

REGULAR & SPECIAL MEETING OF KISSIMMEE UTILITY AUTHORITY HELD
WEDNESDAY, JULY 13, 2016 AT 3:30 PM, BRINSON BOARD ROOM,
ADMINISTRATION BUILDING, 1701 WEST CARROLL STREET, KISSIMMEE,
FLORIDA

Present were Chairman Reginald Hardee, Vice-Chair Jeanne Van Meter, Director George Gant, Director Ethel Urbina, Director Kathleen Thacker, Mayor Jim Swan, General Manager, James C. Welsh, General Counsel, Grant Lacerte 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 members and staff recited the pledge of allegiance.

C. AWARDS AND PRESENTATIONS

1. APPA E.F. SCATTERGOOD SYSTEM ACHIEVEMENT AWARD

Chris Gent, vice president of Corporate Communications advised that KUA received the APPA E.F. Scattergood System Achievement Award during the APPA National conference held June 2016 in Phoenix, Arizona. Director Hardee was present and received the award for KUA.

2. LINEMEN RECOGNITION

Chris Gent, vice president of Corporate Communications introduced Austin Franey and Kevon McKinsey. These linemen were featured on the back cover of KUA's hurricane handbook to reinforce the capabilities and strength of our workforce during storm season. The photo is also used in ads throughout the year as well as for Lineman Appreciation Day. The Board thanked them for their contributions and were presented with a small token of appreciation.

3. 10-YEAR SERVICE AWARD – JAVIER SIERRA, IT SYSTEMS
ADMINISTRATOR, INFORMATION TECHNOLOGY

4. 15-YEAR SERVICE AWARD – JEFF SANTOS, PRINCIPAL ENGINEER,
ENGINEERING & OPERATIONS

5. 20-YEAR SERVICE AWARD – FRANKIE BOODRAM, PP
OPERATOR/MECHANIC, POWER SUPPLY

6. 25-YEAR SERVICE AWARD – JEFF SIZEMORE, SENIOR ENGINEER,
ENGINEERING & OPERATIONS

7. 30-YEAR SERVICE AWARD – SCOTT YELVINGTON, SUPERVISOR OF
MECH. / OPER, POWER SUPPLY

8. EMPLOYEE OF THE MONTH FOR JULY 2016 – CALEB DAY, APPRENTICE
ELECTRIC METER TECHNICIAN, CUSTOMER SERVICE

Mr. Welsh congratulated Caleb for being selected employee of the month of July 2016.

D. HEAR THE AUDIENCE - At this time, Director Hardee asked if there was anyone from the public who would like to address the Board on an item that is not listed to please come forward. In hearing none, the Board moved forward with the agenda.

E. CONSENT AGENDA

Director Van Meter asked item # 2 to be pulled for additional discussion.

MOTION: Director Van Meter made a motion, seconded by Director Thacker to pull item # 2, Emerging Project – Active Shooter Detection System, for additional discussion.

MOTION PASSED 5 - 0

Director Hardee asked for a motion to approve the remaining item on consent.

ACTION: Director Thacker made a motion, seconded by Director Gant to approve item 1.

MOTION PASSED 5 - 0

1. APPROVAL OF MINUTES FOR JUNE 8, 2016 REGULAR & SPECIAL MEETING
2. EMERGING PROJECT – ACTIVE SHOOTER DETECTION SYSTEM

At this time Director Van Meter asked Jef Gray to come forward as she had some questions for him. Director Van Meter advised that she and Mr. Gray had an extensive meeting to review the security mechanisms.

Director Van Meter asked what can be done to improve security for our workers and customers who are on the first floor. She added with TOHO's move, we have less customers coming in so maybe between now and next year staff could look into reconfiguring the first floor to better meet our needs.

Mr. Gray advised that there is a downward trend in the number of customers who come in and those decreasing numbers may dictate decisions on how to move forward for those customers that do come in.

Mr. Gray advised that different options were discussed and instead of putting in a system like the active shooter detection system based on operations today, staff could begin to look into a global change that would incorporate a new operations layout on the first floor.

Director Hardee advised that he understands the remodeling or adjusting the customer service area because, he personally witnessed an active shooter event and worked to adjust where customers enter the facility. Director Hardee offered to consider budgeting for but not spending funds until there is a plan.

Director Thacker asked about putting in a bare bone system until this is further studied. Mr. Gray advised that with the dollars identified for the first year, staff can do the first floor only for less than the amount budgeted then later add the second and third floors without any issue.

Mayor Swan advised that the City has set aside funds over the next two to three years to enhance security at City Hall in the draft budget. He agrees with Director Van Meter's approach as it will be a big number.

Mr. Welsh stated that it makes sense to decide how this facility will be utilized by the public, if at all. He suggested that it is possible that the best way to deal with customers could be telephonically or electronically as opposed to coming into a crowded facility. He suggested studying these options which will enable the Board to make decisions on how to better protect the facility on a long-term basis.

Additional discussion took place and it was the consensus of the Board to delay the active shooter item that is on this agenda and have staff come back with a complete

picture. Mr. Welsh reiterated that staff will leave it out of the budget will bring ideas back the Board as quickly as possible.

Mayor Swan mentioned the idea of ATMs as an option. Mr. Hostetler advised that staff will look at this again. In the past, it was an expensive option however, staff is looking at adding other payment centers around the community at places like Walmart and Kmart.

At this time, Director Hardee apologized for missing last month's meeting. He asked the Board if they would place on the agenda the Disaster Recovery Facility that was voted on last month. Director Hardee advised that he wanted the opportunity to provide additional thoughts on this item.

MOTION: Director Van Meter made a motion, seconded by Director Urbina to discuss the Employee Appreciation Pavilion.

MOTION PASSED 5 – 0

Director Hardee thanked the Board for providing him the opportunity discuss this. Director Hardee advised that this concept was initially a smaller size, 2,000 S.F building and its purpose was to accommodate emergency restoration efforts.

Mayor Swan advised that he was here when the hurricanes happened and KUA staff and the other utilities managed to find places for those who came to town to help with places to sleep and rest.

Director Van Meter advised she was here as well during the hurricanes when the service territory was 100% down. She stated that the community came together and made it happen. Director Van Meter advised she could not justify building another facility just in case another hurricane comes through even though the facility could also be used for social functions.

Director Gant advised the cost did sway the Board's decision but if it is now a lower cost it may be an option.

Director Urbina added that she was against this project due to the initial title and also the completion of the large, newly opened Davis Operations Center.

Director Thacker asked if there are plans for the unfinished area on the third floor. Mr. Welsh advised the area is at max capacity now. Director Thacker asked if it could be used for emergency staging. Mr. Welsh advised as a disaster recovery location, it would not be optimal since it is on third floor.

Mayor Swan added that there are other areas that can be used after a disaster, such as Osceola Heritage Park, Osceola High School and the Civic Center.

Director Hardee thanked the Board for allowing him to discuss this topic.

F. PUBLIC HEARING

1. RESOLUTION NO. 16 - 03 FISCAL YEAR 2017 BUDGET

Joe Hostetler, vice president of Finance & Administration advised that this is a Public Hearing for the KUA Fiscal Year 2017. Mr. Hostetler reviewed the budget timeline, the budget amount, the review of the June 8th special budget meeting, load forecast, staffing, capital, financial highlights, and the effect on electric rates, outstanding debt and the fiscal policy.

The Budget for FY ending September 30, 2017 is projected to be \$225,972,000.

Director Hardee advised that this is a public hearing and if anyone from the public would like to address this item please step forward to the podium. In seeing none the following motion was made.

ACTION: Director Van Meter made a motion, seconded by Director Thacker to approve Resolution No. 16-03.

MOTION PASSED 5 – 0

**Director Hardee voted affirmatively.
Director Van Meter voted affirmatively.
Director Thacker voted affirmatively.
Director Gant voted affirmatively.
Director Urbina voted affirmative.**

G. INFORMATIONAL PRESENTATIONS (REQUIRING NO ACTION)

1. CUSTOMER SERVICE SURVEY RESULTS

Chris Gent, vice president of Corporate Communications introduced Kathy Gonot, President of PMG Associates. KUA contracted with PMG Associates, Inc. to conduct its annual customer satisfaction survey. The 40-question survey was conducted by telephone in June 2016 and covered a variety of topics, including customer contact and service, billing, services, communications and utility image. Ms. Gonot provided an overview of the survey results.

H. OLD BUSINESS - None

At this time, Mayor Swan shared with the Board a concern that has been bothering him for a few months. The Mayor stated this utility has done a very good job for many years and Jim has done a good job as well. He then stated that Jim is going to retire sometime and wanted to share that the Board should begin the advertising process for his replacement and the longer it is put off the more difficult it will be. This Board is a thoughtful Board and needs to grapple with this because it is time to get serious on who will replace Jim. He stated that the Board will make that decision so the Board needs to grapple with this issue.

Mayor Swan excused himself @ 4:59 pm.

I. NEW BUSINESS

1. REVIEW OF 2015/2016 GOALS AND ESTABLISHMENT OF 2016/2017 GOALS FOR CEO AND FOR KUA OVERALL

Mr. Welsh reviewed the 2016/2017 goals CEO and for KUA as a whole.

Mr. Welsh informed that the proposed Goal 4 has a revision. The Board reviewed the wording and after some discussion the new wording for proposed Goal 4 is as follows:

Continue to provide a competitive low cost, efficient and compliant power supply for the future,

by working with and overseeing KUA's joint action agencies and this will be measured by KUA's residential cost for 1000 kWh average for 12 months per year (including governmental transfers) being at or below the bottom third level of the list of electric systems in Florida as put out the Florida Municipal Electric Association, (FMEA). We will continue to pursue a solar power option for KUA customers cooperatively with FMPA and the Board of Directors can judge this by reports and evidence provided by staff.

Mr. Welsh clarified that if this language is taken out, this will enable and actually direct KUA as a goal to pursue solar whether customers want it or not and that

will enable KUA to support and vote for solar in the FMPA mix. If the current language stays in, the cost will be borne by only those customers that want solar. He added that, if FMPA proposes a solar project in their mix that would affect our rates, KUA would vote against it.

Additional discussion took place on the cost of solar power.

Director Van Meter reiterated that she wants to leave the option open for FMPA to develop solar. She stated that when KUA has 2 megawatts coming into the mix from FMPA, the KUA Board determine how to handle the costs.

Mr. Welsh advised that Goal #6 was more stylistic than anything else. The Board reviewed and agreed with the revision.

Director Thacker shared that she has an issue with the format. She stated that the goals are far exceeded year after year because we set such a low base line. Director Thacker recommended that a challenging metric should be considered when these goals are presented. Director Hardee recommended that staff advise what can be achieved beyond that.

Director Gant advised that the basis numbers don't have to be changed. Additional discussion took place on this.

Mr. Welsh advised that he will come back with a recommendation of some challenging but possibly achievable levels.

ACTION: Director Thacker made a motion, seconded by Director Van Meter for staff to tweak the goals as they currently are and send a copy of the revised goals to each board member; comments should be sent only to Mr. Welsh and put that together and send to put in a final copy. The item can be re-added to the agenda at that time, if needed.

MOTION PASSED 5 - 0

2. RESCHEDULING OF KUA MONTHLY BOARD MEETINGS

Mr. Welsh advised there has been some confusion regarding the standing dates of the monthly board meetings. The Board reviewed the changes and after a short discussion it was the consensus of the Board to continue to hold the monthly KUA Board meetings the first Wednesday of each month.

J. STAFF REPORTS

1. ENGINEERING & OPERATIONS SEMI ANNUAL REPORT

Brian Horton, vice president of Engineering & Operations provided an overview of the completed NERC compliance audit. Mr. Horton informed the Board that it was a clean audit and the auditors did not find any possible violations of reliability standards. Mr. Horton recognized and thanked the following staff members for accomplishing this, Thomas Lind, Manager of Substation Engineering; John Ambrosi, Supervisor of Relay; Bruce Thompson, Manager of T&D Operations; Anthony Darnell, Supervising Dispatcher and Mike Blough, Dispatch & Compliance Manager. Mr. Horton also advised that the 2015 reliability numbers were very good.

Dr. Gant asked about the timing of the audits. Mr. Horton advised KUA is on a 3 year audit cycle, but this could be changed to every 6 years in the future.

K. HEAR ATTORNEY, GENERAL MANAGER, DIRECTORS

Grant Lacerte, Vice President and General Counsel informed the Board that Director Hardee has been elevated to the 1st vice chair officer position on the Policy Makers Council, Mr. Lacerte then provided a brief update on an energy bill.

Mr. Welsh shared upcoming dates of events and added that this evening's meeting was very productive.

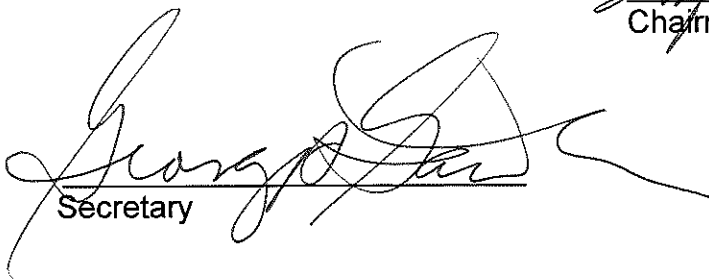
Dr. Gant commented that he has been involved with alternate sources of energy for 30 years and that staff should stay current with what is happening and don't let it affect the rate system.

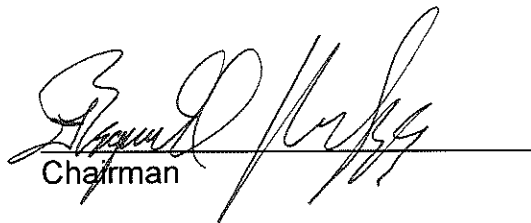
Director Van Meter thanked staff and Jef Gray for the comprehensive meeting that was held.

Director Hardee thanked staff for their continuous hard work.

L. ADJOURNMENT

Director Hardee adjourned the meeting at 6:04 pm.


Secretary


Chairman