

MINUTES OF A REGULAR MEETING OF KISSIMMEE UTILITY AUTHORITY, WEDNESDAY, JULY 2, 2008 at 3:30 P.M., BRINSON BOARD ROOM, ADMINISTRATION BUILDING, 1701 W CARROLL STREET, KISSIMMEE, FLORIDA.

Present were Chairman Fred Cumbie, Vice Chairman Nancy Gemskie, Director Jim Kasper, Mayor Jim Swan, General Manager James Welsh, Vice President and General Counsel Grant Lacerte, and Recording Secretary Judy Ambrosi. Directors Reginald Hardee and Dr. George Gant were not present.

A. MEETING CALLED TO ORDER

Chairman Cumbie called the meeting to order at 3:30 p.m.

B. PLEDGE OF ALLEGIANCE TO THE FLAG

The Board and staff recited the pledge of allegiance.

C. AWARDS AND PRESENTATIONS

1. ISA SOFTBALL CHAMPIONSHIP AWARDS

Ricky Johnson presented the Board with a second place trophy received after a near perfect 9-1 softball season on the City of Kissimmee's Spring 2008 league.

2. ROBERT E. ROUNDTREE RISING STAR AWARD

General Manager Welsh congratulated Grant Lacerte, vice president and general counsel for receiving the American Public Power Association's Robert E. Roundtree Rising Star Award at the APPA National Conference. The award recognizes future leaders of public power systems.

3. APPA COMMUNITY SERVICE AWARD

Chris Gent presented the Board with the 2008 Community Service Award which recognizes those utilities with proven, long standing commitments in addressing community needs.

4. 10-YEAR SERVICE AWARD – SCOTT GRIEVES, ENERGY CONSERVATION SPECIALIST, CUSTOMER SERVICE

5. EMPLOYEE OF THE MONTH FOR JULY – NANCY WAKEFIELD, ACCOUNTANT/ANALYST, FINANCE & RISK MANAGEMENT

D. HEAR THE AUDIENCE

Mr. Harry Lowenstein, 2319 Kelly Ann Court approached the Board with two concerns. The first was a \$10.80 customer charge on his last bill. He felt that this charge should be addressed in tough economic times. The second was the amount of advertising and grants that KUA provides. He suggests that advertising be reduced by one-third and grants and giveaways be examined in the current economy.

Chairman Cumbie advised Mr. Lowenstein that the Board is planning on reviewing expenditures related to grant and advertising at an upcoming meeting. Mr. Welsh advised Mr. Lowenstein that the customer charge is required by the Public Service Commission to be put on all bills. Mr. Lowenstein thanked the Board and asked that the amount of the customer charge be looked into.

E. CONSENT AGENDA

ACTION: Director Gemskie made a motion, seconded by Director Kasper to approve the consent agenda as written.

MOTION CARRIED 3-0

1. APPROVAL OF MINUTES FOR JUNE 4, 2008 REGULAR MEETING

2. APPROVAL OF MINUTES FOR JUNE 11, 2008 BUDGET MEETING

3. AWARD OF BID #ITB-6-6-2008-6-CG – SERVICE WIRE AND UNDERGROUND PRIMARY CABLE

Recommendation: Approve award of bid #ITB-6/6/2008-6-CB as follows: Item #1 to Gresco Utility Supply for the amount of \$53,700; Item #2 to Tri-State Utility for the amount of \$91,500.

4. **RECOMMENDATION TO EXTEND THE GENERAL ELECTRIC CONTRACTUAL SERVICES AGREEMENT FOR CANE ISLAND UNIT'S 2&3**

Recommendation: Approve Amendment 2 (Unit 2) and Amendment 3 (Unit 3) of the existing General Electric (GE) Contractual Service Agreement (CSA) for Cane Island Units 2&3.

F. **PUBLIC HEARING**

1. **RESOLUTION NO. 08-01 FISCAL YEAR 2009 BUDGET**

Joe Hostetler, vice president of finance and risk management highlighted areas of the budget that were previously discussed in a budget workshop. Director Gemskie asked where OUC's coal plant was included in the budget. Mr. Hostetler stated that this is contained in the All Requirements portion of the budget.

No one from the public addressed the Board.

ACTION: Director Kasper made a motion, seconded by Director Gemskie to approve Resolution No. 08-01 authorizing a budget of \$296,538,000 with 310.5 full-time equivalent positions.

MOTION PASSED 3 - 0

G. **INFORMATIONAL PRESENTATIONS (REQUIRING NO ACTION)** - None

H. **OLD BUSINESS**

1. **DEXIA AGREEMENT FOR MSTAR'S MODE CHANGE**

Joe Hostetler, vice president of finance and risk management detailed staff's recommendation to proceed with a three year liquidity facility. Mr. Hostetler reviewed the MSTAR'S program beginning with the August 2003 Subordinate Series.

Grant Lacerte, vice president and general counsel clarified that during the June 4, 2008 meeting, Board authorized the Chairman to execute a term sheet proposal with Dexia with the understanding that the term of any agreement with Dexia would be for one year at a price of 24 basis points.

ACTION: Director Gemskie made a motion, seconded by Director Kasper to approve a three year commitment with Dexia to support KUA's \$60.7 million in variable rate securities and authorize the further execution of the documentation necessary (including the revised SBPA) to formalize the commitment and to complete the conversion of KUA's auction rate securities to variable rate demand obligation bonds per Resolution 08-02.

MOTION CARRIED 3-0

I. **NEW BUSINESS**

1. **PROPERTY INSURANCE RENEWAL**

Joe Hostetler, vice president of finance and risk management stated that KUA is in its third year with FM Global and have a very good working relationship with the firm. Mr. Hostetler stated that KUA is increasing the limits due to the increase in commodity costs however the premium decreased. FM Global also offered a three year commitment at the current rate with certain conditions.

Director Gemskie advised the Board that this is an excellent company that she commends for working with KUA. Mr. Hostetler recognized Lisa Davis for her excellent work on this item.

ACTION: Director Kasper made a motion, seconded by Director Gemskie to approve to award the renewal of property insurance with FM Global in the amount of \$730,246 and authorization to enter into the long term contract.

MOTION CARRIED 3-0

2. ASSIGNMENT AND ASSUMPTION CONTRACT BETWEEN KISSIMMEE UTILITY AUTHORITY, FLORIDA MUNICIPAL POWER AGENCY & SOUTHERN COMPANY – FLORIDA LLC

Larry Mattern, vice president of power supply explained the agreement to the Board and thanked both Grant Lacerte and Jody Finklea of FMPA for their work on the agreement.

ACTION: Director Gemskie made a motion, seconded by Director Kasper to authorize the Chairman to execute and deliver the Assignment and Assumption Agreement.

MOTION CARRIED 3-0

STAFF REPORTS

3. ENGINEERING & OPERATIONS QUARTERLY REPORT

Ken Davis, vice president of engineering and operations updated the Board on the status of current projects. Mr. Davis stated that all of the right of way acquisitions have been settled and there was no need to go to trial on any of the parcels.

4. OIL TANK DISPOSAL UPDATE

Larry Mattern, vice president of power supply informed the Board that Jay Butters and staff from the power plant have done an excellent job of going in and taken everything apart. The DEP has been notified and paperwork has been taken care of. Mr. Mattern got estimates on returning the site back to a Greenfield site.

Director Gemskie thanked Mr. Mattern for doing a lot of the work to date in-house. She also suggested that Mr. Mattern proceed with RFPs and then bring this item back to the Board for recommendation. Mayor Swan advised the Board that the City has undertaken a huge project to renovate the lakefront. Final plans have not been adopted but City staff has been authorized to proceed with plans on lakefront designs. The mayor appealed for any assistance that KUA could provide in this renovation that will be enjoyed by all citizens.

Mr. Welsh stated that it is his assumption that the Board would like staff to proceed in the bid process for this project. Mr. Welsh asked if the Board wants this bid to be brought back to them or that he proceeds with awarding of the bid if it is under the \$100,000 bid authorization. Mr. Welsh suggested that the Board decide on whether or not to proceed with this work or not at this point. After a brief discussion, the Board directed staff to proceed with the bid process as part of regular procedure and not bring it back to the Board unless required by our purchasing policy.

J. HEAR ATTORNEY, GENERAL MANAGER, DIRECTORS

Mr. Lacerte updated the Board on the Irizarry trial.

K. ADJOURNMENT

Chairman Cumbie adjourned the meeting at 4:55 p.m.


Chairman


Secretary