

MINUTES OF REGULAR MEETING OF KISSIMMEE UTILITY AUTHORITY, HELD
THURSDAY, OCTOBER 27, 1988, AT 6:00 PM, BOARD ROOM, ADMINISTRATION
BUILDING, KISSIMMEE, FLORIDA

Present at the meeting were Chairman Hord, Vice-Chairman Gant, Secretary Bobroff, Assistant Secretary Lowenstein, Director Jones, Attorney Brinson, General Manager Welsh, and Recording Secretary Rundio. Director Van Meter would arrive late.

A. MEETING CALLED TO ORDER at 6:03 P.M. by Chairman Hord.

B. SWEARING IN OF BOARD MEMBER - ARNOLD W. JONES

Attorney Edward Brinson administered the Oath of Office to newly appointed Board member, Arnold W. Jones. (Copy attached to the Minutes.)

C. AWARDS & PRESENTATIONS

1. PROCLAMATION NAMING SUBSTATION IN HONOR OF CARL A. WALL

General Manager James C. Welsh read and presented a Proclamation in memory of Carl A. Wall, former Manager, Customer Service, to his family members. It decreed that the planned Denn John Substation will be named in memory of Carl, as the "Carl A. Wall Electrical Power Substation". He then introduced David and Sharon Wall and Jennifer Wall to the Board members, who offered their congratulations. David Wall expressed his thanks and appreciation on behalf of the family.

Mr. Welsh then presented a second copy of the Proclamation to Chris Beck, Supervisor, Customer Service Division, on behalf of the employees. It will be displayed in a prominent place in the Administrative facilities.

2. RESOLUTION BY CHAMBER OF COMMERCE DOWNTOWN AREA COUNCIL

Mr. Frank Serpico, of the Downtown Area Council of the Chamber of Commerce, read and presented a Resolution to the Board and staff strongly encouraging the KUA to maintain its current facility in downtown Kissimmee. He stressed that the KUA is vitally important to the well being and growth of the downtown community in attracting a significant amount of people, in addition to having an economic impact on the area. Mr. Serpico also encouraged the KUA to consider other downtown locations in considering their need for additional space for the benefit and improvement of the Downtown Business District.

Director Bobroff stated we selected this site because our faith in the downtown area is very important in attracting newcomers, and that we will be studying this move very carefully. He assured Mr. Serpico that considering the downtown business area was one of our top priorities.

3. G.F.O.A. DISTINGUISHED BUDGET PRESENTATION AWARD

Mr. Tom Klinker, of Ocala, Florida, representative of G.F.O.A. (Government Financial Officers Association), presented to James C. Schuster, Manager, Finance & Administration, on behalf of the KUA, the G.F.O.A. Distinguished Budget Presentation Award for 1988. This distinguished budget program recognizes exemplary efforts by state and

local governments. He said the budget is a policy tool, an operations guide, a financial plan, and a communications medium. Only those documents judged to be proficient in all four major categories receive this Award. Since improvement from year to year is expected, subsequent submissions are generally judged more vigorously than previously. Mr. Klinker detailed the criteria which budget documents must comply.

This Award represents the culmination of commitment by many individuals with the highest standards of budgeting. Only 200 of some 80,000 entities in the U.S. and Canada receive the G.F.O.A. Award. He congratulated the Board and staff on their commitment to the pursuit of good budgetary practices.

Director Van Meter arrived at 6:32 P.M.

4. 10-YEAR SERVICE AWARD - WAYNE COCHRAN
5. 10-YEAR SERVICE AWARD - GENE GILES
6. 10-YEAR SERVICE AWARD - RODNEY ROCKER
7. 15-YEAR SERVICE AWARD - ZED CROFT
8. 15-YEAR SERVICE AWARD - DORIS SCHIMPF

Mr. Welsh said we are proud to be handing out service awards to the above employees for a total of 60 years of service. He highlighted the functions of each and noted the value of so many years of dedicated service to the organization. Doris Schimpf was unable to be present. Chairman Hord extended congratulations on behalf of the Board members to each of the employees and awarded them their service award gifts.

9. NOVEMBER EMPLOYEE OF THE MONTH - T. J. PALMER

The Employee of the Month Award was accepted by T. J. Palmer, Mechanic, Generation & Transmission, for his dedication and willingness to help fellow employees. A plaque and a \$50 U.S. Savings Bond were presented to him, and he will be given one day off, with pay, and have a "reserved" parking space for November.

10. EMPLOYEE OF THE YEAR - ROSEMARY RLINGE

Rosemary Klinge, Administrative Secretary I, was honored as "Employee of the Year" for her high degree of initiative and dedication, her organizational skills, loyalty and dependability. She also represents her co-workers as a member of the General Pension Committee. Rosemary received a \$100 U.S. Savings Bond, two days off with pay, and an engraved plaque of recognition.

Congratulations were also expressed by the Board to "T. J." and Rosemary.

D. HEAR THE AUDIENCE

Mr. Jim Scott, of Buenaventura Lakes, inquired of Board and staff why we did not have an American flag in the Board Room. Mr. Welsh stated the KUA recently spent about \$2,000 for a flagpole and flag in the parking lot. Chairman Hord said we would look into this.

E. INFORMATIONAL REPORTS (REQUIRING NO ACTION)

1. PROGRESS REPORT ON ENGINEERING PROJECTS

Kenneth L. Davis, Manager, Planning & Engineering, gave a brief verbal presentation. He stated the condemnation and Order of Taking hearing for the Lake Cecile substation property and right-of-way was held October 24, 1988, and this would be discussed more fully later in the meeting.

The Joint Use Agreement on the radio communications system conversion has been finalized and approved by the City Commission on October 18, 1988. This will also be addressed under a separate agenda item.

2. MONTHLY F&A DEPARTMENTAL REPORT

James C. Schuster, Manager, Finance & Administration, highlighted the financial reports for September. He indicated this was a preliminary report.

Mr. Schuster explained some terminology in the reports. Director Bobroff asked what our percentage of profit is on sales. Mr. Schuster replied that this had not been calculated. Director Jones asked what our bad debt write-off was last year, to which Mr. Welsh responded he believed it was less than one percent. Chairman Hord asked that Mr. Welsh look into that and furnish the Board with the information (as a figure total and also as a percent of sales) at the next meeting on November 17, 1988.

Mr. Bobroff brought to light that the KUA will pass the \$100 million mark in fixed assets (property, plant and equipment). He considered this a milestone.

Mr. Welsh suggested scheduling a Budget & Audit Workshop, to be discussed later during this meeting.

3. LONG RANGE POWER SUPPLY STUDY UPDATE

Max Alderman, Manager, Generation & Transmission, stated that staff received additional information related to Power Supply Alternatives that will require additional evaluation. This includes a report on the Integrated Dispatch and Operations (IDO) Project, an FPC offer for Partial Requirements Power, and a preliminary response from Orlando Utilities Commission (OUC) regarding participation in Stanton Unit #2. Details are to be provided at the next scheduled Workshop.

4. NORTH BERMUDA DISTRIBUTION COMPLEX

Mr. Ken Lackey, Manager, Distribution Operations, and Project Manager on this Complex, said that Mr. Chuck Parsons, architect, continued to develop a construction plan for the project. Mr. Parsons said his project information on 1) Project Budget; 2) Project Schedule, and 3) Construction Plans will be available at the November 17, 1988, Board meeting. Construction is expected to begin in February, 1989.

F. OLD BUSINESS

1. COST OF POWER ADJUSTMENT PUBLIC WEARING

Max Alderman gave a brief update, and showed overheads, on the latest COPA rate projection showing estimated versus actual energy requirements for September, 1988.

The actual COPA rate for September, 1988, is a negative \$0.00401/kWh as compared to the estimated COPA rate of a negative \$0.00328/kWh. The primary reason for the decrease was lower Schedule D and natural gas costs.

Jim Schuster assisted by using overheads showing cash flow forecasts based on the cost versus that collected from customers. He explained the power costs for 1989, total costs for residential customer consumption, COPA costs, and COPA account balance.

Moved by Director Jones, seconded by Director Gant, to approve staff's recommendation to change the COPA rebate rate from a negative \$0.00716/kWh to a negative \$0.00150/kWh beginning with the November 1, 1988, billing.

Though this was a public hearing, there were no comments from the public.

Director Bobroff stated that we are building up only for 3 months: March, April and May, and then it recedes. Chairman Hord explained we are given a COPA rebate from May through September from \$1.50 to \$4.50, which gradually balances out.

Motion Carried 5 - 0

2. FMPA JOINT OWNERS OVERSIGHT PROJECT

Max Alderman discussed the contract for Joint Owners Oversight Project providing the necessary agreement for Florida Municipal Power Agency (FMPA) to monitor the operation and audit the expenditures for the minority owners of Crystal River Unit #3 and Stanton Unit #1. The services will include collecting and analyzing data regarding the operation of the plant, site inspections, expenditure audits, and preparing reports to individual owners.

The Board was asked to approve the execution of the contract between the KUA and FMPA for the Joint Owners Oversight Project; and the transfer of funds from the Contingency Account #041-17.30-686-04-90, as follows:

Stanton #041-11-11-673-03-20; St. Lucie #041-11-91-585-03-20; and Crystal River #3 #041-11-22-673-03-20.

Director Bobroff expressed concern that the Agreement stipulates what they will do for KUA, but not when the KUA will be receiving reports from them. Discussion followed on the necessity of our receiving these reports in a defined reporting timetable, and that we are assured of their having qualified staff making decisions. Director Lowenstein inquired what savings can be foreseen by spending \$13,500 on these services. Director Gant said that, because of our 2-3% ownership, we may have difficulty getting information and influencing the FMPA.

Moved by Director Lowenstein, seconded by Director Bobroff, that we accept staff's recommendation to execute the contract between RUA and FMPA for the Joint Owners Oversight Project with the addition of paragraph 6 stating that the FMPA will provide to the RUA quarterly written reports concerning their monitoring activities. Also, that the FMPA will immediately inform RUA of any findings which are extremely serious in nature.

Motion Carried 5 - 0

3. KUA OFFICE FACILITY FEASIBILITY STUDY

Architect Chuck Parsons submitted a proposal to the KUA to conduct a feasibility study, as directed by the Board at the September 26, 1988, meeting, for the expansion of the KUA office facility on the parking lot property. They will:

- a) meet with appropriate designated officials to determine the short and long range requirements for anticipated future growth;
- b) closely examine all possibilities for expansion and growth of existing facilities in the downtown areas;
- c) provide schematic studies of those solution most economically and functionally feasible;
- d) include an estimate of construction costs for each phase of each solution;
- e) provide such services within 8 weeks of acceptance of this proposal, for a guaranteed not-to-exceed fee of \$10,000.

Mr. Parsons said that in the proposal they indicated showing us progress in eight weeks, but he didn't think they should stop there. He made the commitment to work beyond the eight weeks, for a year or whenever, and do whatever is necessary to see this to completion and he would not bill KUA any additional charges above the \$10,000 limit.

Director Bobroff moved to approve staff's recommendation authorizing Mr. Parsons to proceed with the feasibility study for a not-to-exceed figure of \$10,000 regardless of the times we keep coming back to him; and authorization to transfer this amount from the Reserve for Future Capital Outlay. Seconded by Director Jones.

Motion Carried 5 - 0

4. RADIO SYSTEM CONVERSION AND JOINT USE AGREEMENT

Ken Davis, Manager, Planning & Engineering, gave a brief status report on this radio system.

The Joint Use Agreement, discussed at the September 26, 1988, meeting, was finalized and approved by the City Commission on Tuesday, October 18, 1988. The KUA would provide certain Enhancements to the System for our use of the common equipment, which would be provided in the FY 1988/89 Budget. Mr. Davis stated the System Enhancements total \$68,556, but a contingency amount of \$6,444 would not be permitted unless stipulated in writing by the KUA. These total \$75,000.

The Agreement authorizes the KUA to utilize the System effective October 1, 1988; KUA will be the prime user of the "fleet"; KUA will purchase, install, and maintain all portable, mobile, and fixed station radio equipment to be used by KUA; all jointly used equipment (common equipment) is to be maintained and operated by the City; the KUA will pay the City 25% of the total cost for all routine and non-routine maintenance; the KUA will pay the City the total cost to purchase and install only those specified System Enhancements.

Moved by Director Lowenstein, seconded by Director Gant, authorizing the Chairman and Secretary to execute the Joint Use Agreement and authorize transfer of funds in the amount of \$75,000 from the Reserve for Future Capital Outlay.

Motion Carried 5 - 0

5. LAKE CECILE SUBSTATION PROPERTY AND RIGHT-OF-WAY ACQUISITION

Ken Davis indicated that the condemnation for the above property and right-of-way was filed and the Order of Taking hearing was held October 24, 1988. KUA was granted the Order of Taking, but to take effect, KUA must post with the court the following amounts: Tract A \$39,951; Tract B \$44,350; and Tract C \$135,079.

Mr. Davis stated the property value increased substantially since the original appraisal was completed due to increased sales activity in the area, and the original appraisal did not include an approximate \$13,000 (required tree removal on the easement tracts).

Discussion followed on the difficulties we had obtaining this property, whether our agent was owed a commission, and how to proceed on future dealings. It was to be established whether KUA owed the realtor a finder's fee. Mr. Welsh said our agent worked on a contingent basis, rather than a finder's fee.

Moved by Director Lowenstein to accept staff's recommendation to post with the registry of the court for the Lake Cecile property and right-of-way the amounts of \$39,951 for Tract A; \$44,350 for Tract B; and \$135,079 for Tract C. Seconded by Director Bobroff.

Motion Carried 5 - 0

Mr. Brinson stated the Order of Taking gives KUA 20 days to post the above monies and, once posted, the property is ours. Discussion followed on court procedures and the jury verdict in this respect, pending sales, etc. It was stated that the final cost of the land would be no less than the above stated amounts for the three tracts. The final cost would be determined by a jury trial unless a settlement is reached prior to then.

G. NEW BUSINESS

1. ADDITIONAL FEEDER AT THE AIRPORT SUBSTATION

Ken Davis was asked to update the Board members on the feeders. He stated that with the five current distribution feeder exits reaching near overload capacity, the need for a sixth feeder has been determined. This would require the purchase and installation of a circuit breaker and minor additions to the distribution system, estimated at \$25,000. The sixth feeder will provide backup support for existing feeders. The breakers could be received in 2-3 weeks and we could have the feeder installed by the end of December, 1988.

Moved by Director Bobroff, seconded by Director Lowenstein, to authorize the transfer of funds in the amount of \$25,000 from the Reserve for Future Capital Outlay; and to add an additional feeder at the Airport substation.

Motion Carried 5 - 0

G. NEW BUSINESS

1. ELECTION OF OFFICERS

Moved by Director Jones, seconded by Director Lowenstein, that the Officers for the fiscal year 1988-1989 would remain the same as they are presently:

Director Richard Hord	Chairman
Director George Gant	Vice-Chairman
Director Bobroff	Secretary
Director Lowenstein	Assistant Secretary

Motion Carried 5 - 0

Chairman Hord expressed his thanks and appreciation to the Board members for their confidence.

I. CONSENT AGENDA

1. APPROVAL OF MINUTES OF SEPTEMBER 26, 1988, MEETING
2. LINE EXTENSION FOR SILVER PARR VILLAS
3. BID #K28-88 - 30 TRANSFORMERS
4. BID #K29 - 88 - SINGLE PHASE PADMOUNT
5. BID \$K30-88 - ELECTRIC WIRE/MATERIALS
6. RESOLUTION NO. R88-6 NOTIFYING VARIOUS FINANCIAL INSTITUTIONS OF CHANGE OF OFFICERS

Moved by Director Lowenstein, seconded by Director Gant, to approve the Consent Agenda as presented.

Motion Carried 5 - 0

HEAR GENERAL MANAGER, ATTORNEY, DIRECTORS

GENERAL MANAGER

Mr. Welsh indicated the need for two Workshops. First, the Budget & Audit Workshop; secondly, the Power Supply Workshop. The following dates were confirmed:

5:00 PM - Wednesday, November 16, 1988
"POWER SUPPLY STUDY WORKSHOP"

6:00 PM - Thursday, December 1, 1988
"BUDGET & AUDIT WORKSHOP"

(6:00 PM - Thursday, Nov. 17/88 - Regular Meeting)

Mr. Welsh said the City Commission passed a Resolution declaring October 13-15, 1988, as "Public Power Week" in Kissimmee. KUA participated by offering various local schools tours to our Plants. A KUA representative gave safety talks to students interested in electricity. The local radio station also interviewed Mr. Welsh about Public Power Week.

During the November 17th meeting, a report will be given on records retention and storage, previously requested by the Board.

Mr. Welsh announced the APPA has contacted him to serve as Chairman on the local committee for the upcoming Annual Conference of the APPA, giving the KUA nationwide exposure throughout the industry. He said he planned to accept this position on behalf of the KUA. Preparations for the Conference, with KUA chairing the local Arrangements Committee would commit some time and effort of the General Manager and other staff.

Director Bobroff said it was a great honor to have been asked.

Mr. Welsh distributed copies of Mr. Schuster's Budget & Auditing report for perusal prior to the December 1 Workshop.

ATTORNEY - None

DIRECTORS

Director Gant asked about the status of replacing the peeling veneer in the Board Room. Apparently there was a problem obtaining the right material, but it is expected shortly, and the veneer will be replaced.

Director Gant emphasized that our organization is "Customer Service" oriented even though we are a monopoly.

Director Bobroff indicated that the direction of the content of the latest Minutes meet with his approval.

Director Bobroff asked Jim Schuster how much cash on hand we had at the conclusion of the fiscal year. Mr. Schuster listed amounts in various banks and assured Director Bobroff we consider ourselves "liquid".

Director Lowenstein inquired about causes of recent outages on Pleasant Hill Road. Staff said various equipment (insulators, etc.) had to be scrutinized to find the problem, which is difficult to trace.

Director Van Meter made an observation to the Board that they perhaps review the Charter and Bylaws as they relate to the Board's interaction with the General Manager and his staff. Chairman Hord said this would be taken care of.

Previously, Chairman Hord had asked staff to provide some information on line extension fees as to the portion received by KUA. Director Van Meter stated we need a tool or enticement to bring industry into the community. Director Gant noted possibilities of impact fees relating to the electrical system and the need to address the whole system, without showing favoritism to companies.

Chairman Hord introduced the General Manager's Salary and Performance Review.

The Board discussed the General Manager's current base salary, as well as the supplemental benefits which he receives above the base salary. Director Bobroff stated he put together a survey of salaries and benefits of Florida Public Electric Utility CEO's, excluding Kissimmee. Chairman Hord confirmed the base salary is \$65,100 and reminded those present of an ongoing, previously approved, disability policy on the General Manager totaling approximately \$2,500. The bonus was a one-time bonus.

Director Van Meter asked Mr. Welsh about some of the benefits he is presently receiving during his six-year tenure. He said he had hoped Kissimmee had been ranked among those cities polled. Chairman Hord responded that the Secretary had not been directed to do that, but that we can certainly do that next year. The survey was to include comparable Utilities in size, number of employees, customers and revenue as a benchmark to work from.

Moved by Director Bobroff, seconded by Director Gant, that we increase the General Manager's annual compensation for fiscal year 1988-1989 by 5%, retroactive to October 1, 1988.

Chairman Hord said the General Manager's new base salary would be \$68,355 per year.

Director Lowenstein asked whether the \$2,500 disability is still included. Chairman Hord said that's a policy desired by the General Manager, as offered by the Board. It is an ongoing thing, and it's understood that way. He also asked what the cost of living is. The response was, that it is just under 4%. Director Lowenstein then suggested the salary increase be changed to 6%.

Chairman Hord stated he had a motion and second already; the suggestion to amend the motion fell through.

Motion Carried 4 - 1
Director Lowenstein voted No

J. **ADJOURNMENT** - Meeting adjourned at 8:32 P.M.



Chairman

ATTEST:



Secretary