

MINUTES OF REGULAR MEETING OF KISSIMMEE UTILITY AUTHORITY, HELD WEDNESDAY, JANUARY 22, 1997 AT 6:00 PM, BRINSON BOARD ROOM, ADMINISTRATION BUILDING, 1701 W. CARROLL STREET, KISSIMMEE, FLORIDA

Present at the meeting were Chairman Hord, Vice-Chairman Walter, Secretary Guthrie, Assistant Secretary Lowenstein, Director Ralston, Mayor Attkisson, Attorney Brinson, President and General Manager Welsh, and Recording Secretary O'Rourke.

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

B. **AWARDS AND PRESENTATIONS**

1. **15-YEAR SERVICE AWARD - DAVID PAYNE**

Mr. Welsh stated that Dave came to work for KUA as an Assistant Power Plant Operator in 1982. Dave was promoted to Operator in August of 1983 and became a Shift Supervisor in April of 1984. Dave is concerned about the welfare of his crew and the protection of the power plant equipment. Mr. Welsh said Dave has a great sense of humor and working with him is a real pleasure. Mr. Welsh stated Dave has fulfilled all the requirements, instruction and testing to become a Shift Supervisor Operator/Mechanic.

Chairman Hord presented Dave with a knife and the other Board members joined him in congratulating Dave.

2. **5-YEAR SERVICE AWARD - CHARLES LEE**

Mr. Welsh stated that Charles began working for KUA in 1992 as a Budget Analyst and then in 1995 was promoted to Manager of Financial Analysis. Mr. Welsh stated Charles is primarily responsible for the Ten Year Plan and the annual budget documents.

It is mostly through his efforts and with the cooperation and assistance of the other departments that KUA has received the GFOA budget award every year since he began his employment with KUA.

Charles was unable to attend the meeting, but his 5-year service award will be presented to him by his Department Director at a later date.

3. **5-YEAR SERVICE AWARD - RICHARD MEAD**

Mr. Welsh stated that Richard started as a Project Accountant in January of 1992. Richard was very instrumental in getting the work order system up and running, tracking down problems and working with HTE to come up with solutions. Mr. Welsh stated Richard also handles all Plant Asset audit coordination with Coopers & Lybrand during the annual audit. Richard is a hard worker and very well liked throughout KUA.

Chairman Hord presented Richard with a 3-blade knife and the other Board members joined him in congratulating Richard.

4. 5-YEAR SERVICE AWARD - RAFAEL NAZARIO

Mr. Welsh stated that Rafael joined the Engineering department in 1992. Rafael works in highly technical areas of SCADA and communication. Rafael has assisted in the installation and development of the new Energy Control Center computer systems and in the conversion and maintenance of our fiber optic communications backbone. Over the years, Rafael's pleasant and always willing to help attitude have made him a favorite amongst his co-workers.

Rafael was unable to attend the meeting, but his 5-year service award will be presented to him by his Department Director at a later date.

5. 5-YEAR SERVICE AWARD - KENNETH VAUGHN

Mr. Welsh stated that Ken started in 1992 as a Substation Electrician and was transferred in 1993 to a System Load Dispatcher. Ken has become a tremendous asset to the system control division. Mr. Welsh stated Ken is recognized by other departments as well for his computer knowledge and his willingness to help others. Ken has recently started training in the reconstruction process for FMPP (Florida Municipal Power Pool).

Chairman Hord presented Ken with a crystal oil lamp and the other Board members joined him in congratulating Ken.

6. EMPLOYEE OF THE MONTH - RAY EADY

Mr. Welsh stated that Ray Eady was here for a very special award tonight and that was the Employee of the Month award. Mr. Welsh said Ray has only been here for six months and already everyone at KUA recognizes the fact that Ray is a real jewel and a wonderful addition to this organization. Ray always wears a smile, always has a lot of confidence and always asks what can we do to get the job done. Mr. Welsh said it is a real pleasure to work with a gentleman like Ray. Ray is always willing to help wherever and whenever he can and will always go the extra step to do his job.

Chairman Hord congratulated Ray and presented him with a plaque. Director Guthrie presented Ray with a check. Ray will receive a special parking space for the month and a day off with pay.

7. EMPLOYEE BS DEGREE RECOGNITION - MIKE WOMICK

Mr. Welsh stated on December 21, 1996 Mike received his Bachelor of Science in Engineering Technology from the University of Central Florida. Mike was hired by KUA as an Apprentice Electrician in Power Supply in 1993 and in 1995 he was transferred to the Personnel department as the Environmental & Safety Administrator. Mike attended night classes at UCF with the goal of receiving his B.S. degree. Mr. Welsh stated it was very commendable that Mike persevered over this period of time and achieved his goal. The knowledge Mike has gained in reaching his

goal will only serve to make him an even more valuable employee for KUA.

Chairman Hord presented Mike with a plaque and the other Board members joined him in congratulating Mike.

- C. HEAR THE AUDIENCE - No comments
- D. PUBLIC HEARING - No comments
- E. INFORMATIONAL PRESENTATIONS (REQUIRING NO ACTION)
- F. OLD BUSINESS
- G. NEW BUSINESS

1. BUSINESS EXPENSE POLICY DIRECTIVE - D97-1

Mr. Welsh stated the Board had asked KUA's general counsel to look into the questions that were raised by Mr. Richard Herring concerning KUA's expense policy. Counsel advised that to stay with the spirit of what the state was trying to achieve, it was advisable to re-draft the policy to establish some limits.

Director Lowenstein made a motion to approve Policy Directive D97-1; seconded by Director Guthrie.

Motion carried 5 - 0

Mr. Richard Herring, 514 Verona Street, Kissimmee, Florida said in Section 11 under Indexing to Consumer Price Index it states the maximum dollar limits will be adjusted based on the Consumer Price Index increase and approved by KUA's President and General Manager. Mr. Herring stated if the limit does rise, it should be placed on the Consent Agenda that there has been an adjustment to inform the Board. Mr. Welsh stated he would keep the Board informed of any annual adjustment.

2. CONFIDENTIALITY AGREEMENT WITH FLORIDA POWER CORPORATION

Mr. Welsh stated KUA is in the midst of negotiations with Florida Power Corporation (FPC) concerning certain things that may involve power supply and FPC has asked that certain information they send to us marked confidential, be kept confidential. Mr. Welsh said FPC would share this information with us as part of the negotiating process. Under our Open Records Law there is an exemption for public utilities dealing in power supply contracts and this confidentiality reflects that and is in agreement with that law. Mr. Welsh said this has been discussed with counsel and KUA was advised that this conforms with the law.

Director Lowenstein asked once this information is brought before the Board in a public meeting, how can it be kept confidential? Attorney Brinson stated the information is a confidential matter until it reaches the decision making process and becomes a public issue.

Director Lowenstein made a motion to approve the Confidentiality Agreement with Florida Power Corporation; seconded by Director Walter.

Motion carried 5 - 0

Mr. Bob Bobroff questioned if this Confidentiality Agreement could be a two-way street. Attorney Brinson stated this could not be done. Mr. Bobroff said as an electric utility, KUA is going to have things that we do not want to be known by our competition. Mr. Bobroff suggested that KUA try to get the law amended so KUA has the same confidentiality privilege on projects we do not want public. Mr. Brinson stated this is a question that the legislature needs to address. Mr. Brinson said FMPA (Florida Municipal Power Association) is going to have the same problem as KUA and the legislature may want to address this. Mr. Brinson stated he would discuss this with Mr. Fred Bryant of FMPA to see if there is anything pending now in the legislature.

H. STAFF REPORTS

1. MONTHLY PROGRESS REPORT ON ENGINEERING PROJECTS

Mr. Welsh said no verbal presentation was planned. Mr. Ken Davis, Director of Engineering, was available for any questions or comments.

Director Lowenstein asked for an update on fiber optics. Mr. Davis stated KUA is now working on identifying other users of the system and we are in the process of setting up some meetings to discuss possible joint ventures in using their system along with our fiber.

Director Lowenstein asked for the status with Sprint. Mr. Davis stated KUA negotiated for quite some time with Sprint for them to use some of our fiber that went up to Taft. Sprint has since put that on hold and said a decision would not be made until the end of this year or sometime next year.

Director Lowenstein asked if the lights were complete on Main Street. Mr. Ken Lackey, Director of Transmission & Distribution, stated the lights are being put in as they are delivered. The lights were a special order item and about half of them are installed now.

2. MONTHLY CONDENSED FINANCIAL REPORT - NOVEMBER 30, 1996

Mr. Joe Hostetler, Director of Finance, gave a brief presentation on the monthly financial report. Mr. Hostetler stated we are 10% below the budgeted sales for the month of November and year to date we are 9% below budget. Mr. Hostetler said we have been able to hold expenses back to still realize positive net reinvested earnings. Mr. Hostetler stated for the month we were \$319,000 above the budget for reinvested earnings and for the year we were \$1 million over the budget on reinvested earnings. The debt service coverage ratio was 3.08 versus a budgeted 2.61.

3. MONTHLY REPORT ON POWER SUPPLY DEPARTMENT PROJECTS

Mr. Welsh said no verbal presentation was planned. Mr. Ben Sharma, Director of Power Supply, was available for any questions or comments you may have.

4. SELECTED DEPARTMENT HIGHLIGHTS - INFORMATION SYSTEMS

Mr. Dennis Wick, Director of Information Systems, gave a brief presentation highlighting Getting the Bill in the Mail.

I. CONSENT AGENDA

Chairman Hord asked if there were any questions or comments on any item from the Consent Agenda or if anything needed to be removed.

Director Lowenstein made a motion to approve items 1, 2, 3, 4; seconded by Director Ralston.

- 1. APPROVAL OF MINUTES OF DECEMBER 18, 1996 REGULAR MEETING**
- 2. RELEASE OF EASEMENT ON MICHIGAN AVENUE**
- 3. AWARD OF HYDRAULICALLY ACTUATED DIGGER DERRICK, INVITATION FOR BID #001-97**
- 4. AWARD OF CONTRACT TO WESTINGHOUSE FOR THE SUPPLY OF MAJOR SPARE PARTS FOR WESTINGHOUSE 251B8 GAS TURBINE**

Motion carried 5 - 0

J. HEAR GENERAL MANAGER, ATTORNEY, DIRECTORS

GENERAL MANAGER

Mr. Welsh stated last week he and Barry Moline, Executive Director of FMEA had an appointment with Daniel Webster, Speaker of the House. Mr. Welsh said they discussed the possible changes that are affecting our industry and found out it was his opinion that there would probably be nothing coming out of the legislature this year. Mr. Webster said changes would come at some point but he expected there would be a lot of scrutiny to any change and that it would be slow.

Mr. Welsh stated he and Chris Beck had a meeting today with the head of Time Warner Cable in this area. It was an initial meeting that was suggested by Chris Beck to talk about possible strategic alliances. Mr. Welsh said they would be meeting with Time Warner Cable in the future to pursue these possibilities.

ATTORNEY

Mr. Brinson said he had previously reported the insurance company that insured us at the railroad accident at Cane Island was taking the position that we were only covered for active negligence and they filed a suit or action in circuit court. The judge granted a judgement which basically says the case was solid and we

did not have a chance to present any defense. Mr. Brinson submitted an appeal and now we will have an opportunity to present our case.

DIRECTORS

Mayor Attkisson stated at some point in time deregulation will definitely be the hot topic. Mayor Attkisson said from the community standpoint the city can keep tax rates down because KUA gives the city money each year. Mayor Attkisson stated deregulation will affect City Hall as well and he feels KUA and the city should work together on this issue. Mayor Attkisson would like the Board to think about what issues need to be faced when we go to legislature and also develop a comprehensive plan on how to approach deregulation to try to get ahead of the game.

Director Ralston said he agrees with Mayor Attkisson and he thinks we need to take advantage of this time to do anything we can to build customer loyalty and decrease our operating expenses.

A brief recess was taken between 7:15 p.m. and 7:30 p.m.

K. MANAGEMENT REVIEW

Chairman Hord stated each Board member individually filled out a KUA Performance Review form, giving items A through L a numerical value. These values were all plotted on a rating calculation worksheet to arrive at the grade point and using the KUA merit pay plan scale level, that would be the percentage of increase. The grade point came out to 3.1833. The percentage of increase came to 6.550%. The current base salary equals \$102,177 with an increase in base salary of \$6,693, which equals a new base salary of \$108,870.

Chairman Hord said in a previous meeting he stated this would be retroactive to November 1, 1996. Chairman Hord said that is not correct and he was told that Mr. Welsh's anniversary date was December 6th. Therefore, this is retroactive back to December 6, 1996.

Director Walter stated that Mr. Welsh has done a great job this year and he has a good handle on all the issues.

Chairman Hord suggested all Board members get another blank Performance Review form to look over for next year. Chairman Hord stated he would like to evaluate for 1997 in either August or September while all the present Board members are still on the Board.

Mr. Richard Herring wanted to know what the descriptions were under the items of Appearance and Safety Practices. Mr. Welsh read them from the Performance Review form.

Director Lowenstein stated that Mr. Welsh has put Kissimmee, Osceola County and Florida on the map. Director Lowenstein said Mr. Welsh is visible within the nation and within the state and he is representing KUA first class. Director Ralston stated he wrote similar remarks on his review form.

Director Guthrie suggested that next year some of the items should carry different weights because Safety Practices is not equal to Administration for Mr. Welsh. Mr. Welsh stated it might

be most effective to do this at the beginning of the performance period so he knows what the Board deems important. Chairman Hord said before the next regular meeting each Board member should read the review form and then at that meeting they will discuss the weighting for each item.

Director Lowenstein made a motion to accept the formula as graded by the Board of Directors that increases the wage of the President and General Manager by \$6,693 to \$108,870 and retroactive to December 6, 1996; seconded by Directors Walter and Ralston.

Motion carried 5 - 0

Director Guthrie asked Chairman Hord whether or not some guidelines should be established for a possible bonus. Chairman Hord stated there have been years past where there have been bonuses and years when there weren't. Chairman Hord said he does not see a bonus as an annual or routine thing and he does not think the bonus should be part of the annual compensation. Chairman Hord said a bonus should be given for way above and beyond the call type thing. Director Guthrie agreed with him.

Mr. Welsh thanked the Board for their most generous ratings.

L. ADJOURNMENT: Meeting adjourned at 8:05 p.m.



CHAIRMAN

ATTEST:



SECRETARY