

MINUTES OF THE REGULAR MEETING OF KISSIMMEE UTILITY AUTHORITY, HELD THURSDAY, DECEMBER 19, 1985, AT 6:00 P.M., CITY COMMISSION CHAMBERS, MUNICIPAL ADMINISTRATION BUILDING, KISSIMMEE, FLORIDA.

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

- A. MEETING CALLED TO ORDER by Chairman VanMeter at 6:00 p.m.
- B. AWARDS AND PRESENTATIONS - None
- C. HEAR THE AUDIENCE - None
- D. INFORMATIONAL REPORTS (REQUIRING NO ACTION)

- 1. COST OF POWER ADJUSTMENT

John Harper, Chief/System Operations, highlighted the Cost of Power Adjustment for the month of November.

- 2. PROGRESS REPORT ON ENGINEERING PROJECTS

Ken Davis, Manager/Planning & Engineering, summarized the progress report for the ongoing engineering projects currently under way. Mr. Davis stated that a court date of January 27, 1986, has been set for the condemnation proceedings to acquire the right-of-way necessary for the transmission system expansion project. It is hoped this can be resolved before the court date.

- E. OLD BUSINESS

Mr. Welsh requested that the Bond Refunding issue be put on the agenda at this point.

Director Bobroff moved that the Bond Refunding issue be placed on the agenda. Director Maher seconded the motion.

Motion Carried 4 - 0  
Director Jones Absent

Toby Wagner, Southeastern Municipal Bonds, presented the current conditions in the bond market and where KUA stood with regard to the tax legislation. If the Board wants to move into the market to take advantage of the \$1,000,000 savings, then direction was needed to do so. The transaction can be closed by year end. A special meeting of the Board between Christmas and New Year's would be necessary. A question and answer period followed. The possible necessity of the City Commission needing to be in on the issue was also discussed. This would be needed if the validation proceedings do not go through.

Director Bobroff moved to go ahead with refinancing of the bond issue, providing the savings to the Utility customers is at least \$1,000,000 net present value, and to do it posthaste to get it in before the 12/31/85 deadline, which he believes Congress will include in their tax bill, and to ask the KUA Attorney and the General Manager to get with the City Commission to work out the necessary arrangements with that body. Director Hord seconded the motion.

Further discussion followed.

Motion Carried 4 - 0  
Director Jones Absent

The financing team is to consist of Jim Welsh; Jean Bennett; Ed Brinson; Bond Counsel, Bob Freeman; Financial Advisors, Southeastern Municipal Bonds; and a group of underwriters headed by Merrill Lynch of New York. Toby Wagner stated that these people have been involved with this issue.

Director Bobroff moved that the finance team, as outlined by Toby Wagner, Financial Advisor with Southeastern Municipal Bonds, be authorized to move on the refinancing of the bond issue. Motion was seconded by Director Hord.

Director Maher wanted the record to show that he asked Jim Welsh if this was the recommendation of staff. Mr. Welsh said that it was.

Motion Carried 4 - 0  
Director Jones Absent

The Board will be kept informed as to whether the target has been hit; if the target is not reached, there will be no refunding.

1. INVESTMENT ADVISORY COMMITTEE

Jim Welsh and Jean Bennett requested that action be delayed on this appointment until a later time. What is being sought is a resource person. If we are unable to find someone with the necessary qualifications, it would be better to direct our efforts toward a member of the Board. Mrs. Bennett went over the qualifications needed. Further discussion followed.

Director Maher moved to table the Investment Advisory Committee until such time as Staff brings back the formula. Director Bobroff seconded the motion.

Motion Carried 4 - 0  
Director Jones Absent

2. ADMINISTRATIVE FACILITIES

Mr. Welsh read into the record a memorandum from Director Jones giving his thoughts on the purchase of the First National Bank building.

Mr. Ken Davis, Manager/Planning & Engineering, highlighted the report on the pre-purchase evaluation. Further discussion followed this presentation.

Mr. Spike Carroll, First Florida Bank, was present to discuss possible methods of financing the purchase of the old First National Bank building. Through the discussion which followed, it was the consensus of the Board to make a cash offer for the purchase of the building, rather than borrow money.

The question of parking area was also discussed, particularly, the area behind the bank building.

Mr. Archie Gordon, Buenaventura Lakes, addressed the Board with regard to the COPA balance.

Anna Pinellas, 1913 N. Brack St., voiced the concern that Mr. Crowell be given enough time to relocate the propane tank, which is presently in the parking area in question. Chairman VanMeter state that it would probably be a year or two before the KUA would be paving that area for the parking lot.

Director Maher asked if this is what staff's position is with regard to the administrative facilities. Mr. Welsh stated that staff's opinion is that this will provide the KUA with administrative facilities now and the immediate future and will allow this organization to develop as it should; it is the most cost effective way to accomplish what is necessary.

Director Bobroff moved that the KUA Attorney be directed to draw up the necessary documents for the purchase of the former First National Bank building for \$325,000 cash, contingent upon resolution of the parking area with clear title to pass to the KUA from the City. Motion was seconded by Director Hord.

Motion Carried 4 - 0  
Director Jones Absent

Meeting was recessed for a short break at 8:10 p.m. and reconvened at 8:26 p.m.

Chairman VanMeter suggested a joint meeting of the KUA Board of Directors and the City Commission to resolve the question of the parking lot. It was decided that if a special meeting was called regarding the bond issue, to include the City Commission, the parking lot issue would also be agendaed.

F. NEW BUSINESS

1. LONG-TERM PURCHASE POWER AGREEMENT

Myron Rollins, Black & Veatch, was present to highlight the evaluation for a Long-Term Purchase Power Agreement. Further discussion followed. The recommendation of staff was that it is in the best interest of the KUA for staff to proceed with negotiating a long-term purchase power contract with Florida Power Corporation.

Director Bobroff moved to accept the recommendation of staff to begin negotiations with Florida Power Corporation for long-term purchase power agreement and bring back the document for the signatures of the Chairman and Secretary.

Motion Carried 4 - 0  
Director Jones Absent

After further discussion, it was determined that a workshop would be scheduled for January 16, 1986, at 6:00 p.m., for a more detailed study of the report from Black & Veatch. Myron Rollins, Black & Veatch, will be present at that time.

2. FINANCIAL ADVISORY SERVICES

This item was pulled from the agenda.

G. CONSENT AGENDA

Director Maher requested that Item 2 be pulled from the Consent Agenda.

Director Maher moved to approve the Minutes on the Consent Agenda. Motion was seconded by Director Bobroff.

Motion Carried 4 - 0  
Director Jones Absent

1. APPROVAL OF MINUTES OF NOVEMBER 21, 1985, MEETING

2. DISPOSAL OF SCRAP MATERIALS

Director Maher asked where the money generated by the disposal of scrap materials goes. Does it go back into our funds? Jean Bennett stated that it goes back into our fund now and will continue to do so.

Director Maher moved to approve the disposal of scrap materials. Motion was seconded by Director Bobroff.

Motion Carried 4 - 0  
Director Jones Absent

H. HEAR GENERAL MANAGER, ATTORNEY, DIRECTORS

GENERAL MANAGER

Mr. Welsh distributed a memo covering the meeting with Tom Chalifaux to review his problem and our line extension policy.

A copy of the Condensed Financial Report was also distributed.

Next month we will have proclamations for the members of the Ad Hoc Committee, Charter Committee and Nominating Committee recognizing the efforts of these individuals.

I.D. Cards were distributed to the Board members present. These will enable the Directors to access any of the KUA facilities.

We will also be presenting the service awards for those employees who have reached their 5, 10, 15...years of service milestones. This has been done on an annual basis up to now. We feel it will be a more meaningful presentation if it is done in the month they have reached these milestones.

Mr. Welsh stated that, if there were no objections, he would be taking a vacation the week of February 17-21, 1986. No objections were stated by the Board.

There is a Pooled Capital Assets Program being developed by the Florida League of Cities. This is a way for the City, and possibly KUA, to participate in financing short term obligations more favorably and be able to achieve some positive arbitrage as opposed to financing internally. This type of program may be developed by FMMPA. Mr. Welsh distributed a memo detailing the potential for the FMMPA program. He and Jean Bennett will be attending a workshop on the FMPI program set for January 16, 1986, 10:00 a.m., in Orlando. Mr. Welsh stated that it might be beneficial if one or two board members attended, also.

Mr. Welsh invited the board to attend the KUA/City Christmas Party tomorrow, December 20, 3:00 p.m., at the Youth Center.

At this time, Mr. Welsh requested that the Line Extension Contract for Overoaks be put on the agenda.

Director Maher moved that this item be put on the agenda. Director Bobroff seconded the motion.

Motion Carried 4 - 0  
Director Jones Absent

It is the recommendation of staff that this contract be approved and authorization be given for the Chairman and Secretary to execute the contract. This would normally appear on the consent agenda, but, due to delays, it was too late to get on the agenda.

Director Maher moved that the Line Extension Contract with Overoaks Inc. be executed. Director Hord Seconded the motion.

Chairman VanMeter asked if this was a standard contract. Mr. Welsh stated that it was. Chairman VanMeter then asked what the problem had been. Mr. Welsh stated that, among other things, we had given them a standard contract which they had altered and then executed. After explaining our position, a standard contract was executed. Further discussion followed.

Motion Carried 4 - 0  
Director Jones Absent

#### DIRECTORS

Director Hord asked why it was necessary to go to a consulting engineer for a specification for the maintenance building. Mr. Welsh stated that a detailed specification was needed for the bid process. Director Hord then asked why you could not go to a local architect, explain what is wanted, and let him design it to go out for bids. Mr. Welsh explained that we can and possibly will go that route. The first thing is to get the proposal from the Engineers of Record, who have the capability of doing that. If we do not like that proposal, we have that alternative. It has cost nothing to get the proposal from the engineers of record. Mr. Brinson stated that if KUA did not have a contract with a specific architect, then we would have to go through a competitive negotiation process.

Director Bobroff asked why this could not have gone to a building manufacturer, such as Butler, etc., pick the building from their catalog, ask for the specs and go on to the next, until you can choose from three or four. Mr. Welsh stated that more detailed specs are needed before going out on the building, which also includes electrical and plumbing; to do this in house, someone would

have to be educated in building techniques, etc., and this would not be cost effective. Director Bobroff felt that if you can go to a catalog and buy a metal building that meets your requirements, buy it.

Director Hord felt that it was not necessary to go to our Engineers of Record, who are professionals in Cost of Power, etc., for such things as metal buildings and parking lots.

Director Maher felt it was possible for staff to look over a set of drawings, that it was not a diesel plant. Director Bobroff stated that there are certain items for which you do not need an engineer to tell you what you want and to tell bidders what you want. That everything does not need to be written in engineering terms or technical terms. Write it in plain English and put it out for bid. It is not necessary to call in engineers or architects for the least little thing.

Director Maher felt that staff should come up with some suggestions for us to get back to the middle of the monthly Rate Comparison. Mr. Welsh stated that one of our objectives is to maintain zero rate increases for the next two years. He also felt that over that time period neighboring utilities, including Florida Power & Light, Florida Power Corporation and Orlando Utilities Commission, will be requiring rate increases, which will bring us back down to that level. Director Maher stated that as a separate utility breaking away from the City, we are being judged in terms of what our rate is and what is being done about it. Mr. Welsh felt that the Board has taken a step tonight, in terms of its decision on the bond refunding, toward bringing this in line. Director Maher asked that a summary report be given with the Rate Comparison stating why we are where we are and staff's projections. Director Bobroff stated that many of the other utilities under us do not have the growth problem that we are experiencing.

Chairman VanMeter suggested nominating Jim Welsh to the APPA Board of Directors. This would entail an added expense to the KUA of approximately two extra meetings a year - \$800-\$900. Director Maher's concern was that it would entail added work for staff should he be a secretary, etc., of some committee. Mr. Welsh stated that it would only be his time, i.e. reading, and two days for the extra meetings. It was the consensus of the Board that the Chairman nominate Mr. Welsh to the APPA Board of Directors.

Chairman VanMeter felt that the COPA presentation should be made to the Board, not to the audience.

He also felt that the meetings could be shorter if the Directors waited to begin talking until they were recognized. He also stated that if anyone is making a presentation to the Board, if a question has been asked, let it be answered before another question is asked. This will keep the meetings in order.

I. ADJOURNMENT

The meeting was adjourned by Chairman VanMeter at 10:00 p.m.

  
Chairman

ATTEST:

  
Secretary