

COMBINED REGULAR & SPECIAL MEETING OF KISSIMMEE UTILITY AUTHORITY
HELD WEDNESDAY, JULY 1, 2015 AT 12:00 PM and PUBLIC HEARING 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 @ 3:31 pm.

B. PLEDGE OF ALLEGIANCE TO THE FLAG

The Board and staff recited the pledge of allegiance.

At this time, Director Hardee advised that staff has requested an adjustment to the agenda, Public Hearing item F to be moved to the 3:30 pm time period and item I3 Goals for KUA and KUA's CEO be moved to after staff reports.

ACTION: Director Van Meter made a motion, seconded by Director Urbina to accept the modified agenda as requested by staff.

MOTION PASSED 5 - 0

C. AWARDS AND PRESENTATIONS

1. PRESENTATION OF VANDERLINDEN PUBLIC OFFICIAL AWARD

Chris Gent, vice president of Corporate Communications announced that KUA's board chairman Reginald Hardee received the American Public Power Association Spence Vanderlinden Public Official Award at the Association's national conference last month in Minneapolis, Minnesota. Reginald Hardee was one of four winners in 2015. The award was read and presented to Director Hardee.

Director Hardee thanked staff for this accomplishment.

2. APPA RELIABLE PUBLIC POWER PROVIDER (RP3) DESIGNATION

Ken Davis, vice president of Engineering & Operations informed the Board that KUA was recently recognized as a platinum level designee, the second highest level designation possible. KUA has been designated at this level since 2007. The Board was presented with the plaque awarded to KUA.

3. 5-YEAR SERVICE AWARD – MATT MAASSEN, CERTIFIED SYSTEM OPERATOR, POWER SUPPLY & OPERATIONS

4. 10-YEAR SERVICE AWARD – MINH SON, CUSTOMER SERVICE REPRESENTATIVE, CUSTOMER SERVICE

5. 20-YEAR SERVICE AWARD – TERRI BILLER, SENIOR ADMINISTRATIVE ASSISTANT, CAP, ENGINEERING & OPERATIONS

6. EMPLOYEE OF THE MONTH FOR JULY 2015 – DALE SWAUGER, FLEET SERVICE MECHANIC III, ENGINEERING & OPERATIONS

Mr. Welsh congratulated Dale for being selected the employee of the month for July 2015.

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 & 2 under consent.

MOTION PASSED 5 - 0

1. APPROVAL OF MINUTES FOR JUNE 3, 2015 REGULAR & SPECIAL MEETING
2. AWARD OF BID ITB 6/4/2015-22-CV FOR PAD MOUNT SWITCHES

RECOMMENDATION: Award of Bid ITB 6/4/2015-22CV to Stuart Irby for the amount of \$177,495.

G. INFORMATIONAL PRESENTATIONS (REQUIRING NO ACTION)

1. OSCEOLA COUNTY YMCA PRESENTATION

Chris Gent, vice president of Corporate Communications introduced Gilbert Garcia, the new executive director of the Osceola County YMCA. Mr. Garcia shared a short video and shared the positive impact KUA's financial contributions have made to the Y and to its 3,000 members. Mr. Garcia thanked KUA for its support.

2. UPDATE ON OSCEOLA COUNTY DEVELOPMENT BY BILL MARTIN

Ken Davis, vice president of Engineering & Operations advised that per the direction of the Board during last month's board meeting staff invited Bill Martin to provide information on projects in the County.

Bill Martin, Executive Director of Greater Osceola Partnership for Economic Prosperity provided an overview on what is going on in the County. Dr. Gant thanked Mr. Martin for coming out and asked if anything comes up in the future to please come back and share with the Board. Director Van Meter asked if the Governors recent veto for the money on the smart sensor's project affects the entire project. Mr. Martin advised that the County did want the States support and buy in but it is not a deal stopper.

The Board thanked Mr. Martin for coming out.

H. OLD BUSINESS - none

I. NEW BUSINESS

1. ADJUSTMENT TO CITY TRANSFER CALCULATION METHODOLOGY

Joe Hostetler, vice president of Finance & Risk Management reminded the Board that at the April 3, 2013 board meeting the KUA Board approved the Interlocal Agreement Relating to the Annual Transfer Fee which changed the calculation methodology of KUA's transfer to the City. The transfer calculation moved from a *mills/kWh* formula to a *% of total operating revenues (including fuel and purchased power costs passed through to the ratepayers)* formula. The transfer, which is revenue neutral to KUA, is a direct pass-through to the ratepayer and is included on the customer's bill under Governmental Transfers/Taxes.

Mr. Hostetler advised staff has worked with the City in order to meet the budget for the transfer and provide stability and staff is recommending changing back the methodology prior to 2013.

Director Hardee asked if the previous process that was in place was the standing process or was it changed. Mr. Hostetler advised that it has undergone one change prior and that this would be the second change.

ACTION: Director Gant made a motion, seconded by Director Van Meter to approve authorizing staff to submit the associated tariffs to the FPSC and set a public hearing on August 5, 2015 to consider the tariffs adjusting the City transfer calculation methodology and to consider agreeing to rescind the 2013 Interlocal Agreement with the City.

MOTION PASSED 5 - 0

2. REVENUE BONDS, SUBORDINATE SERIES 2005 OPTIONAL REDEMPTION

Joe Hostetler, vice president of Finance & Risk Management advised that he introduced this at the budget workshop meeting. The 2005 Subordinate bond issue has a call feature which the bond can be refunded after a 10 year period and the earliest KUA can redeem is October 1, 2015. By redeeming the outstanding principal on October 1, 2015 for fiscal years 2016- 2018 for \$6,725,000, approximately \$480,450 will be saved assuming no change in the budgeted investment interest rates through 2018.

ACTION: Director Urbina made a motion, seconded by Director Thacker to Authorize staff to take the necessary action to redeem the outstanding Electric System Refunding Revenue Bonds, Subordinate Series 2005.

MOTION PASSED 5 - 0

J. STAFF REPORTS

1. ENGINEERING & OPERATIONS SEMI ANNUAL REPORT

Ken Davis, vice president of Engineering & Operations provided a report on Distribution System Reliability.

2. ADVANCED METERING INFRASTRUCTURE (AMI) PRESENTATION

Larry Mattern, vice president of Power Supply apprised the Board on the continual study/research of Advanced Metering Infrastructure (AMI). Mr. Mattern reviewed the cost and savings comparisons for the 2015 updates.

Dr. Gant asked about an estimated time frame for this type of project. Mr. Mattern advised it could take up to 4 years. Dr. Gant added that Florida Power & Light might be our best advocate on how to deal with this in the future. Director Van Meter advised that TOHO has moved forward with this and it is working well for them. Mr. Woessner, who originally headed the project advised that TOHO is using Automatic Meter Reading (AMR), which is a different system that only reads meters. Director Urbina expressed that we need to see KUA into the future; that enhancements in the process and procedures are needed instead of always looking into the costs. She stated that we need to make sure KUA does not stay behind.

Director Thacker asked when the TOHO transition will be complete. Mr. Welsh advised April of 2016. Director Thacker inquired if KUA can be ready to at least start by April 2016. Dr. Gant said he was involved with this since the start and he does not feel that KUA should rush into this.

After some discussion Mr. Welsh commented that is why he suggested moving his goals to after this item because he has a modification for a goal on AMI. Mr. Welsh added that KUA may want to be on the leading edge not on the bleeding edge so that is why we have had a tremendous amount of investigation this past year and not with people who are wanting to sell us the equipment and meters but with those who have implemented AMI. He stated that we have seen systems that have done it wrong and we have seen systems that have done it right and are getting good value for their customers. Mr. Welsh added that KUA's philosophy is not to spend any money that does not get returned to the customers in one way or another. Mr. Welsh suggested planning our transition to AMI when we feel and judge that it's the most value to our customers.

Director Thacker suggested planning the budget for AMI in advance. Mayor Swan advised you can put something in the budget now. Director Thacker said she would like to see a line item in the budget to start saving for this. Director Van Meter advised that the Board first needs to come to a consensus if this should happen.

Further discussion took place.

Mr. Welsh moved forward to his new goal under Goals for KUA and KUA's CEO. A new goal, number 11 was shared with the Board as follows, Develop and begin implementation of a plan to provide the benefits of Advanced Metering Infrastructure (AMI) to KUA customers as soon as a relatively smooth implementation is feasible. Mr. Welsh added that this goal is what is being suggested by the Board and if dollars are needed staff can come back to the Board or the projected funds in FY 2019 could be moved to FY 2016.

Mayor Swan advised that the Board should consider new Goal # 11 and also put funds in the current budget for the coming years until implementation is feasible. Director Hardee agreed as he would like to see a more direct action on budgeting. Director Thacker asked if there is a need for a set amount of money in the budget being presented today. Jef Gray, vice president of Information Technology advised that if we are to begin in the very near future approximately \$100K would be needed.

After further discussion on how to move forward with Goal # 11 the following motion was offered.

ACTION: Director Thacker made a motion, seconded by Director Urbina to Develop and begin implementation of a plan to provide the benefits of Advanced Metering Infrastructure (AMI) to KUA customers as soon as a relatively smooth implementation is feasible and that we designate funds for the start of the IT part being \$4M knowing that there will be other uses for that money.

MOTION PASSED 5 - 0

3. FMPP UPDATE

Larry Mattern, vice president of Power Supply & Operations provided an update on FMPP.

Director Van Meter asked about solar. Mr. Mattern said a committee has been looking into this.

Director Hardee asked if the discussion on solar can be held off until Mr. Welsh reviews his Goals for KUA and KUA's CEO. The Board concurred.

Mayor Swan shared the following comment on recycling. There is a lot of recycling going on in Osceola County, the City of Kissimmee, and City of St. Cloud. It initially was envisioned to break even and it hasn't. In short, the Mayor advised to tread lightly.

At this time the Board requested a 5 minute break.

The meeting commenced at 1:57 pm.

I. 3. REVIEW OF 2014/2015 GOALS AND ESTABLISHMENT OF 2015/2016 GOALS FOR CEO AND FOR KUA OVERALL

Mr. Welsh informed the Board that the 2014/2015 goals were achieved and in discussions with staff and individual board members have modified the proposed goals for 2015/2016. Mr. Welsh reviewed Goal # 4 and after a discussion on solar the Board arrived to a consensus and Goal # 4 was modified as; Continue to provide a competitive, low cost, efficient and compliant power supply for the future. Pursue a solar power option for those KUA customers that are willing to pay the costs necessary to ensure that customers not interested in solar do not pay any additional costs associated with solar infrastructure.

Director Hardee shared with the Board that during a presentation at the APPA annual conference there was a presentation on solar power that showed it was cost effective and it showed a sufficient amount of new technology for better use of solar.

Further discussion on proposed Goal # 4 took place.

Director Thacker stated that she does not feel that KUA has a strategic plan in place.

Director Hardee asked the Board to move forward first with the Proposed Goals and then have a discussion on a strategic plan.

ACTION: Director Van Meter made a motion, seconded by Director Hardee to approve Goal # 4 to read as Continue to provide a competitive, low cost, efficient and compliant power supply for the future. Pursue a solar power option for those KUA customers that are willing to pay the costs necessary to ensure that customers not interested in solar do not pay any additional costs associated with solar infrastructure.

Director Thacker asked for the motion to be amended to specifically put FMPA in the motion. A quick discussion took place and a vote was taken on the initial motion.

MOTION PASSED 5 - 0

Mr. Welsh assured Director Thacker that placing FMPA explicitly in the motion does no harm as KUA will have to pursue solar through FMPA anyway.

The Board moved to Goal # 10 and discussed. The Goal was modified to read as follows: Heighten public and board awareness about key KUA accomplishments and initiatives especially KUA's user friendly customer service procedures and KUA's future plans.

ACTION: Director Thacker made a motion, seconded by Director Urbina to approve Goal # 10 as Heighten public and board awareness about key KUA accomplishments and initiatives especially KUA's user friendly customer service procedures and KUA's future plans.

MOTION PASSED 5 - 0

Mr. Welsh asked the Board to alter the motion to include KUA's future plan for solar. It was the Board's consensus not to alter the motion.

Mr. Welsh advised that the remaining proposed goals in the original agenda item need to be approved.

ACTION: Director Gant made a motion, seconded by Director Van Meter to approve the remaining proposed Goals for 2016/2017.

MOTION PASSED 5 - 0

K. HEAR ATTORNEY, GENERAL MANAGER, DIRECTORS

Grant Lacerte, vice president & General Counsel informed the Board that Tony Ferentinos has filed a petition before the US Supreme court to overturn the 11th Circuit's case. It was filed after the required deadline. He will keep the Board posted.

Mr. Welsh shared dates of upcoming events with the Board. Mr. Welsh shared that Director Hardee has been selected by the Policy Makers Council as their Vice Chairman for the coming year. Mr. Welsh said that this was a very productive meeting and wished all a Happy Independence Day.

Dr. Gant stated that he has been involved in alternative sources of power since 1970 and has taken solar power as a special interest; that is why he so conservative about the issues that keep coming forward. A lot of ways of providing power have come and gone but he feels that we are missing out on one of the sources that Florida will need in the future which is nuclear power.

Director Van Meter shared that she appreciated the presentation from those who seek sponsorships from KUA and would like to have those who receive \$5K or more to come in to make a presentation. Mr. Welsh advised that next month The Boys and Girls club will come in.

Director Van Meter congratulated KUA for having the 3rd lowest rates in the State and wished everyone a Happy Fourth.

Director Thacker went back to the topic of Strategic Planning and suggested having Barry Moline of FMEA come out to discuss what a utility strategic plan might encompass. Director Van Meter advised that she has done strategic planning and it take a lot of hours; it has set goals and a timeline to achieve those goals.

After some discussion, the Board asked Mr. Welsh to contact Barry Moline. Mr. Welsh advised he will contact Barry Moline and ask him to address the Board on solar issues as well as strategic planning. He would also show him KUA's goals and budget to see if he thinks it is adequate or inadequate for an overall strategic plan for this organization.

Mayor Swan asked all to come down to the Lakefront for the celebration and fireworks and also added that he liked the discussions that took place today as eventually the rate payors will benefit from it.

Mayor Swan excused himself from the meeting at 2:45 pm.

The meeting was in recess 2:55 pm.

At 3:30 pm the KUA Board meeting commenced with the public hearing portion.

F. PUBLIC HEARING

Mr. Welsh advised that the addition of spreading out the AMI cost in a 5 year sequence beginning in 2016 at \$4M a year is now included as recommended by the Board. Mr. Hostetler provided a brief overview of the budget including the budgetary change of the AMI project.

Director Hardee advised that this is a Public Hearing to approve the Fiscal Year 2016 Annual Budget as amended. Resolution No. 15-01 approving the Kissimmee Utility Authority Fiscal Year 2016. The Budget for FY ending September 30, 2016 is projected to be \$225,843,000.

Director Hardee asked if there is anyone from the public that would like to address this item. In hearing none, a motion was made.

ACTION: Director Van Meter made a motion, seconded by Director Urbina to approve Resolution No. 15 - 01

MOTION PASSED 5 – 0

**Reginald Hardee voted yes
Jeanne Van Meter voted yes
Dr. George Gant voted yes
Kathleen Thacker voted yes
Ethel Urbina voted yes**

Director Hardee thanked the KUA staff. Mr. Welsh distributed revised goals as they were requested.

L. ADJOURNMENT

Director Hardee adjourned the meeting at 3:45 pm.

At 3:47 pm Director Hardee advised that the meeting had been adjourned however a special call meeting is being requested by Mr. Welsh. Mr. Welsh apologized however, he asked if the Board would like to consider changing the start time of the monthly Board meetings from 3:30 pm to noon. There was a short discussion and it was the Board's consensus to keep the time at 3:30 pm.

Director Hardee adjourned the meeting at 3:52 pm.


Chairman


Secretary