

MINUTES OF A REGULAR MEETING OF KISSIMMEE UTILITY AUTHORITY, WEDNESDAY, SEPTEMBER 18, 2002, 5:30 P.M., BRINSON BOARDROOM, ADMINISTRATION BUILDING, 1701 WEST CARROLL STREET, KISSIMMEE, FLORIDA.

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

A. MEETING CALLED TO ORDER at 5:31 P.M. by Chairman Walter.

B. PLEDGE OF ALLEGIANCE

The Board and staff recited the Pledge of Allegiance.

C. AWARDS AND PRESENTATIONS

1. EMPLOYEE OF THE MONTH FOR OCTOBER – NANCY WAKEFIELD

Nancy Wakefield was recognized as KUA's Employee of the Month for October. Mr. Welsh read comments made by her co-workers and supervisor. Nancy was congratulated for this achievement by Ben Sharma, Vice President of Power Supply, and Joe Hostetler, Vice President of Finance. Mr. Welsh said it is truly an honor to be selected by one's peers for this recognition. Chairman Walter congratulated Nancy and presented her a plaque that recognized this selection. Vice-Chairman Shearer gave Nancy a one year annual family membership to the Osceola Center for the Arts and Mayor Gant presented her a certificate for a dinner for two donated by Sonny's Barbecue. Director Toro presented Nancy with a \$100 check, Director Gemskie awarded her one day off with pay, and Director Hart issued Nancy a special parking space for the month of October.

D. HEAR THE AUDIENCE

Richard Herring, 1586 Starfish Street, Kissimmee, Florida registered a complaint. He reminded the Board that he had voiced his dissatisfaction during the budget process that KUA was bringing an attorney position in-house. He said after research he has discovered there is nothing in the bylaws or charter against doing so, however, he felt it was an injustice to do this because Attorney Brinson would no longer be able to serve the KUA Board and in fact the new attorney would not work directly for the Board but for the President and General Manager. By working directly for the President and not the Board, it may generate a conflict of interest according to Mr. Herring. He wanted to go on the record as being very displeased with KUA's decision to do this.

Chairman Walter thanked Mr. Herring for his input.

E. CONSENT AGENDA

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

Motion carried 5 – 0

1. APPROVAL OF MINUTES OF AUGUST 28, 2002 REGULAR MEETING

F. PUBLIC HEARING – None.

G. INFORMATIONAL PRESENTATIONS (REQUIRING NO ACTION)

1. ECONOMIC DEVELOPMENT PRESENTATION – MARIA GRULICH

Maria Grulich, Director of the Osceola County Economic Development Department gave the Board an update on what her department is doing for the immediate area. She described her department and how it interacts with other county agencies. Ms. Grulich talked about recruitment, retention and expansion of business and industry. She also talked about the I DO TEAM and the Economic Development Incentive Plan for new business and existing business. Mayor Gant asked Ms. Grulich to describe the City's involvement and how they have supported the Economic Development projects. Ms. Grulich explained to the Board that her department is working hard to get a Foreign Trade Zone established which would allow duty free exports. Director Shearer asked what type of leads are received from the Metro Orlando Economic Development Commission and what advantages would we have to support only the Osceola department. Ms. Grulich stated that the Metro Orlando Commission is working mainly on branding the "Orlando" name and the Osceola department

is more individualized. She reported that there are five projects in the process of coming to Osceola County and she detailed the support by various agencies.

Chairman Walter thanked Ms. Grulich for the report and the fine job she is doing for Osceola County. Ms. Grulich said she may be interested in partnering with KUA on some marketing issues.

H. OLD BUSINESS - None.

I. NEW BUSINESS

1. RFP #110-02 ALL RISK PROPERTY INSURANCE AND BOILER & MACHINERY INSURANCE

Joe Hostetler, Vice President of Finance & Risk Management, gave a brief slide show that detailed the state of the insurance market place, why the property and casualty marketplace has hardened and the rates given by our current insurance carrier. Director Toro asked why we waited so long to put out an RFP. Mr. Hostetler said there was ample time given to the prospective bidders. The review was scheduled to coincide with the Board meeting so that it could be brought before the Board prior to October.

Sam Lupfer, President of Lupfer-Frakes Insurance, noted that KUA and Hartford Steam Boiler has had a wonderful relationship for over 40 years. Over the past three out of four years, they have been the only company to bid on insuring KUA property. Mr. Lupfer read a letter written by the underwriter, Hartford Steam Boiler, that gave their observations of KUA.

President Welsh said if Hartford Steam Boiler could sit down and negotiate a premium with KUA and it was within KUA's grasp, possibly this would not be bid out every year. Mr. Lupfer said that would be an ideal situation but they can not guarantee premiums ahead of time because of the volatility of the insurance marketplace.

Bill Brown of McNeary Consulting, gave some background on Hartford Steam Boiler and noted that it had been acquired by AIG. He also suggested that bidding this out every year could be counter productive and he agreed that the negotiation process is highly recommended.

Director Gemskie suggested that since AIG is a large company, perhaps coverage could be attained in layers by their sub companies. Mr. Brown said the Hartford Steam Boiler is in charge of setting the rates. Discussion was held on possibly increasing the deductibles, thus lowering the premiums.

Sam Lupfer also agreed that the negotiation route was the way to go because as he pointed out probably no one other than KUA staff, knew the machinery and equipment as well as Hartford Steam Boiler. Mayor Gant suggested that KUA obtain external studies on what other utilities are paying and then go to the negotiating table for next year's premiums.

ACTION: Motion by Director Gemskie, seconded by Director Hart, to award the bid to Lupfer-Frakes in the amount of \$1,056,380 for the policy period October 1, 2002 to October 1, 2003.

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 – AUGUST 2002

Mr. Hostetler reviewed the financials and noted that KUA is 3% behind on megawatt sales for August but September sales have begun to show an increase. He reported that the October report would show positive net income for the year and the Board would make a decision where to apply the funds.

K. HEAR THE GENERAL MANAGER, ATTORNEY, DIRECTORS

General Manager Welsh distributed the Spanish Hurricane Guide to the Board. This was prepared by Corporate Communications and it has been a huge success in the community. Mr. Welsh also gave each board member a copy of the Annual Board Photo that was taken earlier in the day.

Mayor Gant noted that the recovery of gas tax from the State of Florida is quite an undertaking from the City's point of view. He congratulated Nancy Wakefield on her efforts in recouping this for KUA. Mayor Gant also clarified what Mr. Herring said was true, that there is nothing in the City Charter that prevents KUA from having an attorney on staff. He also thanked Maria Grulich for her hard work for the Osceola County.

Chairman Walter said that when comparing Metro Orlando Economic Development Commission's budget and Osceola County Economic Development budget, the results that Ms. Grulich have attained are great. Director Hart and Director Toro also commended Ms. Grulich for doing a fantastic job.

Chairman Walter acknowledged that he had received a letter from Attorney Brinson stating that he would no longer be serving KUA after September 30, 2002. Chairman Walter thanked Attorney Brinson for his years of service and said he was welcome to stay on as long as he wanted and that he appreciated his guidance through the years.

L. ADJOURNMENT – Chairman Walter adjourned the meeting at 7:01 PM.



The image shows two handwritten signatures on a light pink background. On the left is the signature of the Secretary, and on the right is the signature of the Chairman. Below each signature is a horizontal line and the corresponding title in bold text.

Secretary

Chairman