

**MINUTES OF A REGULAR MEETING OF KISSIMMEE UTILITY AUTHORITY,
WEDNESDAY, JULY 8, 2009 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 James Kasper, Director George Gant, Mayor Jim Swan, General Counsel Grant Lacerte, General Manager James Welsh and Recording Secretary Leticia Rivera. Director Reginald Hardee 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. DEGREE RECOGNITION – CAROLA FIGUEROA – BACHELOR DEGREE

Jim Welsh, President & General Manager and the Board members congratulated Carola for her accomplishment on receiving her Bachelor's degree and presented her with a plaque.

2. 5-YEAR SERVICE AWARD – PATRICK SULLIVAN, FLEET SERVICE MECHANIC III, ENGINEERING & OPERATIONS

3. 10-YEAR SERVICE AWARD – BEN DeMOSS, LINEMAN FIRST CLASS, ENGINEERING & OPERATIONS

4. 10-YEAR SERVICE AWARD – JAMIE BOSWELL, LINEMAN FIRST CLASS, ENGINEERING & OPERATIONS

Jim Welsh, President & General Manager thanked and congratulated Pat, Ben and Jamie for all of their hard work and years of service respectively.

5. 25-YEAR SERVICE AWARD – MIKE MANN, POWER PLANT OPERATOR/MECHANIC, POWER SUPPLY

Mr. Welsh thanked and recognized Mike for all his years of dedication and support. The Board and staff congratulated Mike for his 25 years of service.

6. EMPLOYEE OF THE MONTH FOR JULY – DALE SWAUGER, FLEET SERVICE MECHANIC, ENGINEERING & OPERATIONS

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

D. HEAR THE AUDIENCE - None

At this point, Mr. Welsh requested to move item three under Section I, Local Vendor Preference to this point. The Board had no objections.

Local Vendor Preference

Mr. Welsh advised the Board that staff is seeking direction on whether to establish a local vendor preference purchasing policy for KUA. If it is the Board's decision to move

forward with this policy, certain details will need to be reviewed and then it will be submitted to the Board as a Resolution at a later meeting.

Joe Hostetler, Vice President of Finance and Risk Management advised the Board that staff has a draft purchasing policy which is verbatim to TOHO's policy with a few added exceptions. Mr. Hostetler reviewed with the Board the advantages and disadvantages to the vendors if a policy is put into place. Mr. Hostetler informed the Board that there is some controversy in Osceola County with this type of policy.

After further discussion, Chairman Cumbie requested additional information on this item. Mr. Welsh suggested that staff review the purchasing policies with respect to local vendor preferences at various agencies and organizations both within the County and outside the County and based on those discussions bring that information back to the Board at a later meeting.

Chairman Cumbie asked if Mr. Wells would like to address the Board regarding this topic.

Jim Wells, 1505 E. Oakley Ln Kissimmee, Fl. Mr. Wells provided the following comments on the local vendor preference policy. Mr. Wells advised if someone comes to whoever's locality and has real numbers, they cannot dismiss them. They will be successful regardless of what county they are in. In his research, every City and County in the State of Florida is adopting this local preference in some way shape or form. Mr. Wells advised that KUA would need to look at the local vendors and not just the contractors. Mr. Wells thanked Mr. Welsh for allowing staff to present this to Board. This will show the business community that KUA is concerned with their viability in their situation in this economic time.

E. CONSENT AGENDA

ACTION: Director Kasper made a motion, seconded by Director Gemskie to approve items 1-4 on the consent agenda.

Mr. Welsh requested item 4 be removed for the consent agenda. Mr. Welsh advised that this item should have not been placed on the consent agenda and that staff has additional information on this item before it is approved by the Board.

ACTION: Director Kasper made a motion, seconded by Director Gemskie to approve items 1-3 on the consent agenda and remove item 4 for further discussion.

Motion Passed 4 – 0

1. APPROVAL OF MINUTES FOR JUNE 3, 2009 REGULAR MEETING
2. APPROVAL OF MINUTES FOR JUNE 10, 2009 SPECIAL MEETING
3. IFB #009-09 TRANSMISSION LINE CONSTRUCTION

Recommendation: Authorize award of Bid #009-09 to L.E. Myers Company for the amount of \$2,069,300, contingent on negotiation of a satisfactory contract; should negotiations not be successful, staff would negotiate with MasTec North America, Inc. for the amount of \$2,278,411; authorize the Chairman and Secretary to execute the necessary contract documents.

4. IFB #012-09 SUBSTATION CONSTRUCTION, CI, CLAY, MARYDIA

Recommendation: Authorize award of Bid IFB 012-09 to Reliable Substation Services for the amount of \$3,020,000, contingent on negotiation of a satisfactory contract; should negotiations not be successful, staff would negotiate with Graves Construction Services for the amount not to exceed \$3,861,354;

authorize the Chairman and Secretary to execute the necessary contract documents.

Mr. Davis informed the Board that KUA had a number of vendors outside the County and one local vendor participate. Mr. Davis offered the comment with the discussion on the local vendor preference that was just discussed; if KUA had the local bidder preference, the local vendor would have been allowed to come back and go under the second low bidder and match the low bidder.

ACTION: Director Gant made a motion, seconded by Director Kasper to approve item 4 on the consent agenda.

Motion Passed 4 – 0

F. PUBLIC HEARING

1. PURPA STANDARD 16 – ENERGY EFFICIENCY UTILIZED IN INTEGRATED RESOURCE PLANNING

Susan Postans, Vice President of Customer Service advised that staff recommends the Board to implement Standard 16 by seeking the integration and prioritization of energy efficiency resources by the ARP through KUA's participation on the ARP Board of Director and Executive Committee.

Chairman Cumbie announced that this is a public hearing and asked if anyone from the public would like to comment. No public participation noted.

ACTION: Director Kasper made a motion; seconded by Director Gemskie to adopt the attached position concerning PURPA Standard 16.

**MOTION PASSED 4 – 0
Fred Cumbie voted yes
Nancy Gemskie voted yes
Jim Kasper voted yes
Dr. George Gant voted yes**

2. PURPA STANDARD 17 – UTILIZING ENERGY EFFICIENCY IN RATE DESIGN

Joe Hostetler, Vice President of Finance and Risk Management advised that staff recommends that the Board implement Standard 17 by continuing the existing energy efficiency programs and seeking ways to implement expanded energy efficient programs.

Chairman Cumbie announced that this is a public hearing and asked if anyone from the public would like to comment. No public participation noted.

ACTION: Director Gant made a motion; seconded by Director Kasper to adopt the attached position concerning PURPA Standard 17.

**MOTION PASSED 4 - 0
Fred Cumbie voted yes
Nancy Gemskie voted yes
Jim Kasper voted yes
Dr. George Gant voted yes**

3. PURPA STANDARD 18 – INVESTING IN SMART GRID TECHNOLOGIES

Jef Gray, Vice President of Information Technology advised that staff recommends that the Board adopt the applicable sections of the standard related to the evaluation of smart grid investment using the six factors provided in the standard; which are - total costs; cost-effectiveness; improved reliability; security; system performance and societal benefit.

Chairman Cumbie announced that this is a public hearing and asked if anyone from the public would like to comment. No public participation noted.

ACTION: Director Kasper made a motion; seconded by Director Gemskie to adopt the attached position concerning PURPA Standard 18.

Dr. Gant asked if it would be to KUA's advantage to define how it fits in the smart grid program since KUA is not in production and transmission but more in distribution and sales. Mr. Gray advised that there is language that points to the fact that there are different phases of smart grid in the home. If KUA is looking at an initiative, it can be compared with that and determined if it applies to KUA or not.

**MOTION PASSED 4 - 0
Fred Cumbie voted yes
Nancy Gemskie voted yes
Jim Kasper voted yes
Dr. George Gant voted yes**

4. PURPA STANDARD 19 – CONSUMER ACCESS TO ENERGY USAGE INFORMATION

Joe Hostetler, Vice President of Finance & Risk Management and Larry Mattern, Vice President of Power Supply provided the requirements to consider the feasibility of providing utility customers the following type of information: time-based electricity pricing at both the wholesale and retail level; usage purchased; daily updates on prices and usage; sources of generation, including greenhouse gas emissions associated with a given source. Mr. Hostetler reviewed staff's position on each subpart.

Chairman Cumbie announced that this is a public hearing and asked if anyone from the public would like to comment. No public participation noted.

ACTION: Director Gemskie made a motion; seconded by Director Kasper to adopt the attached position concerning PURPA Standard 19.

**MOTION PASSED 4 - 0
Fred Cumbie voted yes
Nancy Gemskie voted yes
Jim Kasper voted yes
Dr. George Gant voted yes**

Chairman Cumbie announced that this is a public hearing and asked if anyone from the public would like to comment or has any questions regarding the the Purpa Standards.

Janice Rector, 990 Shawnda Lane, Kissimmee, Fl requested to speak. Ms. Rector asked with regards to measuring the kilowatts, will there be an apparatus that hooks to the utility box that will shut down the meter to save energy during the high peak times or are they for budget billing. Director Gant advised the purpose of those new meters is basically to have a digital system between the office and the box. This venture is set for for the future and it is very expensive.

5. RESOLUTION NO. 09-06 FISCAL YEAR 2010 BUDGET

Joe Hostetler, Vice President of Finance & Risk Management provided the board with the budget highlights. The Budget for FY ending September 30, 2010 is projected to be \$260,470,000.

Chairman Cumbie announced that this is a public hearing and asked if anyone from the public would like to comment. No public participation noted.

ACTION: Director Kasper made a motion; seconded by Director Gemskie to approve Resolution No. 09-06.

**MOTION PASSED 4 - 0
Fred Cumbie voted yes
Nancy Gemskie voted yes
Jim Kasper voted yes
Dr. George Gant voted yes**

G. INFORMATIONAL PRESENTATIONS (REQUIRING NO ACTION) –

1. CUSTOMER SERVICE SURVEY RESULTS

Chris Gent, Vice President of Corporate Communications introduced Cathy Gonat who provided the customer service survey results to the Board. Ms. Gonat advised the 36 question survey was conducted by telephone in April 2009 and covered the topics of customer contact and service, billing, services, communication and utility image.

Chairman Cumbie asked how did the people answer the survey and what percentage of people did not want to participate. Ms. Gonat advised the survey was done via telephone and received very few refusals. Director Gemskie asked out of 62,000 customers how many did you have access to? Ms. Gonat advised that a sample of 400 will give a correct sampling.

Dr. Gant suggested for next year's survey the display should be posted to state "KUA Survey" so people will know why the call is coming in and participate.

Susan Postans, Vice President of Customer Service reviewed the survey results and briefly advised which policies have been implemented and changed. Ms. Postans addressed the issue of why there is a high volume of phone calls. Ms. Postans advised that it is KUA's strategy to have the customers use the phone versus them coming into the office.

Director Gemskie asked if some of the common questions can be placed in a mailer to assist the customer. Ms. Postans advised that this is a great idea which KUA utilizes.

H. OLD BUSINESS

1. BOARD APPLICANT INTERVIEW QUESTIONS

Jim Welsh, President & General Manager presented the updated wordsmith questions for future Board applicants. The Board had requested questions that would generate discussion. The Board reviewed each question and requested a few to be removed.

ACTION: Director Kasper made a motion; seconded by Director Gemskie to approve the questions for future Board applicants.

MOTION PASSED 4 - 0

Break 5:42 pm

Meeting resumed at 5:55 pm

2. BOND RESOLUTION 09-07

Joe Hostetler, Vice President of Finance & Risk Management provided an overview on the plan of issuing fixed rate bonds for the VRDB Program. Mr. Hostetler advised that KUA would like to stay within the current mode change mechanism as set out in the original bond resolution vs. a new refunding issue. There is no advantage to a new refunding issue due to the credit issues with bond insurance companies.

ACTION: Director Gemskie made a motion; seconded by Director Kasper to authorize staff to proceed with the fixed rate conversion for the 2003 Subordinate Series and approve Resolution 09-07 and authorize the Chairman and Secretary to execute the resolution.

**MOTION PASSED 4 - 0
Fred Cumbie voted yes
Nancy Gemskie voted yes
Jim Kasper voted yes
Dr. George Gant voted yes**

3. COMMERCIAL PAPER PROGRAM NOTE PURCHASE AGREEMENT
RESOLUTION 09-08

Joe Hostetler, Vice President of Finance & Risk Management advised the Board that the packet they received had the commercial paper program write up, the terms and exhibit which are in substantial form. However, recently one of the rating agencies advised that the original 2004 note purchase agreement had some provisions that need to be amended. Staff prepared a one page resolution 09-08, that has been reviewed by bond counsel, which allows KUA staff, the rating agency and JP Morgan's to work together to get the necessary changes made as described in the agenda item and to have the amendment executed. This will be completed by next month.

ACTION: Director Kasper made a motion; seconded by Director Gemskie to approve Resolution 09-08 and authorize the Chairman and Secretary to execute the resolution.

**MOTION PASSED 4 - 0
Fred Cumbie voted yes
Nancy Gemskie voted yes
Jim Kasper voted yes
Dr. George Gant voted yes**

Chairman Cumbie took this moment to inform the Board that a companywide celebration for the excellent customer service survey results has been scheduled for July 22nd. Chairman Cumbie along with some of the other Board members will be present to assist at this event.

I. NEW BUSINESS

1. REVIEW OF 2009-2009 AND ESTABLISHMENT OF 2009-2010 GOALS FOR KUA'S CEO AND FOR KUA AS A WHOLE

Jim Welsh, President & General Manager presented what had been accomplished with respect to the goals for KUA's CEO and for KUA as a whole for 2008-2009. Also, the Board reviewed and established the goals for 2009-2010 and thanked Jim for working

on the goals. Mr. Welsh stated that per the Board's previous direction, he will report back on these goals next year at the July 2010 Board meeting.

2. INTERLOCAL AGREEMENT BETWEEN THE CITY OF KISSIMMEE AND KUA FOR THE RELOCATION OF TRANSMISSION AND DISTRIBUTION FACILITIES FOR THE LAKEFRONT RE-DEVELOPMENT PROJECT

Ken Davis, Vice President of Engineering & Operations provided a briefing on the agreement. The City and KUA have been working together to identify the KUA facilities that will need to be relocated due to the Lake front Re-Development Project. Some of the facilities are located on KUA property/easements while others are located within City road rights-of-ways. As is customary for facilities within road right-of-way, the cost to relocate these facilities is the responsibility of KUA. The cost to relocate the facilities located on KUA property/easements will be paid by the City.

ACTION: Director Kasper made a motion; seconded by Director Cumbie to approve the Interlocal Agreement with the City of Kissimmee for the relocation of KUA facilities for the Lakefront Re- Development Project and authorize the Chairman and Secretary to execute the agreement.

MOTION PASSED 4 - 0

J. STAFF REPORTS

1. ENGINEERING & OPERATIONS QUARTERLY REPORT

Ken Davis, Vice President Engineering & Operations provided his quarterly report to the Board.

2. SYSTEM COMPLIANCE & OPERATIONS SEMI ANNUAL REPORT

Greg Woessner, Vice President of System Compliance & Operations provided the semiannual report to the Board.

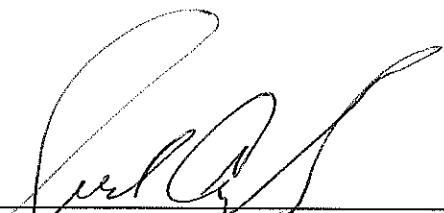
K. HEAR ATTORNEY, GENERAL MANAGER, DIRECTORS

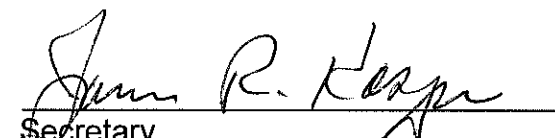
Mr. Welsh advised the Board of the upcoming events. Mr. Welsh also provided the memorial service information for Dee Parsons and advised that a donation to the American Cancer Society will be made on behalf of the Board and staff.

Mayor Swan thanked KUA for its sponsorship for the 4th of July celebration at the Lakefront.

L. ADJOURNMENT

Meeting adjourned at 6:37 pm.


Chairman


Secretary