

MINUTES OF A REGULAR MEETING OF KISSIMMEE UTILITY AUTHORITY, WEDNESDAY, JULY 24, 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, Director Toro, Attorney Brinson, General Manager Welsh and Recording Secretary Fizer. Mayor Gant was absent.

**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. 15-YEAR SERVICE AWARD – PATRICK MOYHER, ELECTRICIAN, POWER SUPPLY

Patrick was congratulated by Mr. Welsh and Ben Sharma, his department vice president. Larry Mattern, Patrick's immediate supervisor was also present to honor his years of service. Patrick's work history was reviewed by Mr. Welsh and he was thanked for his service to KUA. Patrick was introduced to the Board and Chairman Walter presented him with a certificate and a cordless telephone.

2. EMPLOYEE OF THE MONTH FOR AUGUST– ROSA RODRIGUEZ

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

**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 JUNE 19, 2002 SPECIAL MEETING

2. APPROVAL OF MINUTES OF JUNE 26, 2002 REGULAR MEETING

3. AWARD OF ANNUAL REQUIREMENT FOR PADMOUNT SWITCHES, IFB #021-02  
**RECOMMENDATION: Award be made to the overall lowest bidder, Graybar Electric Company in an estimated annual amount of \$180,219.**

4. AMSOUTH CONTRACT FOR LOCKBOX SERVICES  
**RECOMMENDATION: Approve contract with AmSouth for lockbox services and authorize the Chairman and Secretary to execute the same.**

**F. PUBLIC HEARING**

1. BUS STOP LIGHTING TARIFF AND MISCELLANEOUS TARIFF – PUBLIC HEARING

Joe Hostetler, Vice President of Finance & Risk Management, summarized the bus stop lighting tariff.

Chairman Walter asked if there was anyone in the audience to speak to the public hearing. No comments received.

Director Hart asked if a different wattage was used than listed in the tariff, would it matter. Ken Davis, Vice President of Engineering and Operations, said that only the wattage listed would be considered under this tariff and there is no provision to change the wattage. General Manager Welsh said if someone had something different then that would be a different rate.

**ACTION: Motion by Director Gemskie, seconded by Director Hart, to approve the revised tariffs as listed.**

**Motion carried 5 - 0**

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

**H. OLD BUSINESS**

**1. CANE ISLAND UNIT 3 CONSTRUCTION BUDGET UPDATE**

Joe Hostetler noted that staff had advised the Board and the FMPA staff that the original budget on Cane Island Unit 3 would need to be amended due to cost overruns. He reported that KUA would actually have to pay 50% of the total costs due to FMPA sharing 50% in the project.

**ACTION: Motion by Director Gemskie, seconded by Director Hart, to amend the budget to include an additional \$6,798,000 for Cane Island 3 overrun.**

**Motion carried 5 – 0**

**2. EMPLOYEE SUBSTATION PROJECT ADDITIONAL PROJECT FUNDING**

Ken Davis detailed the agenda item and noted that the cost of acquiring the right-of-way has been much more than was originally anticipated. He said there are still a number of parcels that are outstanding and one is in negotiation.

**ACTION: Motion by Director Toro, seconded by Director Gemskie, to approve additional funding for the Employee Substation Project in the amount of \$1,000,000 to be funded from the Reserve For Future Capital Outlay.**

**Motion carried 5 – 0**

**3. VICE PRESIDENT/GENERAL COUNSEL REPORTING RELATIONSHIP**

General Manager Welsh reviewed the advantages of general counsel reporting directly to the President and General Manager and of being part of the management team at KUA. He updated the Board on the recruitment process thus far.

Chairman Walter said that whether an attorney worked for the General Manager or the Board, all work at the discretion of the Board. He said the Board could review their decision if necessary and make changes. Director Shearer asked for comments from Attorney Brinson.

Attorney Brinson said he has been the attorney for the Board while still having a good working relationship with the President and General Manager. He ultimately reports to the Board and Attorney Brinson noted that the relationship would be entirely different if the attorney reported to the President. He also had concerns on how the attorney would be evaluated and noted that the Vice President/General Counsel would approach the Board as any other KUA vice president would do so. He didn't know if under the proposed structure the attorney would have the freedom to speak to the Board as he does.

Chairman Walter thanked Attorney Brinson for the advice and also asked for assurance that he would help the new attorney get settled into the organization. Director Hart said he had the same concern as Attorney Brinson but noted that the Board has complete faith and trust in the President and General Manager. Director Toro, Director Gemskie, and Director Shearer agreed with the recommendation.

**ACTION: Motion by Director Gemskie, seconded by Director Toro, that the Board indicate clearly and unequivocally that it is the intention of this organization that the position of Vice President and General Counsel be a regular full time employee and as such reporting to KUA's full time management (that is currently the President and General Manager, CEO).**

**Motion carried 5 – 0**

**I. NEW BUSINESS**

1. APPROVAL OF SETTLEMENT AGREEMENT WITH FLORIDA POWER CORPORATION (FPC) ON THE DAMAGE CLAIMS FOR EXTENDED OUTAGE OF CRYSTAL RIVER UNIT 3

Ben Sharma, Vice President of Power Supply, reported that KUA owns approximately 5.7 MW of capacity in the 843 MW Crystal River Unit 3 which is primarily owned and operated by FPC. In 1996 the unit was brought down to repair a leak and the outage lasted 16 ½ months. FPC filed a rate case for increasing the fuel adjustment to compensate for the energy they had to purchase during the outage. Public Counsel of the State intervened in the case and stated that FPC was not entitled to any rate increase because it was their operating procedures causing the long outage. Public Counsel won the case and this prompted the wholesale customers and the co-owners to follow suite and file damage claims. After three years a settlement agreement has been reached.

**ACTION: Motion by Director Toro, seconded by Director Gemskie, to approve the Crystal River 3 Settlement Agreement with FPC with terms and conditions as described in the agenda item and authorize the Chairman to execute the same.**

**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. CONDENSED FINANCIAL REPORT – JUNE 2002

Joe Hostetler reported on the total year-to-date metered sales revenue dollars and noted that revenues were outstanding for June. Mr. Hostetler reviewed debt operating expenses, debt service interest, reinvested earnings and because it was a quarterly report, he also presented KUA's investment portfolio. The internet service provider financial summary was also reported to the Board.

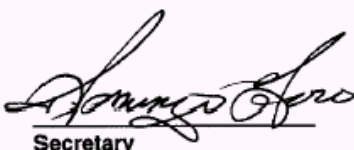
4. DEPARTMENT HIGHLIGHTS – INFORMATION TECHNOLOGY

Jef Gray, Vice President of Information Technology, gave an overview of the divisions in his department and the achievements and goals of each. Director Gemskie inquired about the old billing machine and wanted to know if it had been sold. Mr. Gray said that it had been purchased and in fact, was being boxed and crated for shipment.

**K. HEAR THE GENERAL MANAGER, ATTORNEY, DIRECTORS**

General Manager Welsh noted that in the very near future, it will be possible to view KUA's public meetings via the Intranet or the Internet. A demonstration followed. Mr. Welsh also noted that Chris Beck, Vice President of Customer Service & Marketing would be getting married on Saturday, July 27<sup>th</sup>. Ms. Beck will be retiring at the end of this year and recruitment has begun to hire her replacement.

**L. ADJOURNMENT – Chairman Walter adjourned the meeting at 6:45 PM.**



Secretary



Chairman