

REGULAR MEETING OF KISSIMMEE UTILITY AUTHORITY HELD WEDNESDAY,
JANUARY 11, 2012 AT 3:30 PM, BRINSON BOARD ROOM, ADMINISTRATION
BUILDING, 1701 WEST CARROLL STREET, KISSIMMEE, FLORIDA

Present were Director Fred Cumbie, Director Reginald Hardee, Director George Gant, Director Kathleen Thacker, Director Jeanne Van Meter, Mayor Jim Swan, General Counsel Grant Lacerte, General Manager James Welsh, and Recording Secretary Leticia Rivera.

A. MEETING CALLED TO ORDER

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

B. PLEDGE OF ALLEGIANCE TO THE FLAG

The Board members and staff recited the pledge of allegiance.

C. AWARDS AND PRESENTATIONS

1. 10-YEAR SERVICE AWARD – LOWELL KNOLLINGER, MANAGER OF SUPPORT SERVICE, CUSTOMER SERVICE
2. 20-YEAR SERVICE AWARD – CHARLES LEE, MANAGER OF FINANCIAL ANALYSIS, FINANCE & RISK MANAGEMENT
3. 20-YEAR SERVICE AWARD – RICHARD MEAD, SENIOR ACCOUNTANT/ANALYST, POWER SUPPLY
4. EMPLOYEE OF THE MONTH FOR JANUARY 2012 – DONNIE USHER, CERTIFIED SYSTEM OPERATOR, SYSTEM COMPLIANCE & OPERATIONS
5. EMPLOYEE OF THE YEAR FOR 2011 – JOSHUA CRINCE, BUSINESS PROGRAMMER/ANALYST, INFORMATION TECHNOLOGY

Mr. Welsh congratulated Joshua for being selected employee of the year for 2011 and thanked him for all his years of dedicated service. Mr. Welsh also thanked all employees noted on the agenda this afternoon.

D. HEAR THE AUDIENCE

Director Cumbie asked if anyone from the public would like to address the Board on an item that is not on the agenda. In seeing none, the Board moved to the next item.

E. CONSENT AGENDA

ACTION: Director Van Meter made a motion seconded by Director Hardee to approve items 1- 6 on the consent agenda.

MOTION PASSED 5 – 0

1. APPROVAL OF MINUTES FOR DECEMBER 7, 2011 REGULAR MEETING
2. AWARD OF IFB #001-12 TRANSMISSION LINE CONSTRUCTION AND MAINTENANCE CONTRACT

RECOMMENDATION: Award of Bid IFB 001-12 for the Initial Scope of Work associated with the replacement of 7 wood transmission poles to Southeast Power Corporation for amount of \$259,700; authorize the award of continuing maintenance contracts with both C&C Powerline, Inc. and Southeast Power Corporation, contingent on negotiation of satisfactory contract terms; and authorize the Chairman and Secretary to execute the necessary contract documents.

3. AWARD OF IFB #002-12 SUBSTATION MODIFICATION CONSTRUCTION

RECOMMENDATION: Authorize award of bid IFB 002-12 to Elite Construction of Ocala, Inc. for the amount of \$103,617 contingent on development of a satisfactory contract; and authorize the Chairman and Secretary to execute the necessary contract documents.

4. AWARD OF IFB #003-12 DIGGER DERRICK

RECOMMENDATION: Award of bid IFB 003-12 to Ring Power Corporation for the amount of \$269,077 with trading in EU164.

5. AWARD OF IFB #004-12 ROOF REPLACEMENT FOR LACKEY SERVICE CENTER

RECOMMENDATION: Award of bid IFB 004-12 to Advanced Roofing, Inc. for the amount of \$116,847.

6. CIS INFINITY MAINTENANCE SUPPORT

RECOMMENDATION: Authorize the President and General Manager to approve the \$190,567.60 expenditure for Harris/Advanced software maintenance.

F. PUBLIC HEARING - None

G. INFORMATIONAL PRESENTATIONS (REQUIRING NO ACTION)

1. AUDITED FINANCIAL STATEMENTS

Joe Hostetler, vice president of finance and risk management advised that there were no differences between what was shown at the December 2011 meeting as unaudited FY 2011 financial statements and what is included in today's audited financial report.

Mr. Hostetler introduced Mark White and Bob Dale of Purvis & Gray. Mr. White informed the Board the results of the audit. Mr. White advised there were no significant deficiencies or material weaknesses in the internal controls over financial reporting. There is one carry over management letter comment dealing with the project management and capital assets system which staff has addressed in their responses. Mr. White advised this was a good audit.

Director Gant questioned the issue that was carried over. Mr. White advised it is the new financial information system, which will integrate various components of the system together. By the end of 2011, much progress has been made on the overall project; however, temporary measures to complete the annual plant accounting until the overall project is complete require a significant amount of manual processes, estimates and temporary worksheets, which are marginally adequate to properly account for distribution plant retirements, salvaged materials and depreciation expense calculations. Accordingly, Purvis Gray recommends that the Authority continue its efforts to complete this item by the end of the 2012 fiscal year and KUA staff has responded that this project will be completed by 9/30/2012.

Director Hardee asked if staff budgeted adequate funds in 2012 for the remediation or other adjustments needed to comply with this request. Mr. Hostetler advised yes.

Mr. White thanked KUA's staff for their cooperation in the audit process.

H. OLD BUSINESS - None

I. NEW BUSINESS - None

J. STAFF REPORTS

1. ENGINEERING & OPERATIONS SEMI-ANNUAL REPORT

Ken Davis, vice president of engineering & operations provided an update on the transformer on Clay Street. Mr. Lacerte added that this issue is still under investigation and the Board will be kept updated.

2. SYSTEM COMPLIANCE & OPERATIONS SEMI-ANNUAL REPORT

Greg Woessner, vice president of system compliance & operations reviewed NERC/FERC and FRCC matters. Mr. Woessner provided an update on a new NERC program entitled Find, Fix, Track and Report. NERC accepted the four alleged violations from the last audit into the new program and there are no monetary fines.

Mayor Swan asked if the monthly reliability report, which compares KUA's reliability to the other providers around the State, be distributed in graph format going forward. Mr. Davis advised the reliability report in the agenda packet compares KUA's trend on reliability over three years. Mr. Welsh asked Mr. Davis to resend the comparison of IOUs that was completed a few months back to the Board and the Commissioners.

3. DEPOSIT POLICY REVIEW

Susan Postans, vice president of customer service informed the Board that changes of the deposit policy would be retroactive from April 1, 2011. In fairness to our customers staff recommends that these changes be available upon request for customers that were assessed deposits during the timeframe of April 1, 2011 through July 1, 2011, and this will begin February 1, 2012.

Mr. Welsh recognized Sara Shaw in the audience, as she was the one who brought this issue to staff's attention; Mr. Welsh thanked her for this.

K. HEAR ATTORNEY, GENERAL MANAGER, DIRECTORS

Grant Lacerte, vice president & general counsel advised that per the board's request at last month's board meeting staff has drafted an audience participation policy however, staff requires additional time to review. Mr. Lacerte provided an overview of major matters during 2011 and recent, open ongoing cases.

Mr. Welsh advised the Board that the Financial Disclosure forms should be received soon and these should be filled out and submitted. Mr. Welsh also advised that Director Van Meter had some suggested ideas about the Good Neighbor fund. Mr. Welsh asked Ms. Postans to provide an overview on this program.

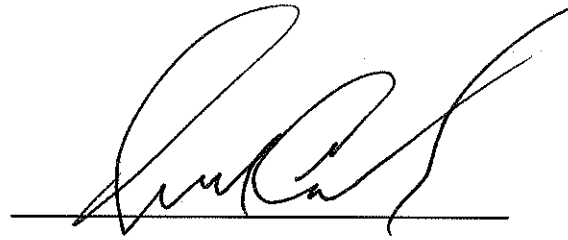
Ms. Postans provided a brief overview of the Good Neighbor Fund and advised that KUA is looking into re-branding the fund name. In addition, employees have come up with ideas to generate donations for this fund.

Directors Gant and Director Van Meter made suggestions regarding the good neighbor fund and fundraising ideas. Mayor Swan suggested when updating the name to look into the word "help" to be included.

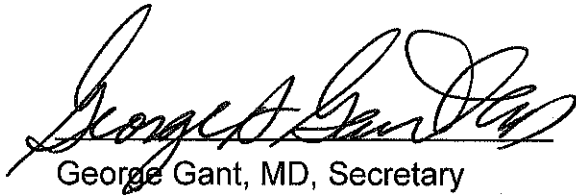
Mr. Hardee wished everyone a Happy New Year and welcomed Barbara Taulton to the team.

L. ADJOURNMENT

Chairman Cumbie adjourned the meeting at 5:00 pm.

A handwritten signature in black ink, appearing to read 'Fred Cumbie', written over a horizontal line.

Fred Cumbie, Chairman

A handwritten signature in black ink, appearing to read 'George Gant', written over a horizontal line.

George Gant, MD, Secretary