

MINUTES OF REGULAR MEETING OF KISSIMMEE UTILITY AUTHORITY, HELD  
WEDNESDAY, MARCH 28, 1990, at 6:00 PM, BOARD ROOM, ADMINISTRATION  
BUILDING, KISSIMMEE, FLORIDA

Present at the meeting were Chairman Hord, Secretary Bobroff, Assistant Secretary Lowenstein, Attorney Brinson, General Manager Welsh, Recording Secretary Fitzgerald. Vice-Chairman Gant, Director Jones and Mayor Van Meter were absent.

A. **MEETING CALLED TO ORDER** at 6:00 PM by Chairman Hord.

B. **AWARDS AND PRESENTATIONS**

1. **20-YEAR SERVICE AWARD - CHARLES SHARP**

Mr. Welsh outlined Charles' 20 years of service which began in 1970 as a Meter Reader. During his 9 years in this capacity he functioned as Lead Meter Reader. With his promotion to Field Service, he assumed the responsibility for initiating and terminating electric and water service. Charles has seen many changes but has never lost sight of his main function, which is to provide quality service to the customers. Chairman Hord presented Charles a 20-year service pin and expressed the Board's congratulations.

2. **APRIL EMPLOYEE OF THE MONTH - ESTELLE PULASKI**

Estelle Pulaski, Accounting Technician, was selected by her fellow employees to receive this honor. She has been with KUA since June of 1987, starting in the Customer Relations Department. Due to her knowledge of the utility billing process, she transferred to Accounting. She has been extremely helpful with the communication and interfacing between the two departments. She is eager to learn additional accounting functions and has provided the Accounting Division with procedures to improve the flow of information between Customer Relations and Accounting. Estelle's fellow employees find her very pleasant and a joy to work with.

C. **HEAR THE AUDIENCE** - None

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

1. **GAS TURBINE PRESENTATION BY ASEA BROWN BOVERI**

Ben Sharma, Director of Power Supply, introduced representatives of ASEA Brown Boveri (ABB): Hans Levander, President of Power Generation; John Bradshaw, Regional Sales Manager; Bernie Minor, of Boiler Equipment Service.

Mr. Levander began by explaining the merging of ASEA and Brown Boveri, thus creating "ABB". In January this year a major step was taken and they are now merging with Combustion Engineering, which is the largest motor company in the United States. The company is now about 220,000 people all over the world; 40,000 in the United States and 25% of their business in the U.S. More than 50% of their business is in power generation, transmission and distribution; 40% to 50% is in environmental business.

Through the use of overheads and slides, Mr. Levander detailed the various turbines available and the capabilities of each. He outlined how ABB sees the future demand for power on the U.S. market. The combustion turbine, or gas turbine, has developed tremendously in the last two years and can help increase efficiency and, at the same time, reduce emissions. Natural gas and oil are clean fuel from the beginning. Nitrogen oxides, which have been a problem with gas turbines, have now been reduced substantially.

The solution to problems with combustion turbines was addressed. Mr. Levander said that contrary to most combustion turbines which come from the aircraft design, ABB has a very strong design. The design is coming from the steam turbine and heavy welded rotor and thick, strong material where needed. Most of the manufacturers come from the aircraft design where you find they are more bolted together. What that means is very quick starting time, under some circumstances up to as little as 10 minutes on cold start. Another feature is the big combustion chamber. It can easily switch from natural gas to oil and also have the ability to inject water to control emissions and to increase power. It is also suitable to burn gas produced from coal gasification. These, according to Mr. Levander, are the most significant features with their design compared to the traditional combustion turbines.

In response to Director Bobroff's inquiry relative to the noise factor, Mr. Levander and Mr. Bradshaw explained that these units can be built inside or outside and can be enclosed to reduce the noise level. OSHA dictates noise limitations that must be followed and ABB is committed to never exceed these limitations. They normally run about 85 DB within 400 feet of the unit (a single gas turbine). If more than that is required, special sound enclosures can be installed around the gas turbine.

In further response to questions from the Board, Mr. Levander said the minimum size of engines they have is 16 MW and one very good industrial combustion turbine which is 228 MW. They have a type 8 machine which is 40 to 45 MW; the type 11 which is 82 MW. They are coming out with a large machine which is 150 MW.

Director Lowenstein inquired as to who is ABB's greatest competition, to which Mr. Levander responded General Electric has always been and will always be.

Following further questions and answers, Chairman Hord thanked ABB for their presentation which was very enlightening and stated that we are learning more of the "buzz words" about gas turbines.

## **2. MONTHLY PROGRESS REPORT ON ENGINEERING PROJECTS**

Ken Davis, Director of Planning & Engineering highlighted the status of the following projects:

Everything is falling in line on the substations project. The license has been received from the FCC, the towers have all been erected and we are in the process of installing the antennas on the towers. The crossings over the Turnpike have been completed and final checkouts will be performed in the next two weeks. Software revisions have to be made for the SCADA system to bring everything together. If it all falls in line and no problems in the checkout, we should be looking to the middle of May to have the stations in service.

The Michigan Avenue project is complete. We have two claims for additional work, one from Terry's. The majority of that is for distribution work which is not part of the contract which was necessary to tie this back into the system. Chairman Hord asked if Change Orders were done at the time the work was added. Mr. Davis explained that most of it was additional work that was requested in the field and Change Orders were not issued for each one.

The transformer at Marydia is being rewound at this time. We went to the plant last Friday, Mr. Davis said, to look at the progress and status. It appears to be about the end of May before the work is completed.

Training is continuing on the engineering software. Once this is completed we will be on line with our mapping system and will be able to start some internal work. One set of maps has been received from R. W. Beck and will be reviewed.

Distribution system regulator which we are looking to purchase, bid specifications are completed and will be out in the next week to 10 days.

The first draft load forecast of the Transmission System Planning Study has been received from Black & Veatch. It has been reviewed internally with comments returned to B&V. We have just received a revised forecast which upped the first 2 years of the forecast from approximately a 7% increase to approximately 85%.

Director Bobroff asked if the control center would have access to the maps and, if so, are they included in the training program. Mr. Davis said they would not have access to them at this time. With the new SCADA system they are trying to pull maps into the system. Those things will be considered with the new system and incorporated into it. If not, a modem and PC would have to be tied into our units. The present training is actually drawing maps into the computer system, putting transformers, poles, etc. Using the system to retrieve maps can be taught in a day.

Relative to Denn John Substation, Director Bobroff inquired about changes within the budget on the project, has the budget been amended. Mr. Davis said he and Joe Hostetler are working on that now and it will look better at the next meeting to agree with the project report. Some of the funds will not be spent due to types of surveys, etc. Lake Cecile was also discussed as to the fact that there appeared to be an overage. Mr. Davis said at the time the contracts were awarded a large part of it was due to what we saw as escalation in construction costs from the time we first prepared the budget. He detailed the distribution work which was added to be done by the contractor at both substations. Director Bobroff asked if there was no manipulation of the budget itself. Mr. Davis said that there was an overall budget, they were not divided into individual items. He explained how they separated the items and that some would be over and some under. Overall, when clarified, it will look much better than what is being seen here.

Chairman Hord asked how our contractor (Terry's Electric) has done overall. Mr. Davis said to date he has done an excellent job. In response to further questions, he said he would have no qualms recommending him again. Chairman Hord said this was something new to his makeup and if we were going to build other substations, is it logical to look to him for advice in budgeting and planning, whether he is successful bidder or not. He felt this might be a helpful situation. Attorney Brinson said if he was involved in writing the specifications you could have problems and feedback from the other contractors who were going to bid. He said he was not sure of the legality, but questioned the wisdom of it. Further discussion continued relative to pre-construction meetings with the low bidder, with Attorney Brinson and Mr. Davis responding.

Mr. Davis concluded his presentation with a video taken at the plant where the Marydia transformer is being rewound, explaining the procedure and answering questions from the Board.

### **3. CONDENSED FINANCIAL REPORT**

Joe Hostetler, Director of Finance, recapped the Condensed Financial Report detailing expenditures and total operating revenue.

Director Bobroff referred to the contribution that the City would receive of what they had anticipated. He asked if there was a need to amend the budget in this case or if it was an automatic transaction. Mr. Hostetler said if it reached a point where we would be totally over the budget, there would be a budget transfer.

Ben Sharma, Director of Power Supply, stated that the February Cost of Power Adjustment (COPA) has been calculated to be (\$2.95) per 1000 kWh (credit to customers).

Mr. Hostetler responded to questions pertaining to budget transfers, explaining the meaning of some account titles and also the reason for the transfers. He stated that the transfers are basically to clean up accounting procedures. They are line item transfers, monies that are budgeted and being placed where needed within the budget. Mr. Welsh explained that the present Budget Resolution requires that all transfers be reported to the Board. With the upcoming Budget Resolution, it is planned to eliminate the necessity of reporting all line item transfers and only report those items that the Board has dealt with in its budget process. This will make the report more meaningful to the Board.

### **4. COST OF POWER ADJUSTMENT**

CR-3 experienced forced outages twice during the month for short periods. The gas turbine and diesel units were not run as much as estimated due to cheaper power being available on the state grid. Total energy sales during the month was 4% lower than the projected figure.

The COPA pot balance on February 28, 1990, stood at \$105,885.70, favoring KUA, Staff recommends continuation of the current level of \$0. 000/kWh.

The difference in cost for Crystal River and St. Lucie was explained in response to a question from Director Bobroff who noted a great difference. The main factor is the fact that most of St. Lucie is paid through FMPA. Discussion continued as to the difference between the two and the billing procedures. Director Lowenstein asked if there was a breakdown on St. Lucie included in the FMPA billing. Mr. Welsh said it is broken down. Director Lowenstein asked if the Board could be given a copy of the breakdown. Mr. Welsh said staff would provide a breakdown on St. Lucie and CR-3. He asked if it should be included in next month's COPA discussion, to which the Board answered in the affirmative.

Mr. Sharma detailed an overhead of a graph (prepared by Dyana Herr on the new graphic system). The graph shows the ~ breakdown of sources of power, including the FCG broker system.

E. **OLD BUSINESS** - None

F. **NEW BUSINESS**

1. DEFERRED COMPENSATION PROGRAM - NATIONAL ASSOCIATION OF COUNTIES (NAC), U.S.CONFERENCE OF MAYORS (USCM), PUBLIC EMPLOYEES BENEFIT SERVICES CORPORATION (PEBSO)

Mr. Welsh said this program is one whereby we can expand and add to the choices that our employees have in terms of deferred compensation.

Neville Turner, Director of Personnel & Risk Management, said at the present time we have about 28 employees under ICMA and one under the MONY. We are proposing to offer the employees another savings account. This will offer another opportunity for them to save money with a new company which has been with the County for 15 years. Mr. Turner said he talked with the County and they have had no problem with it. There is no direct cost. The indirect cost would be accounting of payroll deduction. Mr. Welsh said this does require a Resolution by the Board of Directors, as shown in the attachments.

Director Lowenstein asked if there was a cost to the participants for the rollover. Mr. Turner said there is an administration cost. At this point Mr. Turner introduced John Lynn who represents Public Employees Benefit Services Corporation (PEBSCO). Director Lowenstein again asked if there is a cost for the rollover, is there a penalty to come out of one and go into the other. Mr. Turner said there is no cost. It is like going from one IRA to another IRA. There is no cost. Director Lowenstein noted that we have roughly 185 employees and only 35 are participants. He inquired as to why the figure is so low. Mr. Turner said it is a volunteer program and if the employees want to save money they can. It has been thoroughly explained to the employees and this program will be handled in the same manner. Director Lowenstein asked if an actuary has ever actually sat down with each individual, at least 75% of the employees, and explained to them what it would do for them. Mr. Turner said the program has been explained to them every year since its inception. Some of them don't want it and don't choose to save money that way. We will do that and give them examples what it will be now and 20 years from now.

Mr. Lynn said that once the program is adopted, as the local representative, he would be glad to sit with each individual who is interested and explain in detail what the program will do for their salary now in terms of tax savings and what it will do for the future.

Chairman Hord asked what percentage of County employees are participating, and is this their only choice. Mr. Lynn said this is their only choice and it is approximately 30%. He said he feels that once they come in to KUA our number will increase .

Director Lowenstein asked what program is offered, to which Mr. Lynn stated the 457. Mr. Lynn said the 401 is a qualified pension plan and the 457 simply exists as a supplement to an entity's pension plan whereby the employee, on a voluntary basis, can set aside a part of their own salary, thus the term of deferred compensation. They are simply deferring some of their compensation on a tax deferred basis to draw on it when they retire or sever employment with KUA. They have a choice of a fixed return or 14 no-load mutual funds, high quality mutual funds. In answer to Director Lowenstein's question as to whether there was an eroding base in any of these, Mr. Lynn stated no. Mr. Welsh asked if all mutual funds are guaranteed. Mr. Lynn said there is some risk involved in mutual funds. There is some risk involved, we have some from aggressive growth to a bond portfolio, income bonds. 75% of their 3.5 billion dollars stands in a fixed account as most people tend to be conservative, but some desire to use the mutual funds to which there are no guarantees. Director Lowenstein said he would like this to be explained to the employees, that there is a risk factor involved. Mr. Lynn assured him that this would be done.

**Director Lowenstein moved to pass Resolution No. R90-1 to expand our deferred compensation program. Seconded by Director Bobroff.**

**Motion Carried 3 - 0  
Directors Gant and Jones Absent**

**2. INTERRUPTIBLE TRANSPORTATION SERVICE (ITS) AGREEMENT WITH  
FLORIDA GAS TRANSMISSION COMPANY (FGT)**

Mr. Welsh explained that we have an opportunity to arrange for interruptible transportation service which will be a help to us when the new contracts with Florida Gas Transmission (FGT) come in place. He said we have a couple of them in place now that have not been activated and we now want a couple more signed.

Director Bobroff expressed skepticism as to the gas companies. He asked Mr. Welsh if any of the gas contracts are going to later prove to be a limitation when we put in new generation. Mr. Welsh said we already have limitations with the gas company. This expands, increases our limitations. Basically, these particular contracts don't cost us anything and they give us more opportunity. Director Bobroff noted the maximum quantities in the contract. He felt this is a one-sided deal. Mr. Welsh said it is not a deal but enables us to have one in the future.

Ben Sharma said the gas is a very complicated matter. Using an overhead, Mr. Sharma displayed a map depicting the pipeline from Brownsville Texas to Homestead, Florida. Since 1959 when the gas company came to Florida, all customers had to buy from Florida Gas. In 1985 the Federal Government said they could no longer have a monopoly. Mr. Sharma outlined the process through which Florida Gas agreed to the transportation service. He further explained the types of service provided to KUA: firm, preferred interruptible, interruptible. The preferred interruptible is a higher priority than ordinary interruptible. The existing contracts were explained, together with the contract being presented at this time, bringing forth the importance and necessity of each. He said that this is a mind boggling, difficult process to understand.

**Director Bobroff moved to approve the Interruptible Transportation Services contract for natural gas with Florida Gas Transmission. Seconded by Director Lowenstein.**

**Motion Carried 3 - 0  
Directors Jones and Gant Absent**

**G. CONSENT AGENDA**

**Director Bobroff requested** removal of Minutes (Item 1) from the Consent Agenda.

**Director Lowenstein moved to approve item 2. Seconded by Director Bobroff.**

**Motion Carried 3 - 0  
Directors Gant and Jones Absent**

**2. RECOMMENDATION FOR AWARD OF IFB-90-012, ARTICULATING  
AERIAL DEVICE W/CAB AND CHASSIS**

Director Bobroff discussed Item D., 1. GAS TURBINE PRESENTATION BY UNITED TECHNOLOGIES/TURBO POWER, specifically the listing of what the FT8 gas turbine offers. He noted there was no mention of the capacity offered. One of the factors he, as a layman, would like to have is a comparison by size of generators and that is not in the list.

Chairman Hord suggested that we wait until after all of the presentations are heard and then ask staff to put together a tabulation. Director Bobroff agreed and withdrew his request to amend the minutes. He asked Mr. Welsh for a summary of the types of units by size, what each company is offering, etc.

The second item questioned by Director Bobroff was D., 3. CONDENSED FINANCIAL REPORT, last sentence of the second paragraph which states "Director Bobroff indicated there are times when you have to borrow money, for instance, in making a big investment." He stated that in reading this it would appear that he favored borrowing money as a way to go, whereas he said he thinks his earlier conversation indicated that he is a "pay-as-you-go man" until the big projects came along. He said he would like the tape listened to and, if he is correct, amend the minutes to show his point of view.

Discussion followed concerning the wording and Director Bobroff stated that he wished the sentence to read "Director Bobroff, while favoring pay-as-you-go, borrowing money, for instance, is necessary when making a big investment but money should not be borrowed for the smaller routine type of investments."

**Director Bobroff moved to accept the minutes as amended in the discussion.  
Seconded by Director Lowenstein.**

**Motion Carried 3 - 0  
Directors Gant and Jones Absent**

**1. APPROVAL OF MINUTES OF FEBRUARY 28, 1990, MEETING**

Director Bobroff presented a video tape which he referred to as "Paperless Office". He said it is an interesting concept which will be seen more and more in the future. The concept is image processing and storing by means of putting the material into a scanner and converted into a visual image. The physical paper is held for a period of time and then destroyed. The scanner takes an electronic photograph of each document. Mail room personnel must enter codes to tell the computer which file to associate documents images with. Images are stored on optical discs which hold a million pages each. Anyone connected to the system can access any image.

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

**GENERAL MANAGER**

General Manager Welsh asked Board approval to change the October Board meeting from the 24th to the 17th, due to a conflict with the FMPA meeting. The Board was in agreement to the change

Mr. Welsh suggested scheduling a field trip to some of the potential plant sites, including the Imperial site and one or two others in the Intercession City area. Chairman Hord noted that three members of the Board are absent. It was agreed to delay scheduling the trip until the next meeting.

Mr. Welsh announced that the KUA basketball won the City league championship and also championship in the post season tournament. He referred to the trophies which were on display and expressed pride in the team. Chairman Hord noted that the Board was also proud of the team.

Mr. Welsh stated that the KUA spring picnic is scheduled for Saturday, May 12, 9:00 AM to 9:00 PM, at Sea World. Pauline will contact the Board by Monday, April 2, if she has not received word as to whether or not the members anticipate attending.

Mr. Welsh said that we have been planning to have a rating review by Moodys and/or Standard and Poors sometime within the next six months to a year to see where we stand. A few weeks ago preliminary discussions were had with Merrill Lynch. One of their representatives offered to take our financial statements, make a causal review and give us some pointers to utilize in preparation for the rating. The people involved in that review met with us today and indicated that getting the rating from Moodys or Standard and Poors would be very expensive. Merrill Lynch has offered to do a rating for KUA at no charge. Mr. Welsh said he indicated the type of conservative fiscal policy and coverage we have and they felt with that type of coverage we would be talking about possibly an AA rating, which is unusual for a municipal of our size. He told them we were contemplating a slight reduction of rates in the future, which would be discussed at the April Board meeting. He asked that they have the rating to us at that time with a presentation.

### **ATTORNEY**

Attorney Ed Brinson ask to have an item placed on the agenda relative to the parcels for the substations. He detailed the various parcels and where we stand. The item he wished placed on the agenda is Parcel 7, the Alford parcel, which is immediately east of the cemetery. Mr. Brinson outlined the steps which have been taken to this point and said Mr. Miles suggested that an offer of \$30,000 to \$32,000, including attorney and appraisal fees would be accepted by Mr. Alford. If we can settle for \$30,000, including attorney and appraisal fees, it will cost us another \$9,674. By doing this, Steve Miles has agreed that his attorney fees will only be \$1,000 and the appraisal, which would be upgraded if we have to go to court, is \$3,155. We are only increasing the appraisal \$5,519.

Discussion followed with Mr. Brinson answering questions from the Board relative to the appraisals and other factors in regard to the physical changes to the property.

**Director Bobroff moved place on the agenda KUA vs. Johnston, Condemnation as to Parcel 7, Alford. Seconded by Director Lowenstein.**

**Motion Carried 3 - 0  
Directors Gant and Jones Absent**

Discussion followed. Attorney Brinson said he would like the authority to add to the offer, including attorney fees and cost, in an amount not to exceed a total of \$32,000. That is, an initial offer of \$30,000 but not to exceed \$32,000.

**Moved by Director Bobroff to authorize Attorney Brinson, in the case of KUA vs. Johnston, Condemnation as to Parcel 7, Alford, to make an offer of \$30,000, but not to exceed \$32,000.**

**Motion Carried 3 - 0  
Directors Gant and Jones Absent**

### **DIRECTORS**

Director Lowenstein asked if the combined cycle throws out a haze. Mr. Welsh said he thinks there is probably less there than when we have to run the diesel because we have to fire about 7 or 8% of the diesel on diesel fuel. You can have a problem if starting up and there is an inversion in the air. About 6 weeks ago we had a problem in repairing the unit and had to test it running in idle. Under those conditions there is quite a lot of emissions, it was quite heavy.



Chairman Hord stated that he liked the show and tell of the video from the transformer repair facility, which was informative. He also said he thought Ben's map of the gas pipeline was very good.

I. **ADJOURNMENT** - Meeting adjourned at 8:57 PM.

  
CHAIRMAN

ATTEST:

  
SECRETARY

RESOLUTION NO. R90-1

A RESOLUTION FOR ADOPTING A DEFERRED COMPENSATION PLAN  
FOR KISSIMMEE UTILITY AUTHORITY

WHEREAS, KISSIMMEE UTILITY AUTHORITY (KUA) has considered the establishment of a Deferred compensation Plan to be made available to all eligible KUA employees' elected officials, and independent contractors Pursuant to Federal legislation Permitting such Plans; and

WHEREAS, certain substantial tax benefits could accrue to employees' elected officials, and independent contractors participating in said Deferred compensation Plans; and

WHEREAS, such benefits will act as incentives to KUA employees to voluntarily set aside and invest Portions of the current income to meet their future financial requirements and supplement their KUA retirement and Social security (if applicable), at no cost to KUA; and

WHEREAS, The U S. Conference of Mayors has established a master Prototype deferred compensation program for cities and Political subdivisions permitting its members and their employees to enjoy the advantages of this Program; and

WHEREAS, The U.S. Conference of Mayors, as Plan Administrator agrees to hold harmless and indemnify KUA, its appointed and elected officers and Participating employees from any loss resulting from The U.S. Conference of Mayors or its Agent's failure to Perform its duties and services Pursuant to The U.S. Conference of Mayors Program;

NOW THEREFORE, the Board of Directors of KISSIMMEE UTILITY AUTHORITY does hereby resolve as follows:

The Board of Directors hereby adopts the U.S. Conference of Mayors Deferred Compensation Program and its attendant investment options and hereby establishes the KUA Deferred Compensation Plan for the voluntary Participation of all eligible KUA employees, elected officials and independent contractors.

The General Manager is hereby authorized to execute for KUA, individual Participation agreements with each said employee requesting same, and to act as the **"Administrator" of the Plan** representing KUA, and to execute such agreements and contracts as are necessary to implement the Program. It is implicitly understood that other than the incidental expenses of collecting and disbursing the employee's deferrals and other minor administrative matters, that there is to be no cost or contribution by KUA to the Program.

RESOLUTION NO. R90-1

PASSED and ADOPTED this 28th day of March, 1990.

KISSIMMEE UTILITY AUTHORITY  
By Richard L. Ford  
Chairman of the Board

ATTEST:

B. S. B. G. J.  
Secretary