

COMBINED REGULAR & SPECIAL MEETING OF THE KISSIMMEE UTILITY AUTHORITY HELD WEDNESDAY, JUNE 4, 2014 AT 3:30 PM, BRINSON BOARD ROOM, ADMINISTRATION BUILDING, 1701 WEST CARROLL STREET, KISSIMMEE, FLORIDA

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

A. MEETING CALLED TO ORDER

Director Hardee called the meeting to order @ 3:30 pm.

B. PLEDGE OF ALLEGIANCE TO THE FLAG

The Board and staff recited the pledge of allegiance.

C. AWARDS AND PRESENTATIONS

1. 10-YEAR SERVICE AWARD – GEORGE RICHARDS, MANAGER MATERIALS MANAGEMENT, ENGINEERING & OPERATIONS
2. 10-YEAR SERVICE AWARD – MAGDALENA FERNANDEZ, ENGINEER II, ENGINEERING & OPERATIONS
3. 15-YEAR SERVICE AWARD – FRANK COLE, PP OPERATOR/MECHANIC, POWER SUPPLY
4. EMPLOYEE OF THE MONTH FOR JUNE 2014 – CHRIS MCGUIRE, HELP DESK TECHNICIAN, INFORMATION TECHNOLOGY

Mr. Welsh congratulated Chris for being selected employee of the Month for June 2014 and thanked him for his continued dedication and hard work.

D. HEAR THE AUDIENCE

At this time, Director Hardee asked if anyone from the public would like to address the Board on an item that is not on the agenda.

Mr. Paul Kyger of Shelby Place in Lakeside advised that has been a satisfied KUA customer since 1995. He used to pay his bill with a check but now pays by bank which is Bank of Montreal Harris in Chicago; there are a few branches in Orlando. When the bank attempts to pay KUA they cannot locate them so the Bank must cut a check which takes 4 days. Mr. Kyger advised he checked with his bank and they advised him there are no fees associated with placing payments into KUA's account. Mr. Kyger asked if his payment could be set up so the bank can place a payment in the account. This would be useful and convenient to other KUA customers as well. Director Hardee asked staff to look into this issue and if needed bring back a recommendation.

Sara Shaw, 2409 Oak Run Blvd, Kissimmee. Ms. Shaw advised that she is having difficulty trying to access the board meeting recordings online. She is also having trouble hearing some of the recordings and some won't download. Also, when reading the minutes it is not an accurate representation of what is going on. Ms. Shaw is asking for KUA to televise their Board meetings. She stated that she felt that it is crucial for the rate payers to know what is happening.

Mayor Swan advised that this Board discussed this topic before. Mr. Welsh asked if being able to view video online would suffice. Ms. Shaw responded that she would like to go to the website and access video.

Mr. Welsh advised that the Board provided direction to staff on this issue prior and asked if the Board would like to have a recap. Mayor Swan advised it is wise to bring it back to see what was brought up. Director Thacker asked to see the expenses associated with videotaping meetings. Director Thacker advised that she had to listen to a meeting when she was out of the country and had no problems so maybe IT personnel can assist as well. Ms. Shaw advised it's an issue of accessibility and accountability and does not see why it can't be done.

Director Van Meter advised that she can see where there could be a problem when people do not recognize the voices of people talking. She then stated the cost of putting video on the website would be a lot less than putting it on Access Osceola.

Director Hardee asked IT staff to assist Ms. Shaw and also, have staff come back next month with some options, cost and also what was discussed previously.

E. CONSENT AGENDA

**ACTION: Director Van Meter made a motion, seconded by Director Gant to approve items 1 through 5.**

**MOTION PASSED 5 – 0**

1. APPROVAL OF MINUTES FOR MAY 7, 2014 REGULAR & SPECIAL MEETING
2. PURVIS GRAY & COMPANY ENGAGEMENT LETTER

**Recommendation: Authorize the President & General Manager to sign the Purvis Gray & Company Engagement letter.**

3. CONTRACT EXTENSION FOR FUEL PURCHASES

**Recommendation: Approve the extension of the contract with Mansfield Oil Company through November 2015, with the estimated purchases of \$350,000 per year. Authorize the Chairman and Secretary to execute the necessary contract document.**

4. TC DELIVERS CONTRACT RENEWAL

**Recommendation: Award contract with TC Specialties to continue providing revenue billing for utilities service from June 5, 2014 – June 4, 2015.**

5. METER PURCHASING AGREEMENT

**Recommendation: Authorize the Chairman and Secretary to execute the necessary service agreement with Stuart C. Irby Corporation, for the award to provide Landis + Gyr Focus Ax Series®, S4e, AL meters and supplies on an as-needed basis. [Reference: SG #14-004].**

F. PUBLIC HEARING - None

G. INFORMATIONAL PRESENTATIONS (REQUIRING NO ACTION) - None

H. OLD BUSINESS

1. CR3 SETTLEMENT, RELEASE & ACQUISITION AGREEMENT

Mr. Welsh requested this item be pulled from the agenda as this information will be brought back next month along with a recommendation. Mr. Lacerte advised the Board that in reviewing the legal documents, KUA's name is not on the CR-3 warranty deed or on the license with the Nuclear Regulatory Commission. When the City of Kissimmee transferred the electric system to KUA in 1985 this part of the transfer was not reflected in the CR-3 ownership interests. The City of Kissimmee, the original purchaser of KUA's interests in CR-3, is still on both the deed and the NRC license. Mr. Lacerte advised that the Nuclear Regulatory Commission has informed Duke Energy's attorneys that it wants both the City and KUA to agree on this settlement prior to moving forward. Mr. Mattern advised that a new document will be brought back to the Board at the July meeting.

I. NEW BUSINESS

1. RESOLUTION 14-01, COMMERCIAL PAPER PROGRAM NOTE  
PURCHASE AGREEMENT

Joe Hostetler, vice president of Finance & Risk Management provided the Board with background on the commercial paper program and what steps have been taken since FY 2000. Mr. Hostetler advised that KUA is nearing the end of the 3rd amendment term and staff has negotiated basis points for the next 2 year period. Staff does not want to extend more than 2 years due to the possibility of being able to reduce the size of the Commercial Paper program in 2016. The Commercial Paper Note Purchase Agreement provides liquidity support for the commercial paper program. This means that in the event KUA's commercial paper is not purchased by investors, JPM Chase Bank will step in and purchase them. KUA will then have to find another means of financing due to the higher rates that JPM would charge to hold these.

**ACTION: Director Van Meter made a motion, seconded by Director Thacker to approve Resolution #14-01 and authorize the Chairman and Secretary to execute the 4th Amendment to the Commercial Paper Note Purchase Agreement.**

**MOTION PASSED 5 – 0  
Director Hardee - yes  
Director Van Meter - yes  
Director Thacker - yes  
Director Gant - yes  
Director Urbina - yes**

J. STAFF REPORTS

1. QUARTERLY FINANCIAL REPORT

Joe Hostetler, vice president of Finance & Risk Management provided a financial report update.

2. HANSEL PLANT REMEDIATION UPDATE

Larry Mattern, vice president of Power Supply presented an update on the Hansel Plant Remediation Project.

Dr. Gant asked if there is a possibility that insurance would cover some of the cost of soil remediation. Mr. Mattern advised he does not believe it is an insurable cost but will check again; the superfund was checked but KUA did not qualify.

K. BUDGET REVIEW

1. INTRODUCTION – JAMES C. WELSH, PRESIDENT & GENERAL  
MANAGER

Mr. Welsh advised that there is not much of a change from what was presented during the preliminary directional budget meeting. Mr. Welsh advised that staff is recommending a 3% market level increase, a decrease of net 3 full time equivalent positions, and the cost of medical insurance for part-time employees beginning January 2015 is included in the proposed budget.

2. FINANCIAL OVERVIEW – JOE HOSTETLER, VICE PRESIDENT,  
FINANCE & RISK MANAGEMENT

Joe Hostetler, Vice President of Finance & Risk Management provided the Board with an overview of the timeline, budgeting process, load forecast and financial overview.

3. HUMAN RESOURCES OVERVIEW – WILBUR HILL, VICE PRESIDENT,  
HUMAN RESOURCES

Wilbur Hill, Vice President of Human Resources advised that the Power Supply department is recommending a reduction of 3 positions.

Dr. Hill shared with the Board a listing of organizations that responded to the salary survey and what they will be anticipating in giving out for salary adjustment this budget review cycle. Mr. Hill advised that staff is recommending a 3% market level adjustment.

Dr. Gant asked if it is known what the City of Kissimmee is projecting for their employees. Mayor Swan advised they have not voted on but it may be a little over 3%. Dr. Gant asked for review of what KUA has done in previous years.

After some review and discussion, Dr. Gant advised he would suggest a 4% increase. After further discussion Director Van Meter advised 3.5% but nothing higher.

Director Urbina advised that since the average of 3% is very conservative and therefore would recommend staying at the 3% market level adjustment.

**ACTION: Director Van Meter made a motion, seconded by Director Thacker to approve a 3% market level adjustment for Fiscal Year 2015 annual budget.**

Dr. Gant asked to amend the motion to a 4% market level adjustment; merit and target employees not to exceed 4%. A second was not offered and the original motion was voted on.

**ACTION: Director Van Meter made a motion, seconded by Director Thacker to approve a 3% market level adjustment for Fiscal Year 2015 annual budget.**

**MOTION PASSED 5 - 0**

4. DEPARTMENTAL BUDGETS  
a) POWER SUPPLY – LARRY MATTERN

Larry Mattern, Vice President of Power Supply provided an overview of his departmental budget.

Mr. Mattern advised that the reduction of jobs consists of 4 power plant mechanics reduced offset by an addition of one senior instrument control technician.

Director Van Meter asked if KUA be affected by proposed legislation regulating coal. Mr. Mattern stated that KUA does have a certain amount of coal in its portfolio.

b) INFORMATION TECHNOLOGY – JEF GRAY

Jef Gray, Vice President of Information Technology provided an overview of his departmental budget and reviewed his organization chart.

c) SYSTEM COMPLIANCE & OPERATIONS – GREG WOESSNER

Greg Woessner, Vice President of System Compliance & Operations reviewed his organizational chart.

d) ENGINEERING & OPERATIONS – KEN DAVIS

Ken Davis, Vice President of Engineering & Operations provided an overview of his departmental budget.

Mr. Davis provided a breakdown of the Lackey Facility project cost per Dr. Gant's request at last month's board meeting.

e) CUSTOMER SERVICE – SUSAN POSTANS

Susan Postans, Vice President of Customer Service provided an overview of her departmental budget.

f) FINANCE & RISK MANAGEMENT AND EXECUTIVE – JOE HOSTETLER

Joe Hostetler, Vice President of Finance & Risk Management provided an overview of his departmental budget and the executive department.

g) HUMAN RESOURCES – WILBUR HILL

Wilbur Hill, Vice President of Human Resources provided an overview of his departmental budget.

Chris Gent, Vice President of Corporate Communications reviewed the sponsorship program.

L. HEAR ATTORNEY, GENERAL MANAGER, DIRECTORS

Grant Lacerte, vice president & General Counsel advised that a settlement has been reached with Siemens.

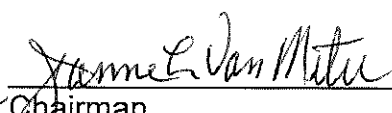
Director Thacker advised she listened to a board meeting prior to the new microphones being placed in February and asked if this could be checked. Mr. Welsh advised that this will be included.

Mayor Swan commented that there is a lot of traveling being done here and at Church Street.

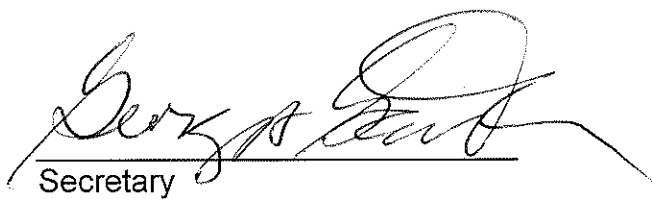
Director Hardee thanked KUA staff.

M. ADJOURNMENT

Director Hardee adjourned the meeting at 5:19 pm.

Vice   
Chairman

2730  
June 4, 2014

  
Secretary