

**MINUTES OF A REGULAR MEETING OF KISSIMMEE UTILITY AUTHORITY,
WEDNESDAY, AUGUST 5, 2009 at 3:30 P.M., BRINSON BOARD ROOM,
ADMINISTRATION BUILDING, 1701 W CARROLL STREET, KISSIMMEE, FLORIDA.**

Present were Chairman Fred Cumbie, Director James Kasper, Director Reginald Hardee, Director George Gant, Mayor Jim Swan, General Counsel Grant Lacerte, General Manager James Welsh and Recording Secretary Leticia Rivera. Vice Chairman Nancy Gemske was not present.

A. MEETING CALLED TO ORDER

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

B. PLEDGE OF ALLEGIANCE TO THE FLAG

The Board and staff recited the Pledge of Allegiance.

C. AWARDS AND PRESENTATIONS

1. 15-YEAR SERVICE AWARD – RUSTY WHITE, LEAD METER TECHNICIAN,
CUSTOMER SERVICE

Mr. Welsh thanked and congratulated Rusty for all his hard work. Mr. Welsh introduced Rusty to the Board members.

2. 25-YEAR SERVICE AWARD – JAY BUTTERS, MANAGER OF POWER
PRODUCTION, POWER SUPPLY

Mr. Welsh thanked and congratulated Jay for all his years of service and his dedication. Jay will be inducted into the Quarter Century in October. Mr. Welsh introduced Jay to the Board members.

3. EMPLOYEE OF THE MONTH FOR AUGUST – MINH SON, CUSTOMER
SERVICE REPRESENTATIVE II, CUSTOMER SERVICE

Jim Welsh, President & General Manager congratulated Minh for being chosen as Employee of the Month for August 2009. Chairman Cumbie presented Minh with a plaque. The Board members also presented Minh with a check, a certificate for a day off with pay and two tickets to Osceola Center of the Arts.

D. HEAR THE AUDIENCE –

Pat Filippone, Executive Director of Habitat for Humanity was invited to attend tonight's Board meeting by Director Hardee. Ms. Filippone thanked Chris Gent for assisting Habitat for Humanity with their website and also advised that KUA will be hosting the website when it is up and running. Ms. Filippone also thanked KUA for everything they do in the community.

E. CONSENT AGENDA

ACTION: Director Kasper made a motion, seconded by Director Hardee to approve items 1-3 on the consent agenda.

MOTION PASSED 4 – 0

1. APPROVAL OF MINUTES FOR JULY 8, 2009 REGULAR MEETING
2. RAW WATER EASEMENT AGREEMENT BETWEEN KUA AND TWA

Recommendation: Approve the attached easement establishing a raw water main along the Carroll Street facility and authorize the Board Chairman and Secretary to execute the attached agreement.

3. CANE ISLAND UNIT 2 COOLING TOWER REFURBISHMENT

Recommendation: Staff recommends approval of the expenditure \$133,899 to GEA Power Cooling Inc., for the replacement of structural components of cell #3 of the Cane Island 2 cooling tower, to be reimbursed in full by the FMPA All Requirements Project.

F. PUBLIC HEARING - None

G. INFORMATIONAL PRESENTATIONS (REQUIRING NO ACTION) - None

H. OLD BUSINESS

1. CASH AND INVESTMENT RESERVES

Joe Hostetler, Vice President of Finance & Risk Management provided an overview on the cash and investment reserves. During the June 10th Board meeting a discussion on whether certain cash reserves could be adjusted to increase the rate stabilization fund occurred and staff has researched and provided their findings to the Board.

Director Hardee asked with the options staff has presented what would be the potential dollar figure that would be generated. Mr. Hostetler advised it would be several hundred dollars depending on the interest earnings.

Mr. Welsh advised, the Board has already authorized staff at the end of the year to move net income into the rate stabilization fund and this recommendation is adding to the net income which increases the amount.

ACTION: Director Kasper made a motion; seconded by Director Gant to approve no growth in the Self Insurance Fund from interest earnings and increasing the Rate Stabilization account by these amounts. In addition, the Board recommends no growth in any other fund.

Director Gant requested that the motion be amended to state for this fiscal year only.

ACTION: Director Kasper made a motion; seconded by Director Gant to approve no growth in the Self Insurance Fund from interest earnings and increasing the Rate Stabilization account by these amounts. In addition, the Board recommends no growth in any other fund for this fiscal year.

Director Hardee requested to amend the motion to strike the second sentence in the motion to state to approve no growth in the Self Insurance Fund from interest earnings and increasing the Rate Stabilization account by these amounts for this fiscal year.

MOTION DIED FOR LACK OF A SECOND

Chairman Cumbie requested to change the wording on the original motion to state

to approve no growth in the Self Insurance Fund from interest earnings and increase the Rate Stabilization account by these amounts. In addition, the Board recommends no growth in any other fund for this fiscal year.

ACTION: Director Kasper made a motion; seconded by Director Gant to approve no growth in the Self Insurance Fund from interest earnings and increase the Rate Stabilization account by these amounts. In addition, the Board recommends no growth in any other fund for this fiscal year.

MOTION PASSED 3 - 1
Reginald Hardee voted against

2. RESOLUTION 09-09 – AUTHORIZING MODE CONVERSION TO FIXED RATE

Joe Hostetler, Vice President of Finance & Risk Management advised the Board that this resolution formally ratifies the conversion of the interest rate mode on the Subordinate Series 2003 Bonds from a Weekly Mode to a Fixed Mode. The resolution also authorizes and ratifies the necessary actions to terminate the interest rate swap which include remarketing the 2003 bonds at a premium to provide funds to pay all or a portion of the swap termination penalty and the maximum not-to-exceed costs of remarketing.

Director Gant asked since KUA won't know the rate till September 1st, approximately what rate would KUA be looking at. Mr. Hostetler advised the rate would be favorable and all expenses would be included.

ACTION: Director Gant made a motion; seconded by Director Kasper to approve Resolution 09-09 and authorize the Chairman and Secretary to execute the resolution.

MOTION PASSED 4 - 0
Fred Cumbie voted yes
Jim Kasper voted yes
Reginald Hardee voted yes
Dr. George Gant voted yes

Chairman Cumbie requested to revisit the previous motion on the Cash & Investment item for further discussion.

ACTION: Director Cumbie made a motion; seconded by Director Gant to reconsider the Cash & Investment motion.

MOTION PASSED 4 - 0

Chairman Cumbie advised the last sentence in the motion reads that KUA does not want any growth in any other funds to increase, but KUA would want the bank account funds to increase. Director Hardee advised that this too was his concern to strike the last sentence in the recommendation.

After further discussion a revised amended motion was made to the Cash & Investment agenda item.

ACTION: Director Cumbie made a motion; seconded by Director Hardee to approve no growth in the Self Insurance Fund or the Reserve of Future Capital Outlay from interest earnings and increase the Rate Stabilization account by these amounts for this fiscal year.

MOTION PASSED 4 - 0

I. NEW BUSINESS - None

J. STAFF REPORTS

1. SEMI-ANNUAL REPORT FOR CUSTOMER SERVICE

Susan Postans, Vice President of Customer Service provided the Board with an update of the Customer Service area. Ms. Postans advised there was a slight restructuring of the customer department, achieving a more functionally aligned department.

Director Gant asked how the progress on the levelized billing program is moving. Ms. Postans advised KUA has invited one customer to participate in the pilot as well as a few employees. Ms. Postans advised that there are current issues and concerns that must be worked on.

2. QUARTERLY FINANCIAL REPORT

Joe Hostetler, Vice President of Finance & Risk Management provided the quarterly overview of the financial report to the Board.

3. OSCEOLA COUNTY PURCHASING AGREEMENT UPDATE

Joe Hostetler, Vice President of Finance & Risk Management provided an update on the purchasing agreement as per Director Hardee's request at the February 4, 2009 Board meeting. Mr. Hostetler advised that a solicitation of office supplies was conducted and My Office Products out of Brentwood, TN received the award.

4. FMEA GROUP PROJECT STIMULUS FUNDING

Greg Woessner, Vice President of System Compliance & Operations provided a presentation to the Board that provided a brief background on the Smart Grid Investment Grant – Stimulus Funding with the explanation of the analysis performed by KUA staff.

Mr. Woessner advised that in early February 2009, the American Recovery and Reinvestment act was announced. Since then, staff has put a group together to look into all of the grants that are available and see if there are any grants that KUA could apply for and also to see if there are any cost benefits associated with them.

Mr. Welsh advised that KUA has researched the grants the government is providing to the communities and staff has concluded that KUA will not recommend moving forward with Smart Grid or stimulus funding as it is not cost effective considering today's political, social and legislative conditions and also, the technology needs to further mature so that we have a better understanding of which equipment and systems will be commonly used in the future and which vendors will survive.

5. NON-CORE BUSINESS RESULTS PRESENTATION

Mr. Welsh advised that this is an item that Director Gemskie requested to bring back however, since Director Gemskie is not present at tonight's meeting staff would recommend to move till next month's meeting. The Board concurred with this action.

K. HEAR ATTORNEY, GENERAL MANAGER, DIRECTORS

Mr. Welsh informed the Board of next month's Board meeting and provided information on upcoming events.

Mr. Welsh advised the Board that many positive comments came from the Employee Appreciation lunch and a few employees asked if this event could become a yearly function. The Board concurred with this suggestion and informed that KUA will have the Employee Appreciation luncheon each year.

Mr. Welsh advised that he spoke with Director Gemskie and she requested that Mr. Welsh mention two items she would like to present to the Board.

The first item Director Gemskie requested was for staff to provide the conservation rates for KUA's commercial customers at next month's meeting. The second item was that Director Gemskie observed Chris Gent's children volunteering at many KUA events and suggested a proclamation be presented to Chris Gent's children. Director Gant suggested that the proclamation include all the children that volunteer as there are many other children also participate at KUA events. The Board concurred and will present a proclamation at next month's Board meeting.

Break at 5:15 pm

Meeting resumed at 5:20 pm

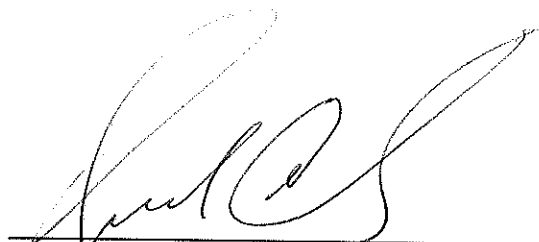
L. MANAGEMENT REVIEW

Mr. Welsh, President & General Manager advised at last year's management review meeting there was a discussion on changing the evaluation form for future reviews to include categories that the Board may be more comfortable in rating such as customer satisfaction, employee morale, community effectiveness and business achievements. The Board approved a new system that was developed in a series of meetings earlier this year.

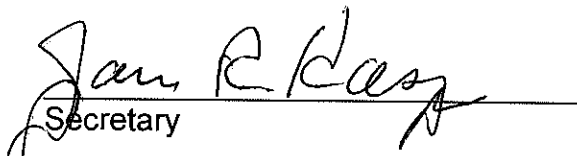
The Board members presented their ratings and offered some comments.

M. ADJOURNMENT

Meeting adjourned at 5:31pm.



Chairman



Secretary