

MINUTES OF SPECIAL MEETING OF KISSIMMEE UTILITY AUTHORITY,
WEDNESDAY, APRIL 12, 2000, 6:00 P.M., BRINSON BOARDROOM,
ADMINISTRATION BUILDING, 1701 WEST CARROLL STREET, KISSIMMEE,
FLORIDA.

Present were Chairman Walter, Vice-Chairman Gant, Secretary Toro, Director Shearer, Director Hord, Attorney Brinson, General Manager Welsh and Recording Secretary Fizer. Mayor Attkisson was absent.

A. **MEETING CALLED TO ORDER** at 6:00 P.M. by Chairman Walter.

B. **PLEDGE OF ALLEGIANCE TO THE FLAG**

The Board and audience recited the Pledge of Allegiance.

Chairman Walter wanted to send condolences to the Guevera Family on Commissioner Guevera's death. Mr. Walter said this is a loss to the community.

C. **TEN YEAR PLAN**

1. **INTRODUCTION AND OVERVIEW - JAMES C. WELSH, PRESIDENT & GENERAL MANAGER**

General Manager Welsh noted that the Ten Year Plan is the first step in the budgeting process for 2001. He gave a brief overview of points that would be detailed within each department review.

Mr. Welsh noted that a meeting to discuss a possible joint effort to negotiate future power supply sites was held with Florida Municipal Power Agency (FMPPA) and Orlando Utilities Commission (OUC). Discussion was held on the advantages and disadvantages of this type of negotiation. The Board was concerned that more money would be spent going through the negotiation process a second time when there was no success the first time with SEMPRA. Chairman Walter and Director Hord requested that this should be discussed at a later board meeting and until that time it was the consensus of the Board to not go forward with this project. Mr. Welsh said that after meeting with OUC and FMPPA on April 20th, he would give a detailed report at the regular board meeting on April 26th.

2. **FINANCIAL HIGHLIGHTS - JOE HOSTETLER, DIRECTOR OF FINANCE**

Mr. Hostetler reviewed the general assumptions using various case scenarios for the ten year projections. He also projected available generating capacity using the different cases and detailed the fiscal policy, debt service coverage ratio, net reinvested earnings and insurance. These cases were with and without the World Expo Center construction.

Discussion was held on the power plant maintenance fund decreasing at the end of the ten year period for Cane Island. In response to a request from Director Gant on Cane Island's variable debt, Mr. Welsh said that future quarterly financial reports would contain information on investments and the bond market rates.

Director Hord asked if was necessary for KUA to make plans to enhance the Cane Island site capacity. Mr. Welsh noted that Cane Island capacity availability is maximized to the extent possible. The ten year plan was using 70% capacity as a conservative estimate.

**3. PERSONNEL OVERVIEW - NEVILLE TURNER, DIRECTOR OF
PERSONNEL & RISK MANAGEMENT**

Mr. Turner reviewed the company-wide organizational chart, recommended personnel additions and cost of living increases. Director Shearer asked why there is not an increase in personnel for Power Supply over the last eight years of the plan. Mr. Welsh noted that there is no projected growth in that area.

It was the consensus of the Board to approve a 3% cost of living increase for planning purposes only.

Mr. Turner noted that the KUA pension board would be proposing changes in the near future. Director Hord asked that the retirement contribution history be detailed using dollar amounts, not percentages, and brought back at a later meeting. Mr. Turner noted that this would be an agenda item for the April or May board meeting. Director Gant also asked that staff show figures from other similar pension systems for comparison at that time.

4. KUA.NET OUTLOOK

Joe Hostetler, Chris Beck, director of Marketing, and Dennis Wick, director of Information Systems, gave a presentation for KUA.net projections through 2003. Ms. Beck reviewed the strengths, weaknesses, opportunities and threats for KUA.net. She also reported marketing highlights over the next few years. Mr. Hostetler reported on the customer counts, operating revenues and total expenses.

Mr. Wick noted that the largest area of expense is in staffing. Research into reducing Help Desk expense by hiring a support company has been concluded. Mr. Wick discovered after talking with ISP Alliance, a support company, that it is not in KUA's best interest to use this company. He said although this seemed like a good option at first, after careful study, staffing needs are being handled the best way possible. Director Gant asked that staff continue to monitor this situation.

Ms. Beck reported that two authorized part time help desk positions have not been filled and they have been converted into a full time commission sales person. She noted that this person would be concentrating in commercial sales. Ms. Beck also reviewed some of the commercial leads that the Marketing Department is following.

Director Toro asked when KUA.net would break even and Mr. Hostetler said that beginning in 2001 a profit should be shown.

Chairman Walter recessed the meeting from 7:55 PM to 8:00 PM.

5. OPERATIONS & CAPITAL

a. POWER SUPPLY - BEN SHARMA

Ben Sharma, director of Power Supply, reviewed the mission statement and organizational chart for the Power Supply department. Mr. Sharma noted that the 70% capacity for Cane Island that Mr. Hostetler had referred to was based on non-firm sales. He said that KUA is starting to venture into the area of firm sale contracts and the capacity will definitely increase. Mr. Sharma also reviewed the department's major capital budget and goals.

b. INFORMATION SYSTEMS - DENNIS WICK

Dennis Wick reviewed the staffing needs, expenditures, capital and goals for the Information Systems department. Director Hord asked if the department would be comfortable with the H T E software should that company fold and Mr. Wick said they were confident. Mr. Welsh noted that he had met with the new president of H T E and felt that through the new president's leadership the situations at that company may improve.

c. TRANSMISSION & DISTRIBUTION - KEN DAVIS

Ken Davis, director of Transmission & Distribution, reported his staffing needs for the next ten years as well as capital requirements and goals. Director Gant suggested that KUA do more proactive planning when reviewing relocation of power lines within the City. Director Toro asked about fiber optics and Mr. Davis noted that fiber optic lines are run concurrent with any new line installation. Mr. Welsh said he would bring a report to the Board in April or May on fiber optics.

d. MARKETING - CHRIS BECK

Chris Beck presented her organizational chart and statistics on the Marketing staff's performance. A brief discussion was held on abandoned calls and it was noted that another phone bank employee would help reduce the number of abandoned calls. Director Gant reported that he had some problems with the automated system when he called in recently. Ms. Beck detailed additional personnel needs. She reiterated that the two vacant part time help desk positions would be converted to one full time commission sales position.

Director Hord asked if the bad debt could be reduced further and Ms. Beck reported that new programs are being introduced to help decrease the debt. Mr. Welsh noted that internally KUA collects as many as they can, and then turns it over to a collection agency.

e. FINANCE AND GENERAL MANAGEMENT - JOE HOSTETLER

Joe Hostetler reviewed his department's organizational chart, expenditures, capital requirements and goals. He noted that he would not be adding personnel in the ten year plan. Mr. Hostetler also reviewed the ten year plan for the Executive Department.

f. PERSONNEL & RISK MANAGEMENT - NEVILLE TURNER

Neville Turner reviewed Personnel's organizational chart, capital requirements, and goals for the ten year plan.

Director Gant asked if the rate increase scheduled for this coming year could be deferred. General Manager Welsh noted that the budget for the coming year includes the rate increase and the increase is needed to meet the ten year plan projections.

ACTION: Motion by Director Shearer, seconded by Director Toro, to approve the ten year plan as presented by staff.

Motion carried 5 - 0

The Board complimented the staff on how well the ten year plan was developed and presented.

D. OTHER - None.

E. HEAR GENERAL MANAGER, ATTORNEY, DIRECTORS

Mr. Welsh noted that a brief groundbreaking for the Employee Substation would be April 20th, 9:00 AM at the site. General Manager Welsh also reminded the Board of the working tour of Cane Island 3 and possibly Hansel Plant on April 21 at 11:00 AM. He noted KUA's old-fashioned family style picnic would be at Chisholm Park on Saturday, May 6 beginning at 10:00 AM. He also noted that the fiscal year budget would be presented at a special meeting on June 14.

F. ADJOURNMENT

Chairman Walter adjourned the meeting at 9:15 P.M.


CHAIRMAN

ATTEST:


SECRETARY