

MINUTES OF REGULAR MEETING OF KISSIMMEE UTILITY AUTHORITY, WEDNESDAY, JULY 26, 2000, 6:00 P.M., BRINSON BOARDROOM, ADMINISTRATION BUILDING, 1701 WEST CARROLL STREET, KISSIMMEE, FLORIDA.

Present were Chairman Walter, Vice-Chairman Gant, Director Hord, Director Toro, 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

The Board and staff recited the Pledge of Allegiance.

C. AWARDS AND PRESENTATIONS

1. 5-YEAR SERVICE AWARD - TERRI BILLER, ENGINEERING SERVICES SPECIALIST - TRANSMISSION & DISTRIBUTION

General Manager noted Terri's work history with KUA and introduced her to the Board. Chairman Walter presented her a service award.

2. 5-YEAR SERVICE AWARD - JOHN JOHNSON, ELECTRICIAN - POWER SUPPLY

Mr. Welsh indicated that John Johnson was unable to attend but would be honored at a later date by his department supervisor.

3. 10-YEAR SERVICE AWARD - SAM KOTWAL, MANAGER OF SUPPORT SERVICES - MARKETING

Mr. Welsh welcomed Sam Kotwal and gave a brief history on his tenure at KUA. Mr. Kotwal thanked KUA and the Board for all they have done for him during his employment. He was introduced to the Board and Chairman Walter presented him a service award.

4. 10-YEAR SERVICE AWARD - BEN MIDGETT, POWER PLAN OPERATOR/MECHANIC - POWER SUPPLY

Ben Midgett was unable to attend and Mr. Welsh noted that he would be honored at a later time by his department supervisor.

5. EMPLOYEE OF THE MONTH FOR AUGUST - TODD ANDREWS

Todd Andrews was introduced as the August Employee of the Month. Mr. Welsh reviewed his work history with KUA and read comments made by his supervisor and coworker. Chairman Walter presented Todd with an award, Director Toro gave him a check and Director Gant reminded Todd that he would receive a special parking space for the month of August. Director Hord also noted that he would get a day off with pay in honor of this award.

6. CERTIFIED PUBLIC PENSION TRUSTEE (CPPT) PROGRAM

The KUA Pension Board is the first pension board in the State of Florida to become fully certified in the Florida Public Pension Trustee Association's (FPTA) Certified Pension Trustee program. The program's objective is to educate pension board members in all areas of pension administration. The Pension Board was recognized at the FPPTA's annual conference in June. Chairman Walter recognized each member of the Pension Board by presenting them a plaque. They were Joe Hostetler, Lisa Davis, Robert Culpepper, Ken Davis, Kathleen Condon and Neville Turner. The KUA Board thanked the employees for their service on the Pension Board.

7. COMPACT INTERNSHIP PROGRAM PLAQUE PRESENTATION

General Manager Welsh noted that the Osceola County School System's Compact Program recognized KUA for its work in supporting students involved in the Compact Internship Program. In addition to recognizing KUA in general, individual plaques were awarded. Chairman Walter recognized Chris Beck, who was unable to attend, Martha Carroll, Ray Eady and Docily Perry for their involvement in the program.

8. FLORIDA MUNICIPAL ELECTRIC ASSOCIATION (FMEA) COMMUNITY SERVICE AWARD

Recently at the annual FMEA conference, Nancy Gemskie, the newest KUA Board nominee accepted an award for KUA. Ms. Gemskie presented the award to Chairman Walter for KUA's community service.

Chairman Walter noted that the Board is proud of KUA employees and all of their accomplishments and recognitions.

D. HEAR THE AUDIENCE - None.

E. PUBLIC HEARING - None.

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

G. OLD BUSINESS

1. CANE ISLAND 3 FINANCING

Joe Hostetler, director of Finance, gave a brief history on why staff was recommending a commercial paper program to finance Cane Island 3 construction in lieu of the pooled loan program. Mr. Hostetler analyzed the options with their corresponding costs, advantages and disadvantages. The options were: Variable Rate Demand Obligations, Commercial Paper with Letter of Credit/Line of Credit and Insurance, Fixed Rate with Swap Agreement, and Dutch Auction Securities. Craig Dunlap of Dunlap & Associates, one of KUA's financial advisors, was available to answer questions. Mr. Hostetler noted that Robert Freeman, KUA's bond counsel, was also present. Mr. Dunlap noted that Jeremy Shank from Merrill Lynch and John Eichelberger with J.P. Morgan were present.

ACTION: Motion by Director Gant, seconded by Director Toro, to authorize staff to proceed with establishing a commercial paper program with a line of credit backed by insurance using Merrill Lynch and J.P. Morgan as dealers.

Motion carried 5 - 0

H. NEW BUSINESS

1. ATM UPGRADE TO KUA'S COMMUNICATION SYSTEM

Ken Davis, director of Transmission & Distribution, gave a detailed presentation on the next phase of development of KUA's communication system. He explained that the next phase of development is to convert to an ATM (asynchronous transmission mode) network technology. Mr. Davis said this would enable more efficient use of existing fiber optic infrastructure and also provide the ability for transmission of higher end voice and data. He listed the advantages and disadvantages of this upgrade.

Director Hord reported that he would approve the concept only until more information could be given to the Board. Chairman Walter asked that this be brought back to the Board prior to actually spending money.

ACTION: Motion by Director Hord, seconded by Director Shearer, to approve the concept only of the ATM upgrade to the communication system and authorize Staff to proceed with the steps necessary to implement the upgrade.

Motion carried 5 - 0

2. EMPLOYEE SUBSTATION & CANE ISLAND UNIT 3 TRANSMISSION - AWARD OF BID #068-00 - FIBER OPTIC CABLE

General Manager Welsh handed out updated information on this item. Director Hord asked Ken Davis if he was comfortable with the company receiving the award. Mr. Davis assured him that KUA has worked with them before and they have a quality product.

ACTION: Motion by Director Hord, seconded by Director Gant, to authorize award of bid #-69-00 for fiber optic cable to Phillips-Fitel, Inc. (\$208,920) and TVC Communications (\$5,940) for the total amount of \$214,860.

Motion carried 5 - 0

I. STAFF REPORTS

1. MONTHLY PROGRESS REPORT ON T&D PROJECTS

The T&D report was a written report and no questions were received.

2. MONTHLY REPORT ON POWER SUPPLY DEPARTMENT PROJECTS

The Power Supply report was a written report and no questions were received. Jeff Ling, Manager of Power Production, gave a video presentation on the construction progress of Cane Island Unit 3.

3. CONDENSED FINANCIAL REPORT - QUARTERLY - JUNE 2000

Mr. Hostetler detailed the quarterly financial report and noted that metered sales revenue dollars are ahead of budget estimates partially due to higher than expected sales. Mr. Hostetler also reviewed the portfolio performance, investment portfolio composition chart, maturity life of portfolio and the bond interest expense analysis. He noted that June was a great month.

4. INTERNET SERVICES PROVIDER UPDATE - JUNE 2000

Mr. Hostetler reviewed net reinvested earnings for the Internet. He said that these figures reflected additional advertising costs and customer purchase costs. The advertising would not be incurred next month and the customer purchase costs would go away in October. He said next month's report should be in the target area.

5. DEPARTMENT HIGHLIGHTS - INFORMATION SYSTEMS

Dennis Wick, director of Information Systems, gave a demonstration on how KUA personnel can log onto the Internet and retrieve their Groupwise e-mail. Discussion was held on possibly e-mailing the board packets in the near future.

J. CONSENT AGENDA

ACTION: Motion by Director Gant, seconded by Director Hord, to approve the consent agenda.

Motion carried 5 - 0

1. APPROVAL OF MINUTES OF JUNE 14, 2000 SPECIAL MEETING

2. APPROVAL OF MINUTES OF JUNE 28, 2000 REGULAR MEETING

3. IFB #066-00 - OVERHEAD TRANSMISSION LINE CONSTRUCTION - T&D
RECOMMENDATION: Award of bid 066-00 to Kohler Construction Company, Inc. for the amount of \$1,456,592 contingent on negotiation of a satisfactory contract; and authorize the Chairman and Secretary to execute the necessary contract documents.

4. IFB #067-00 - AWARD FOR POLYMER INSULATORS - T&D
RECOMMENDATION: Award for polymer insulators to lowest total bidder, Graybar Company in the amount of \$71,526.

K. HEAR GENERAL MANAGER, ATTORNEY, DIRECTORS

General Manager Welsh polled the Board to see who would attend the whistle blowing celebration at the Hansel Plant on October 2.

Mr. Welsh noted that Director Toro would have a scheduling conflict with the August 23rd board meeting and requested consideration be given to changing the meeting to Monday, August 21, 2000. **It was the consensus of the Board to change the regular board meeting from August 23 to August 21.** Also, Mr. Welsh reported that all materials needed for the August 9 special meeting with Orlando Utilities and Florida Municipal Power Agency would not be available. **It was the consensus of the Board to combine this meeting with the regular meeting on August 21 and begin the meeting at 4:00 PM.**

President Welsh reported that his Management Review would be scheduled on either the August or September board meeting agenda.

Mr. Welsh noted that Thursday, July 27 is Bob Bobroff's 85th birthday. Mr. Welsh invited anyone interested to help Mr. Bobroff celebrate to show up at Gianni's at noon.

Attorney Brinson gave an update on the Doubletree matter and noted that it was the goal of the City and KUA to treat the customer right.

Director Shearer commended Chris Beck, director of Marketing, and Ben Sharma, director of Power Supply, for their part in the recent FMEA seminar in Naples.

Director Toro suggested that the Board consider raising the Employee of the Month award from \$50 to \$100. No comment was received.

Director Hord asked that prior to the President's management review, board members review and consider increasing the salary range. Chairman Walter also requested that prior to that meeting a salary survey be sent out to Florida utility companies and submitted to assist in this decision.

L. **ADJOURNMENT** - Meeting was adjourned at 8:10 p.m.


CHAIRMAN

ATTEST:


SECRETARY