

MINUTES OF A REGULAR MEETING OF KISSIMMEE UTILITY AUTHORITY, WEDNESDAY, JUNE 26, 2002, 5:30 P.M., BRINSON BOARDROOM, ADMINISTRATION BUILDING, 1701 WEST CARROLL STREET, KISSIMMEE, FLORIDA.

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

A. **MEETING CALLED TO ORDER** at 5:30 P.M. by Chairman Walter.

B. **PLEDGE OF ALLEGIANCE**

The Board and staff recited the Pledge of Allegiance.

C. **AWARDS AND PRESENTATIONS**

1. **BUSINESS OF THE YEAR**

Chris Gent, Manager of Corporate Communications, introduced Mike Horner, President of the Osceola County Chamber of Commerce. Mr. Horner presented the Business of the Year Award to the Board. He said that KUA was certainly deserving of the award because of its outstanding service as an electrical utility but also its commitment to the community, to its employees and to the KUA customers. He said KUA has always Kissimmee first on its mind and the selection committee recognized that. Mr. Horner congratulated KUA again for this outstanding recognition. Chairman Walter gave the award to General Manager Welsh and said it really goes to the employees of KUA.

2. **DEGREE RECOGNITION FOR CINDY WILLS – MASTER OF BUSINESS ADMINISTRATION FROM FLORIDA METROPOLITAN UNIVERSITY**

Cindy Wills was unable to attend the meeting and General Manager Welsh noted that she would be honored by her supervisor at a later date.

3. **5-YEAR SERVICE AWARD – CHERYL MEARS, IT OPERATIONS MANAGER, INFORMATION TECHNOLOGY**

General Manager Welsh and Jef Gray, Cheryl's supervisor, congratulated her for completing five years of service. Mr. Welsh gave a summary of Cheryl's accomplishments while at KUA and in her personal life. Cheryl was introduced to the Board and Chairman Walter presented her an award and certificate to commemorate this milestone in her life.

4. **15-YEAR SERVICE AWARD – ESTELLE PULASKI, ACCOUNTING TECHNICIAN II, FINANCE**

Estelle was congratulated by Mr. Welsh and her department vice president, Joe Hostetler. Estelle's work history was outlined by Mr. Welsh and she was thanked for her years of service. Estelle was introduced to the Board and Chairman Walter presented her with a certificate and a watch.

5. **EMPLOYEE OF THE MONTH FOR JULY – TERRY FARLEY, ISP MANAGER, INFORMATION TECHNOLOGY**

Terry Farley was recognized as KUA's Employee of the Month for July. Mr. Welsh read comments made by his co-workers and his supervisor. Jef Gray, along with Mr. Welsh, congratulated Terry on this achievement. Mr. Welsh said it is truly an honor to be selected by one's peers for this recognition. Chairman Walter congratulated Terry and presented him a plaque that recognized his selection. Vice-Chairman Shearer gave Terry a one year annual family membership to the Osceola Center for the Arts, Director Toro presented him with a check for \$100, Director Gemskie awarded him one day off with pay, and Director Hart issued Terry a special parking space for the month of July.

D. **HEAR THE AUDIENCE** – None.

E. **CONSENT AGENDA**

**ACTION:** Motion by Director Toro, seconded by Director Gemskie, to approve the consent agenda as submitted.

Motion carried 5 – 0

1. APPROVAL OF MINUTES OF MAY 29, 2002 REGULAR MEETING
2. APPROVAL OF MINUTES OF JUNE 5, 2002 SPECIAL MEETING
3. AWARD OF INVITATION OF BID 020-02 – ADSS FIBER OPTIC CABLE  
**RECOMMENDATION: Award of bid # 020-02 for ADSS Fiber Optic Cable to lowest evaluated bidder meeting specifications, Gresco/Capstone in the amount of \$86,328 and Hughes Supply in the amount of \$4,180. Total amount \$90,508.**

**F. PUBLIC HEARING**

1. RESOLUTION NO. 02-04 – FISCAL YEAR 2003 BUDGET

Joe Hostetler, Vice President of Finance & Risk Management, summarized the annual budget and highlighted those items that would affect it the most. A publication The Budget in Brief was distributed to the Board for their information. Mr. Hostetler highlighted the incorporation of the All Requirements Project budget, the fiscal year 2003 electric sales growth of 6%, the transfers to the City and County and the KUA.net Internet Service Provider.

Chairman Walter asked if there was anyone in the audience to speak to the public hearing. Richard Herring, 1586 Starfish, Kissimmee addressed the Board. He said his concern was the hiring of the attorney as shown in the budget. Mr. Herring said according to the organizational chart the attorney would be reporting directly to the President and General Manager and not to the Board of Directors. He further stated that he thought this was in direct violation of the charter. Discussion was held among the Board and Attorney Brinson offered his comments. He read Section 14 of the KUA charter – "The Authority shall have the power to appoint a utilities director to be responsible to the Authority and who shall serve at its pleasure. There shall be such other officers and employees as may be provided by the Authority. The officers shall be appointed or removed by the utilities director subject to confirmation by the Authority. The employees shall be appointed and removed by the utilities director. The Authority shall fix the salary of the utilities director and shall have, the power to fix the salaries of all other officers and employees of the Authority. The Authority shall also have the power to employ or appoint engineers, accountants, lawyers, and such other personnel as may be required for the operation and management of the utilities and to fix their compensation." Attorney Brinson said according to this wording KUA's budget is not in violation of the charter. He said that if the budget is passed as submitted, then the Board no longer has an attorney reporting to them or working for them.

It was the consensus of the Board to keep Attorney Brinson on until his retirement and to bring an attorney in-house that would report directly to the General Manager. General Manager Welsh noted that there was no intention to stop using Attorney Brinson's services, this process was started in response to Attorney Brinson announcing that he would be cutting back on his work hours. Mr. Welsh felt it would be beneficial for the new attorney to work with Attorney Brinson or someone that he would designate from his firm. Joe Hostetler noted that there is money appropriated in the budget to keep Attorney Brinson's services after October.

Director Hart said he still wanted to have the same comfort level as he has had with Attorney Brinson and would be able to go to the attorney directly with any legal question or concern. General Manager Welsh said there is no prohibition for the Board using the professionals on staff and this will be the same with the Vice President and General Counsel. Director Gemskie suggested that after one year if the new attorney reporting to the General Manager was not working well, then they should revisit this decision.

Chairman Walter said that he felt the process should continue and the budget should be approved with the attorney as listed. He asked that General Manager Welsh come back to the Board with a dissertation that listed any differences between having the attorney on staff or not on staff. After that presentation if the Board felt a change was necessary in the function of the attorney, they would make a change.

Mayor Gant arrived at 6:24 PM.

**ACTION: Motion by director Shearer, seconded by Director Gemskie, to approve resolution 02-04 adopting the annual budget that includes a Board and staff attorney.**

**Motion carried 5 - 0**

**G. INFORMATIONAL PRESENTATIONS (REQUIRING NO ACTION) – None.**

H. **OLD BUSINESS** – None.

I. **NEW BUSINESS**

1. CANE ISLAND UNIT 4 – WORK ORDER AUTHORIZATION TO BLACK & VEATCH ON BEHALF OF FMFA

Ben Sharma, Vice President of Power Supply, detailed the agenda item and noted that if a Cane Island 4 is targeted for June 2006 to be in service, it is imperative that some preliminary investigative work regarding permitting and licensing to be started now. He said it is anticipated that in the process of going ahead with Cane Island 4 as well as other FMFA projects, there will be many more pass-through arrangements in the future such as the one between Black & Veatch and FMFA, with KUA as the go-between. In order to eliminate bringing these arrangements to the Board each time and to avoid delays, staff asked that the President & General Manager be authorized to approve all pass-through arrangements in the future.

Director Hart said he agreed with the recommendations but he and Chairman Walter would like for the Board to be informed as to any pass-through arrangements taking place.

**ACTION: Motion by Director Toro, seconded by Director Gemskie to approve the work authorization to Black & Veatch for preliminary works related to Cane Island Unit 4, in the amount of \$65,000 which is reimbursable by FMFA.**

**Motion carried 5 - 0**

**ACTION: Motion by Director Hart, seconded by director Gemskie, to authorize the President and General Manager to approve all pass-through arrangements with FMFA in the future with the President giving updates to the Board as they occur.**

**Motion carried 5 - 0**

General Manager Welsh clarified that a report would be given at each regular board meeting on any pass-through arrangements being made. A report would be given by the Vice President of Power Supply.

2. AWARD OF CONTRACT TO GENERAL ELECTRIC FOR REFURBISHING CANE ISLAND UNIT 2 COMBUSTION COMPONENTS

Ben Sharma addressed the Board and explained that it has been staff's practice to have two sets of combustion components for each gas turbine. He said the simple reason being that while one is in use the other can be refurbished or repaired.

**ACTION: Motion by Director Gemskie, seconded by Director Shearer, to award the contract to General Electric for refurbishing the worn out combustion components (as listed on page 2 of GE's proposal) of Cane Island Unit 2 for the not to exceed price of \$391,850.**

**Motion carried 5 - 0**

3. APPROVAL OF REIMBURSEMENT AGREEMENT WITH FDOT FOR PRELIMINARY ENGINEERING WORK RELATED TO PIPELINE RELOCATION

Vice President of Power Supply noted that KUA has been working with Florida Department of Transportation (FDOT) and the Turnpike Authority on certain projects that will necessitate the relocation of the FGT/KUA gas metering station near I-4 as well as the relocation of approximately 1500 feet of KUA/FMFA 20" gas pipeline to the Cane Island Power Park.

**ACTION: Motion by Director Gemskie, seconded by Director Hart, to approve the reimbursement agreement with FDOT for the sum of \$95,000 to cover the cost of preliminary engineering works. Also, approve the work authorization for Black & Veatch for \$85,000 to provide such preliminary engineering support.**

**Motion carried 5 - 0**

4. ANNUAL REQUIREMENT FOR WATER CHEMICAL TREATMENT – IFB 017-02

After Ben Sharma presented the agenda item, Chairman Walter expressed his concern about not having more than one bidder. Joe Hostetler reported that 244 vendors were sent the announcements, 61 vendors requested bid documents, 6 vendors returned a no bid, and 2 vendors

responded with a quote. Mr. Sharma said that the other vendor could not meet the specifications and they felt that next year they would be better prepared to meet the specifications. Jeff Ling, Manager of Power Production, said that the specifications were not geared so that only one vendor could bid on them, however, there is a special polymer that is used to treat the phosphate in the water and they can provide this chemical while others could not. Chairman Walter accepted the explanation and asked that in the future that more than one bid be brought before the Board for comparison purposes unless something is a sole source. Chairman Walter also questioned if it would be less costly for KUA to build a plant to take care of this problem before it gets to the cooling towers. General Manager Welsh said this would be researched and the options brought back at a future board meeting.

**ACTION: Motion by Director Hart, seconded by Director Gemskie, to award the Annual Requirement for a Water/Chemical Treatment Program to ChemTreat in an annual estimated amount of \$480,822.**

**Motion carried 5 – 0**

5. BUS STOP LIGHTING TARIFF AND MISCELLANEOUS TARIFF CHANGES

Joe Hostetler noted that a new lighting rate for Osceola County bus shelters has been developed. It is an unmetered rate plus associated fuel charges and taxes. Other tariff changes allow for the recovery of the cost of investigating a current diversion case to the customer diverting the current.

**ACTION: Motion by Director Shearer, seconded by Director Toro, to approve the tariff changes and authorize submittal to the Florida Public Service Commission for their review and authorize staff to advertise for a public hearing to be held on July 24, 2002 to adopt the tariff changes.**

**Motion carried 5 - 0**

6. EMPLOYEE TO MEADOW WOODS SUBSTATION TRANSMISSION LINE  
RESOLUTION 02-05 – AUTHORIZING EMINENT DOMAIN

Ken Davis, Vice President of Engineering & Operations, briefed the Board on the area that the transmission line is being built. He and Attorney Brinson said that progress has been made in acquiring property and while they are continuing efforts to negotiate settlements with the property owners, they have reached a point where they should be preparing for filing to initiate eminent domain proceedings.

**ACTION: Motion by Director Hart, seconded by Director Gemskie, to approve resolution 02-05, 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**

J. STAFF REPORTS

1. MONTHLY PROGRESS REPORT ON ENGINEERING & OPERATIONS PROJECTS

This was a written report and no comments were received.

2. MONTHLY REPORT ON POWER SUPPLY DEPARTMENT PROJECTS

This also was a written report and no comments were received.

3. RESPECTIVE RESPONSIBILITIES OF FMPA AND KUA WITH KUA AS ARP  
MEMBER

Ben Sharma gave a report on the sharing of responsibilities by FMPA and KUA after KUA moves into ARP's folds per the request of Mayor Gant at the May regular board meeting. He detailed power supply planning/generation expansion planning, load and energy forecast, fuel supply, operation and maintenance of the power plants, the Florida Municipal Power Pool, excess capacity, regional transmission organization and other KUA responsibilities that will continue.

Mayor Gant asked if KUA would be hooking up to the new gas line and was informed that we would not unless FMPA chose to do that since they take care of all KUA's fuel requirements. Attorney Brinson asked who owned the line and metering station that KUA had built and acquired. He asked if KUA was compensated for the pipeline and General Manager Welsh and Mr. Sharma

noted that the All Requirements Project would be giving capacity credits because it is considered part of Cane Island Power Park. Mayor Gant said that he understands that FMPA is paying for the gas but they are not paying for the pipeline or transportation of the fuel. Chairman Walter noted that the capacity credits take this into consideration because without the pipeline there would be no Cane Island. He said the line is considered part of the infrastructure. General Manager Welsh also noted that FMPA paid for half of the pipeline when Cane Island Unit 1 was built. Director Hart asked for discussion on rates paid to transport gas from Florida Gas Transmission. Discussion ensued.

Mayor Gant asked for further detail on the capacity credits and on what basis these credits were established. Director Gemskie noted that they are based on the age of the unit and the efficiency of the unit. She also reiterated that if one of the plants goes down then the FMPA will continue to pay KUA credits just as if the plant were running for an extended period. General Manager Welsh noted that these are market based rates and he explained the process for setting the capacity credits. Chairman Walter reported that he reviewed the rates that being charged to the KUA customers and the projected rate under the All Requirements Project is just below the average of what was charged over the past few months. Mr. Welsh expressed that one of the things that we bought by entering into the All Requirements Project was guaranteed sale of capacity.

Chairman Walter recessed the meeting from 7:55 to 8:01 PM.

4. CONDENSED FINANCIAL REPORT – MAY 2002

Joe Hostettler reported on the total year-to-date metered sales revenue dollars and noted that revenues were outstanding for May. He said that figures showed 16% above the budget for May. Mr. Hostettler also reported on other operating revenues and fuel and purchased power. He also reviewed the ISP revenues.

5. DEPARTMENT HIGHLIGHTS – CORPORATE COMMUNICATIONS DIVISION

Chris Gent provided a brief presentation on "Shaping KUA's Image." It included an overview of the corporate communications function, including customer communications, public and community relations, media relations, crisis communications, and special events and how they all contribute to KUA's bottom line.

Chairman Walter requested that the Economic Development Council return to the Board to update how KUA funds are being spent in this organization. It was also suggested that Maria Grulich from the local Economic Development Council give the Board a brief presentation.

K. HEAR THE GENERAL MANAGER, ATTORNEY, DIRECTORS

General Manager Welsh reminded the Board of the Legislative Update Luncheon that would be held at the Hyatt Orlando on Thursday, June 27<sup>th</sup> at 11:45 AM.

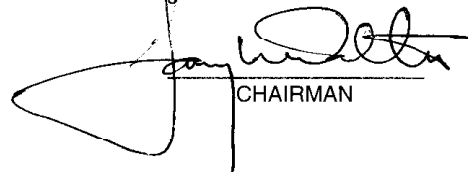
Director Gemskie reported that she had an opportunity to sit in on the All Requirements Project committee and the FMPA board. She said obviously KUA was accepted into the All Requirements Project and she gave a brief description of what transpired during those meetings.

Director Hart wanted to let KUA know that there is a new resource available. He said that there is a county planner whose soul job is to coordinate between the County and School Board on site planning and forecasting for new school sites.

Chairman Walter thanked Mayor Gant and the City for accepting Domingo Toro to fill the open board seat that would be coming up on October 1. He also congratulated Director Toro for his reappointment.

L. ADJOURNMENT – Chairman Walter adjourned the meeting at 8:28 PM.

  
SECRETARY

  
CHAIRMAN