

MINUTES OF A REGULAR MEETING OF KISSIMMEE UTILITY AUTHORITY,
WEDNESDAY, FEBRUARY 25, 1998, 6:00 P.M., BRINSON BOARDROOM,
ADMINISTRATION BUILDING, 1701 WEST CARROLL STREET, KISSIMMEE,
FLORIDA.

Present were Chairman Hord, Vice-Chairman Walter, Secretary Guthrie, Assistant Secretary Ralston, Director Toro, Attorney Brinson, General Manager Welsh and Recording Secretary Fizer. Mayor Frank Attkisson was absent.

A. **MEETING CALLED TO ORDER** at 6:00 P.M. by Chairman Hord.

B. **AWARDS AND PRESENTATIONS**

1. **15-YEAR SERVICE AWARD - MIKE RIGGLEMAN**

General Manager Welsh noted that Mike Riggleman from the Power Supply department could not be present to accept his award.

2. **5-YEAR SERVICE AWARD - KAY SIDES**

Mr. Welsh announced that Kay Sides, also an employee in the Power Supply department could not be present to receive her award because of circumstances surrounding the recent tornado disaster.

3. **EMPLOYEE OF THE MONTH FOR MARCH - NANCY ESPINOSA**

Nancy Espinosa, Administrative Secretary for the Power Supply department, was honored as March's Employee of the Month.

Mr. Welsh noted that being selected employee of the month by co-workers is a prestigious honor. Mr. Welsh said that Ms. Espinosa has been with KUA two and a half years and that she has always been very professional and supportive of KUA. Chairman Hord awarded Ms. Espinosa a plaque and Vice-Chairman Walter noted that the employee of the month receives a special parking space, a day off with pay and their choice of a savings bond or check.

4. **DEGREE RECOGNITION - BILL FISHER, BACHELOR OF ARTS IN PUBLIC ADMINISTRATION FROM UCF**

Bill Fisher, an engineer in the Transmission and Distribution department, recently received his degree from the University of Central Florida. Mr. Welsh recognized Mr. Fisher's hard work and dedication in obtaining this degree and Chairman Hord presented Mr. Fisher a plaque to commemorate his accomplishment.

C. **HEAR THE AUDIENCE** - None.

D. **PUBLIC HEARING** - None.

E. **INFORMATIONAL PRESENTATIONS (REQUIRING NO ACTION)**

General Manager Welsh gave a brief update on the recent tornado damage and what KUA has done and is doing to restore power to customers. Mr. Welsh complimented the KUA staff and Director Toro for their outstanding dedication and compassion during this tragedy.

Ken Davis, director of Transmission and Distribution, gave a presentation on the areas that were affected by the tornadoes in the KUA service territory and a day-to-day update on restoration. Mr. Davis also thanked the line crews

and everyone who worked diligently throughout the week to get power back on to KUA customers.

Ed Brinson, attorney for KUA briefly described his personal experience with the storm, which took his roof, and was thankful for everyone's help.

Chris Beck, director of Marketing, reported that she had heard nothing but glowing remarks on the efforts of the KUA staff to help those affected by the tragedy. Ms. Beck also praised Director Toro's help during the community meeting with the City, County and KUA that was held on Monday. Ms. Beck reported on the efficiency of the new Trouble Call System during the heavy phone traffic after the tornadoes. She commented that E-mail was a great tool to pass information to staff as it became available.

Chris Gent, manager of Communications, commented on how KUA's help and dedication were received at the Monday community meeting and he also informed the Board that there would be a series of ads placed in the newspapers to inform and support those affected by the storm.

Chairman Hord, on behalf of the Board of Directors, thanked the entire staff and Director Toro for a job well done.

F. OLD BUSINESS

1. KUA INTERNET SERVICE PROVIDER (ISP) REVIEW

Dennis Wick, director of Information Systems, reviewed the information on both Option #2, resale of ISP services, and Option #4, to contract and develop with an established ISP.

Joe Hostetler, director of Finance, gave a brief summary on the financial assumptions and net present value analysis of each.

Director Walter questioned the amount of money being requested in the staff's recommendation and the amount being shown in Mr. Hostetler's presentation. Mr. Hostetler reviewed the table that combined the initial start up cost and the operating expenses for the first six months.

ACTION: Motion by Director Ralston, seconded by Director Guthrie to accept staff's recommendation of implementing Option #4 as amended for Commercial Sales and that it be funded in the amount of \$110,500 out of bond proceeds for capital purchases and \$122,100 out of the reserve for future capital outlay for FY 98 to cover six months operating expenses.

**Motion carried 4 - 1
Chairman Hord opposed**

2. CLARIFICATION ON NEW BUSINESS ENTERPRISES BY KUA

General Manager Welsh noted that this agenda item was from the January 21 board meeting. Mr. Welsh said that after deliberation with KUA counsel, it was determined that the charter does not prevent KUA from entering into other enterprises. However, Mr. Welsh asked for direction in setting a joint meeting with the City and KUA to consider a joint resolution, which would clarify the issue.

Attorney Brinson noted that after discussions with staff, he prepared a joint resolution and presented it to the

City Manager and City Attorney. Mr. Brinson noted that they have not responded but he felt the City was receptive.

Chairman Hord asked why a "joint resolution" is necessary. Mr. Brinson responded that it is good business if both KUA and the City could benefit from the resolution and settle the details once and for all. Mr. Welsh noted that this resolution would establish the kind and amount of money transfers to the City.

ACTION: Motion by Director Guthrie, seconded by Director Walter, to direct staff to set up a joint meeting with the City Commission for the primary purpose of adopting a joint resolution clarifying the issue of new business ventures by KUA.

Motion carried 5 - 0

G. NEW BUSINESS

1. POLICY CONCERNING JOINING "PROFESSIONAL" ASSOCIATIONS

Chairman Hord announced that this item had been removed from the agenda.

2. GIVE KIDS THE WORLD - PENDING PARTNERSHIP AGREEMENT

General Manager Welsh introduced Henry Landwirth from Give Kids the World (GKW) who asked Jim Kwasnowski to speak. Mr. Kwasnowski of Walt Disney Imagineering is chairman of GKW development committee for the expansion of that facility. Mr. Kwasnowski said he understood the terms KUA policy whereby large customers can get free line extensions and a 15% rate reduction if they sign a 10-year agreement to keep KUA as their electric provider. Mr. Kwasnowski proposed that Give Kids the World would pay KUA a pro-rated amount if they change providers during that ten years. He also requested that the upfront cost for the line extension be reduced.

Mr. Landwirth said that the largest problem with signing the 10-year contract was that the Board of Directors of GKW have never signed and are not willing to sign any contract. Director Toro said that all other businesses that agree to the line extension waiver sign the contract and adhere to the terms.

Chairman Hord noted that there is a clause in the contract that allows a company to go with another utility (if regulatory rules permit) if KUA does not keep its rates "competitive".

General Manager Welsh and the board members reported that they are familiar with Give Kids the World and the positive nature of that charity. Mr. Welsh also noted that if the board at GKW could not sign the long-term contract, the organization would remain under its present rates. General Manager Welsh asked Mr. Landwirth to consider signing the contract if it were modified to release GKW should another utility offer to provide free electricity to them. Mr. Landwirth said the problem was that his board would not sign a 10-year contract under any terms. Director Ralston's concern was that to change the contract for one company would set a precedent that other companies would come to expect and the Board does not want that to happen.

After a lengthy discussion, it was the consensus of the Board to adhere to the policy and to not amend the contract.

Chairman Hord recessed the meeting from 8:00 PM to 8:12 PM.

3. BOARD MEMBER NOMINATION SELECTION 1998 SCHEDULE

General Manager Welsh noted that Director Walter, whose term is expiring, should abstain from any action on this item because the charter says, "No member of the Authority whose terms is expiring will have any vote in nominating his successor." Mr. Welsh said the schedule would enable KUA to have the new member confirmed by the City Commission prior to KUA budget hearings May 20 and 21.

Director Guthrie requested that a change be made to the second paragraph of the proposed newspaper advertisement so that the last sentence reads: "The term of the outgoing board member will expire September 30, 1998."

ACTION: Motion by Director Guthrie, seconded by Director Toro, to accept staff's recommendation to approve the advertisement and the schedule for the board member selection process.

Motion carried 4 - 0
Director Walter abstained

4. FLORIDA RELIABILITY COORDINATING COUNCIL ARTICLES OF INCORPORATION

Ben Sharma, director of Power Supply, reviewed the history of the Florida Electric Power Coordinating Group, Inc. (FCG) and the Florida Reliability Coordinating Council (FRCC). The Articles of Incorporation and the By-Laws are required to be signed by each member utility showing its support of the organization.

ACTION: Motion by Director Toro, seconded by Director Guthrie, to accept staff's recommendation to authorize the President & General Manager to sign.

Attorney Brinson said he had reviewed the document and thought it should be presented to the Board before it was signed. He noted that in order for KUA to become a member of this organization, it must sign the agreement.

Motion carried 5 - 0

5. IFB #009-98 - AWARD OF DISASSEMBLE, INSPECT, REPAIR AND REASSEMBLE OF GE GAS TURBINE

Jeff Ling, Production Manager of the power plants, gave a video presentation of the work that needs to be done on the heavy-duty gas turbine Unit 2 at Cane Island Power Park during a scheduled spring outage. Items 5 and 6 were reviewed in this presentation. Director Toro asked how long the outage would be and Mr. Ling indicated four weeks, March 28 through April 27, 1998. Mr. Ling also noted that parts are in stock to replace damaged areas that may be found during the inspection. Discussion was held on replacing the old gas seals with more durable and reliable ones.

ACTION: Motion by Director Walter, seconded by Director Ralston, that the award be made to GE Power Systems of Tampa, Florida, in the amount of \$147,300 for Item 5, and that the contract be awarded to General Electric to furnish the inspection and installation services as well as the replacement parts for Cane Island Unit 2 as described in the agenda Item 6, for a total price not to exceed \$411,700.

Motion carried 5 - 0

6. AWARD OF CONTRACT TO GENERAL ELECTRIC TO FURNISH
SOLE SOURCE REPLACEMENT PARTS - CANE ISLAND UNIT 2

Discussion on this item was combined with item #5.

H. STAFF REPORTS

1. MONTHLY PROGRESS REPORT ON T&D PROJECTS

There were no questions on the written report.

2. CONDENSED FINANCIAL REPORT - JANUARY 1998

Joe Hostetler, director of Finance, reported that KUA had a 1% favorable variance for January. Mr. Hostetler indicated that meter sales revenues are down as projected. He also reported on operating revenues, fuel and purchase power, other operating and maintenance costs, and interest revenues.

Director Walter asked the status of the analysis on the metered sales as related to the weather. Mr. Hostetler said it was not complete but it appears that half of the megawatt sales are directly related to weather.

3. MONTHLY REPORT ON POWER SUPPLY DEPARTMENT PROJECTS

There were no questions on the written report. Director Guthrie asked about negotiations with Reedy Creek Improvement District (RCID) concerning the proposed Cane Island Unit 3. Mr. Sharma said a letter offering two options to Reedy Creek has been submitted.

General Manager Welsh noted that an attempt is being made to set up a meeting to answer any questions they may have and to discuss participation in Cane Island 3. Mr. Welsh noted that since RCID is a municipal also, there would not be any tax problems.

4. REVIEW OF POSSIBLE NEW SERVICES

Chris Beck, director of Marketing discussed two new services proposed by KUA -- Uninterrupted Power Source (UPS) and Business Security Systems. She explained the ideas are a direct result of comments and observations made during Key Account visits. Ms. Beck said such a system would guard against the unexpected loss of power to computers, ATMs, electronic cash registers and other systems where a sudden loss of power means loss of information and lost time and revenue for customers.

Ms. Beck explained how important Business Security Monitoring is to customers. She said KUA would be investigating the possibilities of partnering with an existing security system provider who can install, maintain and service a system, or developing an in house operation. Ms. Beck said the upcoming marketing survey would key in on these two areas to provide more information from customers.

The general manager said these two items have been placed on hold until after the meeting with the City to discuss the KUA charter and the proposed resolution on KUA providing new services. He noted that the next step would be the market research on these items.

I. CONSENT AGENDA

Attorney Brinson assured Director Walter that his attendance at a church mentioned in the line extension waiver policy would not require Director Walter to abstain.

ACTION: Motion by Director Guthrie, seconded by Director Walter to approve the consent agenda as listed.

Motion carried 5 - 0

1. APPROVAL OF MINUTES OF JANUARY 14, 1998 SPECIAL MEETING
2. APPROVAL OF MINUTES OF JANUARY 21, 1998 REGULAR MEETING
3. ACADEMY AWARDS OF EDUCATION SPONSORSHIP
4. LINE EXTENSION WAIVER - POLICY DIRECTIVE 98-3
5. WAIVER OF FIRST RIGHT OF REFUSAL ON CRYSTAL RIVER 3
6. JOB DESCRIPTION: PRESIDENT & GENERAL MANAGER

J. HEAR THE GENERAL MANAGER, ATTORNEY, DIRECTORS

General Manager Welsh noted that he has been in discussions with the proposed Osceola Expo Center about providing electric service to them as well as providing chilled water. He said discussions have included Orlando Utilities Commission and they would like to partner with KUA to provide this service to the Expo Center. He said this might require a quick decision in the future.

Each board member thanked Director Toro for his help at the Cypress Elementary School community meeting on the tornado aftermath and also thanked the KUA line crews and staff for pulling together during the recent tragedy.

K. ADJOURNMENT - Meeting was adjourned at 9:10 p.m.



CHAIRMAN

ATTEST:



SECRETARY