

MINUTES OF REGULAR MEETING OF KISSIMMEE UTILITY AUTHORITY HELD WEDNESDAY,
MARCH 24, 1993, AT 6:00 PM, BOARD ROOM, ADMINISTRATION BUILDING, 1701 W.
CARROLL ST., KISSIMMEE, FLORIDA

Present at the meeting were Chairman Hord, Secretary Bobroff, Assistant Secretary Lowenstein, Director Gant, Director Jones, Mayor Pollet, Attorney Brinson, President & General Manager Welsh, and Recording Secretary Rundio.

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

B. **AWARDS AND PRESENTATIONS**

1. **EMPLOYEE OF THE MONTH - JON HENDERSON**

Jon Henderson, Customer Service Rep, was unable to be present to accept his plaque and \$100 Savings Bond for having been chosen by his fellow employees as April Employee of the Month. Jon was chosen for his outstanding attributes in taking the lead on a new project and having an excellent grasp of all new customer service programs. Jon is noted for being a consistent, willing and eager employee who always goes the "extra mile" in accommodating customers and co-workers alike. He possesses a sincere and positive attitude at all times and we're most pleased to have him on board! Jon will also receive a day off with pay and a reserved parking space during April.

Chris Beck, Director of Customer Relations, accepted the plaque and bond from the Board on Jon's behalf for presentation the following day.

2. **SUGGESTION AWARD - CANDI BEITEL**

Candi Beitel, Information Systems, was selected by the Suggestion Review Committee for having presented a cost-effective suggestion for KUA and was presented with an award of a \$100 Savings Bond, according to our suggestion policy. Candi's suggestion was to replace the current envelopes used for group billings with window envelopes, thereby cutting expenses.

Candi was congratulated and thanked by the members for her worthwhile idea and initiative.

C. **HEAR THE AUDIENCE** - No comments

D. **PUBLIC HEARING**

1. **TARIFF SHEET CHANGES - RESOLUTION NO. 93-2**

Chairman Hord announced the Public Hearing.

Chris Beck stated that on December 16, 1992, the Board of Directors approved the submission of three tariff changes to the Public Service Commission. This was a result of our growing concern of our bad debt.

1) Change the residential electric deposit from \$100 to \$125;

2) Refund utility deposit interest earned on all accounts at the time the deposit is refunded rather than each July, as is presently the case, and allow interest to accrue and be paid on accounts less than six (6) months old.

These changes were approved by the PSC and the Public Hearing was advertised. Corresponding changes were also made by the City as two of these items of interest affect their water deposits, and these were approved by the City Commission on March 23, 1993, under Ordinance No. 1888. The changes will be delayed for approximately 30 days before being put into effect.

The above tariff changes are included under Resolution No. R93-2. (Copy attached to the Minutes)

Director Bobroff moved to accept staff's recommendation of the above tariff changes, under Resolution No. R93-2, and that they be approved as presented. Seconded by Director Lowenstein.

Mayor Pollet commended Ms. Beck on having done a good job representing KUA during public hearings at Commission meetings.

Motion carried 5 - 0

E. INFORMATIONAL PRESENTATIONS (REQUIRING NO ACTION)

1. REPORT ON SURVEY OF UTILITIES REGARDING LINE EXTENSION POLICIES

Mr. Welsh stated that this report will be discussed under Staff Reports.

F. OLD BUSINESS

1. BID AWARD - GENERAL CONSTRUCTION, METERING AND RELAYING LAB RELOCATION PROJECT - IFB #023-93

Mr. Davis said that bids were received from 12 firms for the construction contract to relocate the Meter Shop and Relay Lab to the second floor of the Bermuda Avenue facility. Staff recommended that the low bidder, Southland Contractors, be awarded the bid for a lump sum price of \$112,800. A sprinkler system for the first floor was included in this contract. Originally, the cost had been estimated at \$126,000. Chuck Parsons, Architect, gave some additional information and a brief discussion followed.

Director Jones moved to authorize award of IFB #023-93 to low bidder, Southland Contractors, for the lump sum price of \$112,800; and further authorize the Chairman and Secretary to execute the contract document. Seconded by Director Lowenstein.

Motion carried 5 - 0

2. SELECTION OF A MINORITY OWNED UNDERWRITING FIRM

At the January 27, 1993 meeting, the Board approved staff's recommendation to advertise and proceed with the selection process of a Minority Owned Underwriting Firm to be included with our present financial team, Evensen Dodge & Company. Of the eight Requests for Proposals (RFPs), two were interviewed and of those Ward & Associates, Inc. was selected. Mr. Welsh stated he was extremely impressed with the firm chosen and with their background, as noted in RFP #002-93, dated March 10, 1993. This firm is a minority-owned full service investment banking firm which specializes in public finance and is headquartered in Atlanta, Georgia.

Moved by Director Bobroff approving the selection of Ward & Associates, Inc. as the Minority Owned Underwriter to be included with our present financial team. Seconded by Director Lowenstein.

Motion carried 5 - 0

G. NEW BUSINESS

1. CANE ISLAND PROJECT - LICENSING AND PERMITTING STATUS AND COMMENCEMENT OF CONSTRUCTION

Mr. Welsh stated that at this meeting we need to hear the presentation by staff and engineers to ascertain and define at what point we want to "go" on this project. All the facets in staff's recommendation were discussed.

Mr. Sharma acknowledged there were five gentlemen from Black & Veatch in the audience to answer any questions.

Mr. Ben Sharma, Director of Power Supply and Project Manager for this Project, gave an in-depth, detailed presentation on the current status of the Cane Island licensing and permitting, as included in the Agenda Item, and especially stressed those permits and licenses that are absolutely necessary to have in hand for the commencement of construction. He stated that the Governing Board of the South Florida Water Management District's (SFWMD) favorable decision on April 15, 1993 will give KUA the release it needs which has kept activities at Cane Island at bay.

Mr. Welsh pointed out to the Board that once Unit 2 is selected, the PSD permit needs modification through the DER (Department of Energy Regulations). If this is not received, we can still forge ahead with the project in a much less desirable way than if we had modified to meet the exact specifications of the unit we select. Mr. Sharma explained we knew we were getting the first unit, LM6000, but that we did not know what Unit No. 2 would be, the actual size, etc., therefore some modification was required.

The need to acquire an NPDES permit from EPA (Environmental Protection Agency) and a building permit from the County later in the project was also detailed to the Board.

Mr. Sharma said that the Florida Audubon Society in their February 16, 1993 letter stated that by KUA using the Bonnet Creek right-of-way for the 230 KV transmission line a savings of \$700,000 would be realized and we should be required to contribute approximately half (\$350,000) to a special fund towards the mitigation. (This was originally discussed at the February 24, 1993 meeting).

Mr. Welsh added that a special fund would be set up to protect and to get wetlands in the Reedy Creek Watershed area out of the private domain and have it put into the public domain. He stated he informed President Bernard Yokel of the Audubon Society we are a public agency and do not have the flexibility to make worthy contributions. The Society felt the South Florida Water Management District, as a regulatory agency, should require KUA to do this as additional mitigation. If SFWMD can and does require us to do this, we would be obliged to do it. Several members of the Audubon Society are currently on the SFWMD Board and we do not know what the reaction will be in this regard. Mr. Welsh said SFWMD's staff advised and we realize it is in our best interest to respond to the Audubon Society on a point-by-point basis. Brief discussion followed.

Motion by Director Bobroff to accept staff's recommendation to proceed fully in both the construction and funding of the Cane Island facilities once the Department of Energy Regulations PSD/ATC Air Permit has been received, the Army Corps of Engineers Dredge and Fill permit has been accepted by us and, finally, the SFWMD Board approves the Surface Water Management Permit and the Consumptive Water Use Permit. Seconded by Director Lowenstein.

Chairman Hord asked what would happen if no action is taken between tonight and the April 28th meeting. Mr. Welsh desired the Board to go within the parameters and asked for their thoughts on our beginning construction and financing with full speed. Director Gant suggested that if we do proceed after the 15th, he had no qualms about the Board calling a quick Special Meeting to give the go-ahead, pending receipt of all permits.

Mr. Welsh said that Joe Hostetler suggested to him that two weeks may be more significant in the bond market than any place else, but that it was uncertain.

In respond to a question by Chairman Hord, Mr. Sharma stated the groundbreaking is scheduled for either the first or second week of May and one contractor should be on board to prepare for this. Chairman Hord preferred having the area cleared for that reason rather than allowing staff to start on April 15th.

Chairman Hord also requested a new score sheet upgrading and superseding the previous one showing where we're at up to the minute.

Director Lowenstein withdrew his second from the above motion. Director Bobroff withdrew his original motion.

Moved by Director Gant that a Special Meeting be called for Monday, April 19, at 6:00 p.m., for approval of the commencement of construction if permitting is sufficiently completed. Seconded by Director Jones.

Chairman Hord again requested an updated score sheet at that time.

Motion carried 5 - 0

Mr. Welsh asked the members for clarification whether conceptually they have a problem how we define "go". Chairman Hord said if the updated score sheet goes in an adverse direction during that Special Meeting, it would merit some discussion. Also, having the necessary permits in hand would be sufficient approval.

During a discussion of the railroad crossing requirements and the legality and need of having a second one, KUA Attorney Edward Brinson gave a legal definition of what is required. It is not possible to have two crossings that close together.

At this point a new agenda item was introduced by General Manager Welsh.

Director Lowenstein moved to agenda for discussion under New Business the Board Member Applicant Selection for the 1993 Schedule. Seconded by Director Jones.

Motion carried 5 - 0

2. BOARD MEMBER APPLICANT SELECTION - 1993 SCHEDULE

This was a late item, normally carried under Consent Agenda, with a Public Notice advertisement and Calendar for Board Member Application.

Due to a schedule conflict, the Board approved changing this meeting to Monday, May 17th, at 6:00 p.m., from May 19th.

(A Public Notice advertisement seeking applicants and a Schedule for Nomination Selection will be followed to accomplish filling the two successive five-year terms of Director Arnold Jones, effective October 1, 1993.).

Direction was given to staff; therefore, no motion was necessary.

H. STAFF REPORTS

Agenda Item E.1 was discussed at this time.

**E. 1. REPORT ON SURVEY OF UTILITIES REGARDING LINE EXTENSION
POLICIES**

Ken Davis, Director of Engineering, stated that at the Board's request of March 3, a survey was obtained of various utilities regarding their policies on charging customers line extension fees and impact fees for installation of new electrical facilities, as included in the Agenda Item. Brief questions were answered.

H. 1. MONTHLY PROGRESS REPORT ON ENGINEERING PROJECTS

Report accepted as written.

2. CONDENSED FINANCIAL REPORT

Joe Hostetler, Director of Finance, initiated his presentation with a market update. He said our goal was 3% present value savings for the refunding. We moved away from that and are down to 1.4% as of today and no turnaround is foreseen until the April 15th time frame and we probably won't be coming back asking to do the refunding.

Mr. Hostetler highlighted his financial report. Due to a mild February we had lost about 10% over our projected sales for that month.

Chairman Hord expressed some concern over the lower sales and higher costs. Mr. Hostetler explained these higher fuel and purchase power costs would be recovered through the COPA over the next two or three months. Mr. Welsh said the cost of power, even when we optimized the system, was higher than projected and the Hansel Plant was run more than projected.

3. MONTHLY REPORT ON POWER SUPPLY DEPARTMENT PROJECTS

Mr. Welsh pointed out that in the Power Supply report we indicated we would go with FMPA (Florida Municipal Power Agency) to represent us with the Florida Power & Light transmission case, like we did in the Florida Power Corporation case.

Regarding the SCADA project, as reported, Chairman Hord expressed disappointment in Landis & Gyr informing us the last minute of a 30-day delay in the Factory Acceptance Test (FAT) scheduled for March 15, 1993, and inquired how this affected us in our Energy Control Center operation. Mr. Sharma replied that we have been fortunate in not having any breakdowns. Mr. Welsh stated that Mr. Ed Norbrega of Landis & Gyr assured us that they are committed to this final schedule given us. April 26th is the beginning of the FAT with assurance that everything is to be completed by August 4th.

Mr. Jim Gassaway, District Manager, Landis & Gyr in Florida, expressed their concern with the delays and said they pride themselves on on-time delivery of SCADA systems. Six of the 23 engineers involved in the project were "pirated" away by a competitor. However, the testing should begin on time and their upper management is fully committed to finishing up the system on time and stated we should be fully satisfied. There is no late penalty clause in the contract.

Mr. Welsh stated, for the record, that Mr. Norbrega gave us his personal assurance that they will commit every resource necessary to keep on target on this final schedule and that the SCADA system will be done properly and to our satisfaction.

In response to Director Lowenstein, Mr. Sharma said the Load Management system is operational but that one radio is still not installed. We had an opportunity to test the system.

4. SELECTED DEPARTMENT HIGHLIGHTS - MATERIALS MANAGEMENT

Jim Tillman, Director of Materials Management, presented some brief highlights of his department. He stated that their primary objective is to obtain maximum value for the funds committed, and acquiring the right supplies and equipment at the right time. They evaluate cost effective alternatives for supplies, equipment and service. He noted a brief history of his department and what his personnel's responsibilities are (bids on state contracts, maintenance agreements, office supplies, inventory, warehousing, etc.). Although he did not have a dollar figure handy, Mr. Tillman said our inventory has been reduced considerably.

Mr. Welsh stated that Jim Tillman is keenly aware of professional development and has encouraged his employees to seek their professional certification. Three people will have achieved this.

At this point Chairman Hord inquired as to the outcome of the uniform services discussed at the last meeting. Mr. Tillman stated the vendor agreed to take the new bid price (13% less than we were paying) on a month-to-month basis.

I. CONSENT AGENDA

Director Jones moved to approve the Consent Agenda, as presented. Seconded by Director Lowenstein.

1. APPROVAL OF MINUTES OF FEBRUARY 24, 1993 REGULAR MEETING
2. APPROVAL OF MINUTES OF MARCH 3, 1993, SPECIAL MEETING
3. APPROVAL OF MINUTES OF MARCH 10, 1993, SPECIAL MEETING
4. AWARD OF BID FOR TRANSMISSION LINE CONSTRUCTION IFB #020-93 TURNPIKE/OSCEOLA PARKWAY INTERCHANGE LINE RELOCATION

Motion carried 5 - 0

J. HEAR GENERAL MANAGER, ATTORNEY, DIRECTORS

GENERAL MANAGER

The Board approved Thursday, April 29, 1993, 6:00 p.m., for a Special Meeting to discuss Owner's Representatives.

Out of approximately 135 responses, a short list of 5-10 interviews at the staff level will be made and staff will bring back a short list of 3-5 for the Board to consider on the above date.

Mr. Welsh said we have started discussions with Mr. John Hancock, Vice President of FPC. They wished to explore anything of mutual interest with us and stated that they have a change of philosophy within their company. Mr. Welsh reminded him that being a large company their response time is fairly slow. However, if they were interested, we would like to build a 230 KV transmission line above their 69 KV transmission line along the Old Tampa Highway to keep us from having to buy right-of-way from owners. They agreed to work with us and expedite it or give us a reason why it might be impossible for them to work on this. Chances were good we might have a mutually agreeable marriage. This would help reduce our liability, said Attorney Brinson.

FPC would build, operate and maintain and we would have the entitlement and use of that line, similar to what we're doing with St. Cloud. They would own the line and maintain it for which we would pay them. Time-wise, with a quick-taking, we might be able to accomplish this in about 13 to 19 months from "go" point, about mid-April, where we could have the Cane Island to Clay Street line completed. Building on our own acquired right-of-way is estimated to take 13 months from the "go" point. If appeals are involved, perhaps it would require another year. Several options were mentioned. Mr. Welsh stated we want to pursue it if its possible. He added that Unit 1 is 12 months from "go" and Unit 2 is 20 months. A decision may be made this week whether or not to pursue this.

ATTORNEY - No comments

DIRECTORS

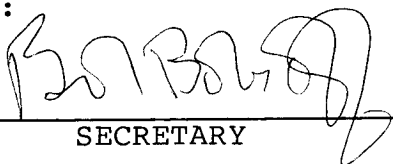
Director Gant commented that he is involved with a Crime Task Force Committee that was formed by the County. They will pursue areas where crime impacts industry and stated that lighting is an important issue in dealing with crime along Highway West 192 and threw the idea out as food for thought. Mr. Welsh said we are willing and able to provide highway or other types of lighting.

K. **ADJOURNMENT**: Meeting adjourned at 8:15 p.m.



CHAIRMAN

ATTEST:



SECRETARY