

MINUTES OF SPECIAL MEETING OF KISSIMMEE UTILITY AUTHORITY,
WEDNESDAY, MAY 10, 2000, 6:00 P.M., BRINSON BOARDROOM,
ADMINISTRATION BUILDING, 1701 WEST CARROLL STREET, KISSIMMEE,
FLORIDA.

Present were Chairman Walter, Director Gant, Director Hord, Director Toro, Director Shearer, Attorney Brinson, General Manager Welsh and Recording Secretary Scott. Mayor Attkisson was absent.

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

B. **PLEDGE OF ALLEGIANCE**

The Board and staff recited the Pledge of Allegiance.

C. **CANE ISLAND 4 PROJECT - MEMORANDUM OF UNDERSTANDING**

General Manager Welsh reported that at the direction of the Board a Memorandum of Understanding was negotiated with the Florida Municipal Power Agency (FMPA) and Orlando Utilities Commission (OUC). Claude L'Engle, General Manager of FMPA, was unable to attend and Mr. Welsh expressed Mr. L'Engle's apologies for his absence.

Mr. Welsh noted that should KUA decide to withdraw from the project in August, before awarding the bid to a developer, KUA and FMPA would pay for any incremental costs over and beyond what OUC would have paid without FMPA or KUA.

Finance director, Joe Hostetler, said that KUA gained valuable information from the negotiations with SEMPRA that ended in April. He said that he was much more comfortable having a municipal utility negotiating on KUA's side and thought it would add much more value to the process.

In response to a question by Director Gant, Mr. Hostetler explained that with the recent Supreme Court ruling Stanton and Cane Island are considered prime property for development because of the market value to other utilities.

Fred Haddad, vice president of Power Resources at OUC, noted that the application process would explore self-build options also. He said the Public Service Commission would have to be convinced of that need and that the power could not be bought from a third party at a lower rate, if capacity is available.

Ben Sharma, director of Power Supply, addressed the Board and noted that the agenda item should have read item 6 instead of item 5. Mr. Sharma said that when negotiations first began with SEMPRA the discussions centered on how KUA could make a profit with Cane Island 4. Since the Supreme Court's ruling, it is more a matter of how KUA will obtain it's future needed capacity. Mr. Sharma also noted that FMPA board has signed the Memorandum of Understanding.

Chairman Walter asked if the project listed for OUC was for 500 MW or 750 MW. Mr. Haddad noted that both were mentioned in the memorandum of understanding to have options during the negotiation process.

Director Hord asked why OUC would want or need to partner with KUA. Mr. Haddad listed three advantages. He said there is an opportunity for larger economy of scale, less risk for each municipal entity, and this joint project would be negotiating on the most developable sites in Central Florida.

Mr. Haddad reminded the Board that the project is a three-part approach and parallel to assure that the best cost value is provided to customers of KUA, FMPA, and OUC. He said that all the Boards would make their decision in August prior to proceeding with the need for power application to the Public Service Commission.

Director Hord asked if it was possible to build the entire 1000 MW on one site and Mr. Haddad said that this would be a possible option but noted that the Public Service Commission would not allow one municipal to overbuild. Mr. Sharma noted that transmission would become more difficult if all were built one site or the other.

Director Gant asked, if the determination was to self-build on a site, would operations be contracted or done in-house. Mr. Haddad indicated that negotiations would include these options.

ACTION: Motion by Director Toro, seconded by Director Hord, to approve the Memorandum of Understanding between KUA, FMFA, and OUC and authorize the President & General Manager to execute the same. Also authorize transfer of \$228,500 from the Reserve for Future Capital Projects into the Cane Island Unit 4 Project account.

Motion carried 5 - 0

D. OTHER - None.

E. HEAR GENERAL MANAGER, ATTORNEY, DIRECTORS

General Manager Welsh reported that the KUA annual picnic was a success. He also reminded the Board that on May 16 at 6:00 PM the City Commission would be voting on the KUA Board nominee sent to them for approval.

The Board thanked the staff of OUC for working with KUA on this project.

It was the consensus of the Board to schedule a special board meeting on August 9 at 4:00 PM to review the proposals received by OUC for the joint project.

F. ADJOURNMENT - Meeting was adjourned at 6:45 p.m.


CHAIRMAN

ATTEST:


SECRETARY