

MINUTES OF REGULAR MEETING OF KISSIMMEE UTILITY AUTHORITY,
WEDNESDAY, NOVEMBER 17, 1999, 6:00 P.M., BRINSON BOARDROOM,
ADMINISTRATION BUILDING, 1701 WEST CARROLL STREET, KISSIMMEE,
FLORIDA.

Present were Chairman Walter, Secretary Toro, Assistant Secretary Gant, Director Hord, Director Shearer, 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. PLEDGE OF ALLEGIANCE TO THE FLAG

The Board and audience recited the Pledge of Allegiance.

Chairman Walter welcomed Don Shearer as the newest board member.

C. ELECTION OF OFFICERS

ACTION: Motion by Director Toro, seconded by Director Hord, to elect Larry Walter as Chairman of the Board.

Motion carried 4 - 0

ACTION: Motion by Director Toro, seconded by Director Shearer, to elect George Gant as Vice Chairman of the Board.

Motion carried 4 - 0

ACTION: Motion by Chairman Walter, seconded by Director Hord, to elect Domingo Toro as Secretary of the Board.

Motion carried 4 - 0

ACTION: Motion by Director Hord, seconded by Director Toro, to elect Don Shearer as Assistant Secretary of the Board.

Motion carried 4 - 0

D. AWARDS AND PRESENTATIONS

1. 5-YEAR SERVICE AWARD - RICHARD KEMP, UTILITY WORKER, POWER SUPPLY

General Manager Welsh noted that Richard "Mike" Kemp was being recognized for five years of service and noted that Mr. Kemp was not present. His department director will honor him and present his award to him at a later date.

2. 5-YEAR SERVICE AWARD - RICK WARD, ELECTRICIAN, TRANSMISSION & DISTRIBUTION

It was noted that Mr. Ward could not be present to accept his award and that Ken Davis, his department director, would present it to him at a later date.

3. 10-YEAR SERVICE AWARD - NEIL BEVILLE, FLEET SERVICE MECHANIC, TRANSMISSION & DISTRIBUTION

Mr. Welsh reviewed Mr. Beville's work history over the past ten years and he was thanked for his service. Chairman Walter presented an award to him.

4. 10-YEAR SERVICE AWARD - MIKE GERAGHTY, MANAGER OF CUSTOMER FINANCIAL SERVICES

Mike Geraghty from Customer Financial Services in Marketing was introduced to the board. Mr. Welsh noted Mr. Geraghty's accomplishments at KUA and Chairman Walter presented an award to him.

5. 10-YEAR SERVICE AWARD - TERRY HICKS, UTILITY WORKER, POWER SUPPLY

Terry Hicks was unable to be present at the meeting. It was noted that his department director, Ben Sharma, would present him his certificate and award later.

6. 10-YEAR SERVICE AWARD - DAVE MANHARAN, MANAGER OF FLEET SERVICES

General Manager Welsh welcomed Dave Manharan and congratulated him on ten years of service. Mr. Manharan was introduced to the Board and Chairman Walter presented an award to him.

7. EMPLOYEE OF THE MONTH FOR DECEMBER - LUIS SANTIAGO

Mr. Welsh noted that Luis Santiago, an apprentice lineman in Transmission & Distribution, was chosen at December's employee of the month and was unable to be present. Mr. Santiago will be honored by his department director at a meeting in the future.

8. STRIVING TOWARDS ENORMOUS POSSIBILITIES AWARD

General Manager Welsh noted that this award was not on the agenda. He noted that the Striving Towards Enormous Possibilities (S.T.E.P) organization enhances and improves the lives of some disadvantaged children in our community and has been doing so for five years. Ronnie Hardee, a journeyman lineman and founder of the program, presented a plaque of appreciation to Chairman Walter for KUA's support of this organization.

Director Gant thanked all of the KUA staff for their outstanding service. This was the consensus of the entire board. The President and General Manager was asked to pass this sentiment of the Board on to all employees.

E. HEAR THE AUDIENCE - None.

F. PUBLIC HEARING - None.

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

H. OLD BUSINESS

1. AWARD OF GROUP HEALTH INSURANCE CONTRACT

Mr. Welsh recognized at the October board meeting the employee health care contract was being sent out for bid due to a proposed increase of 60% to 80% by the current health insurance carrier. Neville Turner, director of Personnel and Risk Management, summarized the analysis of the bids received. Mr. Turner noted that the factors for consideration were the benefits to the employees, cost, and maintaining public relations with large utility customers.

Mr. Turner thanked those employees involved in the bid review process. He noted that United Healthcare of Florida's bid showed an increase over current rates but not as much as the current carrier wanted to increase. Discussion was held on how the additional monies would affect the 2000 budget. Mr. Turner noted that the additional money would come from reserve for future capital outlay.

ACTION: Motion by Director Hord, seconded by Director Shearer, to approve the award of the group health insurance to United HealthCare of Florida for one year (effective January 1, 2000) and to be renegotiated for future renewals based upon price and service. Also, to amend the budget by \$76,160 to cover the additional cost for nine months.

Motion carried 5 - 0

I. NEW BUSINESS

1. INTERNET SERVICE PROVIDER (ISP) UPDATE & REVIEW - PAST, PRESENT AND FUTURE

Mr. Welsh noted that when KUA first went into the ISP business the goals were to enhance KUA's image in the public eye, to provide a service to the community and to develop an intellectual and managerial infrastructure to prepare for a competitive environment. He noted that originally it was decided that the ISP would possibly not make money or break even for two to three years. Joe Hostetler, director of Finance, was introduced and he gave a financial overview on the ISP for 1998/1999. Mr. Hostetler also gave projections for 2000.

Chairman Walter suggested that staff make a request to the City that the transfer of funds to them be suspended until such time as the ISP started making money. **It was the consensus of the Board that the City be approached with this suggestion.**

Dennis Wick, director of Information Systems, reviewed the change in staffing and increase in capital for the ISP. Staff requested that an additional position of Manager of Internet Services be filled in 2000 instead of 2001 as was detailed in the 10-year plan.

Chris Beck, director of Marketing, reviewed past marketing strategies and goals of the ISP and proposed marketing programs. She handed out a brochure that detailed KUA.net business Internet solutions.

Chairman Hord asked the staff to consider training someone from within the company for the position. General Manager Welsh said this is being done but someone with more technical expertise is also needed. Director Gant requested that staff research the ISP projected database more thoroughly. Director Shearer asked if the additional person would take the ISP to the projected goals and Ms. Beck confirmed this.

ACTION: Motion by Director Gant, seconded by Director Toro, to approve the additional staff position of Manager of ISP.

Motion carried 5 - 0

2. RESOLUTION 99-15 AMENDING THE PENSION PLAN

Mr. Hostetler reviewed the three changes effecting the KUA retirement plan. They included a change in salary definition to allow basic compensation, change in the buy-back provision for

military service and adding a deferred retirement option plan.

ACTION: Motion by Director Hord, seconded by Director Shearer, to approve resolution 99-15 and authorize the Chairman and Secretary to execute the resolution.

Motion carried 5 - 0

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

J. STAFF REPORTS

1. MONTHLY PROGRESS REPORT ON T&D PROJECTS

Mr. Welsh noted that this is a written report.

2. MONTHLY REPORT ON POWER SUPPLY DEPARTMENT PROJECTS

Mr. Welsh noted that this is a written report. Ben Sharma, director of Power Supply, reported on the recent approval of site certification for Cane Island 3 by the Governor and Cabinet. He also gave the status of the negotiations with Semptra Energy on a future Cane Island unit. Mr. Sharma reminded the Board that the groundbreaking of Cane Island 3 will be on December 10th at Noon. He noted that the board picture would be taken at 11:30 AM prior to the groundbreaking.

3. CONDENSED FINANCIAL REPORT - QUARTERLY - OCTOBER 1999

Mr. Hostetler gave an abbreviated financial report for October 1999. He noted that October's megawatt sales were 2% over budget.

4. MARKETING DEPARTMENT HIGHLIGHTS

Ms. Beck reviewed highlights for her department. She reviewed the bad debt collection program and the success with the agency being used. Director Gant suggested that staff use additional options for signing up new KUA customers. Ms. Beck also reviewed numbers on phone bank traffic and what is projected for the future for the Marketing department. Ms. Beck also discussed the e-bill for customers interested in this form of billing and payment. She also showed a news video about the recent night depository theft and informed the Board of new measures that will be taken to prevent this in the future.

K. CONSENT AGENDA

Director Hord requested that items 2, 3, 4 and 5 be removed from the consent agenda for discussion. He also removed item 10 at the request of Ed Barrett from Nalco Chemicals.

ACTION: Motion by Director Gant, seconded by Director Shearer, to approve items 1, 6, 7, 8, 9, 11, and 12 of the consent agenda.

Motion carried 5 - 0

- 1. APPROVAL OF MINUTES OF OCTOBER 27, 1999 REGULAR MEETING**
- 6. CANE ISLAND 3 AND EMPLOYEE SUBSTATION PROJECTS - AWARD OF BID IFB#028-99 FOR GAS CIRCUIT BREAKER IFB**
- 7. EMPLOYEE SUBSTATION PROJECT - AWARD OF BID IFB #029-99 FOR SWITCHGEAR**
- 8. CANE ISLAND 3 & EMPLOYEE SUBSTATION PROJECTS - AWARD OF BID IFB #030-99 FOR STRUCTURES AND EQUIPMENT**
- 9. CANE ISLAND 3 & EMPLOYEE SUBSTATION PROJECTS - AWARD OF BID IFB #031-99 FOR CONTROL & RELAY PANELS**

11. AWARD OF TWO-YEAR REQUIREMENT FOR FUELS IFB #002-00
12. AMENDMENT TO AGREEMENT FOR LEGAL SERVICES - SQUIRE, SANDERS & DEMPSEY

Director Hord asked for discussion on those items receiving only one or two bids. He requested that staff make an effort to contact those companies not responding to the bid request to determine if there was a problem that could be resolved. Joe Hostetler and Don Schultz, Vice President of Black & Veatch assured Director Hord that measures were taken in an attempt to get a better response from prospective bidders. Director Hord stated that it was important that something be done differently to get enough qualified bids to make good fiscal decisions.

ACTION: Motion by Director Hord, seconded by Director Toro, to approve item 2 on the consent agenda.

Motion carried 5 - 0

2. AWARD OF CONTRACT TO THERMAL ENGINEERING INTERNATIONAL FOR THE SUPPLY OF THE CONDENSER AND CONDENSER EXHAUSTERS FOR CANE ISLAND UNIT 3 IFB #021-99

Mr. Schultz noted that some items could only be bid by one or two companies in the country because of the specifications. Chairman Walter suggested that companies be given a longer period in which to respond to bids.

Attorney Brinson noted that irregularities can be waived if bids have not been opened but once the bids are open, additional bids can not be considered.

ACTION: Motion by Director Hord, seconded by Director Gant, to approve items 3, 4 and 5 on the consent agenda.

Motion carried 5 - 0

3. AWARD OF CONTRACT TO PRICE BROTHERS COMPANY FOR THE SUPPLY OF FABRICATED CIRCULATING WATER PIPE FOR CANE ISLAND UNIT 3 IFB #034-99
4. AWARD OF CONTRACT TO PAUWELS CANADA FOR THE SUPPLY OF TWO AUXILLIARY TRANSFORMERS FOR CANE ISLAND UNIT 3 IFB #035-99
5. EMPLOYEE SUBSTATION PROJECT - AWARD OF BID IFB #027-99 FOR POWER TRANSFORMERS

Ed Barrett, 415 S. Millview Way, Ponte Vedra, Florida, district manager of NALCO chemicals, addressed the Board. He did not receive the bid on the annual requirement for water chemical treatment program and wanted to speak with someone about this prior to it being approved by the Board. Shawn Wilkins, 837 Woodward Street, Lakeland, Florida, was also present representing NALCO chemicals. Mr. Sharma noted that the bid specifications were not met by NALCO chemicals. Chairman Walter requested that staff meet with Mr. Barrett and Mr. Wilkins to discuss the bid in another setting other than the regular board meeting.

ACTION: Motion by Director Hord, seconded by Director Shearer, to delay acting on item 10 until such time staff meets with the vendor.

Motion carried 5 - 0

10. ANNUAL REQUIREMENT FOR WATER/CHEMICAL TREATMENT PROGRAM, IFB #001-00

L. HEAR GENERAL MANAGER, ATTORNEY, DIRECTORS

General Manager Welsh reminded the board of the KUA holiday party on December 4 from 6:00 to 9:00 PM at Pleasure Island. Discussion was held about a possible Board trip to Ann Arbor, Michigan to observe Black & Veatch's design process for Cane Island Unit 3. **It was the consensus of the Board that it would be beneficial for the Board members who were able to go.**

Mr. Welsh once again noted that Board pictures will be taken at 11:30 AM on December 10th at the Cane Island Unit 3 groundbreaking. Dress will be casual.

The Florida Department of Education has selected KUA as one of the two outstanding business partners for the state of Florida. There will be an award ceremony in the near future and KUA will accept this award. The General Manager Welsh also noted that the December board meeting would be on the 15th. He also wished everyone a Happy Thanksgiving.

M. ADJOURNMENT - Meeting was adjourned at 9:24 p.m.


CHAIRMAN

ATTEST:


SECRETARY