

**MINUTES OF A REGULAR MEETING OF KISSIMMEE UTILITY AUTHORITY,
WEDNESDAY, SEPTEMBER 2, 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 Reginald Hardee, Mayor Jim Swan, General Counsel Grant Lacerte, General Manager James Welsh and Recording Secretary Leticia Rivera. Director George Gant 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. PROCLAMATION TO THE EMPLOYEES CHILDREN WHO PROVIDE
COMMUNITY VOLUNTEER WORK WITH KUA

Jim Welsh, President & General Manager presented a proclamation to the Gent children and all of KUA employees' children who volunteer their time at KUA functions. The Board thanked the KUA parents and their children for volunteering.

2. DEGREE RECOGNITION – KAREN RIOS, BACHELOR OF SCIENCE
DEGREE FROM UNIVERSITY OF CENTRAL FLORIDA

Jim Welsh, President & General Manager congratulated Karen for receiving her Bachelor's degree and introduced her to the Board of Directors who presented Karen with a plaque to display.

3. 15-YEAR SERVICE AWARD – VICTOR SANCHEZ, FIELD SERVICE
SPECIALIST, CUSTOMER SERVICE

Mr. Welsh congratulated and thanked Victor for his years of service and his dedication.

4. EMPLOYEE OF THE MONTH FOR SEPTEMBER – MARILYN GRANDE,
SUPERVISOR, CUSTOMER SERVICE

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

D. HEAR THE AUDIENCE

City Commissioner Jerry Gemskie thanked KUA for placing the All American City signage up which the City will hold for three years. The City won this award one year ago and The City is honored for having this signage displayed at KUA.

E. CONSENT AGENDA

ACTION: Director Kasper made a motion, seconded by Director Hardee to approve items 1-5 on the consent agenda.

MOTION PASSED 4 – 0

1. APPROVAL OF MINUTES FOR AUGUST 05, 2009 REGULAR MEETING

2. AWARD OF BID – ANNUAL REQUIREMENTS FOR CONDUIT INSTALLATION

Recommendation: Award of bid IFB 015-09 to Mastec NA and Rayken Corporation. Work will be awarded on an as-needed basis.

3. WOOD POLE INSPECTION SERVICES FOR FY 2010

Recommendation: Authorize Osmose Utilities Services to proceed with pole inspection services for a total contract amount of \$127,000.

4. GENERAL LIABILITY INSURANCE RENEWAL

Recommendation: Board approve awarding the general liability insurance policy to ARCH in the amount of \$159,445 effective October 1, 2009 and authorize staff to renew in future years based on favorable renewal provisions.

F. PUBLIC HEARING - None

G. INFORMATIONAL PRESENTATIONS (REQUIRING NO ACTION) - None

H. OLD BUSINESS

1. LOCAL VENDOR PREFERENCE

Joe Hostetler, Vice President of Finance & Risk Management presented researched information on the other entities that have this in place, as requested by the Board at last month's meeting. Mr. Hostetler advised most of the organizations that were identified had local preference for less than one year and each of their policies are unique. The majority of purchasing personnel that staff has spoken to feel that it ultimately takes away competition.

Mr. Hostetler advised currently KUA either piggybacks off of State or other entity contracts or sends out bids. KUA does not take the bid contract prices and then go to the local vendors to see if they can match the price.

Mayor Swan explained the City of Kissimmee's policy; if a local vendor is within 6% of the low bid, the local vendor can be awarded the contract at the low bid price.

Mr. Hostetler recommended that if it's the Board direction for KUA to have a local vendor preference policy, it should have a sunset date. Mayor Swan offered his thoughts and advised that he agreed with having a sunset date if the Board recommends having a policy.

ACTION: Director Gemskie made a motion; seconded by Director Kasper to have a local vendor preference policy.

**MOTION PASSED 3 – 1
Fred Cumbie voted No**

After further discussion on the details of the local vendor policy, the Board recommended that staff bring back a Local Vendor Preference Policy for Osceola County vendors and if the local vendor is within 5% of the lowest bid, the lowest local vendor will be given the option to match the lowest bid. Also, a sunset for one year will be included to this policy.

Mr. Welsh also advised that staff will bring this to the Board two months prior to the sunset date to keep them informed. Mr. Welsh advised that staff will bring back a policy directive at next month's meeting. Mr. Hostetler advised that staff will use TOHO's policy as a guide and change or add the details requested by the Board tonight.

I. NEW BUSINESS

1. HANSEL PROPERTY TRANSFER TO THE CITY OF KISSIMMEE

Larry Mattern, Vice President of Power Supply advised the Board that the power plant staff arranged and completed the removal of the oil tanks and associated structures and returned the storage area to green field condition. Staff has submitted an agreement, Quitclaim deed and drawing for the transfer property.

Chairman Cumbie asked if there is a way KUA can limit its liability on this property. Mr. Lacerte advised no.

ACTION: Director Kasper made a motion; seconded by Director Gemskie to approve the Third Amendment to the Kissimmee Utility Authority Transfer Agreement and Quitclaim Deed transferring the property located at the Roy E. Hansel Power Station former oil tank storage area to the City of Kissimmee and that the Board authorize the Chairman and Secretary to execute the attached Third Amendment to the Kissimmee Utility Authority Transfer Agreement and Quitclaim Deed.

Further discussion was requested before a motion was made.

Chairman Cumbie advised unless KUA can eliminate its liability of contamination on that property, there is no advantage in deeding it back to the City. Mr. Lacerte advised that KUA is obligated to work with the City as a means of transferring this back according to the original transfer agreement.

Chairman Cumbie informed that he does not understand why we cannot negotiate a deal. There is no evidence that there is contamination where the oil tanks were.

Mr. Mattern confirmed that in order to take the tanks out of commission and have them moved, KUA had to have test samples done and send them to the DEP. The samples KUA sent came back clean. Mr. Mattern also advised that there has never been a spill or leakage in that area.

Mr. Welsh advised that the title of the property is held by the City of Kissimmee.

**MOTION 2 -2 Failed
Fred Cumbie voted No
Jim Kasper voted No**

Mr. Lacerte advised the original transfer agreement stated that everything in the agreement transferred but the property appraiser's office still has it listed as the COK. Mr. Welsh advised that there is no way that KUA can get out of the liability, even contractually because of environmental laws.

After further discussion, it was decided by Chairman Cumbie to bring this item back at next month's Board meeting for the full Board's review.

2. GENERAL SERVICE CONSERVATION RATE

Joe Hostetler, Vice President of Finance & Risk Management provided a study on the General Service Conservation rate. Director Gemskie advised this is a type of conservation and this would put conservation at the hand of individuals. If they conserve and use less they should be rewarded during these hard economic times for doing business and conserving at the same time. This is another option to try and help our community to pay what they are using and nothing over that. This would send the right message to our community.

Chairman Cumbie asked what would be the advantage to the small business person to conserve, if they are already getting an automatic discount. Mr. Welsh advised that small businesses will continue to receive the discount should they conserve.

Chairman Cumbie suggested additional incentives for more businesses to try and conserve electricity and not just get an automatic rate decrease. Mr. Welsh advised this is not only for conservation but also to stimulate the local economy in these hard economic times.

Director Gemskie suggested that a public relations campaign be done to our rate payors to explain to them what positive actions KUA is doing to assist them.

ACTION: Director Kasper made a motion; seconded by Director Hardee to authorize staff to send the the Conservation Rate to the Florida Public Service Commission for review and advertise for a public hearing on October 7, 2009 with the rate to be implemented November 1, 2009 contingent on approval at the public hearing.

**MOTION 3-1
Fred Cumbie voted No**

3. RESOLUTION 09-10 EMPLOYEE PENSION PLAN

Joe Hostetler, Vice President of Finance & Risk Management provided an overview of the enhancement of the Pension Plan. Mr. Hostetler explained currently employees who terminate their employment with KUA for any reason are not entitled to apply to a pension disability. This change will allow those employees that terminate for medical reasons the ability to apply for a pension disability within thirty days of terminating their employment.

Mr. Hostetler advised that there is no cost to the plan.

ACTION: Director Gemskie made a motion; seconded by Director Kasper to authorize staff to approve Resolution #09-10 and authorize Chairman and Secretary to execute the Resolution.

**MOTION PASSED 4 - 0
Fred Cumbie voted yes
Nancy Gemskie voted yes
Jim Kasper voted yes
Reginald Hardee voted yes**

4. PENSION COST OF LIVING ADJUSTMENT FOR CURRENT RETIREES

Joe Hostetler, Vice President of Finance & Risk Management advised that at this time the Pension Board is not recommending to the KUA Board to approve a cost of living increase for retirees based on the current economic conditions and plan performance.

ACTION: Director Hardee made a motion; seconded by Director Gemskie to approve Pension Boards recommendation to not give an ad-hoc cost of living increase to current retirees.

MOTION PASSED 4 - 0

Break 5:00 pm

Resume 5:20 pm

Chairman Cumbie requested to revisit the Hansel Transfer to the City of Kissimmee.

ACTION: Director Kasper made a motion; seconded by Director Cumbie to reconsider the previous motion regarding the Hansel Transfer to the City of Kissimmee.

MOTION PASSED 4 - 0

After a brief discussion, Chairman Cumbie requested action on staff's recommendation to the Hansel Transfer.

ACTION: Director Kasper made a motion; seconded by Director Cumbie to approve the Third Amendment to the Kissimmee Utility Authority Transfer Agreement and Quitclaim Deed transferring the property located at the Roy E. Hansel Power Station former oil tank storage area to the City of Kissimmee and that the Board authorize the Chairman and Secretary to execute the attached Third Amendment to the Kissimmee Utility Authority Transfer Agreement and Quitclaim Deed.

MOTION PASSED 4 - 0

J. STAFF REPORTS

1. SEMI-ANNUAL PROGRESS REPORT ON INFORMATION TECHNOLOGY DEPARTMENT PROJECTS

Jef Gray, Vice President of Information Technology provided the highlights of the Information Technology departmental projects. Mr. Gray informed that IT staff is continuing with its training of software systems. This saves a lot of money versus using a contractor and also the employee can call IT if they don't remember a function.

Director Hardee asked if Human Resources tracks the training attendance. Mr. Gray advised no, only the quality of classes with a survey that is provided after the class.

Chairman Cumbie inquired if Board members can attend one of the training classes. Mr. Welsh advised that staff will advise the Board members when the next class will take place.

2. NON-CORE BUSINESS RESULTS PRESENTATION

Chris Gent, Vice President of Corporate Communications provided information on Access Osceola. Access Osceola is a government access channel that the FCC issues. Mr. Gent reviewed KUA's partnership share that showed a slow decline however due to losing two partners, the costs went up to cover the loss of two partners which are the School Board and the County.

Jef Gray, Vice President of Information Technology provided the history of KUA.net. KUA started this project in the spring of 1998. In 2001 the ISP was running on its own and started to pay KUA overhead fees.

Director Gemskie requested this item so the Board can be informed of the profitability or losses on KUA non-core businesses. Ms. Gemskie advised that KUA's core business should be the priority.

Joe Hostetler, Vice President of Finance & Risk Management presented the financial history on the three areas, internet, and phone and security businesses.

Mr. Welsh informed that when Jef Gray came on Board with KUA in December of 2000, his job was to have this enterprise fund make money. Mr. Gray instituted a lot of cost cutting measures.

Director Gemskie suggested that this is a type of exercise that should be done each year so the Board is informed of where these non-core businesses stand.

3. FINAL BOND PRICING UPDATE

Joe Hostetler, Vice President of Finance & Risk Management advised that the pricing for the fixed remarketing of the Electric System Refunding Revenue Bonds, Subordinate Series 2003, took place August 19, 2009. Pricing was executed by Morgan Keegan & Company, Inc., the remarketing agent for the bonds.

Mr. Welsh thanked the whole team including Legal for working on the Bond issue.

K. HEAR ATTORNEY, GENERAL MANAGER, DIRECTORS

Grant Lacerte, Vice President & General Counsel informed the Board that KUA has steps in place if there is an H1N1 outbreak.

L. ADJOURNMENT

Meeting adjourned at 6:35 pm.

Chairman

Secretary