



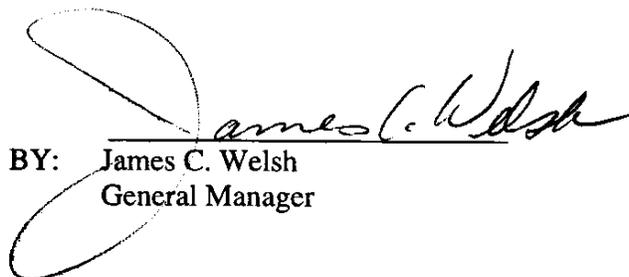
James C. Welsh, P.E.
PRESIDENT & GENERAL MANAGER, CEO

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June 8, 1999

I HEREBY CERTIFY that the attached is a true and correct copy of the Regular Board Meeting Minutes of April 28, 1999, duly approved by the Board of Directors of the Kissimmee Utility Authority in a regular meeting held May 26, 1999.

KISSIMMEE UTILITY AUTHORITY

A handwritten signature in black ink, appearing to read "James C. Welsh", is written over a horizontal line. The signature is fluid and cursive.

BY: James C. Welsh
General Manager

MINUTES OF REGULAR MEETING OF KISSIMEE UTILITY AUTHORITY,
WEDNESDAY, APRIL 28, 1999, 6:00 P.M., BRINSON BOARDROOM,
ADMINISTRATION BUILDING, 1701 WEST CARROLL STREET, KISSIMEE,
FLORIDA.

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

A. MEETING CALLED TO ORDER at 6:00 P.M. by Chairman Walter. The Board and audience recited the Pledge of Allegiance.

B. AWARDS AND PRESENTATIONS

1. 25-YEAR SERVICE AWARD - GUS CERQUEIRA

General Manager Welsh noted that Gus Cerqueira from Power Supply had served KUA for a quarter century and had made the Quarter Century Club. He also noted that Gus was retiring next month and thanked him for his years of service. Gus was given an award and certificate by Chairman Walter.

2. 10-YEAR SERVICE AWARD - SHARON GACEK

General Manager Welsh noted that Sharon Gacek from Information Systems is celebrating her 10th year with KUA. Sharon was unable to attend and will be honored by her supervisor at a later date.

3. 5-YEAR SERVICE AWARD - LOGAN MURPHY

Logan Murphy, groundman in Transmission & Distribution department, is celebrating his 5th anniversary with KUA. Logan was unable to attend and will be recognized by his supervisor at a later date.

4. EMPLOYEE OF THE MONTH - DONNIE USHER

Donnie Usher, a power plant operator/mechanic at the Cane Island Power Plant, was recommended by his peers and selected to be Employee of the Month for May. Donnie was unable to attend and will be presented a plaque and check later by his supervisor.

C. HEAR THE AUDIENCE

Mr. Raymond Babb, 2410 Babb Road, Kissimmee, told the Board that a billing problem which he thought had been resolved some time ago had recurred. Mr. Babb asked KUA to take necessary steps to prevent this from recurring. The Board thanked Mr. Babb for bringing this to their attention, apologized to him for this oversight and assured Mr. Babb that everything possible would be done.

D. PUBLIC HEARING

General Manager Welsh explained this public hearing is for rate change and is in two parts: to change the contract rate agreement and to recommend a rate change of 1.65% on October 1 for each of fiscal years 2000, 2001, and 2002.

Joe Hostetler, director of Finance, recapped the changes to Long Term Demand Electric Service Agreement and the rate increase. Mr. Hostetler reported that the Florida Public Service Commission (FPSC) had no problem with the tariff.

Richard Herring, 514A Verona Avenue, Kissimmee, asked what effect, if any, did dropping the utility tax on the unincorporated areas have on the need for this action. Mr. Hostetler explained that the loss of the surcharge had little effect and that the major reason is the new debt related to Cane Island 3.

ACTION: Motion by Director Toro, seconded by Director Guthrie, to approve the 1.65% levelized three-year rate increase and the revisions to the Long Term Large Demand Electric Service Agreement 16.0.

Motion carried 3 - 0

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

F. OLD BUSINESS

1. TEN YEAR PLAN UPDATE WITH INFORMATION SYSTEMS & ISP

General Manager Welsh said that during the regular ten year planning process the Information systems department and the ISP portion were deferred and would be presented tonight.

Director Toro recommended that the ten-year review be delayed until the whole Board is present, perhaps the May 5th meeting. It was the general consensus of the Board to place this on the agenda for the May 5th meeting.

G. NEW BUSINESS

1. EMPLOYEE'S SUBSTATION PROJECT - ENGINEERING SERVICES

Ken Davis, director of Transmission & Distribution, explained that the routing study for the transmission line was completed and the best route crossed into Orange County. Cost summaries and cost of services were discussed.

Chairman Walter expressed that we need to give the local businesses a chance to be part of this project and requested a report on the last contract as to how well we did. Mr. Davis said that the firms are subcontracted through Black & Veatch and procedures are in place to invite local firms to submit prices and schedules. He introduced Mr. Mike Simpson of Black & Veatch.

ACTION: Motion by Director Guthrie, seconded by Director Toro, to authorize Black & Veatch to proceed with engineering services necessary for the Employee's Substation project for a not-to-exceed amount of \$2,061,000.

Motion carried 3 - 0

H. STAFF REPORTS

1. MONTHLY PROGRES REPORT ON T&D PROJECTS

This was a written report and no questions were asked.

2. TELECOMMUNICATIONS UPDATE

Mr. Davis said we were looking how best to utilize our telecommunications system for other organizations such as the county, city, school board, and Valencia Community College. He explained KUA had joined Florida Municipal Power Agency (FMPA) in this research and had selected R.W. Beck to begin a study May 1. He said the study would consist of market research and a competitive analysis that could lead to more specific research for the individual utilities.

3. MONTHLY REPORT ON POWER SUPPLY DEPARTMENT PROJECTS

This was a written report and no questions were asked.

4. MONTHLY CONDENSED FINANCIAL REPORT, FEBRUARY, 1999

Mr. Hostetler reviewed the quarterly condensed financial report and noted that KUA is over the revenue budget for the six-months by 1% in sales. Year-to-date figures indicate that KUA is \$500,000 above budget.

5. MARCH 1999 INTERNET SERVICES PROVIDER (ISP) UPDATE

Mr. Hostetler reviewed the operating revenues and expenses for the March ISP update. Tony Morelli, acting director of Information Systems, gave an update on the new options on KUA's home page. Chris Beck, director of Marketing, shared some of the many items learned over the past several months about the highly competitive ISP environment and discussed the proposed target markets.

6. Y2K UPDATE

General Manager Welsh said that Pete Valdellon, our internal auditor, has headed up the Y2K project in terms of coordinating every department at KUA to ensure that everything goes smoothly on December 31, 1999.

Mr. Valdellon reviewed several dates involved for drills; one drill simulated SCADA not operable and telephone lines down which KUA completed successfully on April 9, 1999. The next drill where we will have to be in a ready mode to respond to one of several possibilities is scheduled for September 8-9, 1999 to mimic December 31-January 1. Our technical personnel have inventoried where the suspect chips might be and with the help of our vendors have fixed or replaced the equipment. KUA is an active participant of the FMPA Y2K Group and submits monthly reports to Florida Reliability Coordinating Council (FRCC).

I. CONSENT AGENDA

1. APPROVAL OF MINUTES OF MARCH 10, 1999 SPECIAL MEETING
2. APPROVAL OF MINUTES OF MARCH 24, 1999 REGULAR MEETING
3. DEPARTMENT OF TRANSPORTATION UTILITY MASTER
4. AWARD OF CONTRACT - TWO YEAR REQUIREMENT FOR DISTRIBUTION LINE MATERIALS, INVITATION FOR BID #009-99
5. EXTENSION OF AGREEMENT FOR BANKING SERVICES

ACTION: Motion by Director Toro, seconded by Director Guthrie, to approve the consent agenda.

Motion carried 3 - 0

J. HEAR GENERAL MANAGER, ATTORNEY, DIRECTORS

General Manager

General Manager Welsh reminded the Board of the tour of the Hansel Plant, April 30th at noon and the Board applicant review meeting May 5th.

Mr. Welsh said that at a previous City Commission meeting the Commission directed the City attorney to draft two resolutions. One was to change the Charter to make a five-year waiting period after two consecutive terms before a member was eligible to be re-appointed to the Board. The second resolution was to change the

Charter so instead of one, there would be three Board nominees presented to the Commission by the KUA Board in ranked order.

At that time Mayor Attkisson suggested to the KUA Board that perhaps they could do something internally to alleviate the concerns of the City Commission and eliminate the need to go through a charter change. Subsequent to that, our Board agreed with the City Commission that perhaps a "new blood" type of situation ought to be implemented. A resolution was adopted and passed on to the City that was more stringent than the Charter changes that were proposed at the city meeting.

General Manager Welsh said the city attorney had not received any countering direction from the City Commission following the KUA action. The attorney asked if the Commission wished him to advertise this Ordinance. Mayor Attkisson pulled it off the consent agenda and asked for some more information and clarification.

At last night's meeting there was a motion made to advertise and that motion passed 3-2. Mayor Attkisson and Commissioner Goodwin voted against. Mayor Attkisson indicated that he needed to vote against because he had suggested the KUA Board take some action to alleviate the problem, they did and he felt that perhaps enough was done.

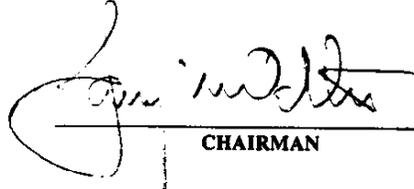
Subsequently, Commissioner Gemske indicated that he had been confused when he voted and felt that he really didn't vote the way he wanted to and asked that the vote be reconsidered. Under reconsideration, a motion was made to not advertise for these two things as originally stated; the first one the KUA Board had addressed and corrected, but to advertise for the requirement that three nominees be presented by the Board to the Commission for their consideration. The motion for advertising passed 3-2. General Manager Welsh said he reviewed the Charter and any change of the Charter requires a four-fifths vote.

Attorney

Attorney Ed Brinson said that the Board had authorized him to settle seven personal injury cases to a total of \$350,000. The seven cases have been settled for a total of \$1,216,000. Attorney Brinson stated that our share was \$422,325. He explained that we had no choice but to exceed the \$350,000 and that our figure was higher in part because the court ruled against us on the 8% contribution that CSX would have made. The court continued to support the dangerous activities theory which would tie GE into the settlement and could mean we will get some money back from GE at a later date.

The Board requested that this item be placed on the agenda for the meeting on May 5th for their formal approval.

K. **ADJOURNMENT** - Meeting was adjourned at 7:55 p.m.


CHAIRMAN

ATTEST:


SECRETARY