

REGULAR MEETING OF KISSIMMEE UTILITY AUTHORITY HELD WEDNESDAY,
JANUARY 10, 2018, AT 3:30 PM, BRINSON BOARD ROOM, ADMINISTRATION
BUILDING, 1701 WEST CARROLL STREET, KISSIMMEE, FLORIDA

Present were Director Jeanne Van Meter, Director Kathleen Thacker, Director Ethel Urbina, Director Manuel Ortega, Director Rae Hemphill, General Manager James C. Welsh, General Counsel Grant Lacerte, Mayor Jose Alvarez and Recording Secretary Leticia Rivera.

A. MEETING CALLED TO ORDER

Director Van Meter called the meeting to order at 3:30 PM.

B. PLEDGE OF ALLEGIANCE TO THE FLAG

The Board and staff recited the pledge.

Director Van Meter wished all a Happy New Year and advised that the KUA Calendar award item has been moved to the end of the award presentations.

C. AWARDS AND PRESENTATIONS

1. 5-YEAR SERVICE AWARD – CHRIS MCGUIRE, NETWORK TECHNICIAN, INFORMATION TECHNOLOGY
2. 30-YEAR SERVICE AWARD – HENRY KURNICK, ENGINEERING TECHNICIAN II, ENGINEERING & OPERATIONS

Mr. Welsh thanked Henry for all his years of service and congratulated him on his upcoming retirement.

3. EMPLOYEE OF THE MONTH FOR JANUARY 2018 – WILSON ESPINOZA, HELP DESK TECHNICIAN, INFORMATION TECHNOLOGY

Mr. Welsh congratulated Wilson for being selected employee of the month for January and thanked him for his hard work.

4. EMPLOYEE OF THE YEAR FOR 2017 – BRENDAN LAFLAMME, APPRENTICE LINEMAN II, ENGINEERING & OPERATIONS

Mr. Welsh congratulated Brendan for being selected employee of the year for 2017.

5. KUA'S ENERGY CONSERVATION CALENDAR WINNERS

Chris Gent, vice president of Corporate Communications advised that three children are not present tonight. Mr. Gent introduced the winners of KUA's 2018 Energy Conservation Calendar, City of Life Christian Academy – Bryce Fedewa, grade 5 (grand prize winner); Sunrise Elementary - Galilea Ali Negrón, grade 5; Partin Settlement Elementary – Anissa Rose, grade 3; City of Life Christian Academy – Gabriella Luna, Grade 4; Highlands Elementary – Ashley Cruz Villalta, grade 3; Mater Brighton Lakes Academy – Yeidy Rosa-Castro, grade 3; Flora Ridge Elementary – Diana Alejandra Vargas, grade 5; Thacker Avenue Elementary – Caden Akers, grade 4; Holy Redeemer Catholic School – Alexander Gonzalez, grade 1; Sunrise Elementary, - Onixxjoe Barreto, grade 4; Poinciana Christian Preparatory – Zyon Hope Wynn, grade 4; Sunrise Elementary - Belinda Cantres Hernandez, grade 5. Each child received a plaque and a photo with the Board was taken.

D. HEAR THE AUDIENCE

Director Van Meter asked if anyone from the audience would like to address the Board on an item not on the agenda. In hearing none, the Board moved forward to the next item on the agenda.

E. CONSENT AGENDA

ACTION: Director Ortega made a motion, seconded by Director Thacker to approve items 1 through 3 on the consent agenda.

MOTION PASSED 5 - 0

1. APPROVAL OF MINUTES FOR DECEMBER 6, 2017 OPTIONAL WORKSHOP
2. APPROVAL OF MINUTES FOR DECEMBER 6, 2017 REGULAR MEETING
3. KISSIMMEE PARKS & RECREATION SPONSORSHIP

RECOMMENDATION: Approve KUA's sponsorship of the City of Kissimmee's Parks & Recreation Department programs and events in the amount of \$25,000.

F. PUBLIC HEARING - None

G. INFORMATIONAL PRESENTATIONS (REQUIRING NO ACTION)

1. YEAR END AUDITED FINANCIAL REPORT FOR FY 17

Kevin Crawford, vice president of Finance & Administration introduced Mark White who reviewed the highlights of the annual report. Katherine B. Eng, CPA and Mary Burns, CPA of Purvis Gray were also present and available for questions if needed.

Mr. White reviewed highlights within the audited financial report.

H. OLD BUSINESS

1. BUDGET AMENDMENT FOR THE EXPANSION OF THE DOMINGO TORO SUBSTATION

Kevin Crawford, vice president of Finance & Administration informed the Board that a budget amendment for the expansion of the Domingo Toro Substation is being requested. Mr. Crawford reminded the Board that at the September 13, 2017 board meeting, the Board directed staff to expand and accelerate the construction of the Domingo Toro Substation at the NEO City site at an amount not to exceed \$20 million.

Mr. Crawford explain that that substation was originally projected at \$10.5M; with \$4.5M authorized in the FY 2018 Budget with the remaining \$6M projected for FY2019. Due to the expansion and acceleration of the project, the FY2018 Budget needs to be amended by \$15.5M to include the additional \$9.5M (\$20-\$10.5) and the \$6M previously projected for FY2019.

Director Thacker advised she was concerned with taking \$15.5M out of rate stabilization fund when it sounds like capital outlay. Director Thacker recommended \$9.5M to be funded from the rate stabilization fund and \$6M to be funded by the reserve for future capital outlay. Director Thacker advised that the budget

amendment has \$6M budgeted for FY2019; therefore the \$6M can be placed back into capital outlay fund.

Mr. Crawford agreed that the \$6M will be placed back into capital outlay however, there is a policy that pertains to the balance that needs to be in that account so to be fully compliant the policy also needs to be amended to reduce the balance to \$2M.

Director Thacker asked if a third bullet could be included in the recommendation to state that the \$6M will be placed back into capital outlay in FY2019 and return the policy to the minimal level to what it is now.

Mr. Welsh advised that Mr. Crawford will review the whole current fiscal policy that the Board has and come back with recommendations.

Director Urbina advised the third bullet is not needed since Mr. Crawford will address the fiscal policy with recommendations at the April meeting.

ACTION: Director Thacker made a motion, seconded by Director Ortega to authorize staff to amend the FY2018 Budget by \$9.5M to be funded from the Rate Stabilization fund; \$6M to be funded by the Reserve for Future Capital Outlay and update the verbiage on the policy as such, The Reserve for Future Capital Outlay fund should be used for all other purposes as approved by the Board of Directors. Maintain a minimum of ~~\$5,000,000~~ \$2,000,000 in the Reserve for Future Capital Outlay, ~~indexed each year by the increase in kWh sales beginning in Fiscal Year 1997 (budgeted at \$8.7 million);~~

MOTION PASSED 5 - 0

I. NEW BUSINESS - None

J. STAFF REPORTS

1. ENGINEERING & OPERATIONS SEMI-ANNUAL REPORT

Brian Horton, vice president of Engineering & Operations provided an update on major improvements including, Airport Substation upgrades, Domingo Toro Substation, Employee Substation Feeder Extension and AML.

K. HEAR ATTORNEY, GENERAL MANAGER, DIRECTORS

Grant Lacerte, vice president & general counsel reviewed a few federal legislation matters, including the tax reform bill that passed late year which repealed advance refunding. Mr. Lacerte also provided legislative update on the following three bills, Energy 2040 task force, Energy Grid and Medically Essential Electric Service. The Board will be briefed on these again at the upcoming Legislative rally in Tallahassee.

Director Ortega asked who is sponsoring the bills. Mr. Lacerte advised, Senator Simmons out of Orlando, Rep. Perez and Senator Branden.

Mr. Lacerte asked if the Board would like monthly updates on the Sunshine Law. The Board agreed and Mr. Lacerte will start at the February meeting.

Mr. Lacerte also informed the Board of a former employee matter that he will be investigating and report back to the Board. Director Thacker asked if a signature page was included as she did not see it in her packet. Mr. Lacerte advised there is one.

Mr. Welsh recognized Mr. Lacerte for being a diplomat and accomplishing what is needed for KUA.

Mr. Welsh shared upcoming dates and events.

Mayor Alvarez advised he will not be able to attend the Legislative rally and advised this is a very important year to fight as there are a lot of bills on the table.

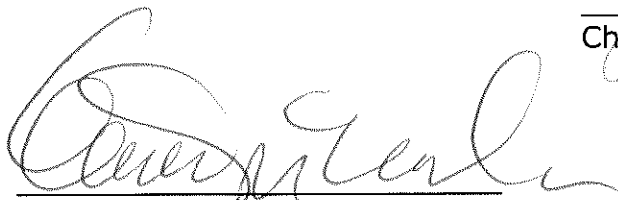
Director Ortega asked if there are any plans to drive together up to Tallahassee. Mr. Lacerte will provide details to those board members who wish to drive together.

L. ADJOURNMENT

Director Van Meter adjourned the meeting at 4:41PM.



Chairman



Secretary