

MINUTES OF REGULAR MEETING OF KISSIMMEE UTILITY AUTHORITY, MONDAY, OCTOBER 25, 2000, 7:00 P.M., BRINSON BOARDROOM, ADMINISTRATION BUILDING, 1701 WEST CARROLL STREET, KISSIMMEE, FLORIDA.

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

A. MEETING CALLED TO ORDER at 7:00 P.M. by Chairman Walter.

B. PLEDGE OF ALLEGIANCE

The Board and staff recited the Pledge of Allegiance.

C. INSTALLATION OF NEW BOARD MEMBER

Attorney Brinson administered the oath of office to Nancy Gemskie. The Board congratulated Ms. Gemskie and she took a seat on the Board as Director.

All board members welcomed Ms. Gemskie to the KUA Board.

D. ELECTION OF NEW OFFICERS

ACTION: Motion by Director Shearer, seconded by Director Gant, 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 Director Shearer, seconded by Director Gemskie, to elect Domingo Toro as Secretary of the Board.

Motion carried 4 - 0

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

Motion carried 4 - 1

E. AWARDS AND PRESENTATIONS

1. 15-YEAR SERVICE AWARD - DONALD ANDERSON, POWER PLANT OPERATOR/MECHANIC - POWER SUPPLY

General Manager Welsh reviewed Mr. Anderson's history with KUA and noted that he is one of the original employees from KUA's opening on October 1, 1985. Mr. Welsh also noted that Don displays a genuine concern towards the operation of Hansel Power Plant. Mr. Welsh introduced Don to Chairman Walter and the other board members. The Chairman presented him with an award and certificate.

2. 15-YEAR SERVICE AWARD - KATHLEEN CONDON, ADMINISTRATIVE COORDINATOR - POWER SUPPLY

Mr. Welsh noted that Ms. Condon also started on KUA's birthday, October 1, 1985. Kathleen currently serves on KUA's pension board. She is an energetic and innovative person who can be relied upon to carry out daily tasks in a timely and accurate manner. Chairman Walter also congratulated Kathleen and presented her an award.

3. 15-YEAR SERVICE AWARD - ROBIN HELQUIST, MANAGER OF CUSTOMER BILLING SERVICE, MARKETING

Ms. Helquist was congratulated for her 15 years of service and Mr. Welsh noted that she has become an asset to KUA. Mr. Welsh reviewed her work history and introduced her to the Board. Chairman Walter presented a certificate and watch to Ms. Helquist.

4. 15-YEAR SERVICE AWARD - NEAL HUGHES, POWER PLANT  
MECHANIC/OPERATOR - POWER SUPPLY

General Manager Welsh noted that Neal Hughes was unable to attend the meeting and would be recognized at a later department meeting by his supervisor.

5. 10-YEAR SERVICE AWARD - PAM COULTER, CUSTOMER SERVICE  
REPRESENTATIVE, MARKETING

General Manager Welsh noted that Pam Coulter was unable to attend the meeting and she would be recognized later by her supervisor.

6. 10-YEAR SERVICE AWARD - LARRY OLSON, CREW LEADER - GROUNDS  
CREW, POWER SUPPLY

Mr. Welsh congratulated Larry on a decade of hard work and effort he has put forth. Larry was introduced to the Board and Chairman Walter awarded him a certificate and a clock.

7. 10-YEAR SERVICE AWARD - RICK WOODS, CUSTOMER SERVICE  
REPRESENTATIVE, MARKETING

Rick Woods was also unable to attend the meeting and Mr. Welsh noted that his department supervisor would honor him at a later date.

8. 5-YEAR SERVICE AWARD - MARCELLO MCDONALD, APPRENTICE  
LINEMAN, TRANSMISSION & DISTRIBUTION

Mr. Welsh informed the audience that Macello was unable to attend the meeting and he would be honored at a later date.

9. 5-YEAR SERVICE AWARD - LUIS SANTIAGO, LINEMAN, TRANSMISSION  
& DISTRIBUTION

Luis Santiago was unable to attend the meeting. Mr. Welsh said he would be given his award and certificate by his supervisor.

10. EMPLOYEE OF THE MONTH FOR NOVEMBER - RUSTY WHITE

General Manager Welsh introduced Rusty White as KUA's employee of the month for November. He emphasized the importance of receiving this honor because the employee is selected by peers. Rusty was introduced to the Board and Chairman Walter gave him a plaque; Director Toro presented him a \$100 check; Director Gant informed him that he would be getting a day off with pay; and Director Gemskie reminded Rusty that he also would get a special parking space.

F. HEAR THE AUDIENCE - None.

G. PUBLIC HEARING - None.

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

I. OLD BUSINESS

1. CANE ISLAND FINANCING

Joe Hostetler, director of Finance noted that the Cane Island financing process has been discussed for many months. The Commercial Paper transaction proposes that KUA will issue commercial paper notes in the amount sufficient to retire the outstanding FMPA Pooled Loan Project and to provide monies to pay the remaining costs and unreimbursed expenses associated with the Cane Island Unit No. 3 project. Mr. Hostetler noted that the Note Resolution has been changed to reflect an authorized amount of \$70 million instead of \$100 million, at the request of Moody's Investors Services.

Craig Dunlap, Dunlap & Associates, has been KUA's financial advisor for many years. He addressed the Board and discussed the reasons why KUA chose the variable rate instead of the fixed rate option. Moody's Investors Services has given KUA a very strong investment grade bond rating and they also gave KUA the highest short-term rating, that is primarily the commercial paper trade. Mr. Dunlap also introduced Jon Eichelberger with J.P. Morgan company and Jeremy Shank with Merrill Lynch, who are remarketing agents.

Robert Freeman, KUA bond counsel, from the firm of Squire, Sanders & Dempsey, explained the documentation that included the Commercial Paper Note Resolution, Form of Commercial Paper Note, Commercial Paper Note Purchase Agreement, Commercial Paper Dealer Agreements, Issuing & Paying Agency Agreement, Letter of Representations and Offering Memorandums.

**ACTION: Motion by Director Gant, seconded by Director Toro, to approve the documents to be executed by the Chairman and Secretary immediately following the meeting and to also adopt resolution 00-03 authorizing the issuance of the Commercial Paper Program.**

Motion carried 5 - 0

**J. NEW BUSINESS**

**1. CARL WALL TO EMPLOYEE SUBSTATION TRANSMISSION LINE - RESOLUTION 00-05 AUTHORIZING EMINENT DOMAIN**

Ken Davis, director of Transmission & Distribution, addressed the Board. He noted that his office and Attorney Brinson's office have been working toward settling the necessary easements for the Carl Wall to Employee Substation transmission line.

Attorney Brinson noted that the Legislation has changed the rules on condemnation. They require KUA to make good faith effort to try and negotiate with the landowners 30 days prior to filing for condemnation. He noted that a point has been reached where preparations for filing to initiate eminent domain proceedings must be started. Mr. Brinson noted that a right-of-way map, construction plans and resolution will be part of the court record when proceedings begin.

**ACTION: Motion by Director Gant, seconded by Director Toro, to approve resolution 00-05, authorizing staff and Counsel to proceed with the process necessary for the acquisition of easements by eminent domain, and authorize the Chairman and Secretary to execute the Resolution.**

Motion carried 5 - 0

**2. AQUILA'S STANDARD WINTER CAPACITY OPTION PROPOSAL**

Ben Sharma, director of Power Supply, noted that in 1996 KUA entered into a contract with Orlando Utilities Commission (OUC) for capacity and energy from the Stanton plant. The contract is due to expire on December 31, 2000. When this contract was negotiated it was expected that Cane Island Unit 3 would be on line by the expiration date. The new unit is expected to be commissioned in June 2001 and it is anticipated that approximately 40 to 50 MW of capacity will be required to meet KUA's projected winter peak of 254 MW sometime in January and February 2001. Discussion was held on the cost to the customer.

**ACTION: Motion by Director Shearer, seconded by Director Gemskie, to approve the standard winter capacity option proposed by Aquila to meet KUA's capacity needs in January, February and March 2001 and authorize the Chairman and Secretary to execute the related contract.**

Motion carried 5 - 0

**3. TRANSFER TO THE CO-INSURANCE FUND**

Mr. Hostetler noted that due to the fact that KUA realized preliminary net reinvested earnings of approximately \$6.4 million dollars, and due to the possible damages from severe storms and hurricanes in the future, a transfer of \$2 million dollars into the co-insurance fund to provide additional funds for these contingencies was requested.

**ACTION: Motion by Director Shearer, seconded by Director Gemskie, to approve a budget amendment increasing Insurance Expenses and transferring cash to the Co-Insurance Fund for \$2,000,000.**

Motion carried 5 - 0

**4. ECONOMIC DEVELOPMENT COMMISSION'S REQUEST OF CORPORATE COUNCIL LEVEL OF INVESTMENT**

Chairman Walter noted that this agenda item has been pulled from the agenda at the request of the EDC. This will be put on the November agenda at their request.

**ACTION: Motion by Director Gant, seconded by Director Toro, to add to the agenda an item to Award of Contract to Siemen's Westinghouse for Preliminary Investigative Work Related to Repair of Hansel Gas Turbine Unit.**

Motion carried 5 - 0

**5. AWARD OF CONTRACT TO SIEMENS WESTINGHOUSE FOR PRELIMINARY INVESTIGATIVE WORK RELATED TO REPAIR OF HANSEL GAS TURBINE UNIT**

Ben Sharma reported that the Hansel Combined Cycle Unit was regularly run during the summer months and during an ultimate day of sales the unit tripped. It was later put back on line and ran long enough to fill KUA's obligation. Since Westinghouse had done a significant amount of work about one year ago and staff had been working with them to solve the problem, KUA requested Westinghouse to submit a proposal for only a portion of the complete job to do repairs. Other certain experts on gas turbines have been retained to look into the sequence of events and analyze the responsibilities.

Jeff Ling, manager of Power Production, itemized the sequence of events and the damage to the unit for board members.

**ACTION: Motion by Director Shearer, seconded by Director Gemskie, to award the contract to Siemens Westinghouse for carrying out the two tasks described in their proposal towards ultimate repair of the Hansel Gas Turbine Unit for the sum of \$299,200.**

Motion carried 5 - 0

**K. STAFF REPORTS**

**1. MONTHLY PROGRESS REPORT ON T&D PROJECTS**

General Manager Welsh noted that this report was written.

**2. MONTHLY REPORT ON POWER SUPPLY DEPARTMENT PROJECTS**

This report was written and no comments were received. Jeff Ling gave a brief review and showed a video on the construction progress of Cane Island 3.

**3. CONDENSED FINANCIAL REPORT - QUARTERLY - SEPTEMBER 2000**

Mr. Hostetler reported that September marks the end of the fiscal year, therefore, the Budget and Actual Recap measures actual performance against the overall budget. September sales year-to-date were over budget. The increase in sales revenue is due to higher than expected megawatt sales. Mr. Hostetler also reviewed the departmental operating and maintenance expenses and well as portfolio performances.

4. SEPTEMBER 2000 INTERNET SERVICES PROVIDER (ISP) UPDATE

Mr. Hostetler also gave a report on the ISP for September. He noted that monthly revenues have increased over the twelve-month period. He noted that concentration has been in the commercial market and will continue in that area for the future. In response to questions from the Board, Mr. Hostetler said that a more detailed report would be given at the next board meeting. He also noted that early in calendar year 2001 the ISP is expected to reach the "break even" point.

5. STAFF REPORT - MARKETING - ERT ISSUES

Chris Beck, director of Marketing, gave a report on some problems that were found with the Encoder Receiver Transmitter meters. Ms. Beck noted that her staff is still investigating the data for each customer to correct any problems found.

L. CONSENT AGENDA

**ACTION:** Motion by Director Shearer, seconded by Director Gant, to approve items 1 and 4 of the consent agenda.

Motion carried 5 - 0

1. APPROVAL OF MINUTES OF SEPTEMBER 20, 2000 REGULAR MEETING
4. EMPLOYEE SUBSTATION TRANSMISSION LINE - APPRAISAL SERVICES  
**RECOMMENDATION:** Approval of the amount of \$69,500 for Clayton, Roper & Marshall for appraisal services for the Employee Substation to Meadow Woods transmission line easement acquisition.

Discussion was held on item 2. Director Toro asked for further explanation and Director Gant questioned the format of the way the expenses were presented. It was noted by Chairman Walter that this is a summary and requested that Black & Veatch give a more detailed report to staff.

**ACTION:** Motion by Director Toro, seconded by Director Gant, to approve item 2 of the consent agenda.

Motion carried 5 - 0

2. CANE ISLAND 3 - ADDITIONAL FUNDING FOR BLACK & VEATCH'S DUPLICATE & ADDITIONAL ENGINEERING SERVICES CAUSED BY GE'S LATE DRAWING SUBMISSION  
**RECOMMENDATION:** Approve the additional funding of \$156,800 to Black & Veatch for the extra and duplicate engineering efforts stemming out of GE's late drawings submittal. Also approve the utilization of LD funds retained from GE to pay for Black & Veatch's additional authorization.

Director Shearer asked that Mr. Hostetler explain the process of vendors using Demand Star or the Web to find out about what was out for bid.

**ACTION:** Motion by Director Shearer, seconded by Director Toro, to approve item 3 of the consent agenda.

Motion carried 5 - 0

3. AWARD OF BID #072-00 PAINTING INTERIOR AT HANSEL GENERATION PLANT  
**RECOMMENDATION:** Authorize the award for painting the interior walls, floors, and diesel generation area to the low bidder, Avalotis Corporation, in the amount of \$109,000.

Director Shearer asked for an explanation on what "minimum run" indicated on the bid specifications. Mr. Davis explained.

**ACTION: Motion by Director Shearer, seconded by Director Toro, to approve item 5 of the consent agenda.**

**Motion carried 5 - 0**

5. AWARD OF BID #2000-06 ANNUAL REQUIREMENTS FOR WIRE AND CABLE  
**RECOMMENDATION: Authorize the award of bid for wire and cable as detailed in Exhibit B with an estimated total annual purchase amount of \$603,858.40.**

**M. HEAR GENERAL MANAGER, ATTORNEY, DIRECTORS**

General Manager Welsh reminded the Board that an inspection of the Cane Island facility and a barbecue would be held on December 1. He also recommended that the July 25, 2001 board meeting be changed to July 18, 2001 to accommodate the FMEA/FMPA conference. **It was the consensus of the Board to make this change to the Board Calendar.**

Attorney Brinson gave a brief report on the development of the Doubletree issue.

Again all the Board members welcomed Director Gemskie. Director Gemskie expressed her appreciation of being able to serve on the KUA Board.

Director Gant and Director Toro were wished a happy birthday.

- N. ADJOURNMENT - Meeting was adjourned at 9:40 p.m.**

  
CHAIRMAN

**ATTEST:**  
  
SECRETARY

OATH OF OFFICE

I, Nancy Gemskie, do solemnly swear that I will support, protect and defend the Charter and Bylaws of the Kissimmee Utility Authority against all enemies, domestic and foreign, and that I will bear true faith, loyalty and allegiance to the same; that I am entitled to hold office under the Charter; that I will faithfully perform all the duties of the office of Director of the Kissimmee Utility Authority, on which I am about to enter. So help me God.

*Nancy H. Gemskie*  
Nancy Gemskie

Sworn to and subscribed  
before me this  
25 day of Oct, 2000.

Edward Brinson  
Attorney for the  
Kissimmee Utility Authority

*Edward Brinson*  
Official Notary Seal

