

MINUTES OF REGULAR MEETING OF KISSIMMEE UTILITY AUTHORITY, HELD WEDNESDAY, JUNE 21, 1995, AT 6:00 PM, BOARD ROOM, ADMINISTRATION BUILDING, 1701 W. CARROLL STREET, KISSIMMEE, FLORIDA

Present at the meeting were Chairman Gant, Vice-Chairman Walter, Secretary Bobroff, Assistant Secretary Lowenstein, Director Guthrie, Mayor Pollet, Attorney Brinson, President and General Manager Welsh, and Recording Secretary Scott.

A. **MEETING CALLED TO ORDER** at 6:00 p.m. by Chairman Gant.

B. **AWARDS AND PRESENTATIONS**

1. **10-YEAR SERVICE AWARD - LEEANN DORSEY**
2. **5-YEAR SERVICE AWARD - PAM HOLLOWAY**

Mr. Welsh explained that LeeAnn Dorsey, Credit & Collections Coordinator, and Pam Holloway, Meter Reader in the Field Support Division, were unable to attend the meeting due to other obligations. Their service awards will be presented to them by their department head at a later time.

Mr. Welsh said that at this time we would like to recognize for the record the distinguished service we have received from the ten years of service of Leeann Dorsey and the five years of service of Pam Holloway.

3. **EMPLOYEE OF THE MONTH - CLAIR KLINGER**

Clair Klinger, Field Support Specialist, reached his 13th year with KUA in April of this year. Mr. Welsh explained that Clair was here at the meeting for a very special award as he was spontaneously selected by his fellow employees as Employee of the Month. Mr. Welsh said Clair, during his years of service with KUA, has always been positive, respectful and very hard working. Mr. Welsh added that Clair has always contributed to the company in a positive manner and that he could not think of anyone who deserved this honor more.

Following introductions to the members of the Board, Clair was presented with a plaque from Chairman Gant and a check by Director Lowenstein. Clair will also receive one day off with pay and a reserved parking space for the month of July.

Director Bobroff and Mayor Pollet arrived at the meeting at approximately 6:05 p.m.

4. **CITY-WIDE CHAMPIONSHIP AND TOURNAMENT FIRST PLACE TROPHIES**

Mr. Welsh said it was our pleasure to have won the City-wide men's softball championship and that Joe Watson had planned to be here with some of his teammates to present these trophies. They have been detained slightly, so in case they do not make it, let me present both the City-wide championship trophy and the post-season tournament trophy that the team also won. They were 12 and zero, having defeated some very tough competition such as the City and

the Sheriff's department. We are proud of our team coming out first place with such stiff competition and feel it is a reflection of their level of excellence at what they do day to day on the job.

5. MARCH OF DIMES WALK-A- THON AWARD

Mr. Welsh introduced Gary Buker who chaired this event and commended Gary on the good job he did. Chairman Gant presented Gary with an award for KUA's participation as the third highest money raiser. Mr. Welsh recognized several walkers from the audience and commented on what a tremendous amount of fun the walk was and that one reason we had such a great time, was due to four ladies. He said three ladies were sitting in the front row, Sarah Tompkins, CJ Morgret, and Lela Valdellon, and that Barbara Marshall could not be here with us tonight. He explained that these ladies did not walk in the Walk-a-Thon, that they did something much more important--they manned one of the nine rest stations. The program for the day included a competition among the rest stations where every walker voted on the most enthusiastic rest station. Due to these ladies, KUA took first place. Chairman Gant presented them with a plaque for the Most Spirited Check Point 1995.

6. DISTINGUISHED BUDGET PRESENTATION AWARD

Mr. Welsh stated we are very proud to receive the Governmental Financial Officers Association Award for the budget year we are currently in, 1994-1995. He introduced Charles Lee, the Manager of Financial Analysis Division, to the members of the Board. Mr. Welsh explained that Charles' group was the one who put the blood, sweat and tears into this document. Mr. Welsh added that just about every person in this organization share in this honor because if they had not put a lot of work into it, the budget process would not be the thorough process that it is.

The Board congratulated Charles and the staff on receiving this award and commended them on the excellent work done to create a budget document that could be easily read and understood.

7. AWARD PRESENTED BY AQUATIC CENTER

Mr. Welsh said this evening must be the evening for awards because we have another award we would like to present to the Board that we did not receive in time to add to the agenda. He asked Dennis Wick and Jim Tillman to present the award. Mr. Welsh explained that they have a trophy they won for KUA and that they served us well. He further explained that KUA was first place in the City-wide tournament for the inner tube race at the new aquatic center. The Board commended them on doing a great job!

C. HEAR THE AUDIENCE - No comments

D. PUBLIC HEARING

1. RESOLUTION R95-6, FISCAL YEAR 1996 BUDGET

Chairman Gant announced that this was a public hearing and asked if any member of the public wished to make any comments; no

comments were made. Mr. Welsh stated this was a budget resolution finalizing the 1995-1996 fiscal year and Mr. Hostetler, Director of Finance, will make the presentation to the public.

Mr. Hostetler handed out a document titled *Budget in Brief* which incorporated changes recommended by the Board and reviewed some of these changes. He said the comment of the market level adjustment for non-unit employees was removed and a couple of other requested clarifications in the text had been made. He said that work had been started on the future growth adjustment in the Reserve for Future Capital Outlay and would be brought back to the Board during the Ten Year Plan process. In reference to Board's request, we have followed up on the funding of reserves for Cane Island maintenance by FMPA. Mr. Hostetler said we found that FMPA has a pool of money set aside for O&M, however, since Cane Island is an All-Requirements project all reserve monies are in one reserve account.

The area where changes have been made that affect the financial statements are related to the following items: 1) operating expense type items that fell below our capitalization policy of \$500 were moved from capital to the O&M budget, 2) insurance reimbursements of approximately \$90,000 that will be made by FMPA were not in the original budget, 3) site user fees that will be paid by participants in Cane Island of approximately \$193,000 are now incorporated in the budget, 4) a \$120,000 adjustment for an agreement KUA made not too long ago with OUC and St. Cloud for wheeling power through our system, and 5) reclassifications, some of which are professional services for Hansel and Cane Island, in the amount of \$176,000.

Mr. Hostetler said the total effect on the budget presented at the meeting of June 7th of \$102 million, has increased by almost a million, to \$103 million for a 1% change.

Director Bobroff moved that we approve R95-6, the resolution adopting the annual budget of the Kissimmee Utility Authority commencing October 1, 1995 and ending September 30, 1996 as presented. Director Lowenstein seconded the motion.

Motion carried 5 - 0

E. INFORMATIONAL PRESENTATIONS (REQUIRING NO ACTION)

F. OLD BUSINESS

1. APPROVAL OF AGREEMENTS RELATED TO CANE ISLAND GAS METERING STATION UPGRADE

Mr. Welsh said that Florida Power Corporation wishes to upgrade the capability of the Cane Island lateral. We currently have an agreement with FPC to use the lateral line and share part of the carrying, capital and operating costs of that line based on their throughput utilization. He added if KUA ever needs the line, our agreement with FPC allows us to take it back and use it for our own purposes.

Mr. Sharma gave some background information explaining that FPC originally built six oil burning units totaling 240 MW, then last year built four more oil burning units adding another 320 MW; close to 600 MW all together. He said that last year when FPC saw that we had this gas pipeline built, they approached us and agreed to our terms and conditions, to pay a share of the O&M and debt service costs on a usage basis. This agreement was approved by the Board on January 25, 1995. Earlier this month FPC asked us, if they were to pay all the costs involved, would we consider requesting FGT to upgrade the meter station from 2500 to 10,000 MMBtu/hr.

Mr. Sharma showed the location of the upgrade and how the upgrade would be achieved. He explained that the agreements stipulate that FPC reimburse KUA for the outage (a maximum 24 hours) during the construction of the upgrade, all FGT costs, all KUA nominated gas for that time span, and indemnify us from any mishaps or accidents.

Director Lowenstein inquired if we purchase our gas through FGU, will we purchase for FPC or how are they involved in this. Mr. Sharma said that was a very good point and that FPC agreed to sign an agreement with FGU (as a customer, not a member) to purchase the gas through FGU, which will also defray some of our costs.

By updating the lateral to 10,000 MMBtu, FPC can use up to 75% of our ability to serve. Director Lowenstein asked if there will be enough to serve us years down the road. Mr. Sharma said yes, there is enough capacity for all potential units built at Cane Island, or 900-1000 megawatts. He further stated that the agreement protects us in that if we need the total amount of gas of the line, or want that line for any purpose, we can have it back.

Director Guthrie asked if we knew why FPC had not looked into a means to get their own gas line before now. Mr. Sharma explained that the Intercession City Plant was a peaking unit and now they are looking at the unit for experimental baseload. Mr. Sharma added there was legislature passed in March 1994 that forced FPC to run these units instead of buying emergency power from another utility as had been done in the past.

Mr. Welsh pointed out that in all these agreements, the provisions are in KUA's favor and that when FPC originally presented these agreements it was not this way. He said that Mr. Sharma's ability to hold firm and watch out for our interests is most commendable. Mr. Brinson also commended Mr. Sharma on his excellent negotiating skills.

Moved by Director Lowenstein, seconded by Director Walter to approve the agreements and amendment to effectuate the upgrade of the FGT/RUA Gas Metering station and authorize the Chairman and the Secretary to execute the documents.

Motion Carried 5 - 0

G. NEW BUSINESS

1. PUBLIC SERVICE COMMISSION ORDERED TARIFF CHANGES

Mr. Welsh explained that in summary these changes are not exactly ordered, but that PSC is saying if we want to use load management, interruptible, and curtailable loads for reserve margins we have to be able to use these for certain conditions that are not currently spelled out in the tariffs. We have made those modifications in this draft document and staff recommends that we send them to the PSC.

Mr. Welsh stated that we use load management as part of our reserve calculations as capacity for internal load type situations. The PSC says every utility has to contribute to statewide emergencies, so unless our tariff allows us to use this for external load under emergency situations, then it really cannot be counted in our reserve margins. Mr. Hostetler explained the modification is verbiage and that this does not change our policy or rates. He added we must return the tariff changes by July 3, 1995 in order to continue including these non-firm load tariffs in our required reserve margin.

Notion by Director Lowenstein, seconded by Director Guthrie, to approve the language change in the tariff as ordered by the Public Service Commission.

Motion Carried 5 - 0

2. BOGGY CREEK SUBSTATION PROPERTY OFFER

Mr. Welsh distributed color originals of the Boggy Creek property. He said KUA has the opportunity to add acreage to the Boggy Creek Substation site, and this could possibly enable us to save additional frontage. The original site was always envisioned to be used for the substation, but not all of it; remaining acreage after the substation is designed could be liquidated.

Director Bobroff asked if the same party owned all the parcels. Director Walter commented that parcels marked K, I, E, and G was now a subdivision.

Mr. Davis, Director of Engineering, stated that about a year ago we purchased two parcels (H and J) and pointed out on the map these parcels, as well as the Parcel C, the topic of discussion tonight. He summarized the prices of the original purchases and said there was a full appraisal done at that time of those purchases and that the subject parcel was appraised as an addendum, or letter appraisal. Mr. Davis said if we did purchase Parcel C in addition to what we have already purchased, the total for the approximate 12 acres would be \$545,000 or an average cost of \$45,000 per acre.

He further explained that right now we are looking at somewhere between three to five acres needed for the substation and that this purchase would allow us some flexibility in where we actually place the substation; he showed the various options of placement. Mr. Davis stated that with this purchase we could also provide a larger buffer area between where the substation is built and the adjacent subdivisions. He said technically, we can build the substation on the parcel we already own, but given the flexibility and additional buffer benefit, staff feels it is a worthwhile purchase.

Mr. Welsh stated that our strategy is to wait and design the substation, because if we have to subdivide it at this point, we may end up with a smaller or less desirable parcel to develop or possibly market.

Mr. Davis added that we are not building until 1998 and until the substation is designed, the permitting process complete, the retention areas established, we would not know exactly what we wanted to sell.

Chairman Gant said there are some rules about government agencies buying properties and asked if we were in compliance. Mr. Brinson said this had been discussed at the staff meeting and that we felt very comfortable with it, however if the Board would prefer a full appraisal that was fine. As far as having excess property, I think if we were ever challenged, that Jim's explanation would comply with any law. We are not buying a tract of land that we are not ultimately going to use.

Chairman Gant inquired about the zoning and asked if we can put the substation there. Mr. Davis said the substation requires conditional use zoning and probably an environmental analysis.

Motion made by Director Walter, seconded by Director Guthrie, to authorize the purchase of the additional Boggy Creek Substation property contingent on a satisfactory environmental analysis and authorize the Chairman and Secretary to execute the necessary purchase documents; authorize the transfer of \$90,000 from the Reserve for Future Capital Outlay for the property purchase and necessary expenses.

Motion Carried 5 - 0

3. AWARD OF CONTRACT TO AMERICAN COMPLIANCE TECHNOLOGY REMOVAL OF PETROLEUM CONTAMINATED SOIL

Mr. Sharma explained where the contaminated area is located and that the work was started because of a new requirement of DEP which states the berm of any aboveground tank must be large enough to contain 100% of the contents of the tank. If there is more than one tank, then the containment area must be 110% of the largest tank in that area. The RFP process was followed and American Compliance Technology (ACT) who is one of the listed companies in our properties in our Spill Prevention Control & Counter Measure (sPCC) was contracted for \$38,110. During the process of removing the tank and enlarging the area to meet the 110% requirement, however, ACT they found traces of oil. The pollution was obviously there for a long time, because going a little deeper ACT found oil in the water table. Staff informed the proper local agencies and

then requested ACT to develop a Scope of Services and cost estimate for the series of tasks that needed to be accomplished.

Mr. Sharma explained that the reasons to continue the work with ACT was that they were already on site, that it would prevent operational coordination problems, the company was already approved by EPA and DEP and that the cost estimate was in line with the prices of earlier work done.

Director Walter asked if ACT had completed the plume testing and defined the area to which Mr. Sharma replied no. Director Walter stated as a matter of clarification, ACT will need to remove all contamination and rebuild the containment area, so this figure is really an estimate. Mr. Welsh said that was correct and that it could be more or it could be less, but that the estimate was based on 1500 cubic yards.

Motioned by Director Lowenstein, seconded by Director Bobroff, to award the contract to American Compliance Technology for removal of petroleum contaminated soil and perform other functions related to the lube oil tank at Hansel Power Plant for an estimated fee of \$154,550; also approve the transfer of this sum from the Reserve for Future Capital Outlay to cover the cost of the clean-up job.

Motion carried 5 - 0

4. INTERCESSION CITY PARK TRANSFER

Motion made to place item on agenda by Director Guthrie and seconded by Director Walter.

Motion Carried 5 - 0

Mr. Welsh said the contractors at the Cane Island project got together and contributed sweat, equity, some cash and some materials to do a project for the Intercession City community, that was to upgrade the playground equipment and add lighting at the local park. Mr. Brinson said the project was initiated by Greg Harrington and when Greg realized that the park upgrade was complete and the park in use, was concerned about the liability if someone were to get hurt. Greg worked with the County through the County attorney to develop this Bill of Sale from us which will transfer the property, thus transferring the liability to the County.

Motion made by Director Walter, seconded by Director Lowenstein, to transfer the ownership of the park, including the upgrade of the park, to Osceola County.

Motion Carried 5 - 0

H. STAFF REPORTS

1. MONTHLY PROGRESS REPORT ON ENGINEERING PROJECTS

Director Lowenstein asked if Mr. Davis would update the Board on the Cane Island substation and transmission lines. Mr. Davis explained

there was an outstanding final change order request from Terry's Electric, and that part of the change order covered what they claim are delay charges, however, our staff believes these charges are not valid. We have had many meetings with them and have been unable to reach any kind of agreement. Per the contract, Terry's Electric has the right to request binding arbitration, and KUA has the right to accept or deny the request. Mr. Davis said if we were to deny the request, they would have the option of going to court and that we have accepted. Mr. Brinson said that he and Mr. Davis had an informal meeting with Terry and their attorney and really did not get anywhere. Mr. Brinson added they would be setting up binding arbitration which we obviously accept or go to court, and certainly the binding arbitration would be the cheapest thing to do.

Mr. Brinson explained that we know what our maximum exposure is and what legitimately is involved so we are working with figures that we can stand, we are not talking about millions--less than a hundred thousand.

Director Bobroff questioned if during the planning process for construction of Carroll Street we had taken into consideration plenty of electrical outlets and communications/computer outlets. Mr. Welsh said we included both of these in the planning phase and as far as multiple computer outlets, we found it more cost effective to retrofit through the hollow walls and put in another outlet if a computer must be moved.

2. CONDENSED FINANCIAL REPORT - MAY 1995

Mr. Welsh said the Board has an abbreviated version of the condensed financial report because the meeting is early in the month.

Mr. Hostetler distributed the new report and said the numbers have not changed from the pages in the Board packet, just everything else that is normally in the report has been added. He said prior to May, revenues are 1.8% above the budget year-to-date through April 30th. A gain of a little over 8% of the budget is shown for the month of May.

Director Bobroff commented sales are indicated as being up, but we are running in a negative figure and asked Mr. Hostetler to explain. Mr. Hostetler said there were demand charges that vary, a different mix of sales that vary, and that due to this assumptions are made. Mr. Hostetler said to get the figures to the very dollar would be an extremely difficult and time-consuming task. He said there was delay of three to four days to get a cycle's reads into the computer, get them edited, reviewed and updated to the computer system. At this point we may have an additional number of megawatt sales that we need to either add or subtract to our base number to get what the real number is. He said that in reality we have customers billed at different rates, their usage is different, and there are peaks in the month. Each of these factors can throw the figures off. He added it does not take much to change the percentage and that you will always

see a difference. If all meters were read and billed by the 31st day of the month, we would have a very accurate figure.

Mr. Welsh said the difference is what was actually billed that month. We bill seven days after the fact so for any given month we have meters spinning out there we have not billed yet; from an accounting sense we need to make the accounting cycle accruals.

Director Bobroff asked if other utilities have that same problem to which Mr. Hostetler replied yes unless they can bill for everything by the last day of the month. He added that these will probably be positive figures for both dollars and megawatt hours for the rest of the year.

Mr. Hostetler pointed out that he was reporting a huge difference that is because we have not calculated in our financial statements fair value of the Cane Island energy that has been created during the test period that was sent out our system and sold to our customers. We have it in the revenues because that was part of the energy we sold, but we do not have the cost of that because the methodology the PSC requires you to follow. The Power Supply Department when ahead and calculated it and included it in their COPA rate, so COPA will not be impacted. The \$900,000 in fuel that Cane Island burned should have been included as a cost, but was not. Accumulatively this will have an effect of \$1.5 million dollars, so the \$5.1 million reported as reinvested earnings will have \$1.5 millions less than that.

3. MONTHLY REPORT ON POWER SUPPLY DEPARTMENT PROJECTS

Mr. Welsh said there was a written report on this item and asked if there were any comments or questions.

Director Bobroff asked how much the load management was used in the last 30 days. Mr. Sharma answered it has not been used during the last 30 days, because of our units running well. It was used the month before. Mr. Welsh asked if we use the load management in our reserve calculations to which Mr. Sharma answer yes, 7 to 8 megawatts.

Mayor Pollett left the meeting at 7:20 p.m.

4. SELECTED DEPARTMENT HIGHLIGHTS - PERSONNEL & RISK MANAGEMENT

Mr. Welsh said we have a bi-annual report from the Personnel & Risk Management Department by Mr. Neville Turner.

The meeting recessed from 7:55 p.m. to 8:00 p.m.

Mr. Turner gave an impressive slide presentation starting with the staffing of his department. He explained our worker's compensation program and said as of September 1994 was very low at .0018%. Director Bobroff asked if we get bids on this insurance. Mr. Turner said we have not bid it out in quite a while, because every year we stay with the Florida League of Cities, we get a larger discount.

Mr. Turner then covered the liability insurance stating our premium was \$230,000. During this period we had more losses than we paid premiums. He explained each claim involved, including several claims made in reference to the train wreck.

He said the health insurance was through Humana and the two plans available are PPO and HMO. Mr. Turner stated there was a savings of \$561,000. Director Bobroff asked what the total savings were and Mr. Turner said the savings represented what it would have cost if we had not been part of the network of Humana. The enrollment breakdown showed a majority of employees were enrolled in the HMO. Director Bobroff asked if the employees were experiencing any problems with health care through HMO. Mr. Turner replied that there were not many complaints made to his department to that effect and that the choice is made by each employee in December of each year.

The life insurance total premium was \$24,000 with one death claim paid of \$30,000 giving a loss ratio of 124.82%. There were no questions or comments.

I. CONSENT AGENDA

Director Gant asked if there were questions or comments on any of the items on the Consent Agenda. Director Lowenstein said he had questions on items 4 and 5.

Motion was made by Director Walter, seconded by Director Guthrie, to approve items 1, 2, and 3 of the Consent Agenda.

1. APPROVAL OF MINUTES OF MAY 24, 1995, REGULAR MEETING
2. APPROVAL OF MINUTES OF JUNE 7, 1995, SPECIAL MEETING
3. APPROVAL OF MINUTES OF JUNE 8, 1995, SPECIAL MEETING

Motion Carried 5 - 0

4. SCHEDULE 'J' INTERCHANGE CONTRACT WITH GAINESVILLE REGIONAL UTILITIES (GRU)
5. SCHEDULE J' INTERCHANGE CONTRACT WITH REEDY CREEK IMPROVEMENT DISTRICT (RCID)

Director Lowenstein asked about Items 4 and 5, would these interchange agreements be needed with us joining FMPP. Mr. Welsh said no, we won't need them, but that we will not be active in the pool for approximately another year. Mr. Sharma said we should be on line by January 1, 1996. He explained that these schedules of interchange will remain valid because it will become a resource of the pool and used by the whole power pool. Mr. Sharma said we can sell, but the Pool will buy.

Motion was made by Director Lowenstein, seconded by Director Walter, to approve items 4 and 5 of the Consent Agenda.

Motion carried 5 - 0

J. HEAR GENERAL MANAGER, ATTORNEY, DIRECTORS

GENERAL MANAGER - No comments

ATTORNEY - No comments

DIRECTORS - No comments

K. ADJOURNMENT: Meeting adjourned at 8:15 P.M.

ATTEST:


SECRETARY


CHAIRMAN