

MINUTES OF REGULAR MEETING OF KISSIMMEE UTILITY AUTHORITY, WEDNESDAY, APRIL 25, 2001, 5:30 P.M., BRINSON BOARDROOM, ADMINISTRATION BUILDING, 1701 WEST CARROLL STREET, KISSIMMEE, FLORIDA.

Present were Chairman Walter, Director Gemskie, Director Hart, Director Shearer, Director Toro, Mayor Gant, Attorney Brinson, General Manager Welsh and Recording Secretary Fizer.

A. MEETING CALLED TO ORDER at 5:30 P.M. by Chairman Walter.

B. PLEDGE OF ALLEGIANCE

The Board and staff recited the Pledge of Allegiance.

C. AWARDS AND PRESENTATIONS

1. 5-YEAR SERVICE AWARD - RAY EADY, TRADES WORKER, MARKETING

General Manager Welsh expressed his gratitude to Ray for his loyalty and hard work. Mr. Welsh also reviewed Ray's work history with KUA and his other community accomplishments. Chairman Walter presented a certificate and award to Ray and the Board thanked him for his dedication.

2. 5-YEAR SERVICE AWARD - REBECCA MASCAZINE, CLERICAL ASSISTANT II, PERSONNEL

Rebecca was thanked by General Manager Welsh for her service to KUA and also to the community. Mr. Welsh noted her work history and also reported Rebecca was the 2001 Chairman for the March of Dimes for KUA. Chairman Walter presented a certificate and award to Rebecca for her years of service and also presented her an award for her participation with the March of Dimes. Each board member thanked Rebecca for her service and dedication.

3. EMPLOYEE OF THE MONTH FOR MAY - MERI DIXON

Meri Dixon, an accountant in Finance, was honored for being selected as May's employee of the month. Mr. Welsh read the information submitted by her co-worker and supervisor. Meri was congratulated and Mr. Welsh emphasized that this selection is very special because it is made by the employee's peers. Meri was introduced to the Board and was awarded a plaque by Chairman Walter. She will also be given a day off with pay, a \$100 check, a special parking space, and a year's family membership to the Osceola Center for the Arts.

4. FLEE TO BE FREE AWARD PRESENTATION

Chris Gent, manager of Communications, introduced Teresa Beverly, the campaign director for the Flee to Be Free Program. Ms. Beverly explained the importance of the program and introduced Taylor Murphy as the winner of the poster contest in which over 20,000 students participated. Taylor presented Chairman Walter with a framed certificate thanking KUA for their sponsorship of the program.

D. HEAR THE AUDIENCE - None.

E. PUBLIC HEARING - None.

F. INFORMATIONAL PRESENTATIONS (REQUIRING NO ACTION)

1. ROGER FONTES PRESENTATION ON HIS CALIFORNIA EXPERIENCE

Mr. Welsh introduced Roger Fontes, the new general manager of the Florida Municipal Power Agency (FMPA). Mr. Fontes wanted to introduce himself and to also give the Board his insight on what has taken place in California with the electric utility industry. Mr. Fontes moved to Florida from California and resided there when the deregulation process began. He reviewed his experiences within the California public utilities system and also gave a background history on what has taken place in that state. He also reviewed how deregulation affected both the residential and commercial customers. Mr. Fontes also explained some of the steps that California is taking to try and reverse the effects of this past year. The Board thanked Mr. Fontes for his comments.

2. MONTHLY PROGRESS REPORT ON T&D PROJECTS

Ken Davis, director of Transmission & Distribution, gave the Board a brief update on the Order of Taking hearing that was held on Tuesday, April 24th. The Order of Taking was for the last six parcels along the right-of-way between the Carl Wahl substation and the Employees' substation for transmission lines. Attorney Brinson added that the judge had ordered mediation between the property owners' and KUA to try and work something out. He further noted that the judge had set another hearing date in case mediation did not resolve the situation. The property owners do not feel that KUA can legally condemn their property for fiber optics that are in excess of what will be used solely by KUA. General Manager Welsh said he would delegate authority for a possible settlement to Ken Davis and Ed Brinson during the mediation.

G. OLD BUSINESS - None.

H. NEW BUSINESS

1. POSSIBLE SEMINAR TOPICS BY JP MORGAN

John Eichelberger, senior manager from J.P. Morgan, addressed the Board and informed them that he could bring in specialists to address the view of the natural gas market, and how this view concerns KUA. **It was the consensus of the Board to direct the President and General Manager to set up a special meeting for this presentation sometime after summer is over.**

2. FINAL SETTLEMENT WITH TETON INDUSTRIAL ON THEIR CLAIM FOR THE IMPACT OF LATE EQUIPMENT DELIVERY AND THE RESULTING INEFFICIENCY AND LOSS OF PRODUCTION

Ben Sharma, director of Power Supply, noted that in order to meet Cane Island 3's aggressive completion schedule, Teton, the General Contractor, had been under the need to work three shifts, round the clock with plenty of overtime. The contractor said the extra efforts were adversely impacting the efficiency of the progress and the productivity of the workers. This was on top of funding to catch up with schedule delays caused by late delivery of certain major equipment. Ron Utter, the project manager from Black & Veatch, described how the evaluation team was set up consisting of Black & Veatch staff and Teton Industrial staff. Bob Frendt, project manager of construction for Cane Island 3, gave a detailed explanation of the claims submitted by Teton as well as Black & Veatch's evaluation process of the claim.

Director Toro asked what guarantee KUA would have that Teton would not ask for additional funding if this item was approved. Mr. Sharma referred to Mr. Watson's letter of April 12th that indicated that the settlement would be full and final settlement of all issues pertaining to late delivery of materials, all disputed scope matters, all productivity, all over-manning issues, staff extensions and all other impact damages as reviewed in the change order. Jim Watson, president of Teton Industrial, briefly addressed the Board and noted that Teton would be taking a loss on the settlement, however, he felt the partnership between KUA, Black & Veatch and Teton was very important and the amount being requested was agreed upon by all parties. Mr. Welsh also distributed a more recent letter from Mr. Watson indicating that Teton guarantees they will not ask for additional extended overhead or impact claims associated with the bearing problem.

Mayor Gant left the meeting at 6:50 PM.

Chairman Walter indicated to staff the importance of getting as much as possible from liquidated damages from the vendors responsible for the late deliveries.

ACTION: Motion by Director Gemskie, seconded by Director Hart, to approve the final settlement with Teton on their claims for various items as described in Black & Veatch's report for the Black & Veatch recommended sum of \$1,700,000 for all outstanding items specified in Mr. Jim Watson's letter of April 12, 2001.

Motion carried 5 - 0

I. STAFF REPORTS

1. MONTHLY REPORT ON POWER SUPPLY DEPARTMENT PROJECTS

It was noted that the Power Supply report was written. Mr. Welsh reported that the Need for Power Hearing for the project between OUC, FMPA and KUA at Stanton was approved.

2. CONDENSED FINANCIAL REPORT - QUARTERLY - MARCH 2001

Joe Hostetler, director of Finance, noted that KUA's projected meter sales were 2% over budget. He also reported that the operating and maintenance expenses were below budget. Other areas reviewed included the debt service coverage, investment portfolio performance and the commercial paper program. Mr. Hostetler reviewed the schedule for the request for proposal process for the All Requirements Project Study.

3. MARCH 2001 INTERNET SERVICES PROVIDER UPDATE

Mr. Hostetler announced that March was the first month that that ISP showed a positive net income. He reviewed the ISP's history of reinvested earnings per customer. President Welsh commended the staff for their hard work with the ISP and also gave credit to Jef Gray, the new director of Information Technology, for initiating changes that helped bring about the positive net income.

J. CONSENT AGENDA

ACTION: Motion by Director Toro, seconded by Director Gemskie, to approve the consent agenda.

Motion carried 5 - 0

1. APPROVAL OF MINUTES OF MARCH 26, 2001 SPECIAL MEETING
2. APPROVAL OF MINUTES OF MARCH 28, 2001 REGULAR MEETING
3. IFB#011-01 TWO YEAR REQUIREMENT FOR DISTRIBUTION LINE MATERIALS
RECOMMENDATION: Award for a Two Year Requirement for Distribution Line Materials in an estimated amount of \$551,733 to the above vendors.
4. IFB#015-01 ANNUAL REQUIREMENT FOR 19% DI AQUA AMMONIA
RECOMMENDATION: Award recommended to sole bidder, LaRoche Industries in an estimated annual amount of \$61,070.

Motion carried 5 - 0

K. HEAR GENERAL MANAGER, ATTORNEY AND DIRECTORS

General Manager Welsh reminded the Board that KUA will be celebrating its 100th anniversary as well as the Hansel Mural dedication on Saturday, May 19th at 5:00 PM. There will be a barbecue and ceremonies out of the Hanson, Walter parking lot. Also, he reported that the dedication of the Employees' Substation would be at 7:30 AM on May 15th on Boggy Creek Road. Mr. Welsh noted that the Special Board Meeting to review board applicants would be held on May 9th at 4:00 PM. It was also reported that KUA will be named Business of the Quarter by the Community Redevelopment Agency and the Downtown Business Area Council will also be presenting KUA with an award in the near future.

Director Hart invited everyone to the Jazzfest at the Lakefront Park on Sunday, April 29th beginning at noon.

Chairman Walter thanked staff for their efforts in helping to resolve the difficult Teton Industrial claim.

L. ADJOURNMENT - Chairman Walter adjourned the meeting at 7:30 PM.



Secretary



Chairman