

MINUTES OF REGULAR MEETING OF KISSIMMEE UTILITY AUTHORITY,
WEDNESDAY, MARCH 22, 2000, 6:00 P.M., BRINSON BOARDROOM,
ADMINISTRATION BUILDING, 1701 WEST CARROLL STREET, KISSIMMEE,
FLORIDA.

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

A. **MEETING CALLED TO ORDER** at 6:00 P.M. by Vice-Chairman Gant.

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

The Board and audience recited the Pledge of Allegiance.

C. **AWARDS AND PRESENTATIONS**

1. 10-YEAR SERVICE AWARD - MANUEL DOMINGUEZ, CUSTOMER SERVICE REPRESENTATIVE - MARKETING
2. 10-YEAR SERVICE AWARD - CAROLE GLAD, CUSTOMER SERVICE REPRESENTATIVE - MARKETING
3. 10-YEAR SERVICE AWARD - PEGGY LUELLEN, CUSTOMER SERVICE REPRESENTATIVE - MARKETING
4. 10-YEAR SERVICE AWARD - SCOTT ROMAIN, SYSTEMS PLANNING ENGINEER - POWER SUPPLY

General Manager Welsh noted that 40 years of service were represented and he recognized Manuel Dominguez, Carole Glad, Peggy Luellen and Scott Romaine. Mr. Welsh noted that these employees could not be present but would be given their award at a later time by their department directors or supervisors.

5. EMPLOYEE OF THE MONTH FOR APRIL - RICHARD "RICK" WARD

Mr. Welsh recognized Rick Ward as April's employee of the month and he read the nomination form submitted by his co-worker. The general manager noted that this was an honor to be chosen by one's peers for this award. Vice-Chairman Gant presented a plaque to Mr. Ward and Director Toro presented a check. Director Shearer indicated that he would receive one day off with pay and it was also noted that Mr. Ward would receive a special parking space.

D. **HEAR THE AUDIENCE** - None.

E. **PUBLIC INFORMATION SESSION - EMPLOYEE SUBSTATION AND ASSOCIATED TRANSMISSION LINES**

Ken Davis, director of Transmission & Distribution, presented drawings of the planned substation and transmission line routes. Walter Medlin, a property owner near the substation, spoke on behalf of several property owners. He asked when the substation would be built. Mr. Davis reported that construction of the substation is scheduled to begin by the end of May and once all the right-of-way has been obtained, it should be operational by the end of the year.

Mr. Welsh noted that the new substation should improve reliability in that area.

Comments and questions were requested by the Chairman from any member of the public present. There were none.

F. INFORMATIONAL PRESENTATIONS (REQUIRING NO ACTION) - None.

G. OLD BUSINESS

1. ANNUAL REQUIREMENT FOR WATER/CHEMICAL TREATMENT PROGRAM, IFB#046-00

Ben Sharma, director of Power Supply, briefly described why this item was continued from the November board meeting. The specifications were revised to make them more clear to the vendors. Joe Hostetler, director of Finance, reported that he had received a protest letter and has responded to the vendor. Attorney Brinson said that the wording in the recommendation includes consideration and proper procedure for the vendor that protested.

Director Hord arrived at 6:20 PM. He asked that staff make sure they are getting good quality products for the money they are spending and if at some time they realize they are not, they should amend their recommendation. Mr. Welsh noted that the Power Supply staff would not accept anything that is not in accordance with what is necessary to do the job.

ACTION: Motion by Director Shearer, seconded by Director Toro, to authorize the President & General Manager to award the Annual Requirement Water/Chemical Treatment Program to low bidder, Betz Dearborn in an annual estimated amount of \$79,753.38 subsequent to his resolution of the bid protest from Chemtreat unless his resolution of the bid protest presents a recommendation of an alternative action.

Motion carried 4 - 0

2. ADOPTION OF REVISED BUDGET ESTIMATE FOR CANE ISLAND UNIT 3 PROJECT

Ben Sharma outlined the overall recommended changes in the Cane Island Unit 3 budget. He noted that 15% increase included an increase in the gas turbine; installation of a selective catalytic reduction system for No_x control of the unit; the addition of a condensate polishing system that will extend the life of the boilers by removing trace elements from the water; fuel oil unloading skid including pumps; and a third circulating water pump.

Director Shearer asked from where this would be funded. Mr. Welsh said this would come from bond issues but at the present it is being financed short term from the FMPA pooled loan agreement.

Director Hord and Director Shearer asked for better explanations on why some of these items were not seen in the first budget. Mr. Sharma noted that the original estimate was on the basic design and as the work progresses, these items are suggested as staff deems necessary. Larry Mattern, supervisor of maintenance and operations for the power plants, detailed the condensate polishing system and also why the need for the pumps.

Vice-Chairman Gant asked why construction management was up 75%. Don Schultz, Vice President of Black & Veatch, noted that there was a minimal staff with Unit 2 and the Board asked for a quality control engineer on site. Also, the contractors have asked to work their staff 50 to 60 hours a week due to the shortage in construction labor.

ACTION: Motion by Director Shearer, seconded by Director Hord, to adopt the revised budget of \$135,739,559 for Cane Island Unit 3 project for all official and reporting purposes.

Motion carried 4 - 0

H. NEW BUSINESS

1. AWARD OF BUILDER'S RISK/INSTALLATION INSURANCE - CANE ISLAND UNIT 3 RFP#101-00

Neville Turner, director of Personnel, noted that KUA determined to purchase Builder's Risk/Installation Insurance for the Cane Island 3 Project so as to avoid any question about adequate coverage in the event of a loss. He reviewed the analysis of the bids submitted. Bill Brown with McNeary Insurance Consulting answered questions from the Board on deductible amounts, coverage limits, and types of insured events. Sam Lupfer with Lupfer-Frakes Insurance further detailed the insured events and reported that the term of the policy would be in effect until after start-up of the unit and it goes commercial.

ACTION: Motion by Director Hord, seconded by Director Shearer, to approve awarding the contract to Hartford Steam Boiler Inspection & Insurance Company submitted by Lupfer-Frakes.

Motion carried 4 - 0

2. RESCHEDULING OF TEN YEAR PLANNING

General Manager Welsh noted that on March 15, 2000 the Board that was present decided to postpone discussion of this item and place it on the next regular agenda. **It was the consensus of the Board after discussing several different dates, to reschedule the Ten-Year Planning Workshop to Wednesday, April 12, 2000 at 6:00 PM.**

3. KUA - FPC 69 KV INTERCONNECTION EMPLOYEE SUBSTATION TO FPC MEADOW WOODS SUBSTATION

Ken Davis explained the details of the interconnection agreement between KUA and Florida Power Corporation.

ACTION: Motion by Director Shearer, seconded by Director Toro, to approve the Employee Substation-Meadow Woods Substation 69 kV Interconnection Agreement with Florida Power Corporation and authorize the Chairman and Secretary to execute the agreement documents.

Motion carried 4 - 0

4. CANE ISLAND 3 - APPROVAL OF PERMISSIVE USE AGREEMENT WITH AVATAR PROPERTIES, INC.

Ben Sharma reviewed the agreement for unloading the Unit 3 turbine at Poinciana on grounds owned by Avatar Properties, Inc. Attorney Brinson said he had reviewed the agreement for content and was satisfied with the conditions listed.

Chairman Walter arrived at 7:04 PM.

ACTION: Motion by Director Toro, seconded by Director Shearer, to approve the permissive use agreement with Avatar and authorize the Chairman and Secretary to execute the same.

Motion carried 5 - 0

Vice-Chairman Gant passed the gavel to Chairman Walter.

5. SCHEDULE FOR BOARD MEMBER RECRUITMENT

Mr. Welsh gave each board member a representative packet that would be sent to potential board members.

ACTION: Motion by Director Shearer, seconded by Director Gant, to approve the schedule, advertising and the list of questions for recruitment of board member to fill five-year term beginning October, 2000.

**Motion carried 4 - 0
Richard Hord - abstained**

I. STAFF REPORTS

1. MONTHLY PROGRESS REPORT ON T&D PROJECTS

This was a written report and no questions were received.

2. MONTHLY PROGRESS REPORT ON POWER SUPPLY DEPARTMENT PROJECTS

Ben Sharma reported on the construction progress of Cane Island Unit 3 and also gave an update on the negotiations with Semptra for a potential Cane Island Unit 4.

3. CONDENSED FINANCIAL REPORT - FEBRUARY 2000

Mr. Hostetler gave a brief presentation on the financial report for February. He noted that the year-to-date metered sales revenue dollars are running ahead of budget estimates by .4%.

4. MARCH 2000 INTERNET SERVICES PROVIDER UPDATE

Mr. Hostetler gave the Internet Services Provider update and showed slides for the reinvested earnings and the monthly income/loss. He noted that KUA.net has realized an increase in business customer sales and that an advertising campaign in Orange County will begin in May generating new customers. Chairman Walter noted that it appeared that KUA.net was close to the projected business plan. Director Gant also asked about the possibility of e-billing. Mr. Welsh announced that this program for KUA is being "rolled out" in April.

J. CONSENT AGENDA

Staff requested item 6 be removed from the consent agenda to be placed on the next regular board meeting agenda. Director Shearer requested that items 4 & 5 be removed for discussion.

ACTION: Motion by Director Hord, seconded by Director Gant, to approve items 1, 2, 3, 7, 8, 9, and 10 of the consent agenda.

Motion carried 5 - 0

1. APPROVAL OF MINUTES OF FEBRUARY 23, 2000 REGULAR MEETING
2. APPROVAL OF MINUTES OF MARCH 15, 2000 SPECIAL MEETING
3. 45' SHEAVE HEIGHT DIGGER DERRICK, IFB #031-00
7. CANE ISLAND UNIT 3 - AWARD OF CONTRACT TO NEWMANS, INC. FOR THE SUPPLY OF THE REQUIRED HIGH- PRESSURE VALVES - IFB #039-00
8. CANE ISLAND UNIT 3 - AWARD OF CONTRACT TO COPE-S-VULCAN FOR THE SUPPLY OF VARIOUS CONTROL VALVES - IFB 040-00
9. CANE ISLAND UNIT 3 - AWARD OF CONTRACT TO INGERSOLL-DRESSER PUMPS FOR THE SUPPLY OF VARIOUS GENERAL SERVICE

- PUMPS - IFB #043-00
10. MASTER ENERGY POWER PURCHASE AND SALE AGREEMENT BETWEEN KUA AND THE ENERGY AUTHORITY, INC.

Director Shearer questioned the considerable difference in the original amount on item 4. Mr. Schultz with Black & Veatch noted that all pipe hangers are not listed on this item but would appear at a later time. They are not yet designed. Director Hord noted that the write-up on this agenda item is misleading.

ACTION: Motion by Director Shearer, seconded by Director Hord, to approve item 4 on the consent agenda.

Motion carried 5 - 0

4. CANE ISLAND UNIT 3 - AWARD OF CONTRACT TO LISEGA INCORPORATED FOR THE SUPPLY OF VARIOUS ENGINEERED PIPE HANGERS - IFB #034-00

Director Shearer wanted to know if there was only one bid received. Joe Hostetler noted that one of the bids received was very informal and was only an estimate not a firm quote. He said that vendors were given an additional two weeks to bid on this item and did not respond.

ACTION: Motion by Director Shearer, seconded by Director Toro, to approve item 5 on the consent agenda.

Motion carried 5 - 0

5. CANE ISLAND UNIT 3 - AWARD OF CONTRACT TO SQUARE D COMPANY FOR THE SUPPLY OF SEVEN MOTOR CONTROL CENTERS - IFB #035-00

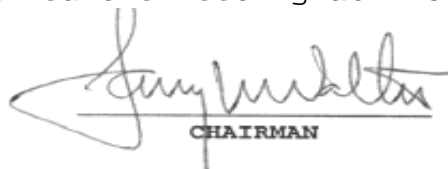
K. HEAR GENERAL MANAGER, ATTORNEY, DIRECTORS

General Manager Welsh invited the Board to KUA's annual employee picnic at Chisholm Park. He also reminded them of the working tour of Cane Island 3 and possibly Hansel Plant on April 21 at 11:00 AM. Mr. Welsh noted that a brief groundbreaking for the Employee Substation would be April 20th at the site. He informed the Board that e-billing would officially be offered to KUA customers on April 1. This week is also competition week between the City of Kissimmee and KUA. Mr. Welsh said the week would wrap up on Saturday with a softball game and barbecue at the Denn John fields. The general manager clarified that the Ten Year Plan Workshop would be on April 12 at 6:00 PM.

Director Hord questioned what effect the increase in the Cane Island budget would have on outstanding bond issues. Mr. Hostetler said it would not make a significant difference.

L. ADJOURNMENT

Chairman Walter adjourned the meeting at 7:50 P.M.


CHAIRMAN

ATTEST:

SECRETARY