

MINUTES OF SPECIAL MEETING OF KISSIMMEE UTILITY AUTHORITY, MONDAY,
MAY 3, 2000, 4:00 P.M., BRINSON BOARDROOM, ADMINISTRATION BUILDING,
1701 WEST CARROLL STREET, KISSIMMEE, FLORIDA.

Present were Chairman Walter, Director Gant, Director Toro, Director Shearer, Attorney Brinson, General Manager Welsh and Recording Secretary Scott. Mayor Attkisson and Director Hord were absent.

A. **MEETING CALLED TO ORDER** at 4:00 P.M. by Chairman Walter.

B. **PLEDGE OF ALLEGIANCE**

The Board and staff recited the Pledge of Allegiance.

C. **BOARD APPLICANT REVIEW**

Chairman Walter announced that there were two board applicants that would be interviewed for the upcoming board vacancy. He said that the scheduled times for the interviews had been changed and that the first candidate was Nancy Gemskie.

Chairman Walter reviewed the procedure for the interviews. Director Shearer asked about the use of the ratings on the questionnaire and Chairman Walter explained that they were designed as an aid for the evaluator.

Nancy Gemskie arrived at 4:10 p.m. Chairman Walter informed Mrs. Gemskie that she would be asked a set of questions by General Manager Welsh and that the Board may ask additional questions. Chairman Walter told Mrs. Gemskie that the interview would be informal.

Mrs. Gemskie elaborated on her professional background. She indicated to the Board that she currently serves on the Board of Adjustments for the City of Kissimmee and if selected to serve on the KUA Board of Directors would resign the position on the City Board. Mrs. Gemskie expressed to the Board that she was honored to have an opportunity to be considered for a position on the Board of Directors and to serve the community in this manner. The Board thanked Mrs. Gemskie for her time and the interest she has shown in serving on the Board.

Upon Mrs. Gemskie's departure, the Board reviewed her qualifications and discussed her application.

Bill Hart arrived at 4:25 p.m. Chairman Walter explained the questioning process to Mr. Hart.

General Manager Welsh asked the board applicant questions. Mr. Hart described his involvement in the community and his professional background. Mr. Hart said he would like to be part of the policy-making group and that he had followed KUA's activities since its inception. Chairman Walter asked Attorney Brinson if serving on a county commission would present a conflict with serving on the KUA Board. Attorney Brinson indicated that he thought that there would be a conflict and would research it further. Mr. Hart said that he would resign his position on the Osceola County Planning Commission if selected for the KUA Board of Directors. Mr. Hart said the Board and staff has done a very fine job of developing a lot of respect in the community and he would like the opportunity to serve on the Board. Chairman Walter thanked Mr. Hart for his interest in serving on the Board.

Upon Mr. Hart's departure, the Board reviewed his qualifications and discussed his application.

The Board discussed each applicant's qualifications again and noted the advantages of having diversity on the Board. They noted that each candidate was well qualified and asked the General Manager

to convey the Board's gratitude for their application. He was also requested to encourage the applicant not receiving the nomination to reapply at a later time. General Manger Welsh thanked the Board for the difficult decision.

ACTION: Motion by Director Toro, seconded by Director Gant, to authorize the General Manager to submit Nancy Gemskie's name to the City Commission for their approval.

Motion carried 4 - 0

Director Gant left the meeting at 5:15 p.m.

D. CANE ISLAND 3 - AWARD OF CONTRACT FOR MECHANICAL CONSTRUCTION

General Manager Welsh introduced Ben Sharma, director of Powr Supply, and told the Board Mr. Sharma would provide some background information on this item.

Mr. Sharma told the Board this was the biggest construction contract in the project including construction of the combustion turbine and all other plant equipment and buildings. Mr. Sharma said there were 10 bids requested and three bids received. He explained the reason given for not submitting a proposal was that the companies' workloads would not allow them to bid. The fourth potential bidder, Vogel Bros. was declared to be non-qualified as it was determined that they had not erected any combined cycle plants. Vogel Bros. protested this action. After the reasons for the declaration of non-qualification were explained to Mr. Dan Vogel, president-Florida division, they withdrew their protest.

Mr. Sharma explained the complexity of the bid and that adjustments were required after clarification of the numbers submitted. He said staff was recommending the contract be awarded to Teton for \$15,102,582. Mr. Sharma congratulated Black & Veatch for negotiating a contract that requires a penalty of 1% of the contract price for each day the project is late after May 1, 2001.

Director Toro asked about the AFUDC (Allowance for Funds Used During Construction) of \$33,361 and Mr. Sharma explained that was used to compare bidders fairly by bringing the bids in order to evaluate.

Chairman Walter asked about the significant range of bids in the painting and coatings and why it was deducted. Ron Utter, project manager with Black & Veatch, stated that the specifications in this area were interpreted differently by each bidder and that Teton could have bid the low end of the interpretation. Discussion continued. Don Schultz, Vice President with Black & Veatch, suggested leaving the deduct in as an option until the re-specification.

Mr. Bob Terrell, division manager of NEPCO out of Lakeland, Florida, told the Board that they too were busy but NEPCO thought this was a significant project. He said they understood one of the basic qualifications in the contract was that the contractor have prior experience in the erection of a GE Frame 7FA gas turbine and addendum 5 relaxed these requirement to only have experience in a Frame 7. Mr. Terrell pointed out there was a very significant difference in a Frame 7 and Frame 7FA. He said NEPCO took the opportunity to review the bids and it appeared that Teton had little or no direct experience with a unit of this size. He added that NEPCO currently has contracts for the installation of seven GE Frame 7FA's and that all of the projects were bid competitively. Mr. Terrell indicated that Teton's price may have been a result of their inexperience and that it was their opinion that the risk to the equipment was greater or increased by allowing an inexperienced contractor to proceed with the work. He also stated it was their opinion that this was in conflict with the specification

requirements. Mr. Terrell asked if the Board would consider the information he presented.

Lark Mulvahill, project manager with NEPCO out of Lakeland, stated they had prepared a one-page evaluation of their review of the bids currently in the public domain. Mr. Mulvahill presented the letter to the Board and staff.

Chairman Walter recessed the meeting at 5:40 p.m. The meeting was reconvened at 5:53 p.m.

General Manager Welsh thanked Mr. Terrell and Mr. Mulhavill for taking the time and effort to assist the Board in the deliberation. He said that they had taken a look at the information they provided and that Mr. Terrell had made a good point. General Manager Welsh said that they have gone over the bid material and the evaluation. Mr. Welsh told them while they had made some good points the substance of the items pointed out in their evaluation had been taken into consideration earlier.

Mr. Schultz explained that the qualification required the erection of three or more units of comparable size and that the units be in successful commercial operation. He said that they had interpreted NEPCO's qualification as two erected and operating Frame F's as of the bid date.

Mr. Schultz addressed the manhours for component erection that Mr. Terrell said appeared significantly deficient. Mr. Schultz stated that the four items pointed out Teton's price to be lower and that there were other line items where Teton's price was higher than NEPCO's. He said that basically Teton developed their bid in their method which may not be in the same accordance as the method NEPCO used.

Chairman Walter asked Mr. Shultz if he had considered all these items in the review of the bid and was comfortable with Teton providing this material and workmanship. Mr. Schultz replied "yes".

ACTION: Motion by Director Shearer, seconded by Director Toro, to award the contract for General Construction of Cane Island Unit 3 to Teton Industrial Group for the contract price of \$15,241,924 which includes the painting and coatings with the option to deduct the painting portion of this contract if it is deemed sufficient upon further examination.

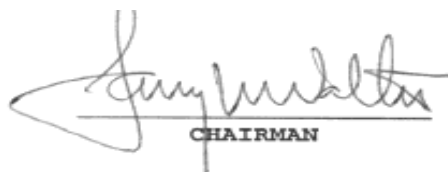
Motion carried 3 - 0

E. HEAR GENERAL MANAGER, ATTORNEY, DIRECTORS

General Manager Welsh reported that he has hazardous duty on Saturday, repelling at Lakefront and ending up in the dunk tank at the employee picnic on Saturday. General Manager Welsh extended invitation to the Board for the picnic as well as an invitation to anybody who would like to participate in the dunk tank activities.

Chairman Walter thanked the Board and the gentlemen from NEPCO and Black & Veatch for coming. He commended staff and Black & Veatch for the great job on Cane Island 3.

F. ADJOURNMENT - Meeting was adjourned at 6:00 p.m.


CHAIRMAN

ATTEST:


SECRETARY