

MINUTES OF SPECIAL MEETING OF KISSIMMEE UTILITY AUTHORITY, HELD  
WEDNESDAY, JANUARY 17, 1996, 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 Lowenstein, Assistant Secretary Guthrie, Director Hord, Vice-Mayor Dorsett, Attorney Brinson, President and General Manager Welsh, and Recording Secretary O'Rourke.

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

**B. PROPERTY UTILIZATION**

Mr. Welsh stated that the purpose of this meeting was to discuss the possibilities of entering into a leasing agreement with HTE. He explained that HTE was looking for a long-term lease and that KUA and other municipal agencies are encouraging them to move to Osceola County. HTE does not want to be in the real estate business and they do not want to own property. We are competing very heavily with Pizzuti Developers in Seminole County and HTE already has a Letter of Commitment sent to them.

Mr. Welsh stated that Director Lowenstein suggested the concept of our building a facility, lease to HTE, make sure the lease payments are adequate to recover our costs, and pay for the building. As the decades go by, KUA would have the need for additional space through normal growth and this was the intended purpose of having additional lands when we bought this site in the first place.

After researching this concept further Mr. Welsh felt it might be worth considering. He stated that one of the reasons for this concept of our building the facility was that it would give us a competitive edge over Seminole County. KUA would have to earn an adequate return on the incremental investment. For it to make economic sense to us we would not have to earn a direct return on land that we planned on having there for 15 years anyhow for a future building. The planned investment we had for that land was not to have any return on it for awhile. This would definitely give us the competitive edge.

Mr. Welsh stated that a letter was faxed to the Board that he wrote to Dennis Harward documenting a meeting that took place at 6:30 a.m. on January 17, 1996. The purpose of the meeting was that in talking with Dennis Harward, Mr. Welsh was told HTE was heading very strongly toward Heathrow in Seminole County. Mr. Welsh said HTE is in favor of some of our concepts, but Dennis said one of the things that can hurt this deal is the timing. HTE has to be in a building by April of 1997 and that they have to give clear direction to either us or Pizzuti very quickly to make this happen.

At the January 17, 1996 meeting all parties involved were brought together to see what could be considered and recommended to the Board. Mr. Welsh then stated the major points discussed at the meeting and outlined in his letter to Dennis Harward of January 17, 1996.

Director Lowenstein directed a question to Attorney Brinson on the feasibility and the up and the down sides. Attorney Brinson stated that he reviewed the Charter and that because the building ultimately will be ours, that we would have built it anyway 15 years from now, and we have idle funds, the Charter addresses these matters. Attorney Brinson added that the land was not purchased by bonds. Attorney Brinson stated that if this is managed properly, we can legally do it.

Don Smallwood, City Attorney, stated he had not had time to look this over. He stated he has not come to any conclusion yet and that he is still learning exactly what the project is.

Attorney Brinson stated that in recent years it has been in vogue for government to help private industry to come to their communities. He also stated that the Supreme Court has ruled if a city either leases to a proprietary group or holds out property for lease, it's taxable.

Chairman Gant questioned if IRS would make the property taxable. Attorney Brinson said it was definitely a consideration. Director Hord stated he could handle the real estate because that gets into the triple net. Attorney Brinson said from an IRS standpoint, we are not using bond proceeds. We are using retained earnings. Mr. Welsh stated that as long as the profits don't end up in a shareholder's pocket, then we are not a profit making corporation; as long as it is eventually invested and gets back into the system which is where all these funds go.

Vice-Mayor Dorsett questioned putting a government entity in direct competition with private enterprise. This was one of his concerns for City Attorney, Don Smallwood. The Board requested of Mr. Smallwood and Vice-Mayor Dorsett that any areas of concern or problem be communicated to staff right away.

Mr. Welsh stated that if the numbers are right, HTE would make a decision next week. Vice-Mayor Dorsett stated HTE has already signed a Letter of Intent with Pizzuti. Mr. Welsh then stated that the bottom line HTE is looking at is \$1 million.

Director Hord stated what a competitive world this is and if we don't make this deal, someone else will. Mr. Welsh stated what an ideal location Osceola Parkway is and that it would benefit our community to have a company like HTE relocate to Osceola County.

Mr. Welsh said that Mr. Ken Davis, Director of Engineering, would be the Project Manager. Mr. Davis then presented the physical aspects of the project by showing two drawings of the building. Mr. Davis stated that the building was 65,000 square feet and was similar to the KUA building and the estimated cost would be \$6 million dollars. He further stated that expansion plans were discussed for the future. Mr. Davis explained that he had shown HTE's property management consultant around the KUA building and the consultant was impressed with the building.

Mr. Joseph Hostetler, Director of Finance, analyzed the effect on our yearly financial statements and the present value analysis.

Mr. Hostetler stated he does not think we will have to go to the bond market for this \$6 million. Mr. Hostetler said from his perspective, this is something positive for KUA. Mr. Hostetler will be evaluating HTE's financial history prior to a recommendation to the Board.

Director Hord questioned if HTE could give a personal as well as a corporate guarantee on the lease. Director Hord stated this was a favorable deal for HTE getting a fixed price for 15 years. Mr. Welsh stated that Pizzuti's numbers go up and down because of the way his cash flow works.

Chairman Gant stated this is the only way to get industry in here. Vice Mayor Dorsett agreed and stated that efforts in this direction are being made with the United States Olympic Committee and the Governor's Council on Physical Fitness possibly locating their headquarters for Florida at the KUA building on Broadway.

Chairman Gant stated he was in favor of this deal. Mr. Welsh stated we all have only one opportunity at this and that this is the type of industry we are looking for.

Mr. Welsh stated that he believes that the KUA Board would consider very carefully any concerns or problems with this that the City Commission may have. Vice-Mayor Dorsett indicated that he felt that this is what KUA should go for.

**Motion moved by Director Guthrie and seconded by Director Lowenstein, to give authority to staff to work out details and come back with an executable lease.**

**Motion passed 5 - 0**

**C. OTHER**

**D. HEAR PRESIDENT & GENERAL MANAGER, ATTORNEY AND DIRECTORS**

**GENERAL MANAGER** - Recognition/welcome of Mary O'Rourke as new Recording Secretary.

**ATTORNEY** - Attorney Brinson brought up the Amtrak and CSX litigation and stated that under the law it is permissible under certain circumstances to have a shade (closed) meeting. In order to accomplish this, Attorney Brinson has to put certain things on public record and then authorize the shade (closed) meeting. Mr. Brinson advised the Board of the litigation and that it was necessary to get guidance with reference to these matters. The Chairman will call the meeting to order in public and then announce the attorney client session will take place. At this point the meeting will be closed and a court reporter will be present to take the minutes. The only people in that meeting will be Michael Roper, Attorney; Rene Stephens, Attorney; James C. Welsh, all Board Members, Attorney Brinson, Neville C. Turner and the court reporter. This meeting will be held on Wednesday, January 24, 1996 at 8:00 p.m.

**DIRECTORS** - No Comments

**ADJOURNMENT**

ATTEST:

  
SECRETARY

  
CHAIRMAN

Meeting adjourned at 7:40 p.m.