

**MINUTES OF A REGULAR MEETING OF KISSIMMEE UTILITY AUTHORITY,
WEDNESDAY, OCTOBER 3, 2007 at 3:30 P.M., BRINSON BOARD ROOM,
ADMINISTRATION BUILDING, 1701 W CARROLL STREET, KISSIMMEE, FLORIDA.**

Present were Chairman Nancy Gemskie, Director William Hart, Director Fred Cumbie, Director Jim Kasper, Director Reginald Hardee, Mayor Jim Swan, General Manager James Welsh, Vice President and General Counsel Grant Lacerte, and Recording Secretary Leticia Rivera.

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

B. PLEDGE OF ALLEGIANCE

The Board and staff recited the Pledge of Allegiance.

C. INSTALLATION OF NEW BOARD MEMBER

Mr. Reginald Hardee was sworn in by Leticia Rivera, Recording Secretary. Director Hardee introduced his wife, daughter and guests who were in attendance.

D. ELECTION OF OFFICERS

Director Cumbie asked if elections could be held later in the meeting. General Manager Welsh stated elections should take place at the first meeting following the installation of any new board member and that all members be present, but no later than 30 days per the Charter. Grant Lacerte Vice President and General Counsel informed the Board that since it was published to the public, the format should be followed. Elections proceeded.

ACTION: Director Kasper made a motion, seconded by Director Cumbie to nominate Director Hart for Chairman of the KUA Board of Directors.

There was a brief discussion on Board member terms and whether limits should be placed on these terms.

Motion carried 5-0

ACTION: Director Kasper made a motion, seconded by Director Hart to nominate Fred Cumbie for Vice Chairman of the KUA Board of Directors.

Motion carried 5-0

ACTION: Director Hart made a motion, seconded by Director Cumbie to nominate Nancy Gemskie for Secretary of the KUA Board of Directors.

Motion carried 5-0

ACTION: Director Cumbie made a motion, seconded by Director Hart to nominate Jim Kasper for Assistant Secretary of the KUA Board of Directors.

Motion carried 5-0

James Kasper and the Board thanked Director Gemskie for her leadership as Chairperson of the Board.

E. AWARDS AND PRESENTATIONS

1. 5-YEAR SERVICE AWARD – GRANT LACERTE, VICE PRESIDENT AND GENERAL COUNSEL, EXECUTIVE OFFICE

2. 5-YEAR SERVICE AWARD – DAVID SIEGEL, SR. ACCOUNTANT/ANALYST, FINANCE & RISK MANAGEMENT

3. 10-YEAR SERVICE AWARD – AARON HADERLE, LINE CREW SUPERVISOR, ENGINEERING & OPERATIONS

4. EMPLOYEE OF THE MONTH FOR OCTOBER – RANDY JAMES, RELAY TECHNICIAN, ENGINEERING & OPERATIONS

F. HEAR THE AUDIENCE - None

G. CONSENT AGENDA

ACTION: Director Cumbie made a motion, seconded by Director Gemskie to approve items 1 through 4 on the consent agenda.

MOTION PASSED 5 TO 0

1. APPROVAL OF MINUTES FROM REGULAR MEETING OF SEPTEMBER 12, 2007

2. KISSIMMEE VALLEY LIVESTOCK SHOW & FAIR SPONSORSHIP

Recommendation: Staff recommends a \$10,000 sponsorship of the Kissimmee Valley Livestock Show and Fair, Inc.

3. KISSIMMEE PARKS & RECREATION SPONSORSHIP

Recommendation: Staff recommends KUA's sponsorship of the City of Kissimmee's Park & Recreation Department program and events in the amount of \$22,640.00.

Dan Loubier and Brandi Nice were present and thanked the Board for all the sponsorships KUA has supported past and present. Mayor Swan thanked and congratulated the Parks & Recreation Department for doing such a great job for the community with the events.

4. VIVA OSCEOLA FESTIVAL LATINA SPONSORSHIP

Recommendation: Staff recommends approval of a \$10,000 sponsorship to support the 2007 Viva Osceola Festival Latina. This is a worthwhile effort and worthy of the KUA's consideration as part of our sponsorship program.

H. PUBLIC HEARING – None

I. INFORMATIONAL PRESENTATION (REQUIRING NO ACTION) - None

J. OLD BUSINESS

K. NEW BUSINESS

1. Co-marketing Agreement between KUA and Embarq Management Company
Jef Gray, Vice President of Information Technology presented a contract to the Board that will enable KUA.net to broaden its telecom offerings through a marketing agreement with Embarq. The agreement provides a way for KUA customers to sign up for their home phone service, satellite TV or DSL service while at KUA or over the phone. There is a onetime commission per package.

Director Kasper asked if KUA would be handicapping itself by the partnership, in future ventures. Mr. Lacerte advised the Board that there was no language on the contract that would estrange KUA and also the contract has flexible termination terms for both sides.

Director Cumbie questioned the possibility of further congestion in the lobby. Mr. Gray stated space would be allocated. General Manager Welsh requested an additional Informational item on the agenda - Update on Bill Changes & Other Customer Service Improvements, L6 to further address this issue. Chairman Hart noted the additional item.

Director Hardee questioned the term of the agreement. Mr. Gray responded it is annual with open renewal terms and KUA can get out with very short notice. There was a brief discussion on the benefits of the agreement to include an added convenience to KUA customers.

ACTION: Director Kasper made a motion seconded by Director Cumbie to approve this business venture by authorizing the Board Chairman and Secretary to sign appropriate documents for contract execution.

MOTION CARRIED 5-0

L. STAFF REPORTS

1. QUARTERLY PROGRESS REPORT ON ENGINEERING & OPERATIONS DEPARTMENT PROJECTS

Ken Davis, Vice President of Engineering updated the Board with status and completion dates on projects.

2. EFFECTS OF ST. LUCIE OUTAGE ON ALL REQUIREMENT'S ENERGY COSTS

Larry Mattern, Vice President of Power Supply provided the Board with information about the project at the request of Roger Fontes, FMPA President & General Manager. Director Hardee asked when the last outage was. Mr. Mattern stated that St. Lucie Unit 1 had an outage last year.

3. ENERGY CONSERVATION COST RECOVERY UPDATE

Carolyn Scott, Acting Vice President Customer Service & Marketing presented to the Board the elements of the Energy Conservation Cost Recovery including current programs and the possibility of new programs. Director Gemskie asked if there are special requirements for recycling CFL. Scott Grieves, Energy Auditor informed the Board that the EPA monitors proper disposal of mercury. Director Hardee asked how CFL compares to the halogen light. Mr. Grieves responded that halogen is not as efficient as an incandescent and it burns hotter.

Mayor Swan complimented Scott Grieves on doing a great job when he came to his house to perform an energy audit.

Ms. Scott asked the Board for direction with respect to participation in a rebate program or another type program. Chairman Hart asked what rebate programs other utilities are offering and potential costs, so he may review. Mr. Welsh stated a package program will be ready by next month and the action will be to recommend a budgetary change to put the program into affect.

Chairman Hart called for a recess at 5:00pm.

Chairman Hart called meeting to order at 5:15pm.

Director Kasper left the meeting at 5:00pm.

4. ONE UTILITY CONCEPT

Joe Hostetler, Vice President of Finance & Risk Management informed the Board of the process that will be done to determine the amount of capacity credits KUA receives each year. A discussion on the process took place.

5. FMPA INTEREST IN THE CONSTRUCTION OF CANE ISLAND UNIT 4

Larry Mattern, Vice President of Power Supply informed the Board that FMPA has contacted KUA to agree upon an MOU that would allow for construction of the combined cycle plant at Cane Island. Completion of the generating unit is estimated in the year 2011. Recommendation will be presented to the Board in the November meeting.

Mayor Swan left the meeting at 5:45pm. He congratulated Director Hardee on joining the Board. Mayor Swan gave the Board a brief overview on the upcoming site visit to the Okeechobee land fill.

6. UPDATE ON BILL CHANGES AND OTHER CUSTOMER SERVICE IMPROVEMENTS

Carolyn Scott, Acting Vice President Customer Service & Marketing provided an update on bill changes and improvements to customer service. General Manager Welsh recommended the Board may want to consider taking action tonight on filling two part time positions for tellers in the Finance & Risk Management area, in terms of recruiting and training. KUA is looking to alleviate the traffic in the lobby by expanding the lobby and call center hours to 7am – 7pm. At this time no additional staff is required for the Customer Service area. Director Hardee asked if shifts are being offered to the staff. Ms. Scott stated that shifts are

being discussed. Director Gemskie asked if drafting will be shown on the bill. Ms. Scott informed her that it will be provided and will include the draft date.

Chairman Hart and the Board gave consensus to staff two part time employees for tellers in the Finance & Risk Management area.

M. HEAR ATTORNEY, GENERAL MANAGER, DIRECTORS –

Grant Lacerte, Vice President and General Counsel will inform the Board of legal issues that are ongoing at the next Board meeting. He thanked the Board and Jim Welsh for a wonderful 5 years working with KUA.

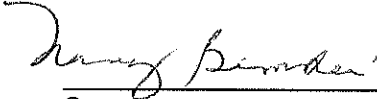
Mr. Welsh reminded and invited the Board of upcoming events.

Director Gemskie presented a plaque given by Main Street of Kissimmee honoring KUA for its participation and support.


Director Hardee thanked the Board for his nomination.

N. ADJOURNMENT

Meeting adjourned at 6:15pm



Secretary



Chairman