

MINUTES OF REGULAR MEETING OF KISSIMMEE UTILITY AUTHORITY, HELD THURSDAY, APRIL 27, 1989, AT 6:00 PM, ADMINISTRATIVE BUILDING, KISSIMMEE, FLORIDA.

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

A. MEETING CALLED TO ORDER at 6:03 P.M. by Chairman Hord. He said all Board members were present, including Mayor Van Meter.

B. AWARDS AND PRESENTATIONS

1. MAY EMPLOYEE OF THE MONTH - TOM LAY

General Manager James C Welsh introduced Tom Lay, Power Plant Shift Supervisor, as May Employee of the Month, chosen by his fellow employees. Mr. Lay is a 17-year veteran with Kissimmee Utility Authority (KUA). He is experienced in the power business, is conscientious and anxious to serve the needs of others, including training his men. Mr. Welsh stated Tom is a dedicated and loyal employee of KUA and wished him the best.

Chairman Hord presented Tom with an Employee of the Month Plaque and Director Bobroff handed him a \$50 U.S. Savings Bond. In addition, Tom will receive one day off, with pay, and a "reserved" parking space during May.

2. 5-YEAR SERVICE AWARD - NATHANIEL BROOKS

Nathan Brooks, Power Plant Operator, has been with KUA for 5 years, having come from the City's Central Services Department. Nathan is recognized by fellow employees as a very reliable, hard working and conscientious employee. He has been appointed to the City Advisory Board and is also on KUA's Affirmative Action Committee. Nathan enjoys playing softball on KUA's team.

Chairman Hord, on behalf of the Board members, presented Nathan with his service award and thanked him for his dedication.

3. 10-YEAR SERVICE AWARD - PAULINE FITZGERALD

Mr. Welsh acknowledged Pauline Fitzgerald, Administrative Assistant, to the Board members. He indicated how much he appreciated her and her consistent, outstanding performance. He stated she demonstrates initiative in handling problems, follows up on them, and pinch-hits for him in his absence. Pauline is constantly "on top of things," does a tremendous job and strives to make her boss look good. He said Pauline is extremely dedicated and conscientious and has done a great job during her 10-year tenure.

The Board members expressed their thanks and appreciation and offered congratulations to Pauline. Chairman Hord, on behalf of the members, presented Pauline with a lovely hand-blown, crystal basket, etched with the KUA logo, as her service award. She thanked each member and Mr. Welsh.

4. 15-YEAR SERVICE AWARD - AUGUST CEQUEIRA

Mr. Welsh said that Gus Cequeira, Power Plant Operator, was unable to be present. Mr. Welsh briefly stated Gus started with KUA in April, 1974, as Assistant Operator and was promoted to Operator in 1983. He has contributed 15 years to KUA and is a hard working, dedicated employee. He stated that Gus' daughter is being married shortly.

Jeff Ling, Acting Manager/Power Supply, accepted the service award in Gus' stead, along with congratulations and thanks from the Board.

C. HEAR THE AUDIENCE - None

D. INFORMATIONAL REPORTS (REQUIRING NO ACTION)

1. COMPREHENSIVE ANNUAL FINANCIAL REPORT

Mr. Welsh introduced Mr. Mike Barrett, Auditor, Coopers & Lybrand, Tampa, who would brief the Board on the Comprehensive Annual Report prepared by the KUA staff and audited by his firm and answer any questions of the Board.

Joseph Hostetler, Manager/Finance & Accounting, handed the Board members the final copy of the Comprehensive Annual Financial Report (CAFR) for fiscal year ended September 30, 1988.

Mr. Barrett indicated the Auditors gave an unqualified opinion of our financial statements in terms of their conformity with generally accepted accounting principles. Extensive and detailed comments were found to be very helpful. Mr. Barrett said KUA, according to the Financial Statements, is doing well in that we were able to reduce rates last year.

Another item introduced by Mr. Barrett was the Management Letter, containing their observations and comments formulated during the course of the last year. He briefed the Board on their reporting procedures and stated the reportable comments are reported to the Auditor General.

Director Bobroff recounted that, when accounting firms were being interviewed, his concern was that the selected firm do more than just numbers work, but consciously observe what was going on. He said his report to Management was exactly the type of report he had hoped would result. He was pleased they were able to accomplish this during the first few months and that he was not surprised at some reported items. He felt this is what makes for a good organization. He thanked Mr. Barrett.

Chairman Hord inquired if Coopers & Lybrand does this type of reporting for other municipals. Mr. Barrett said several focused themselves as a utility as opposed to part of the City and in these instances they look for this kind of service. Chairman Hord indicated this was a good report and they presented what the Board had asked them to do, and expressed the Board's appreciation.

Director Gant suggested that, because of so much involvement in this report, we schedule a Workshop to discuss these item-by-item to work out the details in our minds.

Discussion followed on computer data input and needs and disk capacity requirements.

2. ALL-REQUIREMENTS POWER SUPPLY PROJECT (IDO)

Chairman Hord said next on the Agenda will be the All-Requirements Power Supply Project (IDO), which was pulled out of context.

Mr. Welsh said we have been working on the FMPA-IDO Project for over a year via tours, studies and presentations. The Board has been seriously considering whether or not this project would be beneficial to KUA. If we chose to join IDO, we would sign the contracts associated with it. These would then be held in escrow, he said. Prior to their release from escrow, further studies would be done with the final participants and the results of such studies would be available to us. He presented the IDO Project to the Board for consideration at this time.

Director Bobroff moved that we NOT enter into an agreement for the FMPA-IDO Project at this time. Seconded by Director Lowenstein.

Director Gant requested a clarification from Mr. Welsh that in the event we did participate in this tonight, what that would mean.

Director Gant questioned the phrase, "at this time." He continued, no one said if we don't participate at this time there would not be another time on this particular project. Director Gant understood Mr. Welsh to say that if we decided to participate a year from now, we might be able to get into the program after the contracts come out of escrow, and after all the other groups have committed themselves, can we still get into the program? Mr. Welsh suggested Mr. Henze respond to that query.

Mr. Welsh replied that we would be directing the Chairman and Secretary to execute the agreements and directing staff to transmit the agreements to the Florida Municipal Power Agency with a letter compelling FMPA to hold the agreement in escrow. He quoted the letter. Mr. Welsh said unless we send them a notification that we don't want the agreements returned, we are asking them to assume we are not accepting the project.

Chairman Hord interjected that to plan any business you need to know where your customers stand and what production needs you have. What's the real timetable as to when that organization needs a commitment from us yea or nay?

Director Jones suggested that this gives FMPA an idea who the players are in order to do their research and print out the numbers to see actual savings, etc.

Mr. Calvin Henze, General Manager, FMPA, Orlando, responded to the above questions saying they needed to know which companies were "in", approach Florida Power & Light (FP&L) and Florida Power Corporation (FPC) and negotiate contracts with Florida Gas Transmission (FGT). That's why the contracts must go into escrow. When the costs of transmission are ascertained, they can submit the final numbers. In answer to Director Gant's question, Mr. Henze said probably they would need to do another study if we wanted to come in a year from now. The members would need to decide if the project should be delayed or set a time frame. September or October, 1989, seems like a more realistic timetable at this time, he said.

Director Bobroff said KUA would be doing FMPA a disservice by not committing ourselves, one way or the other, at this time. He mentioned we had other negotiations in the fire and we should be above-board with FMPA. However, he was concerned about KUA committing themselves for some 35 years.

Director Jones inquired if our joining IDO would jeopardize our present negotiations.

Mr. Welsh replied, if we were not in the IDO Project, we would have to negotiate contracts with FPC for future capacity. If at this time we put our contracts in escrow, we have to prepare for the future since the IDO Project may still not come about, an eventuality for which we must be prepared. The contracts we do negotiate would be taken over by the IDO Project. A Partial-Requirements (PR) contract with FPC would be taken over by the IDO Project, including taking over the obligations of the payments of those contracts as well as the rights for the use of the capacity of those contracts.

Our contract with Orlando Utilities Commission (OUC) and our Letter of Commitment with FMPA clarifies the fact that if IDO did come about, FMPA would take over the cost obligation and retain the benefits of them.

Mr. Welsh further indicated the OUC capacity contract was for systems capacity and was not associated with the Curtis Stanton plant. He explained how that worked.

Mayor Van Meter suggested Kissimmee ought to be a "maybe" in the Study now, and even though this would rework the numbers for FMPA, the final results will indicate which utilities are in and which are out.

Mr. Henze said each time they do have to rework the numbers to formulate the Study. Discussion continued on pros and cons of coming in now or later.

Director Bobroff reiterated we should express continued interest but take no action on it now and be fair to FMPA.

Chairman Hord disagreed that it would be fair to FMPA. He stressed we should make our call to be in or out. He indicated there wasn't a great savings, according to their recent presentation to the Board.

John Little, City Manager and Director of Utilities of Vero Beach, said if you're philosophically opposed, then you should say "no" now so you don't impede or cause additional computer expense for IDO and the rest of the members. If it's looked at from a purely economical standpoint, and if the economics favors you being in, you should stay in. And if they favor your being out, you will get out. He said that's exactly what they are going to do.

Discussion continued on which cities have signed up on the West and East sides and the different rate schedules.

Attorney Brinson asked, assuming the documents are placed in escrow, and until the FMPA Board approves them and the documents can be returned, how much notice would KUA receive prior to the Board meeting? Mr. Henze suggested 30 days would be allowed for this decision and/or withdrawal.

Director Gant said his position would be, with the information and numbers at hand at this time, not to vote for this project. He suggested we can run the operation equally as well as FMPA, and indicated his concern about the out-clauses and due to its being such a long-term program.

Director Bobroff asked Attorney Brinson our legal basis to commit to a term of 35+ years. Mr. Brinson stated the Charter takes into account that this would meet the utility needs and that the language is in the Charter. We are not selling the system (which the City must approve). The equipment is still our equipment to maintain. He didn't see a legal reason why we cannot do it. Attorney Brinson said the City does not need to approve the long-term contract.

Motion amended by Director Bobroff that RUA NOT join the IDO Project (leaving out the phrase "at this time," as previously stated in Director Bobroff's motion) Seconded by Director Lowenstein.

Director Gant wanted it on record that he will vote against the motion, and wishes us to keep the door open.

**Motion carried 3 - 2
Directors Gant and Jones voted no**

D. 2. PROGRESS REPORT ON ENGINEERING PROJECTS

Kenneth L. Davis, Manager/Planning & Engineering, briefed the Board on ongoing projects.

He indicated that construction work of concrete foundations has begun on both the Carl A. Wall and Lake Cecile Substations projects.

Mr. Davis stated the Radio Communications System Conversion has been completed. Everything has been converted over and all units are working. Staff is attempting to purchase a test unit compatible to the Motorola system. This mobile unit will be tested briefly and is being bought on the condition the purchase price can be refunded if it does not perform satisfactorily.

Requests for bids for materials for the Michigan Avenue Line Relocation are being prepared for issue for the construction of this project. First phase will be to Carroll Street and 11 second phase to Dart Boulevard, though design work is incomplete 11 on the latter. There is a possibility of delays and overruns.

Mr. Welsh explained to the Board the outage at Marydia on Monday, April 24. He said it was caused by circuit breakers going out and eventually the system was restored through other equipment. He graphically showed what had happened and how the loads were rerouted through the grid. Pictures were handed to the Board showing extensive damage caused to the transformer and other equipment. The extent of the damage is still uncertain at this time. The transformer may have to be dismantled, taken out of the field, put on a railroad car and shipped to the factory for repairs.

Detailed discussion continued on the power outage, and Ken Davis explained where the bushing exploded and caused damage. Our problem is we'll be on a single contingency situation where if that goes out, we'll have to bring the gas turbine up and have a good portion of our load supplied from our Generation system.

Director Lowenstein asked what the timetable was to become fully operational. Ken Davis replied it may take 2-6 months to repair the transformer. He indicated FPC has a mobile 230KV substation and we could possibly rent it, if necessary, until our system could be replaced.

Lengthy discussion also followed on the new Lake Cecile and Carl A. Wall substations. The next substation of importance would be in the northwest quadrant of the City, our next expected growth area. Mr. Davis indicated we are working with the City on a comprehensive plan to redefine our land use and future requirements. Discussion continued on extending various transmission lines for future use.

3. MONTHLY F&A DEPARTMENTAL REPORT

Joe Hostetler, recently appointed Manager/Finance & Accounting, made a brief presentation on the Monthly Condensed Financial Report for the period ended March 31, 1989.

Questions by the Board were answered by Mr. Hostetler. He indicated KUA is in good shape in revenues and net income looks real good. In replying to Director Bobroff's question, he said we had 636 non-paid terminations in 1988.

Barry Weeks, Supervisor/Treasury & Collections, explained the procedure used for collections of unpaid bills, and that eventually this system will be placed on the AS-400.

4. GAS TURBINE OVERHAUL UPDATE

Jeff Ling, Acting Manager/Power Supply, said the overhaul of the gas turbine, discussed at the March 23rd meeting, has been delayed. This was due to discovering considerable scale in the cooling air passages to the Row 1 turbine blades on the turbine rotor. It was deemed imperative to handle this new problem first, along with giving it a full "Hot Gas Path" inspection. This would alleviate a step by not having to tear down the machine again next year to care for this problem.

Mr. Ling explained, with overheads, the damages to the turbine. Some of the seals were cracked. Replacement entailed removal of blades, etc.

5. STORMWATER DRAINAGE BILLING

Ms. Chris Beck, Manager/Customer Relations and Project Manager on this, stated that the City of Kissimmee is considering establishing a Stormwater Utility.

A Stormwater Management Utility Study by Camp, Dresser & McKee, Inc. (CDM) was presented to the City stating each residential unit within the City be billed a monthly fee of between \$2.00-\$4.00, and commercial properties be charged a multiple of this fee, depending on the amount of impervious surface at each commercial location.

The City would be responsible for developing the correct customer base information, initiating software changes, for placing the initial flat rate fee on each account and for periodic (weekly or monthly) updating of information similar to current garbage and trash pickup. KUA would be responsible for overseeing the required software changes and for the billing process itself

This billing service would begin on October 1, 1989. KUA would be required to change the billing system to include these additional charges. This would also involve computer space and processing time, accounting maintenance, development of new locations, adjustments, training, increased customer relations, etc. To date, one meeting was held between the City and KUA staff. Customer Service and Data Processing are reviewing the costs and implications of billing for this service.

Camp, Dresser & McKee, Inc. will make a presentation to the City Commission during it's May 8, 1989, Workshop.

Ms. Beck said KUA should probably charge the City a suggested lump sum per year for start-up and then a monthly billing for the maintenance of this service. Currently, we have a one-year contract with the City to do their billing, with a 90-day termination clause. This may be an appropriate time to possibly go to a 3-5 year contract, with perhaps a 2-3 year termination clause in it, she suggested.

Director Bobroff inquired about an alleged \$30,000 software charge by HTE to add a line item for the program.

Chairman Hord asked Mr. Welsh for a clarification on this potential software expense. Mr. Welsh replied we may never be completely separated from the software vendor. He stated normally in-house staff is not knowledgeable enough to program and support the system.

Meeting was recessed from 8:12 - 8:25 P.M.

E. OLD BUSINESS

1. PUBLIC HEARING, COST OF POWER ADJUSTMENT

General Manager Welsh said what the staff is proposing to the Board is a rate decrease. He said John Harper, Chief Dispatcher, has projected the cost for fuel and purchase power that enters into our COPA calculations and is the basis of our recommendations to the Board.

Mr. Harper used overheads in his presentation to explain the Cost of Power Adjustment (COPA). The actual COPA rate for March, 1989, is a negative \$0.00281/kWh as compared to the estimated COPA rate of a negative \$0.00234/kWh.

The primary reason for the increase was higher Schedule C and D prices. The COPA account balance as of April 1, 1989, was \$724,980.83.

Staff recommends the Board change the Cost of Power Adjustment from a negative \$0.00150/kWh to a negative \$0.00526/kWh beginning with the May 1, 1989, billing.

Chairman Hord said we will still continue to track this and, should something out of the ordinary come along, we will have to modify the rebate program accordingly. Mr. Harper agreed.

Chairman Hord stated that this is a public hearing and asked if there was anyone in the audience who wished to be heard on this issue.

There were no comments from the audience.

Moved by Director Lowenstein, seconded by Director Gant, authorizing staff to change the Cost of Power Adjustment from a negative \$1.50 per 1,000 kWh to a negative \$5.26 per 1,000 kWh beginning with the May 1, 1989, billing.

Motion carried 5 - 0

2. ALL-REQUIREMENTS POWER SUPPLY PROJECT (IDO)

Discussed earlier on.

3. SCHEDULE D COMMITMENT EXTENSION WITH FLORIDA POWER CORPORATION (FPC)

Mr. Welsh said our Schedule D Commitment was a 3-year contract expiring April 30, 1989, with an option by Florida Power Corporation to extend it further on a month-by-month basis by mutual consent of FPC and KUA through April, 1990, if possible. FPC was reluctant to extend any Schedule D contracts because they are not in a capacity long-term situation; they are in a seller's type market. They have agreed to extend it to the end of 1989. We are currently negotiating with Florida Power Corporation for a Partial Requirements contract. This contract

would be based either on average system capacity and energy costs, or stratified costs for both capacity and energy. The stratification would be on the basis of base load, intermediate and peaking type units on the FPC system. |

A Letter of Commitment for 25 MW, with an additional 50 MW on an if-needed and as-available basis was received from FPC. Their revised capacity charge for Schedule D service is \$72.48/MW per day. This energy charge will consist of FPC's current economy quotes, plus an adder to cover increased losses and operation and maintenance expense. The current energy adder is \$1.65/MWh.

Staff recommends that the Board authorize the Chairman and Secretary to execute the Letter of Commitment for 25 MN of Schedule D from Florida Power Corporation.

Discussion followed on megawatt costs and usage on a yearly basis. Mr. Welsh said in the calendar year 1988 we purchased 35% of our power from FPC (and other utilities) under Schedule D contracts.

Moved by Director Gant that the Board authorize the Chairman and Secretary to execute the Letter of Commitment for 25 MW of Schedule D from Florida Power Corporation, with an option to purchase an additional 50 MW, as needed. Seconded by Director Lowenstein.

Motion carried 5 - 0

4. AS-400

Joe Hostetler reminded the Board that at the February 22, 1989, Budget Goals and Objectives Meeting, the Board approved the upgrading to the IBM AS-400 computer Model.

Mr. Hostetler indicated that the prepared Agenda Item recommends an interim measure to immediately order three (3) additional 400 megabyte disk drives costing \$28,646. Further analysis of our needs since the preparation of that Agenda Item have made it advisable that we go to 800 megabyte drives at this time instead of the 400 megabyte drives. He stated that when the 800 megabyte drives first came out, there had been reports of problems of head crashes with this new technology.

Mr. Hostetler said that since that time IBM has worked out the bugs on the 800 megabyte drives, which now appear to be reliable. He said it is a wiser decision to upgrade to the 800 megabyte drives which eliminates switching from the AS-400 MB system to AS-800 MB system and maximizes the memory on the AS-400. The cost is \$34,845.

A memo dated April 27, 1989, from Mr. Hostetler to Mr. Welsh on the AS-400, was handed to the Board for perusal. Staff is requesting Board approval to purchase two additional 800 MB disk drives for the AS-400 for additional memory capacity.

Director Bobroff inquired which of the two disk drives will give us the greatest speed. Don Wood, Supervisor/Information Services, replied that speed is not a factor, rather, the number of drives added to the system.

Mr. Welsh said the 800 is cheaper (on a per megabyte basis), has more capacity and more storage space available.

Moved by Director Lowenstein authorizing staff to purchase two 800 MB disk drives, from sole source of purchase, and a Budget Transfer of \$34,845.00 from Reserve for Future Capital Outlay to Project IF89101. Seconded by Director Bobroff.

Motion carried 5 - 0

F. NEW BUSINESS

1. TRAFFIC SIGNAL IN FRONT OF ADMINISTRATION BUILDING

Mr. Welsh stated that we received a letter from City of Kissimmee Mayor, Bruce Van Meter, requesting KUA to participate in the cost of installing a traffic signal in front of our Administration Building (corner of Ruby and Emmett). The cost to KUA would be \$15,000.00. He indicated the traffic signal would not only be beneficial to the operation of our business but also to the downtown community. Apparently, due to the Department of Transportation's (DOT) budget crisis, they are unable to fund the complete project.

Mayor Van Meter briefly pointed out that DOT was unable to give the City a firm idea about the expected funding, but the City is pursuing the option. The Mayor suggested that KUA and First Florida Bank, as benefiting parties, participate in the funding. The total cost is in the \$28-30,000 range.

Moved by Director Bobroff to accept the proposal by Mayor Van Meter that First Florida Bank and Kissimmee Utility Authority, as benefiting parties, participate in the funding.

Motion died for lack of a second

Discussion continued on whose obligation it was to participate and in what amounts. Mayor Van Meter suggested that if the DOT did not pick up the tab, the City probably would contribute.

Director Gant indicated that his thoughts are the City should be a willing partner in this project, as well as the Bank and KUA, and each pay their fair share.

Motion by Director Bobroff to accept the request from the Mayor to participate in the signal lighting on the corner of Emmett, Ruby and Stewart, and that our 50% share is not to exceed \$15,000.00, with the funds to come from the Reserve for Future Capital Outlay and the Capital Improvement Fund. Seconded by Director Lowenstein.

At Chairman Hord's request for audience comments, Mr. Jim Scott, Buenaventura Lakes (BVL) commented that he agrees that the City should also contribute one-third. He inquired as to the total cost. Mayor Van Meter responded, about \$30,000, based upon design.

Further discussion followed as to clarification of the "one-third" shares of the cost.

Director Gant moved to amend the motion as stated by Director Bobroff by changing the 50% share to a one-third share. Seconded by Director Jones.

**Motion on Amendment carried 4 - 1
Director Bobroff voted no**

Motion amended by Director Gant that KUA, First Florida Bank and the City of Kissimmee each contribute one-third towards the installation of the street lighting at Emmett, Ruby and Stewart, with KUA's cost not to exceed \$15,000, with funds to come from the Reserve for Future Capital Outlay and the Capital Improvement Fund. Seconded by Director Lowenstein.

**Motion carried 4 - 1
Director Bobroff voted no**

G. CONSENT AGENDA

Moved by Director Lowenstein, seconded by Director Jones, that we approve the Consent Agenda, with the exception of items 8. and 12., which were pulled.

Motion carried 5 - 0

1. APPROVAL OF MINUTES OF MARCH 22, 1989, WORKSHOP MEETING
2. APPROVAL OF MINUTES OF MARCH 23, 1989, REGULAR MEETING
3. APPROVAL OF MINUTES OF MARCH 29, 1989, WORKSHOP MEETING
4. APPROVAL OF MINUTES OF MARCH 30, 1989, WORKSHOP MEETING
5. APPROVAL OF MINUTES OF APRIL 5, 1989, WORKSHOP MEETING
6. APPROVAL OF MINUTES OF APRIL 6, 1989, SPECIAL MEETING
7. LINE EXTENSION FOR MONTEGO BAY
9. PURCHASE POLEMOUNT & PADMOUNT TRANSFORMERS BID fr08-09

Approved: Purchase Polemount Items 1, 2, 3, 6; Padmount Items 1, 2, 3, 4, 5 from CED for a total price of \$201,541.40. Polemount Items 4, 5 & 7 from J.C. McCormic for a total price of \$40,614.00. Padmount Item 6 from Hughes Supply for a total price of \$75,384.00. Total Bid Price: \$317,539.40.

10. ELECTRIC CABLE BID IK09-89 AND fr11-89

Approved: Purchase Items 1, 2, & 3 from Graybar, Bid #K11-89 for a total price of \$155,810.00.

11. 30 PADMOUNT TRANSFORMERS BID #K10-89

Approved: Purchase 1 each 30 1000KVA Padmount from J.C. McCormic at a price of \$10,563.00 and 2 each 30 750KVA Padmounts for a price of \$9,570.00.

8. SUBSTATION PROPERTY ACQUISITION SERVICES

Ken Davis said Barney Veal, Osceola Brokerage Company, was originally hired to locate property for KUA and contact the owners. Mr. Veal had originally suggested a service fee of 5% fee of the transaction price, which on the Charles Owen property was \$122,760.00. However, the sale fell through. Condemnation was eventually required to acquire this property and staff feels Mr. Veal should be compensated for his services.

Ken Davis agreed that Mr. Veal did spend considerable time (6-7 months) on investigating several parcels. The agreement was verbal based on a motion of the KUA board.

Director Jones had a problem with our being committed to paying this amount, especially without a written contract.

Director Lowenstein was concerned whether this project would have gotten off the ground without Mr. Veal's assistance, which the other members doubted.

Moved by Director Lowenstein to accept staff's recommendation to authorize the payment of \$6,138.00 to Mr. Barney Veal for services rendered. Seconded by Director Bobroff.

Director Jones suggested that perhaps in the future we be more specific in dealings such as this and get some guidelines and rules on payment and what it is based on, etc.

Chairman Hord said his point is well taken as we are dealing on percentages or commissions since land values change so drastically, and maybe use the per hour basis to avoid excessive payments.

Motion carried 5 - 0

12. "ROLLOVER. PROJECTS FROM FY 1988

Joe Hostetler explained these items were incomplete projects at September 30, 1988, and were approved by the Board as incomplete projects in the 87/88 fiscal year. Only those projects that were not completed at September 30, 1988, are included in this report. Approving these items, he said, would increase the funds to complete the projects.

Director Gant had several concerns about the rollover items. He said two concerns were: 1) amount of money where no operation has occurred be carried over as a new item in next year's budget, and 2) rollover budget should be part of last October's budget.

Mr. Hostetler explained the rollover procedure and how items are reflected in the accounting records. Approving these would increase the Capital Project budget.

Mr. Welsh inquired when, normally, the rollover budget takes place in the calendar year. Mr. Hostetler responded that, assuming the audits are completed in December, it would be at the January meeting.

Director Gant expressed concern over the long delay in receiving these rollovers for approval and suggested this was not an appropriate way of handling them. These numbers, he reiterated, should be a part of the last budget. Mr. Hostetler said a month-to-month report would be issued. Discussion followed.

Moved by Director Gant that the Board of Directors approve budget carryovers to FY 1989. Seconded by Director Jones.

Motion carried 5 - 0

H. HEAR GENERAL MANAGER, ATTORNEY, DIRECTORS

GENERAL MANAGER

Mr. Welsh reported on a final construction settlement on the Curtis Stanton Energy Center for \$9 million, of which the participants have to come up with \$8 million and Black & Veatch is contributing \$1 million towards that settlement. Cost of the project was estimated at \$543 million. With this settlement, the cost is estimated at \$533 million.

Attorney Brinson inquired if it included the cost of the settlement, which involved months of negotiations, etc. Mr. Welsh said he was not certain.

Discussion followed. Mr. Welsh said our share of \$385,000 is in the construction fund. It doesn't impact us in any way, except we didn't save as much as we expected we would.

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Mr. Welsh introduced the option of the possible purchase of the Waterfront Square building. This option is for \$80/sq.ft, but we have a lease cost of \$10/sq.ft per year. He suggested this might be a good time to exercise the option and, if the Board was in agreement, the first step would be to obtain an appraisal. He said the location was ideal since it was in close proximity to our other properties.

Chairman Hord asked the Board by a straw vote if the Board was interested in pursuing this purchase option.

Directors Lowenstein and Bobroff voted yes.
Chairman Hord and Directors Gant and Jones voted no

Straw vote indicated 3-2 not to pursue the purchase of Waterfront Square.

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Mr. Welsh indicated we have put in nominations for firm gas with Florida Gas Transmission and are taking a hard look at alternative fuel sources. He briefly explained to the Board the sources being explored in terms of availability and costs. Firm is more desirable but from a reliability standpoint is not required as we have alternate fuel capability. It is an economic decision.

Chairman Hord inquired if this was going in a different direction than what the Board gave staff at a previous meeting. Mr. Welsh indicated that at that time staff didn't have a recommendation because it was not analyzed as yet. **He said an opinion was expressed by the Board (at the April 6th Workshop Meeting) that firm was probably more desirable but no definite direction was received.**

Mr. Welsh said we had nominated with Florida Gas Transmission (FGT) for 3.1 billion cu.ft. per year of firm gas, and another 1.0 billion cu.ft. of preferred interruptible. A third category was interruptible.

Brief discussion continued. Mr. Welsh added that if we buy firm gas and we don't use it, still incur a portion of the cost. He explained "open access." Once all firm contracts are in and if the pipeline is not full, whoever wishes to transport gas must be allowed to do so.

Mr. Welsh said KUA is participating with the City and the Police Department in a Radio Watch Program. The Police Department will provide awareness training to our employees with radio-equipped vehicles regarding crime and suspicious activities.

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The Employees' Spring Picnic will be held on Saturday, May 20th, at Water Mania, and the Board and their families were invited.

ATTORNEY: None

DIRECTORS

Director Lowenstein asked the status of the North Bermuda project.

Chairman Hord said "they're going to it!"

Director Lowenstein also referred to a "Newsline" article |1 (on Wauchula) and that we might be directed to a similar type 1I contract with FPC. Discussion followed.

Director Bobroff thanked the Chairman and apologized for missing a number of Board meetings due to personal reasons. He called attention to the Coopers & Lybrand (Auditors) Comprehensive Annual Financial Report dated September 30, 1988, submitted to the Board, and also to the Crystal River Audit Report. He indicated he was cognizant of events going on.

He said he attempted on several occasions to get the total cost of Florida Power at Crystal River to ensure we were billed correctly. He said it turns out we were not billed right. His observations of people and what is happening, he said, gave him insight into the possibility of subdivision of purchase orders. Director Bobroff wanted the record to show that he vigorously opposes Policy Directive No. D89-1. His purpose was to avoid possible future problems and he said it did not apply to the General Manager, specifically, but as Board members they should know more about this organization than they receive from the General Manager.

Director Gant inquired as to the status of the North Bermuda property expansion. Mr. Welsh said he twice contacted the Southport Ranch and they are working on it. They have been very receptive and positive.

Director Jones said he has not had an opportunity to read the Financial Report nor the response from Management, but would prefer additional time to peruse it. He suggested having a Workshop.

Chairman Hord seconded the idea. He suggested a Workshop to go over each item, with responses from the General Manager on Auditors' comments. More importantly, he said, the members need to know what are we doing today and tomorrow on these kinds of things. It was the concurrence of the Board that it was not necessary for the Auditors to be present.

Chairman Hord inquired why the Audit Report was submitted six months after the close of business? Mr. Welsh replied that there was considerable delay in closing the books due to the transition and some problems in reconciliation in finalizing the financial statements that were audited.

On inquiry of staff, Chairman Hord was told the Auditors are chosen for a three-year term, with options to extend.

Chairman Hord asked Attorney Brinson, in considering future substations and the future of Osceola County and price of land, etc., can we legally buy land or take options on land when we are not in the real estate business?

Attorney Brinson responded that we can if we show a need, but if it requires condemnation, we must prove to a Judge our need for it.

Chairman Hord suggested to staff that if we perceive needing land in a certain area in the not-too-distant future, we need to start looking. He said this may avoid future problems. Mr. Brinson concurred and saw no legal problems with that concept.

MISCELLANEOUS

At the suggestion of Director Jones and Chairman Hord, a Workshop Meeting was scheduled by the Board to discuss the

"Report to Management on Audited Financial Statement"

6:00 P.M., Wednesday, May 10, KUA Board Room

J. ADJOURNMENT: Meeting adjourned at 10:15 P.M.

ATTEST:


SECRETARY


CHAIRMAN