MINUTES OF SPECIAL MEETING OF KISSIMMEE UTILITY AUTHORITY, HELD THURSDAY, MAY 31, 1990, AT 6:00 PM, ADMINISTRATIVE BUILDING, KISSIMMEE, FLORIDA

Present at the meeting were Chairman Hord, Secretary Bobroff, Assistant Secretary Lowenstein, Attorney Brinson, General Manager Welsh, and Recording Secretary Rundio. Directors Gant and Jones and Mayor Van Meter were not present.

MEETING CALLED TO ORDER at 6:00 P.M. by Chairman Hord regarding the SCADA SYSTEM IMPROVEMENT STUDY and a presentation by Black & Veatch.

I. INTRODUCTION AND OVERVIEW

James C. Welsh, General Manager, said we initiated a SCADA Study through Black & Veatch to get an overview of our needs, the way the project should go, what could be salvaged, what kind of system we should install, as well as finding the most suitable location. Recommendations were to be made to the Board following the presentation.

II. PRESENTATION "SCADA SYSTEM IMPROVEMENT STUDY" BY BLACK & VEATCH

Don Knighton, Project Manager, Black & Veatch (B&V) gave some background information on William (Bill) Boyd, Consulting Engineer, B&V, Kansas City, Missouri; and Mr. Michael Simpson, P.E., Project Manager, B&V, Orlando, Florida, and how they are involved in this SCADA project.

Bill Boyd made a presentation, via overheads, on:

- Study Objective
- Review of Existing SCADA System

He stated the SCADA System is a very important element of the KUA electrical system. It provides controlled monitoring for our substations. Initially, they looked at our existing system, as one of the major objectives of the Study, the Tie Line Recording System, and analyzing the Dispatch Center requirements. He highlighted their recommendations and the type of architecture we should be looking at for our system.

Chairman Hord questioned the necessity for add-on such as training room, trouble room, kitchen/break room and locker room (going from 50 sq.ft. of space to 500 sq.ft.). Mr. Boyd replied that the Dispatch Center should have these facilities to accommodate long-term staffing requirements associated with severe trouble conditions, like hurricanes or severe thunderstorms which oftentimes last several days. Our staffing would go from six to eight people under normal operating conditions; with twice the personnel during an emergency. The recommended footage is going from the existing 2,100 sq.ft. to 4,730 sq.ft. to accommodate the extra rooms.

Mike Simpson reviewed the following via overheads:

- The Tie Line Recording System
- Analysis of Dispatch Center Requirements
- Summary

Black & Veatch's recommendation is the expansion of the existing building, offering the least cost, easiest transition and shortest schedule. Construction of a new Dispatch Center at a new site is the most expensive of the three alternatives on a first-cost basis. A potential problem with remaining at Marydia is restricting expansion of the 230 kV facilities to some extent, if we needed to. Mr. Simpson recommended the items listed in the Study. Discussions continued throughout the presentation.
Chairman Hord inquired of Mr. Simpson when their work becomes site-dependent. The response was it would be six months from now before they could even approach the site plan. Discussion followed on the sequence of events necessary, acquisition of land, purchase/installation of the SCADA System, and Black & Veatch's costs. Mr. Simpson said they could cleanly stop the work until we can get the building contractor under order. Mr. Welsh said we could have some decision points where B&V could say, stop or go forward, without touching the cost. They agreed. That concluded their presentation.

Director Bobroff complimented the team on a good report.

Chairman Hord thanked the Black & Veatch staff for their presentation.

Meeting recessed at 7:15 and reconvened at 7:25 PM.

III. EVALUATION & RECOMMENDATION ON OPTIONS, AND

IV. RECOMMENDATION ON ENGINEERING SERVICES

Mr. Welsh handed to the Board an Agenda item entitled, “Supervisory Control and Data Acquisition (SCADA) System Improvement Study”, dated May 31, 1990.

Ben Sharma, Manager of Power Supply, highlighted the SCADA System Cost Estimates and explained the cost comparison at various proposed sites: to expand existing building ($750,000), new building on existing site ($800,000), and new building on new site ($1,103,000). Mr. Simpson stated that land cost is the major issue between the existing site and the planned site.

Chairman Hord inquired why the costs of a retaining pond, impact fees and building permit costs, etc., were not included in the estimated costs. Mr. Simpson said that unit costs were used which included building permits, water management, etc.

Mr. Welsh stated that we are looking at developing at Marydia or at a new complex at Bermuda, which we have been planning in terms of Planning & Engineering and other Administrative functions, and in terms of the Energy Control Center. Costs already allocated to the Energy Control Center will be incurred at Bermuda, so by staying at the existing facilities the additional engineering (15% of the estimated construction costs) and other costs will be saved. If it is decided to keep the Energy Control Center at the existing site, it is still our intention to acquire the land at Bermuda for other things. Discussion continued on the scenarios proposed. Mr. Welsh suggested that Planning & Engineering, Distribution and the Energy Control Center be housed in one building.

Mr. Sharma detailed the analysis that the staff had performed on the benefits of the full system as opposed to the partial. Based on the analysis of these benefits, staff's recommendation is that we require the full system.

The cost associated between the existing site and perhaps the Bermuda Avenue site is not as great a factor considering what our overall organizational objectives are. The benefits to have a Control Center and other Departments intact are not overcome by cost. We would definitely recommend staying at the existing site solely for implementation purposes. The current Control Center, Mr. Welsh said, is in critical condition, which may be dysfunctional by the time a new one is built. The final decision on the location can be deferred about three months or so, but we can begin work on the Energy Control Center from an engineering standpoint, with work being non-site dependent for the first 90-180 days at least.
Mr. Welsh handed the members a letter, dated May 24, 1990, from Gary Lee, Business Manager of Kelley Properties, documenting discussions between Mr. Welsh and him.

The letter stated that the specific terms and details shall be in a formal agreement on or before July 1, 1990, subsequent to the property being surveyed. It offered an option granting exclusive rights to KUA to purchase the said property in September or October, 1991. We would have to indicate in our letter to Kelley Properties whether or not we would exercise that option. The Gary Lee letter continued, that an option to purchase shall be granted to KUA from Kelley Properties on the specified acreage, to be exercised between June 1 and June 30, 1991. The price would be determined by an appraisal process as of July 1, 1991.

Director Bobroff inquired of Attorney Brinson if he saw anything wrong with the contents and proposal of the letter. Attorney Brinson stated one point was, whose appraiser would be used, theirs or ours. Mr. Welsh said the appraisal procedure which had been discussed so far was, that if the difference between two appraisers is 10%, we split the difference; if it was greater than 10% and we could not agree, then a third appraiser would be used.

Director Lowenstein commented that if we plan to pursue this property (Bermuda Avenue) and install the SCADA System there in conjunction with other facilities, then we could use common areas, such as conference rooms, toilet/locker areas, etc., as a common ground, they would not have to be separate.

Lengthy discussion followed on the cost factor, what would be housed in the building, whether it would be a stand-alone building or part of the existing building, square footage, housing inter-relating departments in the same building, etc.

In response to inquiry, Mr. Welsh indicated that through negotiations to date, price has not been discussed.

Mr. Welsh stated that he is laboring under the former direction given by the Board to pursue acquiring that land and to bring back a contract. He said if there was no objection to this line of tack, he would continue this route.

During discussion, it was determined that the dates specified in the letter play a very important role in the sequence of events necessary to authorize Black & Veatch to proceed with the non-site SCADA report, when the land agreement will be negotiated and purchased, and the building plans begun.

Mr. Welsh indicated that a formal agreement will be signed by the Board and Kelley Property principals on or before July 1, 1990. Director Bobroff said the property was separate from the Black & Veatch negotiations, and that, at this moment, we should concentrate on the latter.

Moved by Director Bobroff to approve staff's recommendations as detailed in Agenda Item, dated May 31, 1990, Nos. 1 thru 5 only, excluding item #6, and that Black & Veatch will work up to the point of site acquisition, the recommendations being independent of any particular site. Seconded by Director Lowenstein. The five recommendations approved are:

1. The Board approve the purchase of a SCADA system with upgraded RTU points.
2. The Board approve the purchase of a SCADA system with a new mapboard.
3. Approve the purchase of the Tie Line Recording System for an estimated $53,000 ahead of the main SCADA system. This item is required immediately to better control KUA's purchase and sell activities.
4. Approve Black & Veatch's proposal to perform the engineering, prepare specification for purchase of equipment and installation and help RUA in evaluation of the bids. The scope of work will include Phase I, II, III and IV of Black & Veatch's proposal.

The cost of Black & Veatch's services is not to exceed $324,000.

5. Specific funds for the SCADA system have been set aside in Power Supply Department's FY 1991 budget. However, because of long lead time requirement of the project, staff recommends that the engineering and preparation of the specifications should begin immediately. Accordingly, staff recommends that the Board approve the transfer of $377,000 ($324,000 plus $53,000 from items 3 and 4 above) from the Reserve for Future Capital Projects.

Mr. Welsh asked, just for the record, whether the Board's exclusion of item #6 is a denial of item #6. The Board said, no. Chairman Hord personally did not wish to have item #6 a part of the SCADA discussion at this point.

(Item #6 reads as follows: "Authorize the Staff to continue negotiation with the property owners of the proposed new SCADA/Administrative building site. The staff proposes to bring back its recommendation regarding the site and the building facility at a future Board meeting.")

Chairman Hord stated that, for good business reasons, we obtain a letter from Black & Veatch telling us exactly what they will do and giving us advance notice before they reach a critical decision point, in order to avoid additional costs. Mr. Welsh said such a letter will be obtained.

Motion carried 3 - 0
Directors Gant and Jones absent

Mr. Welsh said he hoped he and Attorney Brinson would be able to obtain the option and negotiate to access and utilize the property as of January 1, 1991, through a lease term, or partially close on less acreage.

Attorney Brinson said we should close on the negotiations. It was suggested that should we build on leased property, the deal could fall through and we would have a building we can't occupy. Chairman Hord indicated we should give serious thought to Attorney Brinson's advice.

Chairman Hord suggested that Director Gant be brought up-to-date on our negotiations with Gary Lee and that he be involved in the negotiations or discussions on the above. Mr. Welsh said he would apprise Director Gant of this.

In response to Chairman Hord's inquiry, Mr. Simpson said two dates are critical. He said work can be begin immediately and continue until about October 1st getting preliminary design, engineering specs for the SCADA System to be readied for bids, but not take bids. The next critical date is in the March/April, 1991 time frame, when the building must be started. When the SCADA equipment is delivered in November of that year, we will have a place in which to install it. Chairman Hord suggested postponing the starting point by four months, which will slide the second critical date back to the summer of 1991. By March/April, we must know the site and start building. Mr. Welsh said if the deal is closed in 1990, it would give us access through a lease arrangement beginning January, 1991.

Chairman Hord stressed that a further delay in our plans would be the fact that it would take- at least 90 days to receive building permits, further postponing any deadlines mentioned above and that this should be taken into consideration.
Mr. Welsh said that we, as an organization, would not be comfortable with an agreement on Bermuda to access and utilize the land without a firm option to purchase. However, he stated we don’t have to make this decision until October. We can work out a deal with Kelley Properties and, if we’re comfortable with it, we can put the Energy Control Center on the Bermuda Avenue site; otherwise, we go back to Garden Street. Everyone agreed. He also said a real concern was having a price attached to the land.

V. HEAR GENERAL MANAGER, ATTORNEY, DIRECTORS

Attorney Brinson updated the Board on the developments on Cane Island, since his report on Wednesday, May 30th. Mr. Bill Morse gave him a pencil type appraisal. The seller’s attorney’s staff thought the property was worth $2,200,000; Mr. Morse examined their findings and was inclined to think the price should be downgraded to $1,997,000. The property has too many title exceptions.

Chairman Hord asked how far along Black & Veatch were for a site selection for our generation site. Mr. Knighton said about a week away.

Chairman Hord said he was not too excited about the Cane Island property, nor its price.

Chairman Hord indicated that the way things were left at the May 30th meeting, was that staff would go back and arrange for a 90-day investigation period for $25,000, with the stipulation being we give it to them in writing prior to the 90th day, we can walk away and the money would be refundable to us. The money would be placed in some type of a trust fund.

Attorney Brinson referred to the Palm State negotiations. Their attorney indicated that his client would accept $125,000. However, Attorney Brinson informed him that he couldn’t even get an offer of $100,000 from KUA, and that Mayor Van Meter was reluctant to initiate this.

Mr. Welsh handed out a revised Board Calendar to the members.

VI. ADJOURNED: Meeting adjourned at 8:45 P.M.