

**MINUTES OF THE REGULAR BOARD MEETING OF KISSIMMEE UTILITY
AUTHORITY, WEDNESDAY, DECEMBER 15, 2004 AT 5:30 P.M., BRINSON BOARD
ROOM, ADMINISTRATION BUILDING, 1701 W. CARROLL STREET, KISSIMMEE,
FLORIDA.**

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

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

B. PLEDGE OF ALLEGIANCE

The Board and staff recited the Pledge of Allegiance.

C. AWARDS AND PRESENTATIONS

1. 2005 CALENDAR OF ELECTRICAL SAFETY WINNER RECOGNITION

Chris Gent, Manager of Corporate Communications introduced the 2005 Calendar Contest winners. Each winner presented the Board with a calendar and received certificates of recognition from Chairman Gemskie. The winners were: Ileana Coloma; Lindsey Lloyd; Ashni Persad; Alexa Viana Costa; Jarynn Lowe; Lynnette Olive; Jodi Henne; Katherine Moya; Ashley Ortiz; Nathaniel Webb; Elizabeth Weretka; Fabian Arnau.

**2. 5- YEAR SERVICE AWARD – EDISON CABRERA, ELECTRICIAN,
ENGINEERING & OPERATIONS**

Edison arrived late at the meeting so this presentation was made following Item G1. Mr. Welsh honored Edison as a reliable electrician who performs his job with both knowledge and enthusiasm. Chairman Gemskie presented Edison with a wine rack.

3. EMPLOYEE OF THE MONTH FOR JANUARY – CINDY GARCIA

Mr. Welsh introduced Cindy and read a letter from one of her co-workers which stated that Cindy is a strong asset to the Finance and Risk Management department as well as a wonderful and grounded person. Chairman Gemskie presented Cindy with a plaque; Vice Chairman Toro gave her a day off with pay; Secretary Hart presented her with a check; Director Cumbie, a Sonny's certificate and Director Kasper gave Cindy a certificate for a parking space.

D. HEAR THE AUDIENCE - None

E. CONSENT AGENDA

ACTION: Director Toro made a motion, seconded by Director Hart to approve items #1, 2, 3 and 4 on the consent agenda as written.

MOTION CARRIED 5-0

1. APPROVAL OF THE MINUTES FOR NOVEMBER 17, 2004

2. FESTIVAL OF RHYTHM & BLUES SPONSORSHIP

RECOMMENDATION: Staff recommends approval of a \$7,500 sponsorship to support the 2005 Festival of Rhythm & Blues. This is a worthwhile effort and worthy of the KUA's consideration as part of our sponsorship program.

**3. BVL SUBSTATION UPGRADE – AWARD OF BID IFB#003-05 RELAY
& CONTROL PANELS**

RECOMMENDATION: Approve award of bid IFB#003-05 to KEMCO Industries for the total amount of \$178,089.

4. PURCHASE OF 55' HYDRAULIC AERIAL DEVICE

RECOMMENDATION: Award purchase of 55' Hydraulic Aerial Device, meeting the same specifications as previously purchased, to Altec Industries, Inc. in the amount of \$163,042 to be funded from Project #D05K07.

F. **PUBLIC HEARING** - None

G. **INFORMATIONAL PRESENTATIONS (REQUIRING NO ACTION)**

1. **WITT REPORT ON KUA'S HURRICANE RESPONSE ASSESSMENT**

Joe Hostetler, Vice president of Finance and Risk Management introduced Charlie Fisher, Ron Williams and Rick Shivar of James Lee Witt Associates, LLC who gave a presentation on their findings of KUA's response during the hurricanes this year, with a particular emphasis on Hurricane Charley. Overall, they found that KUA was consistent in their performance with other utilities in similar situations and that KUA was well prepared with staffing and funding for such disasters. An area of concern was that KUA did not satisfy customer needs via information.

Recommendations included: plans to improve capability to assess damage; better communicate status of restoration to customers; formalize emergency management functions; work with the community to jointly prepare for future hazards, particularly jointly prioritize which facilities need to be restored first; improve rigorous emergency management practices; clarify expectations through policies and revised job descriptions.

The team from Witt then addressed questions from the Board regarding communication issues when everything is down and questions on how other utilities handle similar situations. Chairman Gemske encouraged General Manager Welsh to review these recommendations with staff and present their conclusions at a future meeting.

2. **EXTERNAL AUDITORS REPORT (ERNST & YOUNG)**

Joe Hostetler, Vice president of Finance & Risk Management introduced Mike Barrett of Ernst & Young who gave the Board an overview of the findings of the recently completed external audit. Mr. Barrett gave an unqualified opinion and management letter summarizing the audit, the scope of engagement and reports issued.

Chairman Gemske had a question on depreciation of equipment which will be addressed next year, Director Cumbie asked how many hours this audit takes, (500 – 600) and Dr. Gant questioned retained assets and future capital outlay, both Joe Hostetler and Mike Barrett stated that KUA was in good shape.

H. **OLD BUSINESS** - None

I. **NEW BUSINESS**

1. **RENEWAL OF ANNUAL SOFTWARE MAINTENANCE AGREEMENT - HTE**

Jef Gray, Vice president of Information Technology updated that Board on the status of purchasing new CIS software. Mr. Gray stated that the field has been narrowed down to two or three vendors and staff is currently obtaining references and planning site visits once the references are back. Mr. Gray stated that they hope to have a recommendation to the Board in the next several months. He then pointed out that this will be a slow process to change over and the need for renewal with HTE.

ACTION Director Hart made a motion, seconded by Director Cumbie to approve continued maintenance for HTE Software and authorize the Board Chairman and Secretary to sign appropriate documents for annual agreement.

MOTION CARRIED 5-0

J. **STAFF REPORTS**

1. **MONTHLY PROGRESS REPORT ON ENGINEERING AND OPERATIONS PROJECTS**

This was a written report.

2. **MONTHLY REPORT ON POWER SUPPLY DEPARTMENT PROJECTS**

This was a written report.

3. **CONDENSED FINANCIAL REPORT – OCTOBER, 2004 AND
ABBREVIATED FINANCIAL REPORT FOR NOVEMBER, 2004**

Prior to presenting the financial report, Joe Hostetler, Vice president of Finance & Risk Management updated the Board on the status of KUA's FEMA application. Because FEMA traditionally does not pay for time and materials contracts, as KUA has with Asplundh, and the fact that site visits by FEMA showed debris being hauled away by Asplundh, which is also not reimbursable, FEMA representatives suggested reimbursing KUA only 85% for tree trimming. This breaks down to \$199,000 for Charley, \$28,000 for Frances and \$2,000 for Jeanne which would not be reimbursed.

Various options were discussed but it was the general consensus of the Board that KUA take the 85% option and possibly protest it at a later date, particularly if other utilities were not given the same deal.

Mr. Hostetler then presented the financial reports to the Board for October and November.

4. **DEPARTMENT HIGHLIGHTS – CUSTOMER SERVICE & MARKETING**

Mike Geraghty, Vice president of Customer Service and Marketing briefed the Board on a new large commercial customer initiative which would help to identify large businesses and medical facilities to better meet their needs, particularly in times of emergencies. Mayor Gant suggested working with the Council on Aging on this.

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

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

Grant Lacerte, Vice-president and General Counsel gave a brief update of current cases that he is involved with.

General Manager Welsh suggested that the Board may want to move Board meetings times to noon meetings rather than 5:30 meetings. After a brief discussion, members of the Board said that they would try this for a couple of months. They then scheduled the January Board meeting on Monday, January 24, 2005 at 11:30 a.m.

ACTION: Director Kasper made a motion, seconded by Director Cumbie to grant General Manager Welsh ten additional discretionary days for his work during the hurricane restoration.

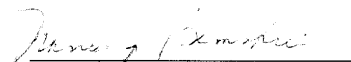
MOTION CARRIED 5-0

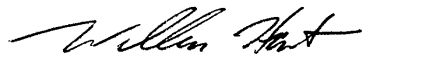
ACTION: Director Hart made a motion that the Board re-evaluates their decision not to broadcast Board meetings on Access Osceola and to direct staff to seek funding for this in the 2005 budget.

MOTION DIED FOR LACK OF A SECOND

L. **ADJOURNMENT**

Meeting adjourned at 8:15 p.m.


Chairman


Secretary