

MINUTES OF REGULAR MEETING OF KISSIMMEE UTILITY AUTHORITY,
WEDNESDAY, AUGUST 25, 1999, 6:00 P.M., BRINSON BOARDROOM,
ADMINISTRATION BUILDING, 1701 WEST CARROLL STREET, KISSIMMEE,
FLORIDA.

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

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

B. **PLEDGE OF ALLEGIANCE TO THE FLAG**

The Board and audience recited the Pledge of Allegiance.

C. **AWARDS AND PRESENTATIONS**

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

General Manager Welsh noted that Mr. Mann could not be present and would be given his service award by his supervisor later. Mr. Mann is a power plant operator/mechanic in Power Supply. Mr. Welsh noted his appreciation for Mr. Mann's years of service.

2. **15-YEAR SERVICE AWARD - JAY BUTTERS**

Mr. Butters is a power plant shift supervisor of operator/mechanics in Power Supply at Cane Island. Mr. Welsh noted his accomplishments and thanked him for his service. Mr. Butters was introduced to the Board and awarded a sand wedge golf club by Chairman Walter.

3. **10-YEAR SERVICE AWARD - BEN SHARMA**

General Manager Welsh noted that Ben Sharma, director of Power Supply, is an integral part of the management team at KUA and that he has been instrumental in the construction and operation of the Cane Island Power Park. Chairman Walter awarded Mr. Sharma a watch and congratulated him on his years of service.

4. **10-YEAR SERVICE AWARD - PHIL LANIER**

Phil Lanier is an operator/mechanic in Power Supply. Mr. Welsh reviewed his history at KUA and thanked him for his dedication and service. Mr. Lanier was introduced to the Board and awarded a porcelain tea set by Chairman Walter.

5. **5-YEAR SERVICE AWARD - JENNY GARCIA**

Jenny Garcia, a customer service representative in the Marketing department, was thanked for her loyalty and service and was introduced to the Board. Chairman Walter awarded Ms. Garcia a ring for her years of service.

6. **5 - YEAR SERVICE AWARD - RUSTY WHITE**

Rusty White, a field service specialist in Support Services, was not at the meeting. Mr. Welsh thanked him for his years of service and his supervisor will give his service award to him later.

7. EMPLOYEE DEGREE RECOGNITION - JOHN JOHNSON

John Johnson, an electrician in Power Supply, was honored for his completion of a Bachelor of Science degree in Computer Information Systems from Columbia College. General Manager Welsh commended Mr. Johnson for this accomplishment and he was introduced to the Board. Chairman Walter presented him a plaque noting this achievement.

8. PRESENTATION OF AWARD TO KUA FROM CITY OF KISSIMMEE

Neville Turner, director of Personnel, presented the Board a trophy that was given by the City of Kissimmee to KUA recognizing its sponsorship of the 1999 Fourth of July Celebration. Mr. Turner thanked the employees that made this possible.

9. FMEA ANNUAL SAFETY AWARD

KUA was presented the annual safety award from the Florida Municipal Electric Association (FMEA) for no lost time accidents in Power Production and Administration. Chairman Walter gave this award to Ben Sharma, director of Power Supply.

10. FMEA COMMUNITY SERVICE AWARD

Chairman Walter presented to Neville Turner the 1998 FMEA Community Service Award that recognizes "the outstanding programs and services that KUA provides to the community it serves." Mr. Turner accepted the award on behalf of all employees.

11. EMPLOYEE OF THE MONTH FOR AUGUST - DOMINGO SANCHEZ

General Manager Welsh noted that Domingo Sanchez, a meter reader in Support Services, has been selected August employee of the month. He noted that Mr. Sanchez was chosen by his peers and this makes it a very special award. Mr. Sanchez's accomplishments and great customer service skills were applauded. Chairman Walter presented Mr. Sanchez an award, Secretary Toro gave him a check, and it was noted that he would be given a special parking space and a day off with pay.

12. EMPLOYEE OF THE MONTH FOR SEPTEMBER - MIKE WATTS

Mike Watts, a meter technician in the Transmission & Distribution department, was recognized as September employee of the month. Mr. Welsh read several complimentary letters that expressed gratitude for Mr. Watts' willingness to go that extra mile. Chairman Walter presented an award to Mr. Watts, Secretary Toro gave him a check, and it was noted that he would have a special parking space and a day off with pay.

D. HEAR THE AUDIENCE - None.

E. PUBLIC HEARING - None.

F. INFORMATIONAL PRESENTATIONS (REQUIRING NO ACTION) - None.

Chairman Walter requested that the agenda item "Request from Community Redevelopment Agency" under new business be taken out of order to accommodate members of the audience.

Chairman Walter noted that he had declared a "Conflict of Interest" and removed himself from the Board while this item was discussed. Vice-Chairman Guthrie chaired this portion of the meeting.

H. NEW BUSINESS

1. REQUEST FROM COMMUNITY REDEVELOPMENT AGENCY (CRA)

General Manager Welsh noted that a request for \$226,000 had been received from the CRA regarding funding for the lighting of Phase II of the Main/Broadway/Emmett streetscaping project. Ken Davis, director of Transmission & Distribution, detailed KUA policy for this type of lighting, the CRA request summary, proposals for the CRA partnering with KUA and past CRA project participation by KUA. Mr. Davis noted that the CRA has paid KUA \$142,000 to complete the work and the conduit will cost an additional \$65,063 for a total of \$207,389.

Danny Sexton, operator/owner of Baker's Florist and member of the CRA, noted that the request was not necessarily that KUA would give the organization the funds needed. He noted that due to budget restraints the CRA is requesting that KUA work out a payment plan by perhaps giving CRA the option to defer half the cost of the project until the its funds come in for next year.

Attorney Brinson read a letter submitted by Director Hord, who was absent. The letter expressed his appreciation for the work that the CRA is doing but stressed he did not agree with KUA financing the cost for the pedestrian lighting on Broadway. Director Hord, in his letter, said he did not believe this expenditure would benefit the majority of the ratepayers.

ACTION: Motion by Director Gant, seconded by Director Toro, to authorize staff to refund up to one-half, if needed, of the \$207,389 that the CRA has spent on this project and they would be given up to one year to repay this amount including 6% annual interest for KUA cost of money.

Motion carried 3 - 0

Mr. Sexton thanked the Board for their consideration and help.

Vice-Chairman Guthrie requested that item #6 of the consent agenda be removed and discussed at this time.

ACTION: Motion by Director Gant, seconded by Director Toro, to remove item #6 from the consent agenda.

Motion carried 3 - 0

J. CONSENT AGENDA

6. PURCHASE OF LIGHTING - CRA BROADWAY STREETScape PROJECT

Ken Davis reviewed a spreadsheet that detailed bids received on August 25 for this project. He said if the entire bid could be awarded to one vendor the project could be expedited.

ACTION: Motion by Director Toro, seconded by Director Gant, to authorize the award of IFB #020-99 for the Broadway lighting to Graybar Electric for the lump sum price of \$103,300.

Motion carried 3 - 0

Chairman Walter returned to the Board and resumed chairing the meeting.

G. OLD BUSINESS

1. SERIES 1999 BOND UPDATE

General Manager Welsh reported that due to increased interest rates, staff is requesting that the Board approve short term financing for the Cane Island III project through the Florida Municipal Power Agency (FMPA) pool loan project. Joe Hostetler, director of Finance, reviewed FMPA's program that uses variable rates. The advantages would be quick turnaround time, lower issuance costs, and more flexibility during the construction process. Mr. Hostetler also noted that if one of the members of the pool defaults, the other members are not affected.

Craig Dunlap of Dunlap and Associates confirmed that the commercial paper is good for up to 270 days. He noted that the marketing agent makes the decision and in actuality the average duration is 90 days before it is renewed. Mr. Dunlap said he suggested the variable rate program through FMPA instead of the standard fixed rate because of the rise in interest rates. He also noted that for the record he is KUA's advisor and FMPA's advisor on the loan program but does not receive a fee for originating or processing loans in the program. His firm does get an annual fee of 1.5 basis points on the total amount of debt outstanding with FMPA.

ACTION: Motion by Director Guthrie, seconded by Director Toro, to authorize staff to proceed with the application process to FMPA and return at the September board meeting with the appropriate documentation.

Motion carried 4 - 0

2. RESULTS OF REQUEST FOR EXPRESSION OF INTEREST (RFEI) FOR CANE ISLAND 4

General Manager Welsh reviewed two courses of action that could be taken as a result of the RFEI. He noted that if the Board chose, a formal Request for Proposal (RFP) could be sent and bids received, or KUA could negotiate simultaneously with the top ranked companies, hoping total out-of-pocket negotiation expenses might be recovered.

Ben Sharma detailed how the responses to the RFEI were reviewed and the process involved. Joe Hostetler reviewed the position that each company took, their financial strengths and weaknesses, and how they ranked according to KUA's needs.

Myron Rollins from Black & Veatch reported that one reason for pursuing the negotiation process is to lower the cost of the proposed Cane Island 4 project. He said this makes it more attractive to potential partners. Mr. Rollins reviewed how each company ranked and why.

Director Guthrie said he would also like to see a formal RFP go out. Chairman Walter noted that he would rather not spend the money on an RFP if the same thing can be accomplished with the negotiations. Dr. Gant expressed that the Board should be kept abreast of any progress on these negotiations. Discussion was held on negotiating with the top four ranked instead of top two ranked.

ACTION: Motion by Director Guthrie, seconded by Director Toro, to authorize the staff to negotiate with the four top ranked respondees to the recently issued Request for Expression of Interest for the Cane Island 4 project (Southern Wholesale Energy, Carolina Power & Light Company, Duke and Enron). The negotiations are for the right to enter an agreement for an exclusive 90-day negotiation period with the respondee agreeing to reimburse KUA for its out-of-pocket expenses associated with these negotiations.

Also to authorize staff to go to the next higher ranked respondees should they be unsuccessful in negotiating an exclusive agreement with any of the top four.

Motion carried 4 - 0

Chairman Walter recessed the meeting from 7:50 to 8:00 PM.

3. POLICY DIRECTIVE 99-01 - ISP INCENTIVES FOR PROFIT

General Manager Welsh noted that the Board had asked that changes be made in the Internet Service Provider Incentives for Profit resolution. Joe Hostetler detailed how the plan is to be administered and how it provides incentives to stimulate profits within the ISP. He noted that the incentives would not be paid until all overhead payments to KUA, transfers to the City, and all previous investments in non-profitable areas have been paid back.

Discussion was held on decreasing the amount of incentive going to President & General Manager and increasing those going to other employees. Chairman Walter suggested decreasing the amount going to the President from 2% to 1.5% and increasing the employees' share to 8.5%. He noted these percentages are out of 10% of profits and would be after **all (not just fixed)** overhead payments.

Director Guthrie said he would like for any incentives to the president be considered during his annual review. Director Gant requested that staff bring the resolution back to the Board for review in three years during the annual budget process.

Richard Herring, 2617 W. Oak Street, Kissimmee, Florida, expressed his thoughts against the incentive program as proposed.

ACTION: Motion by Director Gant, seconded by Director Guthrie, to approve the Policy Directive 99-01 as amended, authorize Chairman and Secretary to execute the Resolution, and to direct staff to bring this topic back for review in three years during the annual budget process.

Motion carried 4 - 0

H. NEW BUSINESS

2. PART-TIME CLERICAL POSITION FOR T&D DEPARTMENT

Ken Davis noted his department held an approved position of Clerical Assistant in 1998 and when it was vacated he did not deem it necessary to fill. He noted that temporary clerical assistance has been utilized recently but it has become necessary to permanently fill the position to effectively meet the needs of the department. It may be possible to avoid filling this position depending on whether certain automations could be achieved. If it is possible staff will avoid filling this position.

ACTION: Motion by Director Toro, seconded by Director Gant, to authorize a new part-time clerical position for the T&D Department.

Motion carried 4 - 0

I. STAFF REPORTS

1. MONTHLY PROGRESS REPORT ON T&D PROJECTS

General Manager Welsh noted that this is a written report.

2. UPDATE ON FLORIDA MUNICIPAL POWER AGENCY (FMPA) TELECOMMUNICATIONS STUDY

Ken Davis gave a brief verbal presentation on the status of the FMPA Telecommunications Study in which KUA participated. The next phase of the study will include information on telephone, cable and other utilities and to see whether each utility will be ready for competition. He noted that the value of the study to KUA is \$92,000.

3. MONTHLY REPORT ON POWER SUPPLY DEPARTMENT PROJECTS

Mr. Welsh noted that this is a written report.

4. CONDENSED FINANCIAL REPORT - JULY 1999

Mr. Hostetler gave the condensed financial report for July. He noted that there was an error in the agenda item and year-to-date metered sales are **not** behind budgetary estimates. He compared the budgeted amounts to actual amounts.

5. JULY 1999 INTERNET SERVICES PROVIDER (ISP) UPDATE

Mr. Hostetler gave a financial overview of the ISP. He noted that year-to-date figures show actual loss is less than projected loss. He noted that KUA is moving into hosting business web sites that will increase commercial sales revenues with little additional expense.

Dennis Wick, director of Information Systems, gave a verbal technical overview of the ISP. Mr. Wick noted that the fall plan would be reviewed during the September board meeting. He said the research section has been working on cable television, head end equipment and set-top equipment, commercial connections and wholesale connections. Mr. Wick reported on how the face of ISP competition is changing.

Director Gant noted that to look at the ISP business as a real business, KUA should research the possibility of buying other ISP companies. He said this would decrease the number of competitors in Central Florida.

Chris Beck, director of Marketing, reported on the ISP customer growth and the reasons for customer termination of service. Ms. Beck highlighted organizational fund raising using KUA.net, affinity contracts, refer-a-friend program, and new proposed rates to meet customer needs.

J. CONSENT AGENDA

ACTION: Motion by Director Guthrie, seconded by Director Toro, to approve the consent agenda with the exception of item #6 that had been removed earlier.

Motion carried 4 - 0

1. APPROVAL OF MINUTES OF JUNE 7, 1999 SPECIAL MEETING
2. APPROVAL OF MINUTES OF JUNE 16, 1999 REGULAR MEETING
3. APPROVAL OF MINUTES OF JULY 7, 1999 REGULAR MEETING
4. UNDERGROUND DISTRIBUTION CABLE, COPPER CONNECTOR - IFB #017-99
5. CANE ISLAND UNIT 2 GAS TURBINE COMBUSTION INSPECTION AND REPAIR
7. RESOLUTION 99-09 - PURCHASING LIMITATIONS

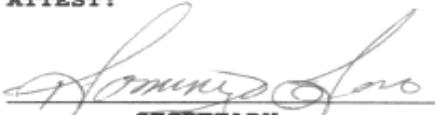
K. HEAR GENERAL MANAGER, ATTORNEY, DIRECTORS

General Manager Welsh indicated that the annual review for the President and General Manager would be on the September agenda when a full Board would be present. He also noted that the local legislative delegation would meet in the Brinson Board Room on October 26 at 4:00 PM. Mr. Welsh also handed out a thank you letter from the city commissioners for the Key West conference.

L. ADJOURNMENT - Meeting was adjourned at 9:20 p.m.


CHAIRMAN

ATTEST:


SECRETARY

FORM 8B MEMORANDUM OF VOTING CONFLICT FOR COUNTY, MUNICIPAL, AND OTHER LOCAL PUBLIC OFFICERS	
LAST NAME—FIRST NAME—MIDDLE NAME <i>Walter Leroy Wayne</i>	NAME OF BOARD, COUNCIL, COMMISSION, AUTHORITY, OR COMMITTEE <i>KVA</i>
MAILING ADDRESS <i>3831 Citrus St. Ocala</i>	THE BOARD, COUNCIL, COMMISSION, AUTHORITY, OR COMMITTEE ON WHICH I SERVE IS A UNIT OF: <input checked="" type="checkbox"/> CITY <input type="checkbox"/> COUNTY <input type="checkbox"/> OTHER LOCAL AGENCY
CITY <i>Kissimmee</i>	NAME OF POLITICAL SUBDIVISION <i>City of Kiss</i>
DATE ON WHICH VOTE OCCURRED	MY POSITION IS <input type="checkbox"/> ELECTIVE <input checked="" type="checkbox"/> APPOINTIVE

WHO MUST FILE FORM 8B

This form is for use by any person serving at the county, city, or other local level of government on an appointed or elected board, council, commission, authority, or committee. It applies equally to members of advisory and non-advisory bodies who are presented with a voting conflict of interest under Section 112.3143, Florida Statutes. The requirements of this law are mandatory; although the use of this particular form is not required by law, you are encouraged to use it in making the disclosure required by law.

Your responsibilities under the law when faced with a measure in which you have a conflict of interest will vary greatly depending on whether you hold an elective or appointive position. For this reason, please pay close attention to the instructions on this form before completing the reverse side and filing the form.

INSTRUCTIONS FOR COMPLIANCE WITH SECTION 112.3143, FLORIDA STATUTES

ELECTED OFFICERS:

A person holding elective county, municipal, or other local public office **MUST ABSTAIN** from voting on a measure which inure to his special private gain. Each local officer also is prohibited from knowingly voting on a measure which inures to the special gain of a principal (other than a government agency) by whom he is retained.

In either case, you should disclose the conflict:

PRIOR TO THE VOTE BEING TAKEN by publicly stating to the assembly the nature of your interest in the measure or which you are abstaining from voting; *and*

WITHIN 15 DAYS AFTER THE VOTE OCCURS by completing and filing this form with the person responsible for recording the minutes of the meeting, who should incorporate the form in the minutes.

APPOINTED OFFICERS:

A person holding appointive county, municipal, or other local public office **MUST ABSTAIN** from voting on a measure which inures to his special private gain. Each local officer also is prohibited from knowingly voting on a measure which inures to the special gain of a principal (other than a government agency) by whom he is retained.

A person holding an appointive local office otherwise may participate in a matter in which he has a conflict of interest, but must disclose the nature of the conflict before making any attempt to influence the decision by oral or written communication, whether made by the officer or at his direction.

IF YOU INTEND TO MAKE ANY ATTEMPT TO INFLUENCE THE DECISION PRIOR TO THE MEETING AT WHICH THE VOTE WILL BE TAKEN:

- You should complete and file this form (before making any attempt to influence the decision) with the person responsible for recording the minutes of the meeting, who will incorporate the form in the minutes.
- A copy of the form should be provided immediately to the other members of the agency.
- The form should be read publicly at the meeting prior to consideration of the matter in which you have a conflict of interest.

IF YOU MAKE NO ATTEMPT TO INFLUENCE THE DECISION EXCEPT BY DISCUSSION AT THE MEETING.

- You should disclose orally the nature of your conflict in the measure before participating
- You should complete the form and file it within 15 days after the vote occurs with the person responsible for recording the minutes of the meeting, who should incorporate the form in the minutes.

DISCLOSURE OF LOCAL OFFICER'S INTEREST

I, Carney W. Walter, hereby disclose that on 8/25, 19 99:

(a) A measure came or will come before my agency which (check one)

inured to my special private gain; or

inured to the special gain of _____, by whom I am retained.

(b) The measure before my agency and the nature of my interest in the measure is as follows:

Request From Community Redevelopment Agency -
For Funding.

8/25/99
Date Filed

Carney W. Walter
Signature

NOTICE: UNDER PROVISIONS OF FLORIDA STATUTES §112.317 (1985), A FAILURE TO MAKE ANY REQUIRED DISCLOSURE CONSTITUTES GROUNDS FOR AND MAY BE PUNISHED BY ONE OR MORE OF THE FOLLOWING: IMPEACHMENT, REMOVAL OR SUSPENSION FROM OFFICE OR EMPLOYMENT, DEMOTION, REDUCTION IN SALARY, REPRIMAND, OR A CIVIL PENALTY NOT TO EXCEED \$5,000.

August 23, 1999

Richard L. Hord
2324 Robert Court
Kissimmee, Fl. 34741

Mr. Ed Brinson, Esquire
Kissimmee Utility Authority
1701 Carroll Street
Kissimmee, Fl. 34741

Subject: Request from Community Redevelopment Agency

Dear Ed,

I will not be able to attend the August 25, 1999 KUA meeting and I would ask that you present this letter to the Board of Directors.

I appreciate the work that the CRA is doing with the streetscaping project in Downtown Kissimmee, however I do not agree with the KUA financing the cost for the pedestrian lighting along Broadway.

We are facing a very competitive time in the electric utility market and our Board of Directors is maintaining a tight budget.

I do not believe that this requested expenditure, which is not in our budget, would benefit the majority of the rate payers of the Kissimmee Utility Authority.

Regards,


Richard L. Hord, Director