

MINUTES OF THE TENTH MEETING OF KISSIMMEE UTILITY AUTHORITY, HELD THURSDAY, AUGUST 29, 1985, AT 7:00 P.M., CITY COMMISSION CHAMBERS, MUNICIPAL ADMINISTRATION BUILDING, KISSIMMEE, FLORIDA.

Present at the meeting were Chairman VanMeter, Secretary Bobroff Assistant Secretary Jones, Director Maher, Director Gant, Attorney Brinson, General Manager Welsh, Recording Secretary Fitzgerald. Vice-Chairman Hord was absent.

A. MEETING CALLED TO ORDER by Chairman VanMeter at 7:05 P.M.

B. AWARDS AND PRESENTATIONS - None

C. HEAR THE AUDIENCE

Chairman VanMeter noted that guests from Orange Gardens were in the audience.

D. INFORMATIONAL REPORTS (REQUIRING NO ACTION)

1. FMPA FINANCING

Mr. Welsh introduced Toby Wagner, Southeastern Municipal Bonds. Mr. Wagner highlighted the Merrill Lynch (underwriter for the City's electric and water & sewer financings) presentation on possible refunding of Series 1984 Bonds. Since the time of that presentation, Mr. Welsh has been in contact with Calvin Henze, through his serving on the FMPA Board, regarding the possibility of refinancing KUA's ownership share in the Stanton Plant through FMPA.

Mr. Wagner then introduced Tim Frost, Smith Barney (Bond Counsel for FMPA), who proceeded to cover the item-e submitted in the Refunding Considerations, for the Board. Mr. Frost stated that under the proposal, Kissimmee would transfer its ownership interest to FMPA, which then would serve, more or less, strictly as a financing vehicle for Kissimmee. The liability of the ownership interest in Stanton would be removed, also the assets. The debt component becomes an operating and maintenance expense of the Utility. A question and answer period followed, during which Mr. Frost introduced Mark Wilson (Short Term Finance Group of Smith Barney), who also answered questions from the Board.

Director Bobroff asked about the possible risks of going through FMPA. Mr. Frost stated there were two possible risks:

1. That the short term market, for whatever reason, these instruments which really have a very short term pricing mechanism, cannot be remarketed. That there just are not buyers out there. At which point, the bank takes the obligations and you pay off the bank over a shorter period of time or the bank holds the obligation until they could be remarketed. At that point, the maximum interest rate you would ever pay would be 15%.

2. That the variable rate could go up.

Directors Bobroff and VanMeter voiced their concern that this type of financing could circumvent an Authority such as ours, in the day to day operations; in the financial responsibility and direction that you would give to your own Utility. Another board is telling us what will happen if we are locked into this kind of situation. This kind of thing is the birth of a "super agency" within this state, to operate and, in effect, control the municipal utilities. Ultimately, it can grow to that because they will control the money, selling of the bonds and all the other things that go with it. The danger is there. Mr. Frost stated that involvement with FMPA is on a project by project basis only.

Mr. Wagner stated that they have not gone into depth on this issue, only on a very preliminary basis. They would be glad to study it and review it to determine what they see as the positives and the negatives based upon input from the Board tonight and their professional view, as well as the legal considerations and bring it back to the Board if there is a desire to pursue it any further.

Mr. Frost was asked to find out about validation needs, and what the administrative costs would be to go with FMPA, and bring these items back as information items next week.

Meeting was recessed for a short break at 8:50 P.M., and reconvened at 9:03 P.M.

E. OLD BUSINESS

1. PERSONNEL SERVICES CONTRACT

Kathy Gaylor, Personnel Director, discussed the revised Personnel Services Contract. The two areas of concern were:

1. The cost of advertising would be billed directly to the KUA, with Personnel placing and writing the advertisement.
2. The City would be obligated to the cost of legal advise and defense but not to any penalties that might arise as the result of litigation. Those obligations would belong to the KUA.

Following discussion, it was determined that the best way to clarify the point on legal damages, would be for Mr. Brinson to insert the language that would be appropriate.

Motion was made by Director Bobroff, to accept the amendment to the Personnel Services Contract as outlined by Attorney, Ed Brinson and Personnel Director, Kathy Gaylor. Seconded by Director Maher.

**Motion Carried 4 - 0
Director Hord Absent**

Ms. Gaylor reviewed the changes made to "tailor" the City's Personnel Rules & Regulations to make them work for the KUA organization. These are management rules & regulations, no action is necessary. Following lengthy discussion, several changes were discussed.

1. Section III, Political Activity -It was determined that further review by Ed Brinson and Kathy Gaylor was needed, as it relates to the Florida Statutes.
2. Section VI, Employment of City employees - It was determined that an employee of the City of Kissimmee, who is hired by the KUA, should retain the health insurance benefits, if eligible, without interruption.
3. Section X, 10.07, Medical Leave Payment, A. - It was determined that this would remain as it is now under the City, but it could be reviewed further.
4. Section XIX, Disciplinary Actions - In regard to the Weingart Rule, Kathy Gaylor will double check with the labor attorneys and make sure it applies to the KUA.

Motion was made by Director Maher and seconded by Director Jones to accept the City of Kissimmee's Personnel Rules & Regulations with the corrections as set down in Staff's recommendation for change that would adapt it to the KUA.

Motion Carried 4 - 0
Director Hord Absent

F. NEW BUSINESS

1. AFFIRMATIVE ACTION PLAN

(This item was moved forward.) Kathy Gaylor, Personnel Director, stated that the KUA needed to authorize and adopt, as a Board, an Affirmative Action Plan. She suggested adoption of the City's plan which has been in effect since 1976, with the appropriate name changes.

Director Maher moved to accept Item F-1, New Business, Affirmative Action Plan. Director Jones seconded.

Motion Carried 4 - 0
Director Hord Absent

E. OLD BUSINESS (Cont'd)

2. TRANSFER OF ASSETS AGREEMENT

It was suggested that this item be held in abeyance until the September 9 meeting with the City Commission. Staff is to bring it back after the meeting September 9.

3. INDIRECT COST ALLOCATION

Finance Director, Jean Bennett, submitted the changes to the service contract amounts, which the Board previously approved:

| | <u>Original</u> | <u>Final</u> |
|--|-----------------|--------------|
| Personnel Services | \$ 46,000 | \$ 43,000 |
| Accounting & Financial Reporting Services | 266,000 | 277,000 |
| Purchasing | 33,000 | 36,000 |
| General Services | 36,000 | 40,000 |
| Data Processing | 168,000 | 165,000 |
| Fleet Maintenance | | |
| \$18.00 Hr. + the pass through of any direct charges for fuel, lubricants, or outside garage services. | | |
| Revenue Item to KUA: | | |
| Customer Service | 214,000 | 228,000 |

No further need for changes is anticipated.

Director Maher moved, Director Jones seconded, that the cost allocation for the Warehouse Services of \$114,000, be adopted.

Director Bobroff asked that Mr. Welsh contact Director Hord with regard to this contract, and if there were a problem, it could be brought back up at the next regular meeting.

Motion Carried 4 - 0
Director Hord Absent

F. NEW BUSINESS

2. GENERAL SERVICES CONTRACT

Bob Berlinsky, Assistant City Manager, discussed the services to be provided under the proposed contract. It was discerned that the insurance put out for bid is for City of

Kissimmee and Kissimmee Utility Authority. All services proposed in the contract are those currently being rendered.

Motion from Director Maher to accept the General Services Contract with a figure of \$40,000. Seconded by Director Jones.

Director Bobroff asked who had access to the fireproof vault. Mr. Berlinsky stated that the room, located on the third floor had a limited number of keys.

**Motion Carried 4 - 0
Director Hord Absent**

G. CONSENT AGENDA

Director Maher moved to approve the Consent Agenda. Seconded by Director Jones.

**Motion Carried 4 - 0
Director Hord Absent**

1. APPROVAL OF MINUTES OF AUGUST 22, 1985, MEETING.
2. FIXED ASSETS POLICY

The Fixed Asset Policy establishes a Property Control Officer for the KUA. The Finance Director for the City is designated for the KUA's Property Control Officer by adoption of this Policy. Currently the Finance Director for the City is also the Property Control Officer for the entire City. The Property Control Officer is responsible for the accountability of fixed assets and the implementation of inventory control procedures to reflect the acquisition and disposal of such fixed assets. Adoption of this Policy is recommended.

H. HEAR GENERAL MANAGER, ATTORNEY, DIRECTORS

GENERAL MANAGER

Mr. Welsh reminded the Board of the Stanton Tour set for September 11, 8:00 A.M., to meet at the City Hall parking lot. Mr. Welsh also distributed the invitations for the Board from the Employees' Organization, for their first annual meeting September 25, 7:30 A.M. Copies of the new Gas Contract were distributed for the Board to review. The contract will be brought back before the Board after analysis, along with the recommendation of Staff and recommendation of the Fuels Committee. Crystal River-3 is back on-line and we are receiving power from it at this time. Monday, September 9, 6:00 P.M. is the joint workshop with the City Commission and the KUA for the Transfer of Assets Agreement.

DIRECTORS

Director Gant asked if the new Gas Contract is very different from the last contract. Mr. Welsh stated that one of the biggest differences is the elimination of the "take or pay" provision which gives us more flexibility. The pricing will be based on deferred cost of service type of pricing for the transportation charges. The supplier costs are relatively the same as in the existing contract.

Director Bobroff asked that some kind of list of who is involved who they represent, etc., be included with things like the gas contract so the Board is aware of all parties involved and how they are involved.

I. ADJOURNMENT

The meeting was adjourned by Chairman VanMeter at 11:15 P.M.


Chairman

ATTEST:


Secretary