

COMBINED REGULAR & SPECIAL MEETING OF KISSIMMEE UTILITY AUTHORITY
HELD WEDNESDAY, JUNE 3, 2015 AT 3:30 PM, BRINSON BOARD ROOM,
ADMINISTRATION BUILDING, 1701 WEST CARROLL STREET, KISSIMMEE,
FLORIDA

Present were Chairman Reginald Hardee, Vice-Chairperson 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. RECOGNITION OF KUA LINEMAN COMPETITION PARTICIPANTS

Ken Davis, vice president of Engineering & Operations informed the Board that KUA personnel participated in the Florida Lineman Competition on April 18th in Tallahassee and the APPA Public Power Lineworkers Rodeo on May 16th in Sacramento, California. The participants were recognized and a group picture was taken.

2. LINEMAN PRESENTATION TO AUTISM SOCIETY OF GREATER ORLANDO

Chris Gent, vice president of Corporate Communications shared with the Board that April was National Autism Awareness Month and to promote autism awareness, KUA's linemen teams and apprentices developed a campaign to sell this year's rodeo shirts to help raise money for the Autism Society of Greater Orlando. The linemen presented a check to the representatives of the Autism Society of Greater Orlando.

3. KUA STUDENT SCHOLARSHIP RECOGNITION

Mr. Gent stated that each year, KUA awards college scholarships to local high school seniors, funded through an annual contribution to The Foundation for Osceola Education. This year's recipients are Fabiola Bonilla Rivera - Celebration High School, Amin Meddouch - Celebration High School and Valeria Torres Perez - Osceola High School.

The Board recognized the students, presented them with a small gift, and wished them well in their next chapter of their lives.

4. 10-YEAR SERVICE AWARD – PAM ANDREWS, CUSTOMER SERVICE REPRESENTATIVE II, CUSTOMER SERVICE

5. 30-YEAR SERVICE AWARD – LEEANN DORSEY, WRITE OFF & BANKRUPTCY SPECIALIST, CUSTOMER SERVICE

6. EMPLOYEE OF THE MONTH FOR JUNE 2015 – SUSAN HAYES, INVENTORY/DOCUMENTS CONTROLS TECHNICIAN, POWER SUPPLY & OPERATIONS

Mr. Welsh congratulated Susan for being selected the employee of the month for June 2015 and thanked Pam and LeeAnn for their hard work and dedication.

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. In hearing none the Board moved forward with the agenda.

E. CONSENT AGENDA

ACTION: Director Van Meter made a motion, seconded by Director Thacker to approve items 1 & 3 under consent.

MOTION PASSED 5 – 0

Director Van Meter asked to pull item # 2 so that Donna Sines could address the Board.

1. APPROVAL OF MINUTES FOR MAY 6, 2015 REGULAR & SPECIAL MEETING
2. COMMUNITY VISION SPONSORSHIP

Donna Sines, Director of Community Vision thanked KUA for their continued support, and provided an overview of the new Osceola Poverty Elimination Network (O.P.E.N) program that has been very positive in the community.

RECOMMENDATION: Approve a \$10,000 sponsorship for Community Vision for 2015.

ACTION: Director Van meter made a motion, seconded by Director Thacker to approve item #2.

MOTION PASSED 5 - 0

3. TC DELIVERS, REVENUE BILLING CONTRACT EXTENSION

RECOMMENDATION: Authorize the Chairman and Secretary to extend contract with TC Specialties to continue providing revenue billing for utilities service from June 5, 2015 – June 4, 2016.

F. PUBLIC HEARING - None

G. INFORMATIONAL PRESENTATIONS (REQUIRING NO ACTION)

1. CUSTOMER SERVICE SURVEY RESULTS

KUA contracted with Deerfield Beach, Florida based research firm PMG Associates, Inc. to conduct our annual customer satisfaction survey. Kathy Gonot of PMG Associates presented the survey results to the Board.

After reviewing the outcome of the survey and a short discussion on the ratings, Director Urbina requested to see who is bringing the average down. Ms. Gonot advised that she will look at the actual survey on who ranked certain questions 5 or below and whether there are any comments. She will provide this information to Chris Gent who will then forward to the Board.

H. OLD BUSINESS - None

I. NEW BUSINESS

1. AWARD OF BID RFP 15-001, CONSTRUCTION CONTRACT FOR LACKEY CENTER EXPANSION

Ken Davis, vice president of Engineering & Operations informed the Board that proposals were received from five firms for providing construction services for the Lackey Service Center Expansion project. Mr. Davis reviewed the details of the proposals and advised that staff it is recommending the contract be awarded to the firm with the lowest total price, Leisure Construction.

Director Hardee asked if this bid was made available to vendors in Osceola as from the list of proposers there were none listed. Mr. Davis advised that a pre-bid was held and there were a number of local bidders.

ACTION: Director Van Meter made a motion, seconded by Director Thacker to authorize award of contract for RFP 15-001 to Leisure Construction for the amount of \$2,837,392 and authorize the Chairman and Secretary to execute the necessary contract documents.

MOTION PASSED 5 - 0

J. STAFF REPORTS

1. QUARTERLY FINANCIAL REPORT

Joe Hostetler, vice president of Finance & Risk Management provided a brief overview of the financial report.

2. FMPA UPDATE

Larry Mattern, vice president of Power Supply & Operations informed the Board that FMPA completes many duties for the members to provide a reliable, competitive and compliant wholesale power supply. Mr. Mattern provided an overview of recent activities.

K. BUDGET REVIEW

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

Mr. Welsh provided the following highlights that will be mentioned throughout the budget review process; \$221.8 Million budget, a decrease of \$629,000 from current year budget (primarily fuel related); 9.5 positions being reduced; reductions in 3 operating departments, however the majority is related to the TOHO transition; a 3% MLA is being recommended; two departments have been combined; the System Compliance & Operations and Power Supply were combined and is now Power Supply & Operations; within this department is the new budget for the Centralized Transmission Operations that was approved March 2015.

Mr. Welsh thanked Dr. Gant for pointing out that on Page 67 of the agenda packet the \$12.2M for the Hansel Substation rebuild is for this fiscal year not the 2016 fiscal year as noted. Also, per the suggestion of Dr. Gant, a re-designated portion of the rate stabilization fund is earmarked for the AMI project and will be drawn down as used.

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 staffing history report and how staffing will be impacted due to the TOHO transition.

Mr. Hostetler advised that per the Board's request at the March 2015 Board meeting, background on the TOHO transition was provided. KUA receives revenue from TOHO for the following services; metering, field service, customer service, billing, mailing and dispatch. TOHO contacted KUA that it will take on the all the functions with the exception of dispatch and KUA is working on agreement with TOHO on this. The TOHO timeline for Phase I may commence in June but more likely will be in July; Phase II will be

sometime next year. The goal is for a smooth transition for KUA, TOHO and the customers. TOHO will continue to pay KUA for two months after transition. Mayor Swan asked if two months was sufficient. Mr. Hostetler advised that a complete billing cycle takes 30 days, so when customers call in their questions should be answered within the first month. Director Van Meter asked if KUA is a planning public service announcement to explain to the customers the transition. Mr. Welsh advised direct mail letters have been sent and TOHO is also sending their own letters out.

Director Gant added that KUA should look at the cost of AMI closely. Mr. Welsh advised that next month a detailed report is scheduled to be done.

Dr. Gant asked if the new commercial development on Osceola Parkway will increase demand next year. Also, it would be good for staff to provide the Board with information on the new development coming into our service territory. A short discussion took place on the new development occurring from Heritage Park.

Per a request made by Director Hardee, Mr. Hostetler provided an overview of what happens to reserves over time. A discussion took place on the Rate Stabilization fund and the AMI project.

At 5:34 pm Mayor Swan excused himself from the remainder of the meeting but congratulated Director Thacker for her re-appointment to the KUA Board.

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

Wilbur Hill, Vice President of Human Resources advised that the Power Supply department and the System Compliance department have been combined to create the Power Supply & Operations department.

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.

ACTION: Director Van Meter made a motion, seconded by Director Thacker to approve a 3% market level adjustment for Fiscal Year 2016 annual budget.

MOTION PASSED 5 - 0

4. DEPARTMENTAL BUDGETS

a. POWER SUPPLY & OPERATIONS – LARRY MATTERN

Larry Mattern, Vice President of Power Supply & Operations provided an overview of his departmental budget and reviewed his organization chart. Mr. Mattern advised the department has been combined with System Compliance & Operations and a reduction of 1 position is being recommended.

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. 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.

d. CUSTOMER SERVICE – SUSAN POSTANS

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

e. 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.

f. 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.

Director Van Meter asked for a hard copy of this year's sponsorships and the projections for next fiscal year. Mr. Gent will provide this to Mr. Welsh who will forward to the Board as all requested a copy.

L. HEAR ATTORNEY, GENERAL MANAGER, DIRECTORS

Grant Lacerte, vice president & General Counsel informed the Board that a special session in Tallahassee is underway for the legislature and also that Ferentinos' appeal of the federal district courts dismissal of his case has been denied and the deadline to challenge that with a motion to reconsider has passed.

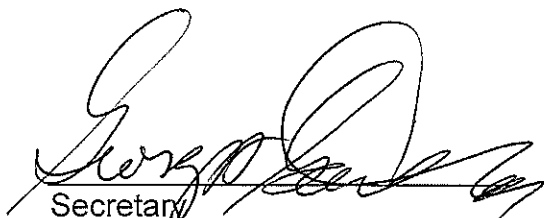
Mr. Welsh shared the board reminders of upcoming events and also added that staff will invite Bill Martin, Community Development Director from the County to provide an update on new projects.

Director Gant, Director Van Meter, Director Urbina, and Director Hardee congratulated Director Thacker on her re-appointment.

Director Hardee thanked staff.

M. ADJOURNMENT

Director Hardee adjourned meeting at 6:00 pm.


Secretary


Chairman