

MINUTES OF A REGULAR MEETING OF KISSIMMEE UTILITY AUTHORITY, WEDNESDAY, NOVEMBER 5, 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, Mayor Jim Swan, Director Jim Kasper, Director Hardee, Director Gant, General Counsel Grant Lacerte, General Manager James Welsh and Recording Secretary Leticia Rivera.

A. MEETING CALLED TO ORDER

Chairman Cumbie called the meeting to order at 3:39 p.m.

B. PLEDGE OF ALLEGIANCE TO THE FLAG

The Board and staff recited the Pledge of Allegiance.

C. INSTALLATION OF NEW BOARD MEMBER

Fred Cumbie was sworn in by Leticia Rivera, Recording Secretary. General Manager Jim Welsh and the Board congratulated Fred Cumbie.

D. ELECTION OF OFFICERS

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

Motion carried 5-0

ACTION: Director Kasper made a motion, seconded by Director Hardee to nominate Nancy Gemskie for Vice Chairman of the KUA Board of Directors.

Motion carried 5-0

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

Motion carried 5-0

ACTION: Director Gemskie made a motion, seconded by Director Kasper to nominate Reginald Hardee for Assistant Secretary of the KUA Board of Directors.

Motion carried 5-0

E. AWARDS AND PRESENTATIONS

1. DISTINGUISHED CHAPTER PRESIDENT'S AWARD FOR THE OSCEOLA CHAPTER OF THE IAAP (INTERNATIONAL ASSOCIATION OF ADMINISTRATIVE PROFESSIONALS) PRESENTED TO VANESSA LUGO, SECRETARY II, CPS, ENGINEERING & OPERATIONS

General Manager Welsh congratulated Vanessa for receiving the Distinguished Chapter President's Award. The Board presented Vanessa with a plaque and flowers and offered their congratulations.

2. DEGREE RECOGNITION - LESLIE GOUTY, BACHELOR OF SCIENCE DEGREE FROM UNIVERSITY OF CENTRAL FLORIDA

Leslie Gouty was presented with a plaque and received congratulations from General Manger Welsh and the Board for completing this great accomplishment.

3. 5-YEAR SERVICE AWARD – VICTOR DABOIN, FIELD SERVICE SPECIALIST, CUSTOMER SERVICE

4. APPA ANNUAL REPORT AWARD

General Manager Welsh informed the Board that KUA has received the APPA Award of Excellence for a third year in a row. The Board and General Manger Welsh thanked Chris Gent for his hard work.

5. 20-YEAR SERVICE AWARD – MARTY MELTON, SUPERVISOR OF RELAYING, SYSTEM COMPLIANCE & OPERATIONS
6. 25-YEAR SERVICE AWARD – GREG WOESSNER, VICE PRESIDENT OF SYSTEM COMPLIANCE & OPERATIONS
7. 25-YEAR SERVICE AWARD – MARTIN GARCIA, POWER PLANT MECHANIC/OPERATOR, POWER SUPPLY
8. EMPLOYEE OF THE MONTH FOR NOVEMBER – SONIA VELEZ, RECEPTIONIST, CUSTOMER SERVICE

General Manager Welsh congratulated all of the employees that were recognized this month for their time and hard work.

F. HEAR THE AUDIENCE - None

G. CONSENT AGENDA

ACTION: Director Hardee made a motion, seconded by Director Gant to approve consent agenda items 1-10.

Item # 11 was pulled for additional discussion.

Motion Carried 5-0

1. APPROVAL OF MINUTES FOR OCTOBER 1, 2008 REGULAR MEETING
2. APPROVAL OF MINUTES FOR OCTOBER 15, 2008 SPECIAL MEETING
3. IFB 034-08 – CANE ISLAND IV AND MARYDIA UPGRADE PROJECT - SUBSTATION STRUCTURES AND EQUIPMENT

Recommendation: Authorize award of Bid IFB 034-08 to Clark Corporation for the amount of \$1,298,892 contingent on negotiation of a satisfactory contract; should negotiations not be successful, staff would negotiate with M.D. Henry for the amount of \$1,396,361; authorize the Chairman and Secretary to execute the necessary contract documents.

4. IFB 035-08 – MARYDIA SUBSTATION 15kV METAL CLAD SWITCHGEAR

Recommendation: Authorize award of Bid IFB #035-08 to Powercon Corporation for the amount of \$411,370 contingent on negotiation of a satisfactory contract; should negotiations be unsuccessful, authorize award of bid to CEI for the amount of \$440,368 with the same contingency; authorize the Chairman and Secretary to execute the necessary contract documents.

5. IFB 038-08 UNIT #2 COOLING TOWERS REFURBISHED

Recommendation: Staff recommends approval of the expenditure of \$186,600 to the apparent low bidder, GEA Power Cooling Inc., for the replacement of all fan blades and replacement of structural components of cell # 1, including optional additional wood replacement, of the Cane Island 2 cooling tower, to be reimbursed in full by the FMPA All Requirements Project.

6. IFB 037-08 RELAY PANEL FOR R.L. HORD SUBSTATION #12

Recommendation: Award the contract to Kemco Industries, LLC for replacement of the relay door panels at the R.L. Hord Substation for a NTE price of \$160,748.

7. AWARD OF BID FOR POLE INSPECTION SERVICES

Recommendation: Authorize award of bid for pole inspection services to Osmose Utilities Services, Inc. Approve FY2009 contract amount of \$108,150; authorize the Chairman and Secretary to execute any required contract documents.

8. TRANSMISSION POLE REPLACEMENTS – SOUTHEAST POWER CORPORATION

Recommendation: Authorize Southeast Power Corporation to perform the replacement of transmission line poles for the amount of \$136,000.

9. RFP #125-09 WORKER'S COMPENSATION INSURANCE

Recommendation: Board approve awarding the Workers' Compensation insurance effective December 1, 2008 for a not-to-exceed amount of \$243,997.

10. SUBORDINATION OF EASEMENT AGREEMENT WITH FLORIDA DEPARTMENT OF TRANSPORTATION

Recommendation: Approval of the Subordination of Utility Interests Agreement with the FDOT and authorize the President & General Manager to execute said agreement.

11. COMMUNITY SPONSORSHIPS

Director Gemskie shared her thoughts with the Board on Osceola County being hit with hard times. She said that the Board should be cautious with funding sponsorships and suggested informing KUA customers to advise them what KUA is doing with regard to sponsorships and asking customers for their opinions.

Mayor Swan stated that community sponsorships have meant a great deal to many organizations over the years.

Director Gemskie had requested staff to gather information on KUA sponsorship contributions from the 1995/1996 fiscal year to present. General Manager Welsh informed the Board that staff was not able to retrieve the information on each of the 150 sponsorships but will be able to provide this and a number of residents who have benefited from these at the next meeting.

Chris Gent, Vice President of Corporate Communications provided the information to the Board for the Community Vision Sponsorship, KVLS sponsorship and Kissimmee Parks & Recreation sponsorship from 1995/1996 fiscal year to present.

Mayor Swan excused himself from the meeting at 4:10pm.

Director Hardee informed the Board that KUA has cut 20% from the current budget. This is a corrective action. Director Gant and Chairman Cumbie agreed that a lot of good has come out of these sponsorships.

ACTION: Director Gant made a motion, seconded by Director Kasper to continue this item at next's month agenda.

After additional discussion on this topic Director Gant withdrew his motion to continue this item at next's month meeting.

Motion withdrawn

ACTION: Director Gant made a motion, seconded by Director Kasper to approve staffs request for clarification of the sponsorship funding process and recommends approval of sponsorship requests A, B and C.

**Motion Carried 4-1
Director Gemskie opposed**

General Manager Welsh requested clarification on bringing back the similar information for the 150 entities who have received sponsorships from 1995/1996 fiscal year to present.

ACTION: Director Gant made a motion, seconded by Director Kasper to provide the information on the remaining entities who received sponsorships from 1995/1996 fiscal year at a future board meeting.

**Motion Carried 3-2
Director Cumbie opposed
Director Hardee opposed**

H. PUBLIC HEARING - None

I. INFORMATIONAL PRESENTATIONS (REQUIRING NO ACTION) - None

J. OLD BUSINESS

1. BOND UPDATE

Joe Hostetler Vice President of Finance & Risk Management provided an overview of the Bond update. Craig Dunlap, Financial Advisor was available to answer questions. Over the last several months the financial market has had serious liquidity problems. Staff has continued to watch the bond market and has been working on updating a remarketing document.

Chairman Cumbie requested that the Board authorize staff to work on the official statement but to have a special meeting before any decision is made.

At the November 5, 2008 Board meeting, staff requested and received authorization to terminate the SWAP if for some reason the present value of that SWAP dropped dramatically. Staff is requesting the same authorization for December.

Joe Hostetler advised the Board that staff can remove the second sentence of the recommendation and call a special meeting between 24 – 48 hours if necessary.

ACTION: Director Gemskie made a motion, seconded by Director Kasper to authorize staff to continue 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 with an expiration date of our next Board meeting the financing team determines it is advantageous to do so and potentially use cash on hand to downsize the total bond size.

Motion Carried 5-0

2. CEO PERFORMANCE REVIEW PROCEDURES

General Manager Welsh developed 10 goals for the Board's consideration. The Board reviewed the goals and had some questions. Directors Gant and Gemskie said the General Manager's goals should include reliability and security; to maintain and bring the rates down and to remain competitive.

Director Gant suggested staff bring back a recommendation on a weighting system for these ten goals if the Board adopts the recommendation.

ACTION: Director Gemskie made a motion to decide on compensation on an ad-hoc basis after reviewing the annual goals and the CEO's performance as a whole.

Motion failed for lack of second

ACTION: Director Hardee made a motion, seconded by Director Kasper for an explicit percentage rating system to be developed.

Motion passed 5-0

ACTION: Director Kasper made a motion, seconded by Director Gemskie to adopt the annual goals for KUA's CEO and KUA as a whole.

Motion passed 5-0

K. NEW BUSINESS

1. BUDGET AMENDMENT FOR APPROVAL OF 3 PART-TIME METER READER POSITIONS

Joe Hostetler, Vice President of Finance & Risk Management and Susan Postans, Vice President of Customer Service provided an overview on the amendment for 3 part time meter readers.

ACTION: Director Gant made a motion, seconded by Director Gemskie to amend the Budget Resolution No. 08-01 to include TWA revenues of \$90,000 and to increase the authorized number of positions by three part-time (one and one-half full time equivalents) upon final executed agreements between TWA and the third party, along with final approval from TWA for KUA to move forward.

Chairman Cumbie left the meeting at 5:30 pm.

L. STAFF REPORTS

1. SEMI-ANNUAL REPORT ON POWER SUPPLY DEPARTMENT PROJECTS

Larry Mattern, Vice President of Power Supply provided an overview on the Power Supply department projects.

2. QUARTERLY REPORT ON ENGINEERING & OPERATIONS PROJECTS

Ken Davis, Vice President of Engineering & Operations provided an overview on the ongoing projects.

M. HEAR ATTORNEY, GENERAL MANAGER, DIRECTORS

Grant Lacerte, Vice President and General Counsel advised the Board that he resolved a question regarding conflicts of interest raised by Vice Chairman Gemksie at the November meeting. Mr. Lacerte researched Sarbanes Oxley and the American Bar Association model of conduct to confirm that he only has one client which is KUA, the Board as a whole and he had no conflict of interest in reporting to the President and CEO.

General Manger Welsh informed the Board of the next Board meeting which will be held December 10th and reminded the Board of the EOC dinner which will be held November 13th. Also, General Manager Welsh informed the Board that Grant Lacerte, Vice President and General Counsel was elected Chairman of the Governance Committee at FMFA.

N. ADJOURNMENT

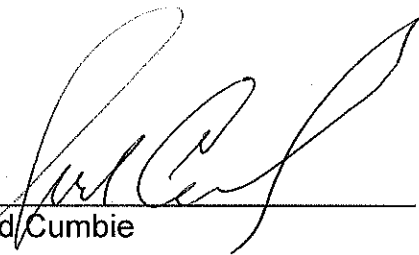
Meeting adjourned at 6:05 p.m.


Secretary


Chairman


OATH OF OFFICE

I, Fred Cumbie, do solemnly swear that I will support, protect and defend the Charter and Bylaws of the Kissimmee Utility Authority against all enemies, domestic and foreign, and that I will bear true faith, loyalty and allegiance to the same; that I am entitled to hold office under the Charter; that I will faithfully perform all the duties of the office of Director of the Kissimmee Utility Authority, on which I am about to enter. So help me God.


Fred Cumbie

Sworn to and subscribed before me this 5th day of November, 2008.

OSCEOLA COUNTY


Notary Public

(seal)

