

**MINUTES OF A REGULAR MEETING OF KISSIMMEE UTILITY AUTHORITY,
WEDNESDAY, DECEMBER 7, 2005 at 3:30 P.M., BRINSON BOARD ROOM,
ADMINISTRATION BUILDING, 1701 W CARROLL STREET, KISSIMMEE, FLORIDA.**

Present were Vice Chairman Toro, Director Hart, Director Cumbie, Director Kasper, General Manager Welsh, Vice President and General Counsel Lacerte, and Recording Secretary Ambrosi. Chairman Gemske and Mayor Goodwin-Nichols were absent.

A. MEETING CALLED TO ORDER at 3:30 p.m. by Vice Chairman Toro.

B. PLEDGE OF ALLEGIANCE TO THE FLAG

The Board and staff recited the Pledge of Allegiance.

C. AWARDS AND PRESENTATIONS

1. FLORIDA COMMUNITY SERVICE AWARD (FMEA)

Chris Gent, Manager of Corporate Communications, accepted the FMEA 2005 Community Service Award on behalf of all KUA employees for exemplary public service to the community over the past year.

2. WILLIAM C. SCHWARTZ INDUSTRY INNOVATION AWARD

Jef Gray, Vice President of Information Technology, accepted the William C. Schwartz Industry Innovation Award presented by the Metro Orlando Economic Development Commission for KUA's innovative work with software applications, home security and telephone services.

3. DEGREE RECOGNITION, MIKE GERAGHTY, Ph.D., WILBUR HILL, D.R.S.

Mr. Welsh congratulated Mike Geraghty, Vice president of Customer Service and Marketing and Wilbur Hill, Vice president of Human Resources for their tremendous degree accomplishments. Mr. Geraghty received a Doctor of Philosophy in Psychology and Mr. Hill received a Doctorate in Religious Studies. Vice Chairman Toro presented them with plaques.

4. 5-YEAR SERVICE AWARD, JEF GRAY, VICE PRESIDENT, INFORMATION TECHNOLOGY

Mr. Welsh congratulated Jef on five years of service and recognized him as a great team leader who, among many other accomplishments, helped the ISP turn a profit. Vice Chairman Toro presented Jef with a sun-dial.

5. 5-YEAR SERVICE AWARD, CHRIS REIGLE, APPLICATION ARCHITECT, INFORMATION TECHNOLOGY

Mr. Welsh thanked Chris for five years of service and recognized him as a key programmer with a long list of accomplishments. Vice Chairman Toro presented Chris with a cheeseboard.

6. EMPLOYEE OF THE MONTH FOR DECEMBER – PATRICK SULLIVAN, FLEET SERVICE MECHANIC, ENGINEERING & OPERATIONS

Mr. Welsh congratulated Patrick and read a letter from one of his fellow co-workers who recognized Patrick for his positive attitude and knowledge of the KUA fleet. Vice Chairman Toro presented Patrick with a plaque; Director Hart gave him a check; Director Cumbie presented him with a certificate for a day off with pay and membership to the Osceola Center for the Arts and Director Kasper presented Patrick with a certificate for prime parking and a meal for two at Sonny's Barbeque.

D. HEAR THE AUDIENCE - none

E. CONSENT AGENDA

General Manager Welsh asked that item #7, Bid Award #005-06, Overhead Canopy for night depositor is pulled from the consent agenda.

ACTION: Director Hart made a motion, seconded by Director Kasper to approve items #1, #2, #4, #5, #6 and #8 on the consent agenda as written and also to approve the revised item #3, which was sent out via e-mail.

MOTION CARRIED 4-0

1. APPROVAL OF THE MINUTES FOR NOVEMBER 2, 2005, REGULAR MEETING

2. AWARD OF BID IFB #006-06 – CONSTRUCTION FOR AIRPORT TRANSFORMER REPLACEMENT AND CANE ISLAND METERING PROJECTS

Recommendation: Award of bid IFB 006-06 to Terry's Electric in the amount of \$570,158 contingent on negotiation of a satisfactory contract.

3. AWARD OF BID #007-06 – DISTRIBUTION TRANSFORMERS

Recommendation: Award of bid IFB 007-06 to: Electric Supply for \$100,498 and Gresco Utility Supply for \$163,620.

4. AWARD OF BID IFB #008-06 – 45' DIGGER DERRICK TRUCK

Recommendation: Award of bid IFB 008-06 to Terex Utilities for the amount of \$168,900.

5. PURCHASE OF 55' BUCKET TRUCK

Recommendation: Approve the purchase of a 55' bucket truck from Altec Industries, Inc. for the total price of \$163,042.

6. PURCHASE OF VEHICLES FOR VARIOUS DEPARTMENTS

Recommendation: Award of bid for 2006 vehicles to Classic Chevrolet in the amount of \$28,037: and Don Reid Ford in the amount of \$123,098.

8. AWARD OF CONTRACT TO FARABEE MECHANICAL INC. FOR DISMANTLING AND REMOVING THE EIGHT DIESEL GENERATING UNITS AT HANSEL – IFB #036-05

Recommendation: Award the contract to Farabee Mechanical Inc. for dismantling and removing the eight diesel generating units along with all other auxiliary equipment as described in the list attached to the IFB #036-05 for which KUA will pay Farabee a lump sum fee of \$160,000.

F. PUBLIC HEARING - none

G. INFORMATIONAL PRESENTATION (REQUIRING NO ACTION) - none

1. PLEASANT HILL SUBSTATION – none

H. OLD BUSINESS

1. PAYMENT OF LIABILITY OWED BY CSX/AMTRAK FOR 1993 RAILROAD ACCIDENT LITIGATION

General Manager Welsh recounted the day of the 1993 railroad accident which took place in front of Cane Island. Grant Lacerte, Vice president and General Counsel advised the Board that the State Supreme Court ruled that KUA and FMPA are liable to CSX/Amtrak for approximately \$851,000 plus interest. KUA owes \$565,249.70 under the judgment not including attorney fees which were paid last month.

ACTION: Director Hart made a motion, seconded by Director Cumbie to approve staff's recommendation to authorize payment to American Home Assurance Company in the amount of \$565,249.70 and authorize the Chairman and Secretary to execute any documents necessary to effect payment and resolution of this longstanding case.

MOTION CARRIED 4-0

I. NEW BUSINESS

1. GOOD NEIGHBOR ENERGY FUND ENHANCEMENT

Mike Geraghty, Vice president of Customer Service and Marketing stated that the Good Neighbor Fund was designed so that employees and customers of KUA could donate money to assist those who could not pay their electric bills. Currently KUA matches each dollar donated with an additional \$1.00. Mr. Geraghty stated that donations have dropped significantly over the past year and recommended that KUA raise the matching amount to \$2.00 for every dollar donated. This, combined with extensive advertising would hopefully encourage more people will donate to the fund.

ACTION: Director Kasper made a motion, seconded by Director Cumbie to approve staff's recommended increase of \$2 for every dollar contributed to the Good Neighbor Energy Fund between January 1 – March 31, 2006.

MOTION CARRIED 4-0

J. STAFF REPORTS

1. MONTHLY PROGRESS REPORT ON ENGINEERING & OPERATIONS DEPARTMENT PROJECTS

2. FIVE-YEAR DISTRIBUTION PLANNING STUDY

Ken Davis, Vice president of Engineering & Operations presented a study which projects an overall 4.2% potential growth increase for the KUA service territory in the next five years. Mr. Davis also advised the Board of several potential projects including a substation for 535, Neptune Road and the Tupperware area as well as several feeder and transformer upgrade projects. Mr. Davis addressed questions regarding funding which is already designated in the budget through bond financing.

3. MONTHLY PROGRESS REPORT ON POWER SUPPLY DEPARTMENT PROJECTS

4. MONTHLY PROGRESS REPORT ON INFORMATION TECHNOLOGY DEPARTMENT PROJECTS

5. CONDENSED FINANCIAL REPORT – FISCAL YEAR-END 2005

Joe Hostetler, Vice president of Finance & Risk Management presented the year-end financial report and advised the Board that sales and interest revenues were above budget for the year end. Mr. Hostetler then advised the Board that Ernst & Young would present findings of their year-end audit at the January 4, 2006 Board meeting.

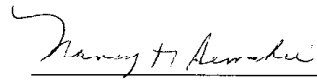
6. DEPARTMENT HIGHLIGHTS – CORPORATE COMMUNICATIONS

Chris Gent, manager of Corporate Communications summarized the 2005 KUA sponsorship program. Mr. Gent stated that \$117,602 impacted 204,167 individuals at 156 KUA sponsored events. Mr. Gent then advised the Board that KUA.net will help to fund 20% of the proposed 2007 sponsorship budget.

K. HEAR INTERNAL AUDIT, ATTORNEY, GENERAL MANAGER, DIRECTORS

Algertha Diggs, Manager of Internal Audit, Grant Lacerte, Vice president and General Counsel and James Welsh had nothing to report.

Meeting adjourned at 4:55 p.m.


Chairman


Secretary