

MINUTES OF THIRD MEETING OF KISSIMMEE UTILITY AUTHORITY, HELD THURSDAY, JULY 11, 1985, AT 7:00 P.M., THIRD FLOOR CONFERENCE ROOM OF MUNICIPAL ADMINISTRATION BUILDING, KISSIMMEE, FLORIDA.

Present at the meeting were Chairman VanMeter, Vice-chairman Hord, Secretary Bobroff, Assistant Secretary Jones, Director Maher, Attorney Brinson, Utilities Director Welsh, Recording Secretary Fitzgerald. Director Gant was absent.

1. MEETING CALLED TO ORDER by Chairman VanMeter at 7:00 P.M.

2. INVOCATION AND PLEDGE OF ALLEGIANCE

Following the Invocation presented by Mr. Brinson, Chairman VanMeter led the group in the Pledge of Allegiance.

3. APPROVAL OF MINUTES

Motion made by Mr. Bobroff and seconded by Mr. Maher to approve the minutes of the June 27, 1985, meeting.

Motion Carried 5 - 0

Chairman VanMeter asked Mr. Welsh to introduce their guests. Present were Kenneth Davis, Staff Engineer, 4 employees of the Power Plant and one from Support Services. Mr. Welsh also introduced Richard Wagner, Southeastern Municipal Bonds; Robert Freeman, Freeman, Richardson, Watson & Kelly; Richard Molke, Merrill Lynch; Jean Bennett Finance Director.

4. PRESENTATIONS

A. BONDING HISTORY

Mrs. Bennett outlined the method in which the presentations would be presented. She explained that Mr. Wagner would act as master of ceremonies and would give the first presentation. Mr. Wagner began by stating that Southeastern Municipal Bonds, Inc., had represented the City since about 1976 in outstanding indebtedness or new indebtedness. He gave an overview of the electrical system and the method of financing. He explained at length the finance team and how it works and the function his firm plays in this team.

Robert Freeman followed by presenting the role which his firm plays in tax exempt law. The importance of this type representation was discussed, with emphasis placed on the fact that this type of representation brings forth an opinion at the time bonds are issued that declare bonds are tax exempt and thereby qualify for the lowest interest rate in the tax exempt market. Mr. Freeman explained the procedures required and the value of the type representation provided by bond counsel. He explained that he and Mr. Brinson work closely together to provide the highest quality service to the City or the Utility. The validation proceedings were explained at length, with each step of the bond procedure discussed.

Chairman VanMeter left the meeting at 8:00 P.M. to be with his daughter during the birth of her first child (Chairman VanMeter's first grandchild).

Mr. Molke began his presentation relative to marketing. He addressed specifically three items: (1) Official Statement; (2) where we stand with the refunding analysis and (3) where we stand in the market, a market update. He fully explained the purpose of the official statement which, in his words, is in essence a credit application. This would be a technical form of the more simple application one might fill out for a home or automobile loan. With this he explained bond insurance and its purpose, as well as naming some of the companies involved in insuring municipal bonds. The City's standing on the bond market was discussed, how ratings are determined and the value of those ratings.

All aspects of the bonding procedure were discussed by Messrs. Wagner, Freeman and Molke, with questions from the Directors being answered and explained at length. The refunding steps were outlined and the importance of proper timing being emphasized.

It was agreed that Mr. Brinson and Mr. Freeman would get together and discuss the possible refunding of the latest bond issue. This would be brought before the Board at a later date. It could not be accomplished at this meeting.

5. UNFINISHED BUSINESS

A. CALENDAR

Mr. Welsh discussed changes that might need to be made. He explained that Chairman VanMeter would be out of town August 29, September 5 and 12, but would like to be present for the presentation on Transfer of Assets and Assumption of Liabilities which is scheduled for August 29. Vice-Chairman Hord stated that he would be out of town on August 29 also. Mr. Welsh said Chairman VanMeter suggested switching the agendas for August 22 and 29 if it were agreeable. It was stated that Mr. VanMeter was familiar with the banking service contract which will be presented September 5. It was agreed that the remainder of the calendar be left as scheduled. Mr. Hord stated the calendar could be changed later if necessary by mutual agreement.

6. NEW BUSINESS

A. ORIENTATION TOURS

Mr. Welsh stated that it would be advantageous for the Board to tour the Stanton plant and at the same time meet with OUC representatives for a discussion on management philosophy. He said that this is not an urgent matter and could be scheduled at the convenience of the Directors. It was agreed that this would be deferred until a later date when Messrs. VanMeter and Gant were present.

The second item was scheduling a time for an inspection tour of the service vehicles and equipment. Mr. Welsh suggested this be done after 3:00 P.M. when the crews came in. Mr. Hord suggested Friday, July 19, which was agreeable to all and they would meet at the Service Center.

B. CLASSIFICATION AND PAY PLAN

Mr. Hord began by stating that he felt the last sentence on this agenda item was the one which applies to KUA. Mr. Welsh read that sentence which follows: "Mr. Maxwell indicated that it may be appropriate to adjust the plan as presented here to meet the specific needs of the Electric Utility, especially with the development of the separate organization of the KUA." Mr. Welsh said Chairman VanMeter asked that he prepare some examples of the specific problems in terms of the plan itself and other problems in terms of the absolute levels. He began by saying he and the Chairman had discussed the Board making a policy statement on the plan and where we are going from here. Not what we were going to do with it, but make a broad statement to give an indication to our personnel how we feel about the document presented to us. This was discussed and decided that this could not be done until the Board had an opportunity to fully review the plan. Mr. Welsh showed graphs indicating the salary levels of various positions as set out in the new plan. He explained some changes which he felt would be more in line with a plan which would be more effective for our needs. This was discussed at length. It was agreed that there would be no reduction in pay for any employee as a result of the new program. Mr. Welsh stated that the employees have been waiting for longer than 18 months for a new pay plan. For the last 9 months they have been told to wait for the plan to come from MAI. Now they see the plan has arrived and are upset with the contents.

Vice-Chairman Hord said he would like to direct Mr. Welsh to take his staff and put together a package relative to job classifications, abilities required, length of service which is the maximum to be in that classification before they top out. At some time within the near future, say within 4 weeks, bring back to the Board for a discussion of only that subject on one evening, afternoon or morning. In the meantime, give Mr.

Welsh time to do homework and not try to put the plan into place in a short time.

Mr. Bobroff moved that Mr. Hord's recommendation be made as a formal motion. Motion seconded by Mr. Jones.

Motion Carried 4 - 0

7. HEAR DIRECTORS, UTILITY DIRECTOR, ATTORNEY

Mr. Bobroff handed out a list of questions which were vital to him. He stated he did not wish answers at this time but would like each answered in the near future in order that some of the financial information could be put into one block so they could see the figures of such things as total indebtedness, future commitments or present commitments.

Mr. Hord discussed a figure in the budget proposed for filling in a floor for an inventory tool crib at the diesel plant. Mr. Welsh said there was money set aside, about \$60,000 to \$100,000, to renovate for inventory control and maintenance shop. He said this is currently being investigated to build a completely new building outside where the oil tanks used to be. Mr. Bobroff asked what was wrong with the old structure. Mr. Welsh stated that to do the job required it would be more expensive than building a new building since we would basically be building a building inside the existing one. At this point Mr. Hord asked about the square footage required today for office space. He suggested that we consider going to the property on the power plant site and design a building resembling a manufacturing building. One portion of the building would be office space, a portion for the maintenance shop, inventory, etc. That way all of the Utility would be in the same building instead of spread out. Instead of adding to City Hall, we could have an office building on our own property by the plant and not need to expand the existing building. He said it could be a metal building with a brick facing that would be attractive and still functional. It could be in two levels with Customer Service on the ground level and staff in the upper level. Mr. Welsh said he would put something together on this.

Mr. Welsh raised the question of the meeting place. He indicated that next week there would be a 6:00 P.M. meeting on budgets prior to the regular meeting. He said, of necessity, the KUA meeting would have to start out in the Commission Room and he suggested for practical purposes the meeting would continue in that room. He asked if future meetings should be held in the Commission Room where there was more room for other participants. It was agreed that this would be more comfortable and better for all concerned. From this day forward, the KUA meetings will be held in the City Commission Room.

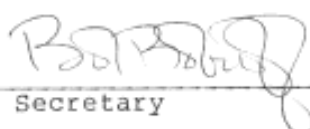
Mr. Welsh further stated that relative to the question brought up last week concerning liability insurance, the Directors will be covered as of October 1, 1985. It is out for bid now. Mr. Brinson said the KUA was being bid in the regular City policy.

8. ADJOURNMENT

The meeting was adjourned at 10:25 P.M. by Vice-Chairman Hord.


Chairman

ATTEST:


Secretary