

MINUTES OF A REGULAR MEETING OF KISSIMMEE UTILITY AUTHORITY, WEDNESDAY, OCTOBER 1, 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, Director Hardee, Director Gant, General Counsel Grant Lacerte, General Manager James Welsh and Recording Secretary Leticia Rivera. Mayor Jim Swan was 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

C. AWARDS AND PRESENTATIONS

1. 5-YEAR SERVICE AWARD – DIORVETT SMITH, CUSTOMER SERVICE REPRESENTATIVE II, CUSTOMER SERVICE
2. 5-YEAR SERVICE AWARD – JANE BOLOGNA, UTILITY BILLING REPRESENTATIVE II, CUSTOMER SERVICE
3. 10-YEAR SERVICE AWARD – KELLY JUSINO, UTILITY BILLING REPRESENTATIVE II, CUSTOMER SERVICE
4. 10-YEAR SERVICE AWARD – MARTIN DENNIS, METER READER, CUSTOMER SERVICE
5. 20-YEAR SERVICE AWARD – MICHAEL FULMORE, LINEMAN, FIRST CLASS, ENGINEERING & OPERATIONS
6. 30-YEAR SERVICE AWARD – RODNEY ROCKER, LINE CREW SUPERVISOR, ENGINEERING & OPERATIONS
7. 30-YEAR SERVICE AWARD – WAYNE COCHRAN, APPRENTICE LINEMAN, ENGINEERING & OPERATIONS

Mr. Welsh congratulated the employees for their many years of dedicated service. Mr. Welsh wished a speedy recovery for Wayne Cochran and recognized Wayne and Rodney both for their 30 years of service.

8. EMPLOYEE OF THE MONTH FOR OCTOBER – SCOTT GRIEVES, SENIOR ENERGY CONSERVATION SPECIALIST, CUSTOMER SERVICE

D. HEAR THE AUDIENCE - None

E. INFORMATIONAL PRESENTATIONS (REQUIRING NO ACTION)

1. CIS UPDATE

Jef Gray, Vice President of Information Technology and Steve Hammond, General Manager of Advance Utility Software provided an update on the CIS project. Mr. Gray informed the Board the version of the CIS software KUA went live with was Version II and moving forward KUA will be going live March 1, 2009 with Version III. Advance will provide an update of this conversion on April 1, 2009.

F. CONSENT AGENDA

ACTION: Director Kasper made a motion, seconded by Director Hardee to approve consent agenda items 1-6 and 8-9.

Item # 7 was pulled for additional discussion.

MOTION CARRIED 5-0

1. APPROVAL OF MINUTES FOR SEPTEMBER 4, 2008 REGULAR MEETING
2. AWARD OF BID IFB#029-08 MARYDIA SUBSTATION UPGRADE PROJECT FOR THE 69/13.2 kV TRANSFORMER

Recommendation: Authorize award of BID IFB 029-08 for the 69kV transformer for the Marydia Substation project to Delta Star, Inc., in the amount of \$830, 850 contingent on negotiation of a satisfactory contract; and authorize the Chairman and Secretary to execute the necessary contract documents. Should contract negotiations be unsuccessful with Delta Star, authorize negotiating a contract with Kuhlman Corporation in the amount of \$968,005.

3. AWARD OF BID IFB#030-08 MARYDIA SUBSTATION UPGRADE PROJECT FOR 69 Kv CIRCUIT BREAKERS

Recommendation: Award of BID 030-08 for the 69kV circuit breaker for the Marydia Substation project to AREVA T&D, Inc. in the amount of \$46,563 contingent on negotiation of a satisfactory contract with AREVA; and authorize the Chairman and Secretary to execute the necessary contract documents.

4. AWARD OF BID IFB#029-08 CLAY STREET AUTOTRANSFORMER

Recommendation: Authorize award of bid IFB 029-08 for the 230kV autotransformer to Siemens Power T&D for amount of \$2,759,200 contingent on negotiation of a satisfactory contract with Siemens and contingent on a satisfactory agreement or work order authorization with FMPA; and authorize the Chairman and Secretary to execute the necessary contract documents.

5. AWARD OF BID IFB#030-08 CANE ISLAND IV 230 kV CIRCUIT BREAKERS

Recommendation: Award of bid IFB 030-08 for 230kV circuit breakers for the Cane Island IV project to AREVA T&D, Inc. in the amount of \$1,777,903 contingent on negotiation of a satisfactory contract with AREVA and contingent on a satisfactory agreement or work authorization with FMPA; and authorize the Chairman and Secretary to execute the necessary contract documents.

6. AWARD OF BID IFB#030-08 CLAY STREET AUTOTRANSFORMER ADDITION FOR 69 kV CIRCUIT BREAKERS

Recommendation: Award of bid IFB 030-08 for 69kV circuit breakers for the Clay Street Substation and the Cane Island IV project to AREVA T&D, Inc. in the amount of \$44,163 contingent on negotiation of a satisfactory contract with AREVA and contingent on a satisfactory agreement or work authorization with FMPA; and authorize the Chairman and Secretary to execute the necessary contract documents.

8. REVISED AND RESTATED TOHO EFFLUENT WATER AGREEMENT FOR CANE ISLAND

Recommendation: Approval and execution of the Amended and Restated Agreement Concerning Delivery and Use of Treated Sewage Effluent.

9. REVISED AND RESTATED TOHO WELL WATER AGREEMENT FOR CANE ISLAND

Recommendation: Approval and execution of the Amended and Restated Agreement Concerning Well Installation and Delivery of Well Water.

7. CANE ISLAND POWER PARK COMBINED CYCLE UNIT 4
TRANSMISSION AND SWITCHYARD INTERCONNECT AGREEMENT

Recommendation: Approval of the Cane Island Power Park Combined Cycle Unit 4 Transmission and Switchyard Interconnection Agreement and authorize the Chairman and Secretary to execute the necessary Agreement documents.

Larry Mattern, Vice President of Power Supply provided the terms and conditions of the Cane Island Power Park Combined Cycle Unit Transmission and Switchyard Interconnection Agreement. KUA had planned to complete this transmission line upgrade in 2014, however, the construction of Unit 4 dictates that this upgrade be accelerated to an in-service date of 2011. Director Gemskie asked if the monies KUA received were adequate. Larry Mattern informed the Board yes; KUA had an agreement in place in order to compare these numbers and also had Black & Vetch work with KUA as a third party.

Ken Davis, Vice President of Engineering & Operations described the arrangements in the MOU. Chairman Cumbie asked if moving this project from 2014 to 2011 would adversely affect the budget. Ken Davis informed the Board that the monies were moved up in the budget to get the work done. FMPA will pay the estimated additional cost for moving up this project up.

ACTION: Director Gemskie made a motion, seconded by Director Hardee to approve consent agenda item 7.

MOTION CARRIED 5-0

10. PUBLIC HEARING

a. TARIFF UPDATE – MISCELLANEOUS FEES

Susan Postans, Vice President of Customer Service provided a brief overview on the current and proposed miscellaneous fees. Chairman Cumbie asked if there is any public comment on the tariff update. Hearing none, the Board made a motion.

ACTION: Director Gemskie made a motion, seconded by Director Kasper to adopt the tariff update-miscellaneous fees.

MOTION CARRIED 5-0

11. OLD BUSINESS

a. MANAGEMENT REVIEW CHANGES

Jim Welsh has brought back to the Board a draft CEO review form. The revised form has been brought to the Board for review, input, alterations (if desired) and final review.

Dr. Gant advised the Board that he had not reviewed the management review changes in depth. Director Gemskie offered her thoughts and advised the form is not applicable for the review of a CEO. Director Gemskie also felt the Board should set goals and then the CEO would report back at the end of the year his achievements. She suggested that a special meeting be set up to discuss what to review the CEO on. Director Gemskie informed Mr. Welsh that neither she nor others on the Board are aware of how the CEO is compensated.

ACTION: Director Gemskie made a motion, seconded by Director Hardee to schedule a special meeting for October 15, 2008 at 3:30pm.

MOTION CARRIED 5-0

General Manager Welsh requested that the Board place item #1 listed under staff reports; KUA'S Financial Strategic Plan/Reaction to the Current Market Conditions to be moved under new business as item #4.

ACTION: Director Kasper made a motion, seconded by Director Gemskie to move item # 1: KUA'S Financial Strategic Plan/Reaction to the Current Market Conditions under staff reports to item # 4 under new business.

MOTION CARRIED 5-0

A. NEW BUSINESS

1. CONSOLIDATED OPERATING AND JOINT OWNERSHIP CONTRACT FOR THE CANE ISLAND & HANSEL FACILITIES (TARP O&M)

Larry Mattern, Vice President of Power Supply supplied an overview to the Board on the TARP O&M. KUA and FMPA's staff put together a recommended agreement that was brought to and approved by the FMPA Executive Board.

Some of the highlights on the O&M agreement are: the agreement shall remain with KUA until FMPA elects to retire all units within the scope of this agreement; each year FMPA and KUA representatives shall develop an annual operating plan; FMPA will pay all wages and benefits associated with the project. FMPA pays the premiums of all insurance concerning the project provided that a waiver of subrogation to FMPA is given.

Director Gemskie asked if the additional money would be considered an additional income source to KUA. Mr. Welsh said yes but there are parts of the executive salary that will be defrayed by the overhead, as KUA is managing a project for FMPA.

General Manager Welsh advised the Board that staff has worked very hard in developing this deal and in protecting KUA's interests. KUA is well protected and well compensated with what was brought to the table.

ACTION: Director Gant made a motion, seconded by Director Kasper to approve and execute the Consolidated Operating and Joint Ownership contract for the Cane Island and Hansel Facilities. Staff also recommends that the KUA Board of Directors authorize the President and General Manager to execute and otherwise approve for inclusion any of the attached exhibits to the Agreement upon their completion.

MOTION CARRIED 5-0

2. FTC IDENTITY THEFT RED FLAG PROGRAM

Susan Postans, Vice President of Customer Service provided an overview of the FTC Identity Theft Red Flag Program. The FTC has promulgated a new regulation that applies to KUA and all other electric utilities. Pursuant to the FACT Act, utility creditors such as KUA must develop a program to prevent identity theft and protect KUA customer information utilizing the guidelines set forth in the FACT Act. A thorough needs assessment regarding the flow of secured information has been completed. As a result, KUA has developed procedures to detect, prevent and mitigate identity theft with the commitment to protect the sensitive information of our customers.

ACTION: Director Hardee made a motion, seconded by Director Gemskie to approve of the Identity Theft Prevention Program Policy to improve security of sensitive customer information and achieve compliance with the FACT Act (2003).

MOTION CARRIED 5-0

3. WINTERHAVEN SOLAR INSTALLATION SITE VISIT

Director Hardee requested staff to gather information on the Winter Haven facility that utilizes solar energy. Larry Mattern, Vice President of Power Supply provided the following information on this site; the location is Winter Haven, FL.; the installation date was May, 2008; system size: 27 kilowatts or 0.027 megawatts; number of solar panels installed: 132; solar panel model: Kyocera KD-205GX-LP; inverter manufacturer: Solectria; mounting manufacturer: Unirac; estimated payback: four years.

Mr. Mattern was not clear on the estimated payback of four years and would request additional information on this.

Director Hardee advised the request of this site visit was purely for knowledge on future energy saving opportunities; not for a business opportunity.

Director Genskie informed the Board, many Green Cove Springs residents have done this solar installation on their roofs and this may be a place to visit as well. Mr. Welsh advised the Board that staff will research Green Cove Springs and bring this back to the Board. A site visit will be set up for Winter Haven.

4. KUA'S FINANCIAL STRATEGIC PLAN/REACTION TO THE CURRENT MARKET CONDITIONS

Joe Hostetler, Vice President Finance and Risk Management provided an overview on the strategic plan with the current market conditions. KUA staff has been reviewing our bond and insurance programs to determine whether any action is needed.

Director Hardee suggested approving this action until the next meeting. The Board would get an update on the situation and approve each month. Director Genskie asked if the swap termination will be done in 30 days. Mr. Welsh advised this is a decision that has to be made at a moment's notice and would not be able to advise if it will be done in 30 days.

ACTION: Director Kasper made a motion, seconded by Director Genskie to authorize staff to begin working on an official statement (OS) to have the flexibility to issue fixed rate bonds. Also, authorize staff to terminate the swap agreement and unwind the credit facility at any time the financing team had determined it is advantageous to do so.

MOTION CARRIED 5-0

Director Hardee wanted to reiterate that this is approved until the next board meeting in November when another update will be provided to the Board and then the Board will issue a motion on that update.

B. STAFF REPORTS

C. HEAR ATTORNEY, GENERAL MANAGER, DIRECTORS

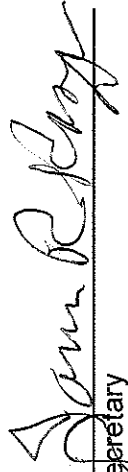
Mr. Lacerte informed the Board of open legal cases.

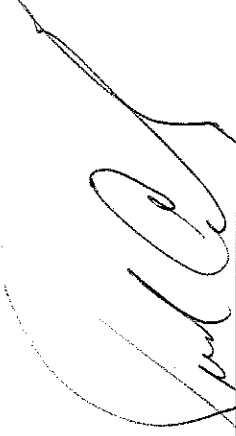
Mr. Welsh informed the Board of upcoming events and the next Board meeting.

Director Genskie requested staff to research if having Mr. Lacerte as the attorney for the KUA Board of Directors as well as KUA may be a conflict of interest. Mr. Lacerte will research and bring his findings back to the Board at the next meeting.

D. ADJOURNMENT

Meeting was adjourned at 6:15 p.m.


Secretary


Chairman