

**MINUTES OF THE REGULAR BOARD MEETING OF KISSIMMEE UTILITY
AUTHORITY, WEDNESDAY, DECEMBER 17, 2003, 5:30 P.M., BRINSON BOARD
ROOM, ADMINISTRATION BUILDING, 1701 W. CARROLL STREET, KISSIMMEE,
FLORIDA.**

Present were: Chairman Don Shearer, Vice-Chairman Nancy Gemskie, Director Bill Hart, Director Domingo Toro, Director Fred Cumbie, Mayor George Gant, General Manager James Welsh, Vice-President and General Counsel Grant Lacerte and Recording Secretary Judy Womack.

A. MEETING CALLED TO ORDER at 5:30 p.m. by Chairman Shearer.

B. PLEDGE OF ALLEGIANCE

The Board and staff recited the Pledge of Allegiance.

C. AWARDS AND PRESENTATIONS

**1. COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) AWARD
FOR FY 2003**

Susan Raines, Manager of Accounting received a plaque on behalf of the Finance & Risk Management department which was presented by Chairman Shearer.

**2. 5- YEAR SERVICE AWARD – DAVID SMITH – APPRENTICE
ELECTRICIAN, ENGINEERING & OPERATIONS**

David was unable to attend the meeting. Mr. Welsh noted that his supervisor would present Dave with his award at a later date.

**3. EMPLOYEE OF THE MONTH, JANUARY – DAVID SIEGEL,
ACCOUNTANT/ANALYST, FINANCE & RISK MANAGEMENT**

General Manager Welsh introduced David Siegel as the January 2004, Employee of the Month. Mr. Welsh noted that David has a great attitude, a strong dedication to KUA and that he is a strong professional. Chairman Shearer presented David with a plaque; Vice-Chairman Gemskie presented him with a certificate for a good parking place; Director Hart presented David with a certificate for a day off with pay; Director Cumbie presented David with a gift certificate to Sonny's; Director Toro presented David with a check and Mayor Gant gave David a membership to the Center for the Arts.

D. HEAR THE AUDIENCE

Donna Coltress of Kissimmee addressed the Board with concerns about the discontinuation of the Load Management Program as well as concerns about the new Conservation Rate. Mrs. Coltress explained that her husband is oxygen-dependent twenty-four hours per day and there is no way possible for her to conserve electricity to below 1,000 kwh per month. Mrs. Coltress asked the Board if there was any way to consider an establishment of reduced rates for medically dependent consumers.

General Manager Welsh thanked Mrs. Coltress for sharing her concern and suggested that staff investigate with the Public Service Commission the possibility of establishing a new rate class for medically-dependent customers. Mr. Welsh stated that staff would also investigate the possibility of raising the conservation rate to 2,000 kwh per month for medically dependent customers.

E. CONSENT AGENDA

Director Cumbie asked that Item #4 be pulled from the consent agenda for discussion. Chairman Shearer asked that Item #2 be pulled from the consent agenda for discussion.

1. APPROVAL OF MINUTES OF NOVEMBER 24, 2003 REGULAR MEETING

3. HTE SOFTWARE AGREEMENT

RECOMMENDATION: Recommend the board approve continued maintenance for HTE software and authorize the board chairman and secretary to sign appropriate documents for contract

ACTION: Director Hart made a motion, seconded by Vice-chairman Gemskie to approve items #1 and #3 of the consent agenda as recommended.

Motion Carried 5-0

2. PURCHASE OF VEHICLES

RECOMMENDATION: Awards to be made to Classic Chevrolet in the amount of \$55,523 from the following projects: D04K03, D04K07, and D04K08

Chairman Shearer asked if anyone from the KUA service territory bid on the vehicle agreement. General Manager Welsh explained that this contract was piggy-backed off of the Osceola County Sheriff's Office.

ACTION: Director Cumbie made a motion, seconded by Vice-chairman Gemskie to approve item #2 on the consent agenda as recommended.

Motion Carried 5-0

4. CHANGE ORDER FOR EMPLOYEE-MEADOW WOODS TRANSMISSION LINE CONSTRUCTION CONTRACT

RECOMMENDATION: Approval of change order to the Employee-Meadow Woods construction contract to Kohler Construction in the amount of \$108,294.35

Director Cumbie asked what the procedure was for cost overruns on the consent agenda, specifically if staff has the work done prior to the Board approving the change order. Ken Davis, Vice President of Engineering & Operations explained that this change occurred as a result of re-routing around the airport after 9/11.

Mr. Welsh then explained that all changes over \$50,000 require Board approval. Mr. Welsh added that because it is time consuming to get back to the Board for approval, staff sometimes has to authorize the work before the Board approves the change in order to get the job done. Ken Davis then pointed out that we have not signed the change order yet, pending Board approval.

ACTION: Director Cumbie made a motion, seconded by Vice-chairman Gemskie to approve item #4 on the consent agenda as recommended.

Motion Carried 5-0

F. PUBLIC HEARING - None

G. INFORMATIONAL PRESENTATIONS (REQUIRING NO ACTION)

1. COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) FOR FY 2003

Joe Hostetler, Vice President of Finance & Risk Management explained the auditing process and gave a brief overview of the CAFR. Mr. Hostetler introduced Mike Barrett, Partner in Charge of Audit and Mike Patillo, Senior Manager of Ernst & Young LLP who made a presentation about the findings in the audit report.

H. OLD BUSINESS - None

I. NEW BUSINESS

1. PHONE SERVICE RESELLING AGREEMENT (SPARKS COMMUNICATIONS)

Jef Gray, Vice President of Information Technology gave a presentation on phone service reselling through Sparks Communications. Mr. Gray highlighted some of the advantages, including the fact that the ISP would cover the entire cost, with no

impact on the electric business. Mr. Gray also stated that the majority of cost would be in marketing the system.

Jef Gray introduced Genny Terrano of Sparks who answered questions from the Board about how prices compare to Sprint and Bell South. Ms. Terrano pointed out that Sparks plans are typically 15% less expensive. She also answered questions relating to toll charges to Orlando by pointing out that some packages include Orlando at no additional charge. She then explained that Sparks has 24 hour technical support available so even if a technical call comes into KUA, the call can be transferred to Sparks and handled by their customer technicians. Ms. Terrano then spoke of the Telcom Act which forces large companies such as Sprint to allow other phone companies to compete.

ACTION Director Hart made a motion, seconded by Director Toro to approve the contract with Sparks and authorize the board chairman and secretary to sign appropriate documents for the contract.

MOTION CARRIED 5-0

2. ISP OVERHEAD

Joe Hostetler, Vice President of Finance & Risk Management explained the different tiers used by the ISP to reimburse KUA for indirect costs, such as accounting, general and administrative principles.

ACTION Director Hart made a motion, seconded by Vice-chairman Gemskie to approve staff's recommendation that for FY 04 we move into Tier 1 issuing an activity based costing method through the HTE work order system.

MOTION CARRIED 5-0

3. RATE STABILIZATION

Joe Hostetler, Vice President of Finance & Risk Management explained rate stabilization and asked that a \$5 million transfer be approved by the Board into this fund.

ACTION Director Cumbie made a motion, seconded by Vice-chairman Gemskie to approve a \$5 million transfer to the rate stabilization fund for FY 03.

MOTION CARRIED 5-0

J. STAFF REPORTS

1. REPORT ON ADVERTISING FEEDBACK

This was a written report.

2. REPORT REGARDING CUSTOMER SERVICE ISSUE FROM NOVEMBER 24, 2003 MEETING

Mike Geraghty, Vice President of Customer Service and Marketing updated the Board on the status of the customer who spoke at the November 24, 2003 meeting about problems she was having in paying a past due balance. Mr. Geraghty stated that everything has been resolved with the help of various social service agencies as well as a commitment by the customer to pay for the balance of the bill.

3. MONTHLY PROGRESS REPORT ON ENGINEERING AND OPERATIONS PROJECTS

This was a written report.

4. MONTHLY REPORT ON POWER SUPPLY DEPARTMENT PROJECTS

This was a written report.

5. CONDENSED FINANCIAL REPORT – OCTOBER 2003

Joe Hostetler, Vice President of Finance presented an abbreviated financial report to the Board.

6. DEPARTMENTAL HIGHLIGHTS – CORPORATE COMMUNICATIONS

Chris Gent, Manager of Corporate Communications gave a presentation highlighting KUA sponsorship programs currently in place.

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

Algertha Diggs, Manager of Internal Audit had nothing to report on.

Grant Lacerte, Vice President & General Counsel updated the Board on the status of the 2000 Railroad Litigation. Mr. Lacerte also advised the Board of the important role that they play in authorizing change orders and that the contractor does, in fact assume some risk for recovering costs.

General Manager Welsh stated that Judy Womack, Recording Secretary got married and was now Judy Ambrosi. Mr. Welsh showed everyone a picture of KUA's float in the holiday parade. Mr. Welsh wished everyone a very Merry Christmas and a Happy New Year.

Director Toro asked that a sympathy card be sent on behalf of the Board to both the families of Chris Beck and Jef Ling. Each of the other Board members wished a happy holiday season to the Board and Staff. Chairman Shearer thanked Chris Gent and Grant Lacerte for volunteering to be "Principle for a Day" this past week.

M. ADJOURNMENT

Meeting adjourned at 7:55 p.m.

Chairman

Secretary