



Incorporated 1927

Town of Lake Lure

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MINUTES OF THE SPECIAL MEETING OF THE LAKE LURE TOWN COUNCIL HELD WEDNESDAY, AUGUST 18, 1999, 1:30 P.M. AT THE LAKE LURE MUNICIPAL CENTER

PRESENT: Mayor Jack Powell
Commissioner Carolyn Cobb
Commissioner Beth Rose
Commissioner Jack Stanier

H. M. Place III, Town Manager

ABSENT: Commissioner Gene Sheffield

CALL TO ORDER

Mayor Powell called the meeting to order at 1:30 p.m.

INVOCATION

Commissioner Cobb gave the invocation.

APPOINT A NEW COUNCIL MEMBER TO FILL VACANCY

Mayor Powell asked each Councilmember to make their nominations for the vacant position to serve on Town Council.

Commissioner Stanier nominated Blaine Cox.

Commissioner Cobb nominated Lynn Smith and William Frykberg.

Commissioner Rose nominated Blaine Cox.

After discussion, Commissioner Rose made a motion to appoint Blaine Cox to fill the vacant position on Town Council for the remainder of the term expiring November 2001. Commissioner Stanier seconded the motion and the vote of approval was unanimous.

<p>DISCUSSION REGARDING A PROPOSED CONTRACT WITH DUKE POWER</p>
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Andrew Givens, consultant of Cardinal Energy Services, Inc., answered questions regarding the proposed power sales agreement between the Town of Lake Lure and Duke Power. Mr. Givens talked about primary features of the proposed agreement including: annual revenue, proposed rates, term of the agreement, operating provisions, and interconnection facilities. He reviewed the following:

Annual Revenue

- * Power sales revenue - \$299,900 for 8.7 million kwh
- * Average revenue - 3.44 cents/kwh
- * Revenue to increase by 3.5% with new interconnection facilities
- * New operating provisions will affect peak generation
- * Generation & revenue vary with the weather
- * Existing facilities charge of \$41,688
($\$299,900 - \$41,688 = \$258,212$)
- * Facilities charge after addition of new facilities - \$17,000
($\$299,900 - \$17,000 = \$282,900$)
- * February - July 1999 adjustment - \$16,747

Proposed Rates

- * Peak hours and Dispatch Credit in 8 peak months
3.42 cents + 1.90 cents = 5.32 cents
- * Peak hours in 4 off-peak months
3.42 cents
- * Off peak hours
2.13 cents

Term of the Agreement

- * Term - 7 years
- * Begins February 1999
- * Ends February 2006
- * Notice period - 18 months (August 2004)
- * No provisions for extension
- * Early termination penalties
- * Reverse rate levelization
- * Adjustment to market value

Operating Provisions

- * Operating Peaks -
May through October - Noon to 6:00 p.m.
November through April - 7:00 a.m. to 1:00 p.m.
- * Dispatch Credit - 1.9 cent/peak kwh
June through September
December through March

Interconnection Facilities

- * Existing facilities and facilities charge remain until new facilities are completed.
(pending Council approval)
- * New interconnection facilities are expected to be in place within 12 months.
- * New interconnection facilities will reduce facilities cost.
- * New interconnection facilities will increase power sales revenue by approximately 3.5%.

Recommendation

- * Cardinal Energy recommends the execution of the agreement negotiated with Duke Power.
- * Cardinal Energy recommends continued effort for the replacement of the interconnection facilities in conjunction with UEC, PC.
- * Cardinal Energy recommends enhancement of the controls and communication facilities at the dam to increase value in the new market.

Town Manager Place stated that Town Attorney Christopher Callahan had already reviewed the power sales agreement from Duke Power and has no problem with approving it as presented.

Town Council asked Mr. Givens to negotiate the cost of removing the old transformers. Mr. Givens informed Councilmembers that the town may have to pay for the cost of removing these transformers.

Mayor Powell stated the town does not own these transformers and should not have to pay for their removal unless obligated under the old contract.

Mr. Givens was thanked by Councilmembers for his consultant work for the town.

Town Manager Place recommended that Town Council approve the sales agreement as

Page 4 - Minutes of the August 18, 1999 Special Town Council Meeting

presented.

After discussion, Commissioner Cobb made a motion to: (1) approve the power sales agreement between the Town of Lake Lure and Duke Power as presented and (2) authorize Mayor Powell to sign this agreement. Commissioner Stanier seconded the motion and the vote of approval was unanimous.

**SCHEDULE A MEETING TO REVIEW RECOMMENDATIONS
FROM THE STRATEGIC PLAN, LAKE MANAGEMENT PLAN,
LAND USE PLAN, AND TO DEVELOP ACTIONS PLANS**

After discussion, Town Council agreed to schedule a special Town Council meeting on Thursday, September 2, 1999, 9:30 a.m. for the purpose of reviewing the recommendations from the Strategic Plan, Lake Management Plan, Land Use Plan, and to develop action plans.


MERIT BONUS FOR CHIEF BUSTLE

Town Manager Place asked Councilmembers to include an item on the September 2, 1999 Special Town Council meeting agenda to consider a one time merit bonus for Police Chief Mike Bustle for his extraordinary work/contributions to the town.

ADJOURNMENT

With no further items of discussion, Commissioner Rose moved, seconded by Commissioner Cobb, to adjourn the meeting at 2:45 p.m. The vote of approval was unanimous.

ATTEST:


Mary A. Flack, CMC/AAE
Town Clerk


Mayor Jack Powell