

MINUTES OF REGULAR MEETING OF KISSIMMEE UTILITY AUTHORITY, WEDNESDAY, JANUARY 27, 1999, 6:00 P.M., BRINSON BOARDROOM, ADMINISTRATION BUILDING, 1701 WEST CARROLL STREET, KISSIMMEE, FLORIDA.

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

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

B. **AWARDS AND PRESENTATIONS**

1. **15-YEAR SERVICE AWARD - TOM MALONEY**

General Manager Welsh noted that Tom Maloney, a power plant operator, has 15 years of service. Mr. Maloney was unable to be present and his service award will be given to him by his department director later.

2. **10-YEAR SERVICE AWARD - PAUL BUDESHEIM**

Paul Budesheim, inventory manager, was honored for his years with KUA and was presented an award by Chairman Walter. Mr. Budesheim was introduced to the Board.

3. **EMPLOYEE OF THE MONTH - ESTELLE PULASKI**

Estelle Pulaski of Finance was honored as February 1999 employee of the month. General Manager Welsh noted that it is a prestigious honor to be selected by fellow employees as employee of the month. Chairman Walter awarded Ms. Pulaski a plaque and Director Guthrie noted that she would be receiving a parking space and Director Gant noted she would have a day off with pay. Secretary Toro presented Ms. Pulaski a check.

C. **HEAR THE AUDIENCE**

Bill Tetteimer, 13 Westchester Street in Fairlawn Manor, Kissimmee, Florida gave the Board a brief history of the electrical problems at his house. Mr. Tetteimer requested that for the safety of his family and to alleviate his financial burden, that KUA reimburse him for damaged equipment due to power failure and that KUA investigate whether a smaller utility box can replace the larger one now within view of his house.

Mr. Welsh apologized to him and assured Mr. Tetteimer that KUA would investigate each of his claims and that the director of Transmission and Distribution, Ken Davis, would look into the utility box replacement. Mr. Davis informed Mr. Tetteimer that he would have someone at his house the following day to look at the situation. Mr. Davis also explained the delay in completing the underground project in the Fairlawn Manor neighborhood. Mr. Welsh suggested that Mr. Tetteimer talk with Neville Turner, director of Personnel and Risk Management, about his damage claims.

D. **PUBLIC HEARING** - None.

E. **INFORMATIONAL PRESENTATIONS (REQUIRING NO ACTION)** - None.

F. OLD BUSINESS

1. RESOLUTION 99-01 - RESOLUTION SPECIFYING PROCEDURES FOR MAKING NOMINATIONS TO THE KUA BOARD OF DIRECTORS

Mr. Welsh noted that at the December meeting the Board directed the attorney and president to develop a resolution that would express the Board's intent to not nominate for another term anyone who has served two or more terms or partial terms on the KUA Board of Directors.

(Director Hord arrived at 6:30 PM.)

Director Gant said he did not think the wording of "partial term" was fair to anyone serving on the Board.

ACTION: Motion by Director Hord, seconded by Director Toro, to approve Resolution 99-01 and authorize the Chairman and the Secretary to execute the resolution.

**Motion carried 4 - 1
Director Gant voted no**

Chairman Walter left the meeting at 6:35 PM. Director Guthrie chaired the remainder of the meeting.

G. NEW BUSINESS

1. AWARD OF CONTRACT TO GENERAL ELECTRIC FOR REFURBISHING WORN-OUT COMPONENTS

Ben Sharma, director of Power Supply, briefed the Board concerning the worn out components of Cane Island Unit 2.

Director Hord asked if the money to fund this was in the maintenance accrual account. Mr. Sharma said it was accrued in this account on a monthly basis.

ACTION: Motion by Director Hord, seconded by Director Gant, to award the contract to GE for refurbishing certain worn out components of Cane Island Unit 2 as described in the agenda item for the price of not to exceed \$300,790.

Motion carried 4 - 0

2. SERIES 1999 FINANCING

Joe Hostetler, finance director, reviewed the agenda item concerning Series 1999 Bond financing. He noted that the remaining Series 1993 bond construction funds on hand are not sufficient to finance the entire construction of Cane Island 3 and related transmission improvements. Mr. Hostetler discussed variable rate financing, fixed rate traditional financing and a combination of both as possible solutions.

Mr. Hostetler introduced Bill Jahnes with Merrill Lynch, Craig Dunlap with Dunlap and Associates, Clint Dunlap with Dunlap and Associates, and Robert Freeman with Squire, Sanders and Dempsey, L.L.P. (bond counsel for KUA). Mr. Hostetler reviewed the timetable for authorizing and executing Series 1999 revenue bonds.

Robert Freeman explained that Resolution 99-03 initiates the process of structuring, obtaining bond insurance and surety bond commitments for, and distributing an official statement with respect to, a proposed issue of revenue bonds of KUA to finance KUA's portion of the cost of the Cane Island 3 Project and related improvements.

ACTION: Motion by Director Gant, seconded by Director Hord, to approve Resolution 99-03 and authorize the Chairman and Secretary to execute the same.

Motion carried 4 - 0

Mr. Freeman also explained that Resolution 99-04, according to the Internal Revenue Code of 1986, will permit KUA to maintain in its files a "declaration of official intent" with respect to any expenditures made prior to the issuance of the bonds as a condition to being able to reimburse itself from tax-exempt bonds.

ACTION: Motion by Director Gant, seconded by Director Toro, to approve Resolution 99-04 and authorize the Chairman and Secretary to execute the same.

Motion carried 4 - 0

H. STAFF REPORTS

1. MONTHLY PROGRESS REPORT ON T&D PROJECTS

The T&D report was written. Mr. Welsh noted that included in the report were details about repair of the transformers from the Lake Cecile substation and a discussion about buying standby units or other means of avoiding outages.

2. MONTHLY PROGRESS REPORT ON POWER SUPPLY PROJECTS

The Power Supply report was written.

3. MONTHLY CONDENSED FINANCIAL REPORT, NOVEMBER 1998

Joe Hostetler noted that in December megawatt sales were up 9% for year-to-date. Mr. Hostetler also reviewed fuel and purchased power costs, total operating revenue and total operating and maintenance expenses for November 1998.

4. MONTHLY CONDENSED FINANCIAL REPORT, DECEMBER 1998

Mr. Hostetler noted that December sales were not quite as profitable as in November. He said that megawatt sales are up 8% over budget year-to-date. Mr. Hostetler reviewed reinvested earnings and debt service coverage ratio.

Director Hord asked that the budget be amended to reflect the more accurate sales and expenditures. Mr. Hostetler said that an amended budget would be presented at the next board meeting. He also said he would have a more detailed explanation on the intergovernmental transfers.

Vice-Chairman Guthrie recessed the meeting from 7:30 PM to 7:40 PM.

5. JANUARY 1999 INTERNET SERVICES PROVIDER (ISP) UPDATE

Mr. Hostetler reviewed the financial overview of the ISP operations. He detailed the total operating budget and labor expenses year-to-date.

Tony Morelli, acting director of Information Systems, reported the schedule of obtaining additional telephone lines and equipment. He noted the move of customers to different lines enables the system to accommodate future growth. Customer ratio was discussed and Mr. Morelli noted that the ideal ratio would be seven customers per line.

Chris Beck, director of Marketing, outlined the marketing history and customer base update for the ISP. She noted that KUA has 2,064 ISP customers.

Harry Lowenstein, 2319 Kelly Ann Court, Kissimmee, said some local newspapers go into the Hunter's Creek area and advertising in them would boost the marketing in the South Orlando area.

Director Gant asked if customers could be given a price break if they used the lines after peak hours. Mr. Welsh said this could be explored.

Ken Davis noted that when additional lines are obtained, they are not actual lines. The phone company installs a device that splits the lines into the different servers.

6. DEPARTMENT HIGHLIGHTS - INFORMATION SYSTEMS

Mr. Morelli detailed the Information Systems organizational chart and reported how each staff member has contributed in making the department successful during the absence of Dennis Wick, who is recuperating from surgery.

7. KUA GUIDELINES AND GOALS FOR PRESIDENT AND GENERAL MANAGER

Director Guthrie requested that consideration be postponed to the Ten Year Planning meeting in March when all board members should be present.

I. CONSENT AGENDA

Director Hord requested that item #9 be removed from the consent agenda for discussion.

ACTION: Motion by Director Gant, seconded by Director Toro, to approve the consent agenda with the exception of item #9.

1. APPROVAL OF MINUTES OF NOVEMBER 30, 1998 REGULAR MEETING
2. APPROVAL OF MINUTES OF DECEMBER 16, 1998 REGULAR MEETING
3. IFB#001-99 ANNUAL REQUIREMENT FOR METERS AND RELATED SUPPLIES
4. RESOLUTION 99-02 - PENSION PLAN EFFECTIVE DATE OF MODIFICATION

5. AWARD OF CONTRACT TO WESTINGHOUSE TO SUPPLY Y2K COMPLIANT CONTROL SYSTEM FOR HANSEL CC UNIT
6. AWARD OF CONTRACT - ANNUAL REQUIREMENT FOR CONCRETE POLES FMPA #98-010
7. APPROVAL OF BLANKET PURCHASE ORDERS FOR POSTAGE
8. SPONSORSHIP OF THE CITY OF KISSIMMEE'S 1999 OLD-FASHIONED FOURTH OF JULY CELEBRATION
10. MOBILE COMPUTERS PURCHASE

Motion carried 4 - 0

Director Hord questioned why extra lights for the CRA district would be kept in inventory. Ken Davis noted that these lights are not readily available and it takes approximately 4 1/2 months for shipment. He also said that these lights will be used at the new courthouse project, city hall project and the downtown lights.

9. CRA DISTRICT LIGHTING

ACTION: Motion by Director Hord, seconded by Director Gant, to approve item #9 of the consent agenda.

Motion carried 4 - 0

J. HEAR GENERAL MANAGER, ATTORNEY AND DIRECTORS

General Manager Welsh handed out the 1998 Annual Report. He noted that Chris Gent, manager of communications, had done a wonderful and timely job in preparing the report this early in the year.

K. ADJOURNMENT - Meeting was adjourned at 8:37 p.m.


CHAIRMAN

ATTEST:


SECRETARY