSHIP DRIVE PLAQUE PRESENTATION**

KUA was recognized for participating in the 1999 Chamber of Commerce membership drive. The Chamber recognized Sam Kotwal for his leadership in this effort. Chris Beck, Mr. Kotwal's supervisor, said the plaque would be presented to him at an upcoming department meeting.

**F. HEAR THE AUDIENCE - None.**

**G. PUBLIC HEARING - None.**

**H. INFORMATIONAL PRESENTATIONS (REQUIRING NO ACTION)**

**1. REVIEW OF GROUP HEALTH INSURANCE**

Neville Turner, director of Personnel & Risk Manager, gave the Board an update on the status of the employee group health insurance. Mr. Turner noted that recently Prudential indicated there would be a premium increase beginning January 2000. KUA sent out request for proposals to 18 different companies for bids and the bids were received on October 27. Mr. Turner reported that staff would be bringing a recommendation to the Board at the November meeting after the bids have been reviewed.

Ron Walls, Vice President of Lupfer-Frakes Insurance Company, noted that the majority of the increase in rates from Prudential was based on KUA's health experience. He did note that for six years there was no increase for KUA employees.

**I. OLD BUSINESS - None.**

**J. NEW BUSINESS**

**1. ADDENDUM TO BLACK & VEATCH'S GENERAL SERVICES CONTRACT**

Ben Sharma, director of Power Supply, noted that the original General Services Contract between KUA and Black & Veatch was signed on January 17, 1984. Over the years there have not been any significant changes to the terms and conditions of the contract. Mr. Sharma reviewed the changes proposed by Black & Veatch. Attorney Brinson noted that after reviewing contracts of other local utilities, the contract proposed appears to be better than other options.

Don Schultz, Vice President of Black & Veatch, indicated that the major change is a limited liability amount whereas previously it was open-ended and not addressed. Director Hord questioned whether staff was satisfied with this contract and was assured that they were.

**ACTION: Motion by Director Hord, seconded by Director Gant, to approve the addendum to the Black & Veatch General Services Contract and authorize the Chairman and the Secretary to execute the Addendum.**

**Motion carried 4 - 0**

**2. AWARD OF THE CONSTRUCTION MANAGEMENT AND START-UP  
CONTRACT TO BLACK & VEATCH FOR CANE ISLAND UNIT 3**

Mr. Sharma introduced Ron Utter, project manager for Black and Veatch. He noted that the format for the construction management contract would be basically the same format as for Units 1 and 2. He said there would not be a owner's representative because KUA employees would be on site, whereas, they were not with Units 1 and 2. In lieu of the owner's representative there would be a Quality Assurance/Quality Control Engineer (QA/QC).

Discussion was held on the responsibilities of the QA/QC Engineer and Mr. Schultz assured the Board that this person would stop the job if they believed the workmanship was not of the highest quality. He said that KUA would be involved immediately in any decision made. Director Hord asked if there would be a pre-construction meeting with all contractors and Mr. Schultz said that would be done.

**ACTION: Motion by Director Hord, seconded by Director Gant, to approve the Black & Veatch Scope of Services to provide the Construction Management services for Cane Island Unit 3 for a not-to-exceed fee of \$4,209,910, including the Quality Assurance/Quality Control Engineer.**

Richard Herring, 2617 W. Oak St., Kissimmee, shared his thoughts on the relationship that KUA has with Black & Veatch. He gave his opinions on fair and competitive contractual services and how the Florida Legislation views such. He wanted assurance that the contract is an equitable contract for the Osceola County citizens.

**Motion carried 4 - 0**

**3. STATUS OF AGREEMENT FOR EXCLUSIVE NEGOTIATIONS WITH  
SEMPRA ENERGY RESOURCES FOR CANE ISLAND UNIT 4**

General Manager Welsh reported that an extensive round of discussions have taken place between KUA and the staff of Sempra Energy Resources. After some negotiations, Sempra has countered KUA's offer with the basic change that they will be prepared to pay only one half of all the costs incurred during the 90-day negotiation period. He noted that at the end of the 90 days if an agreement is reach, Sempra will reimburse KUA for the entire amount of consultant's costs.

Ben Sharma introduced Kevin Swartz, director of project development, and Bill Keller, vice president of project development, from Sempra Energy. Mr. Sharma said they are the parent company of San Diego Gas and Electric.

Mr. Keller addressed the Board and gave a brief background on the company and their megawatt capacity throughout the country. The Board wanted to make sure that they would be kept apprised of any progress during the negotiations. Mr. Swartz said that cost projections and numbers would be kept confidential during the negotiation period.

**ACTION:** Motion by Director Shearer, seconded by Director Gant, to approve the agreement for exclusive negotiations with Semptra Energy Resources for Cane Island Unit 4 and authorize the Chairman and Secretary to execute the same. Also to authorize the transfer of \$250,000 from leftover bond money from Cane Island Unit 1 and 2 into Cane Island Unit 4 to cover KUA's portion of expenditures.

Motion carried 4 - 0

**4. TRANSFER TO THE CO-INSURANCE FUND**

Joe Hostetler, director of Finance, noted that the request is being made to provide additional funds because KUA realized a preliminary net reinvested earnings of approximately \$2.4 million dollars, the uncertainty of litigation related to the train wreck and possible damages from severe storms and hurricanes in the future.

**ACTION:** Motion by Director Hord, seconded by Director Gant, to approve the budget amendment to the extent of final audited net reinvested earnings up to \$1,500,000.

Motion carried 4 - 0

**5. QUITCLAIM OF EASEMENT FROM ORLANDO UTILITY COMMISSION AT INDIAN RIVER SITE AND ACCEPTANCE OF SPECIFIC EASEMENT FROM RELIANT ENERGY**

General Manager Welsh noted that this item was placed on the agenda under staff reports and should have been under New Business. Attorney Brinson explained that Orlando Utility Commission (OUC) was undergoing a sale to Indian River Site to Reliant Energy Indian River. It was required that KUA sign a quitclaim to OUC for an easement in exchange for a more specific easement right that is directly linked to the operations of the combustion turbines.

**ACTION:** Motion by Director Gant, seconded by Director Hord, to approve the General Manager's action of signing the quitclaim to OUC and the acceptance of easement from Reliant as described above.

Motion carried 4 - 0

**K. STAFF REPORTS**

**1. MONTHLY PROGRESS REPORT ON T&D PROJECTS**

Mr. Welsh noted that this is a written report.

**2. MONTHLY REPORT ON POWER SUPPLY DEPARTMENT PROJECTS**

Mr. Welsh noted that this is a written report.

Secretary Toro recessed the meeting 7:43 to 7:50 PM.

**4. CONDENSED FINANCIAL REPORT - QUARTERLY - SEPTEMBER 1999**

Mr. Hostetler gave a brief presentation that detailed the year-end numbers subject to audit adjustments. Total sales for the year showed a 3.4% favorable variance. The increase in sales revenue, Mr. Hostetler pointed out, is due to higher than expected megawatt sales. He also noted that operating and maintenance expenses were also less than budgeted.

**5. SEPTEMBER 1999 INTERNET SERVICES PROVIDER UPDATE**

Joe Hostetler gave the financial overview of Internet Service Provider (ISP) for September. Dennis Wick, director of Information Systems, reviewed the technical side of the service and Chris Beck, director of Marketing, detailed customer growth and potential new services to increase sales. Director Hord asked if more equipment is needed to stay competitive and also wanted to know when KUA would break even. Mr. Wick and General Manager Welsh said that a complete report would be brought back to the Board in November that would detail the history of the ISP and a business plan for what is expected for the future.

**L. CONSENT AGENDA**

Director Hord requested that item #9 be removed from the consent agenda and General Manager Welsh asked that item #2 be removed for discussion at a later date.

**ACTION: Motion by Director Hord, seconded by Director Gant, to approve the consent agenda with the exception of items #9 and #2.**

Motion carried 4 - 0

1. APPROVAL OF MINUTES OF SEPTEMBER 22, 1999 REGULAR MEETING
3. AWARD FOR AN ANNUAL REQUIREMENT FOR OVERHEAD/UNDERGROUND WIRE, IFB#022-99
4. AWARD OF CONTRACT TO JOHNSTON PUMP COMPANY FOR THE SUPPLY OF THREE (3) CIRCULATING WATER PUMPS FOR CANE ISLAND UNIT 3 IFB #023-99
5. AWARD OF CONTRACT TO INGERSOLL-DRESSER PUMP COMPANY FOR THE SUPPLY OF TWO (2) CONDENSATE PUMPS FOR CANE ISLAND UNIT 3 IFB #024-99
6. AWARD OF CONTRACT TO VOGEL BROS. FOR THE SITE AND SUBSURFACE CONSTRUCTION FOR CANE ISLAND UNIT 3 IFB #025-99
7. AWARD OF CONTRACT TO INGERSOLL-DRESSER FOR THE SUPPLY OF UNIT 3 BOILER FEEDWATER PUMPS IFB #026-99
8. AWARD FOR ANNUAL WOOD POLES, CLASS III, IFB #032-99

Director Hord asked for the total budget for sponsorships for 1999-2000. Chris Gent, manager of communications, noted that the current approved budget is \$10,000 more than last year due to getting into situations where sponsorship had to be declined.

**ACTION: Motion by Director Hord, seconded by Director Gant, to approve item #9 of the consent agenda.**

Motion carried 4 - 0

**9. COMMUNITY SPONSORSHIP REQUESTS**

**M. HEAR GENERAL MANAGER, ATTORNEY, DIRECTORS**

General Manager Welsh reminded the Board of the Quarter Century Club dinner scheduled for October 28, the Employee Appreciation dinner scheduled for November 4, and the KUA Holiday Party scheduled for December 4. He noted that the Board picture will be taken prior to the November board meeting and also that the Chamber of Commerce is sponsoring a "Taste of the Town" on November 3.

Director Shearer asked for an explanation of the COBRA insurance as presented by Mr. Turner. Director Gant inquired about the security of using HTE software in KUA computers. Director Hord said he wanted the procurement staff to become more proactive in obtaining bids when items go out on a Request for Quotation. He thought it was important that KUA get as many vendors to respond as possible on Cane Island Unit 3 and that it was also important to make the specifications as generic as possible so more vendors will respond.

**N. ATTORNEY-CLIENT SESSION**

Attorney Brinson noted that KUA is involved in litigation regarding the Amtrak/CSX v. Kissimmee Utility Authority. Mr. Brinson revealed that under the Florida Statue he has asked for a closed session to discuss settlement negotiations and strategies. He indicated that the proceedings will be totally transcribed by a court reporter and should take approximately one hour.

The session began at 8:50 PM.

**O. ADJOURNMENT - Meeting was adjourned at 9:41 p.m.**

  
CHAIRMAN

ATTEST:

  
SECRETARY