

MINUTES OF SPECIAL MEETING OF KISSIMMEE UTILITY AUTHORITY AND CITY OF KISSIMMEE, HELD WEDNESDAY, FEBRUARY 26, 1992, AT 6:00 PM, KUA BOARD ROOM, ADMINISTRATION BUILDING, 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. Mayor Pollet was also present.

Also, in attendance were City Manager Durbin and Commissioners Makinson, Maher, Attkisson and Hart.

**A. MEETING CALLED TO ORDER** at 6:08 PM by Chairman Hord. Items D. and F. were opted to be discussed first on the agenda.

Director Bobroff complimented Commissioner Attkisson on a recent media article and apologized for some former remarks he had made. The Commissioner said we were all here to better serve the community.

**D. RATE REDUCTION**

Mr. Welsh stated the Florida Public Service Commission is currently reviewing the 15% Board approved rate reduction filed with them. A public hearing is scheduled for the Regular March 25th meeting, at which time the Board will take final action on the rates. If approved, the rate reduction will take effect April 1st. He distributed copies of two letters from the local Chamber of Commerce which expressed appreciation for KUA taking the initiative to lower rates. They felt this action would greatly aid and strengthen the County's economic competitiveness.

General discussion followed on future appropriate times to jointly discuss rates, the budgetary process, and other matters so the City Commission might get a better overview on a more regular basis as to what KUA is doing.

Commissioner Maher said it is not the intention of the City to get involved in the day-to-day operation of the budgetary process and other operations of KUA, but to have a better benchmark.

Commissioner Hart felt the customers, through our Annual Report, might better understand KUA's projections and what has been accomplished.

Director Lowenstein felt we should continue our "meeting of the minds" with the City Commission. He said our Board and staff have done a great job on the budget and operations, in spite of the "heat" KUA has taken recently, and should continue in our present manner.

Chairman Hord stated we have run KUA like a business, with a certain philosophy, to make us strong fiscally, to minimize debt, and maximize the equity, all with retained earnings. With these earnings we were buying capital assets and paying cash. Recently, local agencies and customers have suggested we change our philosophy, and we have. With this change we will now make payments and pay higher interest rates, while still trying to keep our rates competitive.

Following further discussion, the parties concluded our next joint meeting be held on Wednesday, August 5, at 6:00 p.m. at the KUA Board Room.

**F. MAKEUP OF THE BOARD**

**A Board overview was given on the thoughts and philosophies, Charter and operation of this organization.**

Commissioner Makinson reviewed the initial reasons why KUA was separated from the City. That purpose still applies today in this time of change. He tossed out ideas for discussion as to whether the Board needed to be enlarged, changed, or left as is.

Director Jones stated the public forgets the Board is voluntary, without salaries, and that they are also rate payers. He gets the impression the public and the City feel the Board "owns" the Utility.

Director Lowenstein said the Charter designated exactly how this organization was made up and has worked very efficiently.

Mr. Welsh stated that stability was the prime consideration in the makeup of KUA. Discussion continued on the staggered five-year terms of the Board to ensure consistent decision-making.

Chairman Hord capsulated his reasons for wanting to be part of the Board: the decision-making and his wanting to contribute to the community in this fashion. He did not feel our Board required additional members to function efficiently, and that he would not change a thing. The Commissioners said this is what they wanted to hear. Our Charter was patterned after that of OUC (Orlando Utility Commission) and their philosophies and relationships with the City of Orlando, and they are autonomous.

Director Bobroff said he was interested in making the Utility a viable service to the public, bereft of politics, and that our sound business judgment and decisions are based 100% on our customers both inside and outside-the-City.

Attorney Ed Brinson stated his viewpoint, since he was involved with the initial drawing up of the Charter. We benefited by removing some of the quirks under the legislature that OUC wished they didn't have.

Finance Director, Joe Hostetler, said that the Governmental Accounting Standards Board has certain criteria that has to be analyzed to determine whether you are a separate entity in form versus substance. Under the offices of the governmental unit you are not authorized to issue your own financial statements.

Mayor Pollet said no one suggested making any changes, but rather this was of informational concern. He felt overall the KUA Board is doing a great job in its present form.

All parties concluded they were satisfied leaving things status quo.

**B. POWER SUPPLY PLANS & PROCEDURES**

Ben Sharma, Director of Power Supply, gave an in-depth presentation, using overheads, on our power plants, fuel supply, power dispatching at the Energy Control Center, and Bulk System Planning. Questions by the Commissioners were responded to by staff. The Commissioners felt more comfortable learning how KUA accomplishes the many demands on it.

C. CANE ISLAND PROJECT UPDATE

Mr. Sharma detailed the chronology of events from August 1989, leading to the current status of the Cane Island gas turbine project.

Mr. Welsh said that the FMPA (Florida Municipal Power Agency) is to vote on February 28, 1992 on their decision to participate with KUA on the Cane Island project. If approved, FMPA would own part of this project and pay one-half of the expenses incurred by us.

E. OTHER INFORMATIONAL HIGHLIGHTS

Mr. Welsh gave a brief explanation on each of the eight issues included under this item.

G. HEAR GENERAL MANAGER, ATTORNEY, COMMISSIONERS, DIRECTORS

COMMISSIONERS

The Commissioners were of the consensus this was a good meeting and that KUA is doing a good job.

DIRECTORS

Director Gant referred to a recent article that the City of St. Cloud was considering some alternative to their present system and that possibly KUA may be one of their resources to take over and manage that system. This would greatly increase our territory and perhaps be worth further consideration.

This suggestion would have to be evaluated. It would be a cooperative venture, with neither side taking over the other. The KUA Charter permitting, major restructuring would be necessary in such an acquisition, with St. Cloud having some representation.

Chairman Hord felt that if the economy was right and excluding politics, this would be a win/win situation.

Commissioner Makinson felt this might be very beneficial to both parties.

Chairman Hord said we would want to do it purely as an arm's length business relationship. If the economies of scale prevail this might be the right thing to do; however, both Cities must accept the concept of doing it.

St. Cloud depends on their Utility's revenue and has incurred a substantial debt.

H. ADJOURNMENT: Meeting adjourned at 8:20 p.m.

  
CHAIRMAN

ATTEST:

  
SECRETARY