

MINUTES OF THE REGULAR MEETING OF KISSIMMEE UTILITY AUTHORITY,
WEDNESDAY, NOVEMBER 18, 1998, 6:00 P.M., BRINSON BOARDROOM,
ADMINISTRATION BUILDING, 1701 WEST CARROLL STREET, KISSIMMEE, FLORIDA.

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

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

B. AWARDS AND PRESENTATIONS

1. 20-YEAR SERVICE AWARD - VANCE LECLERC

General Manager Welsh recognized Vance LeClerc of Transmission & Distribution (T&D), a journeyman lineman. Mr. LeClerc could not attend and the award will be presented later.

2. 15-YEAR SERVICE AWARD - MARTIN GARCIA

Martin Garcia, a power plant mechanic/operator, was recognized for his service in Power Supply. Mr. Garcia was unable to attend and will be presented an award later.

3. 15-YEAR SERVICE AWARD - ANGEL VELEZ

Mr. Welsh recognized Angel Velez, a field service specialist in Marketing. Angel's promotional work history was detailed and the Board thanked him for his dedication. Vice-Chairman Walter presented him an award.

Mayor Attkisson arrived at 6:05 P.M.

4. 10-YEAR SERVICE AWARD - MARTY MELTON

Marty Melton, a lead relay technician in T&D, was honored with an award, presented to him by Vice-Chairman Walter. Marty was thanked for his service and hard work.

5. 10-YEAR SERVICE AWARD - JIM TILLMAN

Vice-Chairman Walter presented Jim Tillman, director of the former Central Services department, a service award. Mr. Welsh recognized Mr. Tillman's accomplishments and thanked him for his service.

6. 5-YEAR SERVICE AWARD - JONATHAN SCHAEFER

General Manager Welsh introduced Jonathan Schaefer, a systems planning engineer in Power Supply. Jonathan was presented an award by Vice-Chairman Walter and thanked by the Board for his service.

7. 15-YEAR SERVICE AWARD - GREG WOESSNER

8. DEGREE RECOGNITION - GREG WOESSNER - MASTER OF BUSINESS ADMINISTRATION

The Board recognized Greg Woessner, manager of Relaying & Communications in T&D, for his years of service. Mr. Woessner was also awarded a commemorative plaque for the recent completion of his Master of Business Administration degree from Webster University.

10. EMPLOYEE OF THE MONTH - ALGERTHA DIGGS

Algertha Diggs, an accountant/analyst in Finance, was recognized as December Employee of the Month. Mr. Welsh noted that Algertha has been with KUA for eighteen months and for someone to be selected Employee of the Month in that short time, is indeed a prestigious honor. Vice-Chairman Walter presented an award to Algertha and he noted that she would also receive a day off with pay and a special parking space. Secretary Guthrie also presented her with a \$50 check.

9. COMPREHENSIVE ANNUAL FINANCIAL REPORT AWARD FOR FY 1997

Susan Raines, manager of the Accounting Division in Finance, accepted the award from Vice-Chairman Walter. Mr. Welsh noted that KUA has achieved this award for the last 11 years. The Certificate of Achievement for Excellence in Financial Reporting is given by the Government Finance Officers Association (GFOA) for Fiscal Year 1997.

C. HEAR THE AUDIENNCE - None.

D. PUBLIC HEARING - None.

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

F. OLD BUSINESS

1. ACCELERATED INTERNET SERVICE PROVIDER (ISP) BUSINESS PLAN

General Manager Welsh asked if the Board would grant moving the ISP update agenda item, listed under the staff reports, to this portion of the meeting. **It was the consensus of the Board to move the staff report.**

Dennis Wick, director of Information Systems, reviewed the November 1998 update and the proposed December goals for the ISP.

Mr. Wick reported that sale of MagicNet, the company that provided customer support, created the necessity for change within the Internet Division. He said the company that purchased MagicNet has different goals. Mr. Wick said to maintain the exceptional level of service and support to KUA.net customers, it would be necessary to provide all technical support in-house and realign the organizational structure. He reviewed the cost of accelerating this business plan. Discussion was held on customer base numbers and time frames for the reduction of cost.

Mr. Welsh noted that an ISP monetary incentive program for KUA employees for referrals and advertising efforts are all working together in increasing KUA.net subscribers. Mr. Wick noted that the technical support being provided by MagicNet is bare minimum and is not the support that KUA customers originally received, prior to the growth of the customer base.

ACTION: Motion by Director Guthrie, seconded by Director Toro, to accept staff's recommendation and authorize one additional coordinator position and the equivalent of six help desk technician positions to provide necessary technical and customer support.

Motion carried 3 - 0

G. NEW BUSINESS

1. AWARD OF CONTRACT FOR THE SUPPLY OF THE GAS TURBINE OF THE CANE ISLAND UNIT 3 COMBINED CYCLE UNIT

Ben Sharma, director of Power Supply, noted that the specifications and bid documents were released for the supply of an "F" class gas turbine for Cane Island 3. He said that General Electric bid \$32,923,000 for the base contract and would not include any changes.

Ziggy Biernacki from General Electric and Don Shultz from Black & Veatch were introduced to the Board.

Vice-Chairman Walter expressed concern about awarding a contract that has yet to be negotiated and Attorney Brinson suggested an addendum to the recommendation proposed by staff.

ACTION: Motion by Director Toro, seconded by Director Guthrie, to accept staff's recommendation and award the contract for the supply of the Gas Turbine of the Cane Island Unit 3 Combined Cycle Unit to General Electric Company for the price of \$32,923,000 subject to successful negotiations of terms and conditions of the contract, exceptions taken by General Electric and future spare parts price guarantees, all to be brought back to the Board for final approval at the December board meeting.

2. APPROVAL OF PURCHASE OF SPARE PARTS FOR CANE ISLAND UNIT 2 FRAME 7EA GAS TUBINE

Mr. Welsh noted that a major overhaul of Unit 2 would begin in the spring of 1999. He noted that a very favorable quote was received from GE in 1993 for the spare parts to make this overhaul. This price is expiring. Jeff Ling, manager of production at the power plants, showed a photograph and diagram detailing the damaged parts.

ACTION: Motion by Director Guthrie, seconded by Director Toro, to approve the purchase of spare parts (Row One Power Turbine Bucket Set) for Cane Island Unit 2 gas turbine from General Electric for the fixed price of \$547,400 as quoted by GE on April 12, 1993.

Motion carried 3 - 0

H. STAFF REPORTS

1. MONTHLY PROGRESS REPORT ON T&D PROJECTS

The T&D report was in writing. Vice-Chairman Walter asked about the status of the World Expo Center. Attorney Brinson said he has talked with their attorney, and there will be a delay of 30-60 days before they can contact KUA.

Secretary Guthrie asked for an update on the failed transformers at Lake Cecile substation. Mr. Davis, director of T&D, reported that one should be returned on Friday and the other is still at the factory.

2. MONTHLY CONDENSED FINANCIAL REPORT, OCTOBER 1998

Joe Hostetler, director of Finance, gave a condensed financial report for October. He said he would have a more detailed report at the December board meeting.

3. MONTHLY REPORT ON POWER SUPPLY DEPARTMENT PROJECTS

This was a written report. Secretary Guthrie inquired about the Cane Island 3 site certification process. Mr. Sharma noted

that staff has responded to the state's questions, but not received any other correspondence from them.

4. NOVEMBER 1998 INTERNET SERVICES PROVIDER UPDATE

This was reviewed in conjunction with the Accelerated ISP Business Plan under Old Business.

5. UPDATE ON THE TROUBLE CALL SYSTEM

Ken Beville, manager of mapping and CADD in the T&D department, gave the Board an update on the trouble call system. He reviewed how the system works and the advantages of making this system available to more KUA employees so they can report outages and obtain a history of customer trouble calls.

I. CONSENT AGENDA

Secretary Guthrie requested that Item #1 (Approval of Minutes of October 28, 1998 Regular Meeting) be removed from the consent agenda and placed on the consent agenda for the December meeting.

ACTION: Motion by Director Toro, seconded by Director Guthrie, to approve Items #2 and 3 of the consent agenda.

2. AWARD FOR ANNUAL REQUIREMENT FOR RESIDENTIAL METERS
3. RESOLUTION 98-5 - PURCHASING LIMITATIONS

Motion carried 3 - 0

J. HEAR THE GENERAL MANAGER, ATTORNEY, AND DIRECTORS

General Manager Welsh informed the Board that the local legislative delegation to Tallahassee would be in the KUA boardroom on December 17 for a public meeting. He also invited Board members to the Annual Holiday Party, December 12 at 6:30 P.M. at the Green Barn.

Mr. Welsh reported that KUA has guaranteed payments that are to be made to Phoenix Applied Technology the next two years. Phoenix has asked that those payments be assigned to SunTrust bank to facilitate some of its financing needs. KUA agreed.

Mr. Welsh reminded the Board that the next regular meeting will be December 16 and will include the guidelines for the president & general manager, as well as a report on the CR3 employee's incentive program. He reported that the land use hearing on Cane Island Unit 3 was held November 17 and it went very well. The judge's final ruling will be forthcoming.

A PowerGen conference, an international meeting of private and non-private companies that offer generation as well as products and services to utilities, will be in the Orange County Convention Center December 9. Mr. Welsh noted that he would be the opening keynote speaker.

K. ADJOURNMENT - Meeting was adjourned at 7:40 p.m.


CHAIRMAN

ATTEST:


SECRETARY