

MINUTES OF REGULAR MEETING OF KISSIMMEE UTILITY AUTHORITY, HELD
WEDNESDAY, JANUARY 27, 1993, AT 6:00 PM, BOARDROOM ADMINISTRATION
BUILDING, KISSIMMEE, FLORIDA

Present at the meeting were Chairman Hord, Vice-Chairman Gant, Secretary Bobroff, Director Jones, Director Gant, Attorney Brinson, President & General Manager Welsh, and Recording Secretary Klinge.

Assistant Secretary Lowenstein joined the meeting during the Awards and Presentations at 6:12 p.m. Mayor Pollet was not present.

A. MEETING CALLED TO ORDER AT 6:00 p.m. by Chairman Hord.

B. AWARDS AND PRESENTATIONS

1. 5-YEAR SERVICE AWARD - RON HARDEE
3. 5-YEAR SERVICE AWARD - HENRY KURNICK
4. 5-YEAR SERVICE AWARD - EDMOND PENNINGTON

General Manager Welsh stated that the above three employees have a combined 15 years of service with KUA.

Ronnie began as a Groundman and progressed to Journeyman Lineman. Ronnie has a lot of self-confidence and gets along well with his fellow workers. He accepts responsibility and has a good working knowledge of his job.

Henry began working for KUA as a Groundman and progressed to Journeyman Lineman. He has a very good attitude, is conscientious and well-liked by his co-workers. Henry is enthusiastic and always willing to go the extra step.

Ed Pennington is from the Fleet Maintenance Division of the Distribution Department. He began his employment with KUA as a Meter Reader. In October 1989 he transferred to Fleet Maintenance as a Mechanic Helper and has since been promoted to Mechanic. Ed has received numerous training since he began in Fleet Maintenance. His expertise in hydraulic and automotive maintenance is a real asset to KUA's Fleet Maintenance Division. Ed is well-liked by his fellow workers and he always has a smile.

2. 5-YEAR SERVICE AWARD - WILLIAM BLAIR
5. 5-YEAR SERVICE AWARD - CHRIS BECK
6. 5-YEAR SERVICE AWARD - ROBERT HOLLOWAY

Unfortunately, William, Chris and Rob were unable to attend the Board Meeting. Mr. Welsh stated their awards would be presented to them by their Supervisor.

7. FEBRUARY EMPLOYEE OF THE MONTH - KATHLEEN CONDON

Kathleen works at the Power Plant and she basically takes care of all the administrative end for that Division of the Power Supply Department. As described by her Supervisor, the Manager of Power Production, she is sometimes known as the "Mother Hen". She keeps all the guys and ladies in line at the plant. Mr. Welsh said Kathleen has been with KUA for 7 years and 3 months and this is the second time she has been spontaneously selected by her fellow employees to be honored as KUA's employee of the month.

Kathleen was presented with a plaque by Chairman Hord and U.S. Savings Bond Certificate by Director Bobroff. She will also receive one day off, with pay, and a reserved parking space for the month of February.

8. SUGGESTION AWARD - MELOINE KILLEBREW

Mr. Welsh said we have what he hopes is the first of many awards along this line and introduced Meloine as having the honor of being "numero uno", or the charter recipient of an award for KUA's new suggestion system which was initiated in October of last year.

Mr. Welsh said some of the best ideas are the simplest. They are ideas after somebody comes up with them we say, sure why aren't we doing that, or let's go ahead and do that. Meloine's suggestion was to get some very simple slipcovers for the computer equipment as protection from the sprinkler system should it activate. It was judged by the Suggestion Awards Committee that it could save KUA thousands of dollars some day.

Mr. Welsh then thanked Meloine for the suggestion and Chairman Hord offered congratulations from the Board and presented Meloine with a \$100 U. S. Savings Bond for her suggestion.

Director Bobroff stated he considered this type of award among one of our most important ones. It shows employee/ employer relationship, employee participation for the welfare of the organization and that we have interested people working for KUA.

C. HEAR THE AUDIENCE

Jim Scott, BVL addressed the Board asking when the Load Management is going to go into effect. Mr. Welsh asked Ben Sharma, Director of Power Supply, to respond to Mr. Scott. Mr. Sharma stated right now all the Central and Communication equipment, except the transmission Controller Unit and the Radio Transmitter to be installed on the Sheriff's tower at Southport, have been installed. Because of the unavailability of a telephone line to the Southport site, those two pieces of equipment will not be installed until the later part of February 1993. However, the system can be made operational even without the equipment at the Southport site.

Mr. Sharma went on to say there are approximately 500 plus customers connected to the Load Management system. To those already connected, KUA has started in January to give out rebates. Only those people who have been put in the computer are getting the rebates. After the controller is installed on the house, the work order comes back to Customer Service and they put it in the system. Mr. Welsh said we basically have a backlog since we have about 2800 people who have signed up.

Chairman Hord thanked Mr. Scott for his interest.

D. PUBLIC HEARING - NONE

E. INFORMATIONAL PRESENTATIONS (REQUIRING NO ACTION) - NONE

F. OLD BUSINESS

1. COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) WITH SERIES 1991 BOND ISSUE CHANGES INCLUDED

Mr. Welsh stated that at the last meeting it was recommended to the Board to explore making some changes to allow the Interest During Construction (IDC) to be capitalized and Staff has since found out that that can be done. It will take specific action from the Board, and basically that's what will be presented in conjunction with the

Comprehensive Annual Financial Reports (CAFR) that reflect those changes.

Joe Hostetler, Director/Finance, stated that after looking at it for several weeks, based upon the reasons that are outlined in the agenda item, bond counsel has determined it's prudent to go ahead and allow the IDC to be capitalized.

Mr. Hostetler stated that back when the Series 1991 Bond was done, the rate decrease was not known at that time and because of that rate decrease and the reduced sales that we have realized since that rate decrease went into effect, it has hurt our coverage ratio.

The most important thing to realize is that when we did the 1991 Issue we were under the philosophy of "pay as you go". This means that the current ratepayers are paying for as much of the construction as possible without having to go to the bond market.

The change in philosophy in the reduction of the rates, and now under a "pay as you use", theoretically you don't make the current rate payers pay for a gas turbine until it's installed and operating. In order not to do that, you need to capitalize interest for that construction period, and that's what is outlined in the agenda item.

Mr. Hostetler stated his recommendation is to go ahead and approve the restructuring of the Series 1991 bond issue to include \$8.6 of capitalized interest. That would reduce construction funds by \$8.6.

Director Bobroff queried what did interest being capitalized mean. Mr. Hostetler stated the original bond issue said we were going to have \$51 million for construction purposes and no capitalized interest. This means as soon as the very next interest payment came due, it was to be paid out of the operating revenues that were currently being paid. Instead of \$51 million, we are asking for the \$51 million less \$8.6 million. The \$8.6 million goes into a different pot, it's still cash, it's still on the balance sheet, it's just in a different fund, a different asset. When the first interest payment comes due, whatever is needed is taken to cover that interest payment out of that cash instead out of the revenues that have been collected for that period. Basically it is funding that interest expense over the construction period of the gas turbine.

Director Bobroff queried if by the end of it you aren't going to come up that much short. Mr. Hostetler replied you would if you had \$51 million less \$8.6 million in construction projects. We are moving into the market with the next issue earlier than originally planned, and since we have had the delays in the Cane Island Project from the original projections, we're not short of cash. Director Bobroff stated you are replacing that \$8.6 million with borrowed money. Mr. Hostetler said that is correct.

Director Bobroff also queried about the decrease in sales, was the decrease mostly in residential or mostly in commercial. Mr. Hostetler answered he didn't think it was in any one more than the other, just a basic slow down.

Mr. Welsh explained we didn't have a decrease in sales we had a decrease in what was projected as our sales. This means the increase wasn't as fast as was projected. Sales are really increasing, it's just that the growth is less than was projected, it's a decrease in the amount of growth. Chairman Hord asked if the decrease in growth was primarily the lack of residential construction, be it single family or multi-family. He also asked if the present mild climate didn't enter into the equation with the hospitals, supermarkets and some manufacturing facilities, which are your big customers, still using the

majority of the power that they would normally use.

Mr. Welsh responded no matter whether you are a big consumer, as a supermarket or hospital, they still have a weather sensitive load. In the winter time consumers are going to heat, and generally with electricity if its cold enough, and if its not they are not going to heat. In the summer time they are going to cool and cool more if it's hotter. Chairman Hord stated he would imagine a lot of their consumption is in refrigeration equipment and lighting as well as in climate control. Mr. Welsh said even your refrigeration is somewhat temperature dependent.

Director Lowenstein queried what was the total of the 1991 Series Bond. Mr. Hostetler responded \$75,550,000, the difference between the \$51 million was an additional maximum debt service reserve that we had to put aside, and the deposit for refunding the refundable portion of the 1985 Series. We took advantage of the low interest rates and borrowed more money to refund the higher coupon bonds that were out in the market and it was a refunding as well as a new issue.

Director Lowenstein stated, in other words you are looking at a total of \$64 million right here if you add the two figures together, the \$56 million and the \$8 million. Mr. Hostetler responded the \$56 million will remain the same, all we are doing is saying instead of funding \$56 million in projects we are taking \$8 million out and covering interest expense during the construction period which will leave us \$48 million in construction funds. We are just moving the cash out and using it for a different purpose, the total bond issue size didn't change, we are changing the way we use those funds.

Director Lowenstein stated he still didn't fully understand the \$8 million, paying interest with it and not decreasing the bond issue.

Mr. Welsh explained it in terms of a home mortgage. The average person goes out to buy a home and takes on a mortgage. That mortgage includes the bricks and the mortar, it includes the cost of the labor going into the house and all the developmental costs that's being paid for it. The mortgage also includes the cost of interest that the developer had to pay to borrow the money during construction to build because he has all sorts of loans out there at the bank. As soon as the developer sells that house to you and pays off those loans, including the interest, that whole mortgage, the value of that house (say its a \$100,000 house), includes the interest that it took to finance that project during construction. Nothing hits the books, you don't start paying that mortgage until you start living in the house.

Mr. Welsh further explained that in the electric utility industry the typical way that a plant is capitalized, whether it is an investor owned utility or whatever, they will capitalize the bricks, the mortar, the generators, the labor that goes into it and they will also capitalize the interest that it cost to carry during construction. If you use this philosophy of pay as you use, you are going to start paying for that plant when you turn it on and start getting some electricity out of it. What it cost to get that plant there is all the cost of the equipment and the construction, but it is also costs you the interest to fund that during construction.

Chairman Hord emphasized that the Board made a management decision to change the rates to KUA's customers, therefore their revenues aren't as great as they anticipated they would be. In order to keep afloat you have to do an accounting change of philosophy.

Mr. Welsh stated the Board made a decision to finance more of the projects rather than to pay for them with cash as you go.

Director Bobroff moved to approve restructuring of Series 1991 bond issue to include \$8,678,238 of capitalized interest. Seconded by Director Lowenstein.

Motion carried 5 - 0

Mr. Hostetler referenced his agenda item regarding the revised Comprehensive Annual Financial Report (CAFR) from last month to reflect the change for the restructuring of Series 1991 bond issue to include \$8,678,238.

Mr. Mike Barrett, Coopers & Lybrand, KUA's external auditors, addressed the Board and gave a presentation on the CAFR and FASB-71 change that was made.

2. AWARD OF CONTRACT FOR SUPPLY OF NATURAL GAS COMPRESSOR - CANE ISLAND

Mr. Welsh stated Staff recommended proceeding with the award of contract for supply of the natural gas compressor for Cane Island. At risk would be the suppliers engineering cost to keep the project on schedule, but Staff felt that this is an acceptable risk at this point.

Mr. Sharma, Director of Power Supply, reminded the Board that back in November they authorized staff and Black & Veatch to begin negotiations with Pignone, Inc. for terms, conditions and other details regarding the supply of the natural gas compressor for the Cane Island Unit 1 at a price not to exceed \$995,570.

Mr. Sharma stated that one other item of negotiation with Pignone, Inc. was their arbitration clause. They wanted arbitration in a third country, but after long discussions with KUA's attorney, Mr. Brinson, and Black & Veatch, they agreed on our Florida statutes and that will be in the contract. The terms of cancellation and delaying, engineering of the unit is going to take four months, based on the award being made before the 31st of January. According to the terms of cancellations and delays, the charges which apply are: Up to the first month, \$32,000; up to the second month, \$64,000; and by the time it is completed the maximum is \$122,000. The unit can be released from manufacturing any time after the first month, but the plan is not to release it until all the permits are in hand. Mr. Sharma added that in his monthly report he has given the status of all the permits.

Director Gant stated, as he understood it, the time doesn't start running until Pignone, Inc. complete the engineering. Mr. Sharma answered that was correct. Director Gant then stated, in other words they anticipate four months into that, so KUA's time clock doesn't start running until the first of May.

Mr. Welsh said if it is released now you start incurring the engineering costs and they are spent now no matter what. The others can be suspended and delayed up to four months from now and avoid any exposure there. KUA would be putting at risk the investment in the engineering cost at this time which totals \$122,000.

Mr. Welsh stated there has been nothing extremely material that has occurred with the permitting, there have been a lot of positive indications from the agencies and things are going very well. Mr. Welsh told the Board he had just gotten off the phone with Boone Kuersteiner, Attorney in Tallahassee, just before coming into the meeting.

Mr. Kuersteiner had indicated that South Florida Water Management District (SFWMD) staff who we were getting a lot of negative vibrations from, have agreed to write to Reedy Creek and request that they finalize their easement agreement with us. Also, the SFWMD staff has communicated with Reedy Creek's legal department and told them to hold up on filing their conservation easement because it was going to be their staff's recommendation that the change in the conservation easement be granted to KUA and they might as well just call it off until that has been done so they only have to file the one conservation easement with that change in there.

Chairman Hord queried if there were plans to put a machine shop at Cane Island. Mr. Welsh responded no, and discussion followed with Mr. Welsh and Mr. Sharma answering queries from Chairman Hord.

Mr. Sharma then highlighted the status of the permitting as reported in the monthly report on the Power Supply Department's projects.

At the end of Mr. Sharma's review on permitting Chairman Hord said from what he was hearing the President and General Manager say the permitting system is going well enough that KUA can execute the contract for the natural gas compressor with minimum risk. Chairman Hord further said, "I won't say no risk, I'll say minimum risk."

Mr. Welsh stated he thought it is an acceptable risk and if he thought there was no risk, we would be going full tilt on a whole bunch of things; but there is always risk in the process. Mr. Welsh said he believed it's acceptable at this point and recommended the Board award the contract for the compressor under the terms outlined.

Director Bobroff moved that Board approve the award of the Natural Gas Compressor Unit to Pignone Inc. for a contract price of \$988,420 and authorize the Chairman and the Secretary to execute the contract document. Seconded by Director Jones.

Director Gant asked how things are going with the City regarding effluent. Mr. Welsh responded that things are going very well over there.

Motion carried 5-0

3. FINANCIAL TEAM EXPANSION

Mr. Welsh said the Board had directed Staff to confer with our Attorney and Financial Advisor how we may expand the finance team to include a minority firm. Staff has developed a procedure to go out with an RFP and then Staff would review the RFP's and bring back a recommendation to the Board at the March meeting. Staff would recommend that the Board approve the selection process of a minority owned underwriting firm as outlined in the agenda item.

A motion by Director Lowenstein and seconded by Director Bobroff to accept Staff's recommendation and approve the selection process of a minority owned underwriting firm.

Director Lowenstein inquired if there was any cost to KUA other than the RFP involved. Mr. Welsh said there is no cost and the expansion of the team may give KUA a little bit better marketing capability.

Motion carried 5-0

G. NEW BUSINESS

1. CANE ISLAND TO CLAY STREET RIGHT-OF-WAY APPRAISAL SERVICES

Ken Davis, Director/Engineering, presented the details on the discussions with the appraisal firm of Clayton, Roper & Marshall. Mr. Davis pointed out that we need to get started if we are going to maintain the schedule. With this schedule they can have all the appraisals to us by April 15. Mr. Davis pointed out that in addition we have instructed Mr. Brinson's office to proceed with the title searches.

Director Bobroff queried if the right-of-way drawings were being done in-house or by some engineering firm. Mr. Brinson responded the surveys are being done by Hanson & Walters and we have the surveys.

Mr. Brinson gave a scenario saying, first of all we had Hanson & Walters give us a survey of our line. Second, in order to get the appraiser, or anybody else to work, a title and encumbrance search is needed. That is, know who owns it and are there any mortgages, taxes, liens or anything on the property. Staff has authorized, under the General Manager's direction, to start the title search.

Staff is requesting the Board to allow us to employ Clayton, Roper & Marshall to make an appraisal to tell us the fair market value of the property and any severance damages to the remaining part of the property. Clayton, Roper & Marshall will prepare their data book and then go out and individually appraise each of the 40 parcels. Prior to those appraisals there is a federal statute that requires them to give notification that they are about to appraise the owner's property.

Mr. Brinson went on to say that after the appraisals are received, and subject to Board's approval, Mr. Davis and he will go out and meet with the individual property owners. The strategy is, and it is felt there will be a difficult time all the way, if we have Roper give a generous appraisal, taking into account any doubt going in favor of the property owner, we can then go to the property owner in good faith.

Mr. Brinson further stated we are trying to start out with a top appraisal, then Mr. Davis and he will go and talk to these people. Hopefully we can negotiate a sale and won't have to condemn. Mr. Brinson said he thought, under the circumstances, and he thought Roper agrees, that the atmosphere in the community with all the different ideas and things that are happening we will probably have a sufficient fight on our hands all the way down.

Mr. Welsh commented we are getting a little ahead of ourselves with the action tonight. In the future we will be asking the Board simultaneously for the authority to go out and negotiate with the people directly for up to 110% of appraised price and at the same time asking for the authority to start condemnation procedures so we can get the clock running.

Mr. Welsh said when we get an official Offer of Judgment and they take it to the hilt, we will go to the judge and if the judge comes in less than our Offer of Judgment we don't pay them any attorney fees or court costs. If it comes in more than our Offer of Judgment then they can collect their attorney fees and court costs from us.

Motion by Director Jones to authorize the firm of Clayton, Roper & Marshall to proceed with the appraisals of the right-of-way for the Cane Island to Clay Street project for the not-to-exceed price of \$82,800, to be funded from the current project budget. Seconded by Director Lowenstein.

Some discussion followed as to spending this much money without going through competitive negotiations in selecting the firm. Mr. Brinson said it has been checked out and land appraisers are not under the Competitive Negotiation Act.

Motion carried 5 - 0

2. BOGGY CREEK SUBSTATION PROPERTY OFFER

Mr. Welsh stated we have an offer from the bank, some other things have come to our attention and we've learned a lot in the last few weeks on this.

At this point Director Gant announced that before the discussion went any further he wished to declare a conflict of interest on this subject. Director Gant stated he thought that as long as he declared the conflict of interest he can go ahead and participate.

Mr. Brinson stated that a "Conflict of Interest" form needed to be filed. He said as long as Director Gant declares it in advance he can participate. Mr. Welsh asked do you vote or not when you declare a conflict of interest. Director Gant said the only way he could not vote, as he understood it, is to leave the room. Mr. Brinson said that was correct and you must declare a conflict as soon as you know there is one and then if you're present you are required to vote. (FORM 8B MEMORANDUM OF VOTING CONFLICT FOR COUNTY, MUNICIPAL, AND OTHER LOCAL PUBLIC OFFICERS attached to the minutes)

Director Gant stated he has no personal interest in the property and there would be no personal gain on his part but he has some other personal knowledge about the situation.

Ken Davis, Director/Engineering, said it had come to our attention that there is a piece of property currently owned by Osceola National Bank which they are interested in selling. The property is in the general area that we had been looking at previously for the Boggy Creek substation. Staff initiated some discussions with Osceola National Bank about the property and asked them to go ahead and put together a proposal to us for a contract to purchase. This would give us a 90-day period that we would normally go through for environmental appraisals and audits.

Mr. Davis stated that since Staff's discussions with Osceola National Bank, some other people who were interested in talking to us about selling have come to us regarding property in the general vicinity which we are interested in. Mr. Davis then showed to Staff, via overheads, four or five different pieces of property that were on the market right now. He pointed out that some of them were pretty much ruled out as far as location and not really in the general area that we are looking for. Discussion ensued about access to the various parcels shown.

Chairman Hord stated that he does not have a conflict of interest but does want to make it known to everyone that he did indeed put Ken Baker, a real estate agent who works for Wayne Schoolfield, in touch with our General Manager. Chairman Hord said because he deals with Ken Baker on other parcels and knows a little bit about the Boggy Creek area, that's how site number three and further discussions came about.

Mr. Welsh said first of all construction of the Boggy Creek substation is projected at this time to be in the calendar year 1998. Normally we would start around 1995 or 1996 to begin the arduous process of finding a good site and acquiring it, then maybe having to go through condemnation which had to be done at Lake Cecile substation.

Mr. Welsh stated it would be Staff's intention, if we were to acquire vacant land at this time for the purpose of a substation, to put up several 4 X 8 signs saying this would be the future home of a KUA electric substation. As people built around the area of our future substation property, at least they have been put on notice that is what they can expect as a neighbor and its not a big surprise to them.

Discussion continued on prior land purchases for other substations and problems that were faced.

Director Bobroff commented that he didn't think there was going to be a real estate crash here such as there was in the twenties. His feelings are the prices will continue going up in the vicinity of Kissimmee and we may be saving a lot more than we are spending. Chairman Hord said that was going to be his comment.

Director Bobroff suggested that if Staff finds that parcel acceptable for consideration and Staff needed Board authorization that a special meeting be called.

Mr. Welsh recommended that Staff be authorized to accept an option from the Methodist Church and investigate it thoroughly. Staff would want to have the property appraised, do an environmental assessment on it and then work out the engineering details to make sure it was acceptable from that standpoint.

Discussion continued on the contract with the Osceola National Bank. The offer is only good until February 1, 1993 for acceptance. Mr. Welsh said we could accept the option from the bank, put down the \$10,000 and try to negotiate an option with the church, and then try to evaluate one side against the other. Mr. Brinson said we have 90 days at our sole discretion, if we determine we don't want it we can get our money back.

Mr. Davis had some concern about trying to accomplish the evaluations, appraisals and environmental audits on two parcels in 90 days. Chairman Hord asked how long it was going to take to evaluate the two sites. Mr. Davis answered we can evaluate the sites in probably 2 weeks, he was more concerned about getting the appraisals and environmental audits. Mr. Davis said we need to have some consultations with the County, both on conditional use for both sites and routing transmission out.

Discussion continued.

Motion by Director Bobroff to accept the recommendation of Staff to negotiate an option on the church property and authorize Staff to put a reasonable deposit on the church property as well as the bank property, and then proceed to evaluate the church property unless we find some fatal flaw. If we find a fatal flaw, then proceed to the bank property and then investigate that forthwith. Seconded by Director Jones.

Notion carried 5 - 0

Director Gant queried in the event you found the bank area turned out to be by far the best location for transmission lines and that sort of thing, he would ask for Ken Baker to look at Parcel "K" which borders on Hillard Island Road.

Meeting recessed at 8:07 p.m. and reconvened at 8:22 p.m.

3. SELECTION OF VENDOR FOR THE SUPPLY OF PREFABRICATED METAL BUILDINGS AT CANE ISLAND

Chairman Hord stated if it was in agreement with his fellow Board members he would like to have this item pulled from the agenda and further ask Staff to rebid it notifying both the people who were notified previously, as well as others.

Mr. Welsh directed Staff to make sure they notify the local vendors specifically. Chairman Hord said his reason for pulling the agenda item is two-fold: one, he was concerned that only two responses were received, and two: we have heard a lot of times from our local rate payers they don't get the opportunity to do business with KUA.

Director Bobroff queried what would be the purpose of these metal buildings. Mr. Welsh answered there are five of them, one will house plant service, another will be the water treatment building, one is for the fire water pump and two will be well water buildings.

Director Bobroff made a motion to remove from the agenda Item 3 under New Business, "Selection of Vendor for the Supply of Prefabricated Metal Buildings at Cane Island", and have Staff rebid the item. 8seconded by Director Lowenstein.

Motion carried 5 - 0

4. ACCEPTANCE OF LEASE FROM DEPARTMENT OF NATURAL RESOURCES TO CROSS STATE LINES

Mr. Welsh said this is a part of the development of the Cane Island Project.

Motion by Director Bobroff to accept Staff's recommendation that Board approve and accept the Department of Natural Resources (DNR) lease and authorize the Chairman and the Secretary to execute the same. 8seconded by Director Jones.

Motion carried 5 - 0

5. CONSTRUCTION AGREEMENT WITH FLORIDA POWER CORPORATION FOR THE UPGRADE OF THE LARK BRYAN INTERTIE

Mr. Welsh asked the Board to place this item on the agenda for discussion purposes.

Motion by Director Lowenstein and seconded by Director Bobroff to add to the agenda Construction Agreement with Florida Power Corporation for the Upgrade of the Lake Bryan Intertie.

Motion carried 5 - 0

Mr. Welsh said during a meeting last week with a couple of officials from Florida Power Corporation we mentioned some of the problems we have had in the length of time to turn something around with them. Seven days later one of the fellows from Florida Power that was at that meeting hand delivered this agreement to us, and that was yesterday afternoon.

Mr. Welsh stated that if we sign the agreement, and they sign the agreement, they will then upgrade the Lake Bryan Intertie that we have

been wanting to upgrade. KUA will have to pay the cost of it which has been in our plans.

Director Gant queried if it's a shared cost or we pay all the cost. Mr. Welsh answered it will all be paid by KUA to Florida Power Corporation. St. Cloud has an option to participate in it; if St. Cloud exercises that option they get more capacity in the transmission line. That's per KUA's existing transmission agreement with them. They have indicated they do want to exercise that option, so if that's the case they will pay 32% of the cost.

Chairman Hord stated the agenda item said the cost would be approximately \$200,000 and he asked if that was per party or total. Mr. Welsh answered that it was the whole thing. Mr. Welsh added if St. Cloud participates, they would pay approximately \$64,000 of that back to us. St. Cloud has a valuable option, they would get some transmission entitlements and we would lose some.

Discussion continued as to whether St. Cloud wanted to participate or not.

Motion by Director Bobroff to approve the Construction Agreement between Florida Power Corporation and Kissimmee Utility Authority for the upgrade of the Airport to Lake Bryan Tie Line and authorize the Chairman and Secretary to execute said contract. Seconded by Director Lowenstein.

Motion carried 5 - 0

H. STAFF REPORTS

1. MONTHLY PROGRESS REPORT ON ENGINEERING PROJECTS

There were no questions or comments on the Monthly Progress Report on Engineering Projects.

2. CONDENSED FINANCIAL REPORT

A brief presentation was made by Joe Hostetler, Director of Finance, via overheads.

Director Bobroff had a question on page 4. He stated the coverage is down to 1.32 and wanted to know if that will change any by doing the adjustments. Mr. Hostetler said that it would come up to about 1.7.

3. MONTHLY REPORT ON POWER SUPPLY DEPARTMENT PROJECTS

There were no comments on the Monthly Report on Power Supply Department Projects.

4. SELECTED DEPARTMENT HIGHLIGHTS - DENNIS WICK, INFORMATION SYSTEMS

Dennis Wick, Director of Information Systems presented operational highlights on the AS/400 and the direction of end user computing being taken by KUA.

Director Bobroff commented Mr. Wick was using a computer keyboard to change the screens during his presentation. Mr. Welsh said to give the Board some added information, Staff has just pulled a line into the Boardroom and the computer will be connected to the AS/400. We will be able to get in and see budget information being manipulated or anything else that we have in the AS/400 as part of a presentation.

I. CONSENT AGENDA

Director Bobroff requested the December 16, 1992 minutes be pulled from the Consent Agenda.

1. APPROVAL OF MINUTES OF DECEMBER 9. 1992, SPECIAL MEETING
3. ANNUAL REQUIREMENT JANITORIAL SERVICES, IFB #035-92
4. ANNUAL REQUIREMENT FOR WOOD POLES. IFB #009-93
5. ANNUAL REQUIREMENT FOR CONCRETE STREET LIGHT POLES. IFB #010-93

Motion by Director Jones to accept everything except Item 2 and second by Director Lowenstein.

Motion carried 5 - 0

2. APPROVAL OF MINUTES OF DECEMBER 16. 1992, MEETING

Director Bobroff said on page 937, the first full paragraph on that page, in the second last line it says, "So you got checkers checking checkers etc." I think that it would be better for the minutes to use the word "have" instead of "got". "That's the only thing I found wrong in the minutes."

Motion by Director Jones to accept the December 16, 1992 minutes with the change of the word "got" to "have" on page 937. Seconded by Director Lowenstein.

Motion carried 5 - 0

J. HEAR GENERAL MANAGER, ATTORNEY, DIRECTORS

GENERAL MANAGER

Mr. Welsh stated a date needs to be set for the Board to review Owners Representatives. Staff is proposing to the Board that if five or less proposals are received, those proposals will be reviewed in their entirety at that meeting that we are proposing for March 31.

If there are more than five proposals for Owners Representatives received Staff will recommend to the Board that they be short-listed based on their qualifications and bring to Board a short list at the March 31 meeting.

Mr. Welsh said at this time Staff would like to have the Board's concurrence with that process. If Board doesn't have any problems with it we will continue with it. Staff would also like to establish the meeting date of March 31 to review the short list of the Owners Representatives.

Chairman Hord queried the Board if they agreed with the proposal by the General Manager for a short list. The Board agreed. Mr. Welsh asked if the last Wednesday in March, the 31st, at 6:00 pm. was an acceptable date and time. No Board member present had a conflict.

Mr. Welsh also reminded the Board the meeting for reviewing Owners Representatives that had been scheduled for January 28 was definitely premature and had been canceled.

Mr. Welsh stated the Chairman has a major conflict with the Goals & Objectives meeting set for February 17 and 18. We would like to reschedule that meeting to February 25 which is the Thursday following the regular meeting on February 24. If we don't finish up the Goals & Objectives meeting on February 25 then another date will be figured out at that point. The Board concurred with this change.

Mr. Welsh stated in anticipation of the Goals & Objectives, one of the things that Staff is thinking about doing next year as a cost saving measure is the elimination of uniforms. Staff would like to get the Board's input on that. The Uniform Contract had come up and was ready to be awarded at this January meeting. Staff extended the current contract a month and postponed it to February 24 thinking the Goals & Objectives meeting would be out of the way by that time, but we will have to extend the contract another month.

ATTORNEY - No comments.

DIRECTORS

Director Bobroff commented that the readability of the agenda items has greatly improved with the improvement of the equipment that is apparently being used to produce them; they are much more readable than they have been.

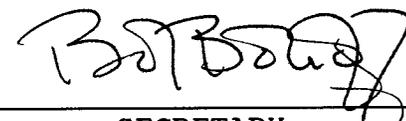
Director Gant stated St. Cloud's having a lot of discussions about what they are intending to do with their system. He felt we still need to stay in touch regarding what's going on with that system if in fact they do elect to sell it. Their system is their system, but the territory is another issue. We need to keep our mind open at this point if indeed they do intend to sell it.

K. **ADJOURNMENT**: Meeting adjourned at 9:22 p.m.



CHAIRMAN

ATTEST:



SECRETARY

FORM 8B MEMORANDUM OF VOTING CONFLICT FOR COUNTY, MUNICIPAL, AND OTHER LOCAL PUBLIC OFFICERS

<small>LAST NAME - FIRST NAME - MIDDLE NAME</small> GANT George H	<small>NAME OF BOARD, COUNCIL, COMMISSION, AUTHORITY, OR COMMITTEE</small> K-U-A. Kissimmee Utility Authority
<small>MAILING ADDRESS</small> 9 Glendale Dr	<small>THE BOARD, COUNCIL, COMMISSION, AUTHORITY, OR COMMITTEE ON WHICH I SERVE IS A UNIT OF:</small> <small>CITY COUNTY OTHER LOCAL AGENCY</small> OTHER LOCAL AGENCY
<small>CITY COUNTY</small> Kissimmee Osceola	<small>NAME OF POLITICAL SUBDIVISION</small> City owned utility
<small>DATE ON WHICH VOTE OCCURRED</small> Jan 27, 1993	<small>MY POSITION IS</small> <small>ELECTIVE APPOINTEE</small> APPOINTEE

WHO MUST FILE FORM 8B

This form is for use by any person serving at the county, city, or other local level of government on an appointed or elected board, council, commission, authority, or committee. It applies equally to members of advisory and non-advisory bodies who are presented with a voting conflict of interest under Section 112.3143, Florida Statutes. The requirements of this law are mandatory; although the use of this particular form is not required by law, you are encouraged to use it in making the disclosure required by law.

Your responsibilities under the law when faced with a measure in which you have a conflict of interest will vary greatly depending on whether you hold an elective or appointive position. For this reason, please pay close attention to the instructions on this form before completing the reverse side and filing the form.

INSTRUCTIONS FOR COMPLIANCE WITH SECTION 112.3143, FLORIDA STATUTES

LECTED OFFICERS:

A person holding elective county, municipal, or other local public office **MUST ABSTAIN** from voting on a measure which inures to his special private gain. Each local officer also is prohibited from knowingly voting on a measure which inures to the special gain of a principal (other than a government agency) by whom he is retained.

In either case, you should disclose the conflict:

PRIOR TO THE VOTE BEING TAKEN by publicly stating to the assembly the nature of your interest in the measure on which you are abstaining from voting; *and*

WITHIN 15 DAYS AFTER THE VOTE OCCURS by completing and filing this form with the person responsible for recording the minutes of the meeting, who should incorporate the form in the minutes.

APPOINTED OFFICERS:

A person holding appointive county, municipal, or other local public office **MUST ABSTAIN** from voting on a measure which inures to his special private gain. Each local officer also is prohibited from knowingly voting on a measure which inures to the special gain of a principal (other than a government agency) by whom he is retained.

A person holding an appointive local office otherwise may participate in a matter in which he has a conflict of interest, but must disclose the nature of the conflict before making any attempt to influence the decision by oral or written communication, whether made by the officer or at his direction.

IF YOU INTEND TO MAKE ANY ATTEMPT TO INFLUENCE THE DECISION PRIOR TO THE MEETING AT WHICH THE VOTE WILL BE TAKEN:

- You should complete and file this form (before making any attempt to influence the decision) with the person responsible for recording the minutes of the meeting, who will incorporate the form in the minutes.
- A copy of the form should be provided immediately to the other members of the agency.
- The form should be read publicly at the meeting prior to consideration of the matter in which you have a conflict of interest.

IF YOU MAKE NO ATTEMPT TO INFLUENCE THE DECISION EXCEPT BY DISCUSSION AT THE MEETING:

- You should disclose orally the nature of your conflict in the measure before participating.
- You should complete the form and file it within 15 days after the vote occurs with the person responsible for recording the minutes of the meeting, who should incorporate the form in the minutes.

DISCLOSURE OF LOCAL OFFICER'S INTEREST

I, George A GANT, hereby disclose that on Jan 27, 1993:

(a) A measure came or will come before my agency which (check one)

inured to my special private gain; or

inured to the special gain of Osceola National Bank, by whom I am retained.

(b) The measure before my agency and the nature of my interest in the measure is as follows:

Purchase of land from Bank. I am a member member of the Board of Directors of the Bank

Jan 28, 1993
Date Filed

George A Gant
Signature

NOTICE: UNDER PROVISIONS OF FLORIDA STATUTES §112.317 (1985), A FAILURE TO MAKE ANY REQUIRED DISCLOSURE CONSTITUTES GROUNDS FOR AND MAY BE PUNISHED BY ONE OR MORE OF THE FOLLOWING: IMPEACHMENT, REMOVAL OR SUSPENSION FROM OFFICE OR EMPLOYMENT, DEMOTION, REDUCTION IN SALARY, REPRIMAND, OR A CIVIL PENALTY NOT TO EXCEED \$5,000.