

MINUTES OF REGULAR MEETING OF KISSIMMEE UTILITY AUTHORITY,
WEDNESDAY, DECEMBER 15, 1999, 6:00 P.M., BRINSON BOARDROOM,
ADMINISTRATION BUILDING, 1701 WEST CARROLL STREET, KISSIMMEE,
FLORIDA.

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

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

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

C. **AWARDS AND PRESENTATIONS**

2. **10-YEAR SERVICE AWARD - DENNIS WICK, INFORMATION SYSTEMS**

General Manager Welsh noted that Dennis Wick is the director of Information Systems. He said that Mr. Wick is a very professional and dedicated member of the KUA staff, as well as a very effective department head. Chairman Walter presented a service award, along with a certificate to Mr. Wick.

3. **EMPLOYEE OF THE MONTH FOR JANUARY - SAM KOTWAL**

Sam Kotwal, manager of Support Services, was honored as January's employee of the month. Mr. Welsh briefed the Board on Mr. Kotwal's history with KUA and read the nomination form submitted by his co-worker. Chairman Walter presented a plaque to Mr. Kotwal and Director Toro presented a check. It was noted that he would also receive a designated parking space and one day off with pay.

1. **5-YEAR SERVICE AWARD - KENNETH HUTCHINGS, POWER SUPPLY**

Kenneth Hutchings, Power Plant Supervisor in the Power Supply department, was honored for five years of service and presented an award by Chairman Walter. Mr. Welsh also noted that Mr. Hutchings was chosen as Employee of the Year for FY 1999.

4. **COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) AWARD FOR FY 98**

Chairman Walter presented Susan Raines, manager of Accounting, the CAFR award for FY 98. This award is given to KUA by the Governmental Financial Officers Association for high standards of excellent financial reporting. Mr. Welsh noted that Ms. Raines and her staff are largely responsible for this achievement and they should all share in this recognition.

5. **PROCLAMATION FOR JOSEPH TARDUGNO**

Mr. Welsh noted that there was a very successful groundbreaking ceremony held on December 10th at Cane Island.

ACTION: Motion by Director Gant, seconded by Director Toro, to place consideration of a proclamation on the agenda.

Motion carried 5 - 0

The general manager read the proclamation into the record. It noted the late Mr. Joseph Tardugno's accomplishments as a board member of the Florida Municipal Power Agency and his service in the utility industry. Mr. Welsh said that this proclamation would be displayed at the Cane Island Tardugno Turbine 3, formerly known as Cane Island Unit 3. He noted that Mr. Tardugno's family would receive a copy of the proclamation.

ACTION: Motion by Director Toro, seconded by Director Hord, to accept and approve the proclamation as presented.

Motion carried 5 - 0

D. **HEAR THE AUDIENCE** - None.

E. **PUBLIC HEARING** - None.

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

1. **COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) FOR FY 99**

Joe Hostetler, director of Finance, reported the results of financials located in the CAFR. Mr. Hostetler introduced Jim Hanlon, Partner-In-Charge and Jorge Acevedo, Audit Manager, with PricewaterhouseCoopers Inc. Mr. Hanlon detailed the opinion located in the financial summary section and Mr. Acevedo reviewed both reports, including letter to management.

Director Gant asked about reference to Y2K compliance by HTE and Mr. Hanlon said that preparing for Y2K is not part of the audit and KUA should continue testing to make sure everything works as planned. Director Shearer asked for an example of an insignificant unrealized loss and Mr. Hanlon explained that this could be a process type item that would not make it into the record. He said this is very common.

G. **OLD BUSINESS**

1. **CANE ISLAND 4 NEGOTIATIONS UPDATE**

General Manager Welsh noted that Cane Island Unit 4 is only a concept. Mr. Hostetler gave a presentation that reviewed why Cane Island is being considered, what are the benefits for both KUA/FMPA and the developer, the history on the negotiations, major negotiation points and the ownership options. He noted that the three options are KUA/FMPA ownership, SEMPRA ownership and a Special Project funding. Under the Special Project, the assets of the plant would be owned by KUA/FMPA and the developer.

Discussion was held on the different ownership options. Attorney Brinson noted that government could not finance and mortgage the property. The Special Project creates a non-profit corporation and then the government leases what is placed on the property and the Internal Revenue Service code 6320 allows this. Mr. Welsh noted that this shields the revenue stream and the ratepayers. Chairman Walter asked if the merchant plant in Hollopaw is affecting the negotiations and Mr. Welsh said it is not.

Director Toro asked for clarification on how SEMPRA could own the plant and still get tax-free dollars. Chairman Walter said it appeared that the Special Project funding seemed to be more likely. Mayor Attkisson explained that the 6320 Special Project is a very sound and normal way to do business and the City uses this funding on projects. The details of the closing are what need to be worked out. Director Hord asked what KUA would lose if

SEMPRA decided to option out of the negotiations. General Manager Welsh noted that KUA would not lose any money. Director Gant asked about the possibility of KUA building a smaller unit if it became necessary for the World Expo Center. Chairman Walter noted that the discussion was good and it gave the Board a good idea of where the negotiations were going. He indicated that he thought staff was on the right track and requested that staff continue to keep the Board updated.

H. NEW BUSINESS

1. INTERLOCAL AGREEMENT: THE OSCEOLA COUNTY PURCHASING CONSORTIUM

General Manager Welsh noted that the Osceola County Purchasing Consortium is a voluntary association established to promote efficiency and cost effectiveness in purchasing. The City, the County, City of St. Cloud and School District have all signed the agreement and KUA would like to take advantage of this agreement.

ACTION: Motion by Director Hord, seconded by Director Shearer, to approve the Osceola County Purchasing Consortium Interlocal Agreement and authorize the Chairman and Secretary to execute the same.

Motion carried 5 - 0

I. 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, and Jeff Ling, Manager of Power Production, gave an update on the repaired combined cycle at Hansel Plant. It is back on line and Mr. Ling noted that 4 megawatts were gained with the repairs.

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. ABBREVIATED FINANCIAL REPORT - NOVEMBER 1999

Mr. Hostetler said that because of the winter months beginning, the 2% gain for October sales was lost in November. Finance will be giving a quarterly report in January that will include December and the year-to-date.

5. DECEMBER 1999 INTERNET SERVICES PROVIDER UPDATE

Joe Hostetler reviewed the customer growth, total revenue to date, total revenue by month, expenses, labor costs, and other operating expenses. Mr. Hostetler said that policy stated that any purchase over \$50,000 comes to the Board for approval. He said that the leases of telephone lines are individually leased, therefore, each purchase is under the \$50,000 limit. New telephone lines are leased on a regular basis as the ISP customer base grows. Mr. Hostetler wanted the Board to be aware that these are not "split" purchases but separate individual purchases of

like items.

Mr. Hostetler reported that he and Dennis Wick are looking into negotiating with American Cable on putting high speed internet into one of the communities that Avitar is building. He said that he is analyzing the costs and protecting KUA's interest and not losing money.

Mr. Wick mentioned a few key components for broad banding cable connectivity with American Cable. He reviewed the cable terminology and detailed the cable infrastructure. Chris Beck, director of Marketing, gave an update on the dial-up customer growth and the reasons for terminations. She gave a brief overview of the new marketing programs for the ISP.

Director Hord suggested that staff should refrain from buying any unnecessary equipment or getting into long-term agreements regarding the ISP. He also reported that the City Commission had agreed to forgive the transfer of funds to the City until the ISP begins to make money. One of the City Commissioners had asked why KUA continues to pay itself since the City will no longer receive their transfer.

General Manager Welsh noted that it is not really a transfer but a payment of cost, or overhead expenses.

6. PERSONNEL & RISK MANAGEMENT DEPARTMENT HIGHLIGHTS

Neville Turner, director of Personnel & Risk Management, displayed three charts that showed employee attrition, employees by years of service and the age group of employees. Mr. Turner introduced Michelle Scharfenberg, safety coordinator. Ms. Scharfenberg gave a presentation on Drug Free Workplace Programs.

J. CONSENT AGENDA

Staff requested that item 3 of the consent agenda be removed until a later board meeting.

ACTION: Motion by Director Shearer, seconded by Director Hord, to approve items 1, 2, 4, 5, 6, 7, 8, 9, 10, 11, 12 and 13 of the consent agenda with removal of item 3 that will be brought back at a future date.

Motion carried 5 - 0

1. APPROVAL OF MINUTES OF NOVEMBER 17, 1999 REGULAR MEETING
2. AWARD OF CONTRACT TO JOHNSON MARCH SYSTEMS FOR CANE ISLAND 3 CHEMICAL FEED EQUIPMENT IFB #033-99
4. AWARD OF CONTRACT FOR SOURCE-TRANSFER SWITCHES, IFB#038-99
5. AWARD OF CONTRACT TO SIEMENS FOR 4.16-VOLT SWITCHGEAR - IFB #003-00
6. AWARD OF CONTRACT TO SCHMITT BUILDERS INC. FOR THE SUPPLY AND ERECTION OF THE CHEMICAL FEED PRE-ENGINEERED BUILDING - IFB #004-00
7. AWARD OF CONTRACT TO KRONE CRANES FOR BRIDGE CRANE - IFB #007-00
8. AWARD OF CONTRACT TO FISHER-ROSEMOUNT FOR STEAM TURBINE BY-PASS CONTROL VALVE - IFB #008-00
9. AWARD OF CONTRACT TO FISHER TANK COMPANY FOR FIELD ERECTED TANK - IFB #009-00
10. AWARD OF CONTRACT TO GENERAL ELECTRIC FOR GENERATOR BUS DUCT SYSTEMS - IFB #010-00
11. AWARD OF CONTRACT TO SHAW POWER FOR SHOP FABRICATED PIPE - IFB #012-00

12. EMPLOYEE'S SUBSTATION PROJECT - AWARD OF BID #99-031
SUBSTATION INTEGRATION SYSTEM
13. APPROVAL OF A QUIT CLAIM DEED TO OUC FOR INDIAN RIVER
STEAM UNITS

K. HEAR GENERAL MANAGER, ATTORNEY, DIRECTORS

General Manager Welsh reminded the board of the trip to Black & Veatch's facilities in Ann Arbor on January 12 and 13 to observe the design of Cane Island Unit 3. He also noted that an updated board calendar is included in the agenda packet and asked that the Board contact him if the changes are not acceptable.

Mr. Welsh also reported that Don Shearer had been named the Florida State Auctioneer Champion. He noted that one copy of the approved proclamation for Joseph Tardugno would be displayed at the Cane Island Tardugno Turbine 3, one would be given to Mr. Tardugno's widow and one would be sent to FMPA. Mr. Welsh wished everyone happy holidays.

Director Shearer complimented the persons involved in planning and executing the groundbreaking ceremony for Cane Island 3. Director Toro congratulated the Finance department on a job well done on the CAFR report. Director Gant and Director Hord wished all happy holidays.

- L. ADJOURNMENT - Meeting was adjourned at 8:00 p.m.


CHAIRMAN

ATTEST:


SECRETARY