

SPECIAL MEETING OF KISSIMMEE UTILITY AUTHORITY HELD TUESDAY,
OCTOBER 2, 2018, AT 1:00 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, Mayor Jose Alvarez, General Manager James C. Welsh, General Counsel Grant Lacerte, and Recording Secretary Jennifer Gonzalez.

A. MEETING CALLED TO ORDER

Director Van Meter called the meeting to order at 1:00 PM.

B. PLEDGE OF ALLEGIANCE TO THE FLAG

The Board and staff recited the Pledge of Allegiance.

C. SUCCESSION PLANNING FOR PRESIDENT, GENERAL MANAGER & CEO

Grant Lacerte, vice president and General Counsel, asked to be recused before the discussion started because the Board would be engaging in a substantive discussion in which he may be a potential CEO candidate. The Board agreed that Mr. Lacerte should not be present. Mr. Lacerte added that he is available if the Board has any legal questions.

Mr. Lacerte added that if the Board decided to follow Directive 16-02, then a special committee would need to be created which may be subject to Sunshine.

Director Van Meter opened the meeting by clarifying that the Board would only be addressing the letter received from Mr. Welsh regarding his retirement. She shared that she was contacted by community leaders who saw the last meeting and read the newspaper article. She further expressed that a prolonged retirement would cause stress to KUA and recommended that Mr. Welsh's retirement date be changed to 4 to 6 months from now, March 31, 2019, at the latest. Director Van Meter opened the floor for comments from other Board members.

Mayor Alvarez shared his thoughts and reminded the Board of some comments made by Mr. Welsh at the last board meeting.

Director Thacker asked if the date that Director Van Meter is proposing is March 31st and if there are some requirements that the Board needs to meet in regards to providing notice. Director Van Meter clarified that the President can be terminated at any time with no timeframe.

The Board asked for Mr. Lacerte to come back to clarify what are the Boards' obligations regarding Mr. Welsh's termination. Mr. Lacerte explained the Charter states that the CEO serves at the Board's pleasure; it is an at-will relationship. He added that the Board can terminate a CEO at any time.

Mayor Alvarez asked Mr. Welsh if he has a year to year contract. Mr. Welsh confirmed he does not. Mayor Alvarez suggested that the new president coming in should be on a year to year contract like the City, re-evaluated every year and then renew the contract yearly.

Director Van Meter shared that she has done extensive research for the past 2 months and to stretch out the retirement will hurt the team. She considered what would be the best date for KUA and emphasized that 4 to 6 months would be best; a prolonged process would be very bad.

Director Ortega shared that the Board is looking more at Mr. Welsh retiring more on personal reasons rather than professional. He said KUA is heading in the right direction and production is moving in the right direction and the date proposed by Mr. Welsh is reasonable.

Director Van Meter explained the process to hire a new CEO will not take long based on her experience on other boards. She said a professional search team should be hired and believes that a new CEO can be hired within 4 to 6 months.

Director Urbina said she agreed that any time past 3 to 4 months is disruptive to the corporation and unproductive.

Mayor Alvarez asked if Mr. Welsh will remain in his capacity and over his vice presidents. Director Van Meter said she trusts him and does not doubt he can handle it. However, if something were to occur, the Board can take action immediately.

ACTION: Director Urbina made a motion to change the proposed retirement date from January 1, 2020 to March 31, 2019. Director Thacker seconded it for discussion purposes.

Director Thacker said she does not believe the Board can set the retirement, but the Board can set the severance from the company. The Board asked for Mr. Lacerte to come back for clarification. Director Van Meter asked Mr. Lacerte if the Board can set Mr. Welsh's retirement date or does the Board set Mr. Welsh's end of his employment to March 31, 2019. Mr. Lacerte explained that date has to be the last day of employment and that the Board can set a severance package.

Director Van Meter asked Director Urbina if she would like to change her motion.

Mr. Welsh offered to change the date on his letter and initialing it to simplify the process.

The Board agreed that the motion be retracted.

Director Van Meter thanked Mr. Welsh for helping the Board simplify the process. Mr. Welsh thanked Director Van Meter for giving him her vote of confidence that he could and would do his job until the end. Mr. Welsh also thanked the rest of the Board for also accepting her vote of confidence.

Mr. Welsh suggested that Director Van Meter read the letter then the Board can make a motion. Director Thacker suggested the language about the directive be removed from the first paragraph. Mr. Welsh advised that sentence will be removed.

Director Thacker asked whether Directive 16-02 should be dealt with at this time. Director Van Meter said no because this is a special meeting for the succession plan. Mr. Welsh suggested that the Board should not move forward on a plan that is in conflict with the directive without changing the directive.

ACTION: Director Urbina made a motion, seconded by Director Thacker, to accept Mr. Welsh's revised resignation letter where it states that he will retire on March 31, 2019.

MOTION PASSED 5 - 0

The Board proceeded to discuss which firm to contact to begin the nationwide search for KUA's next CEO.

Mayor Alvarez suggested that the Board finish addressing the directive issue and schedule another workshop should be held to discuss what will be the qualifications for the job and create the job description.

ACTION: Director Hemphill made a motion, seconded by Director Urbina, to rescind Directive 16-02, CEO Retirement Transition Plan.

MOTION PASSED 5 - 0

Director Ortega recommended that an attorney be hired to help with the process because Mr. Lacerte cannot be called in as he may be a potential candidate. Mayor Alvarez stated KUA has an attorney to assist with any questions regarding KUA and outside counsel will only help with the recruitment of the CEO.

The Board discussed contacting Fred Cumble to see if he would be willing to assist with the recruitment process since he has knowledge of KUA and board procedures. Additional discussion took place regarding the next steps regarding hiring a professional agency to assist with the recruitment process.

Director Van Meter asked if Dr. Wilbur Hill, vice president of Human Resources, could be brought in to assist. Dr. Hill said he would assist. He said first thing would be to create a job description and then select the recruiting agency that will be used.

Director Thacker said that the job description will need to be created since the CEO description goes back some years. Director Thacker asked staff to provide the Board with copies of the CEO job description from OUC and FMFA.

Mr. Welsh asked if the Board would like for Carl Mycoff to come down to meet with the Board to do an initial presentation to provide some information in the direction to move, the Board agreed.

Director Van Meter asked the Board if it was okay that she meet with a recruiting agency to get information to report back to the Board since there is a scheduling conflict. The Board agreed.

Director Hemphill requested that job descriptions from local utilities be gathered and be provided to the Board to get a head start. Director Van Meter added that it be for recent hires.

Director Van Meter clarified that she would be able to meet with the recruiting firm after October 15. The Board agreed to set a special board meeting on November 5, 2018 to take action and hire the recruiting agency.

Director Urbina clarified that job descriptions will be sent to the Board as soon possible and Director Van Meter will be meeting with the recruiting team.

Director Urbina asked if Mr. Welsh will be announcing to the workforce of his retirement. Director Van Meter asked that the date not just be announced, but that the announcement be special. Mr. Welsh confirmed that he would be notifying staff and that Chris Gent, vice president of Corporate Communications, will finalize the announcement he has prepared.

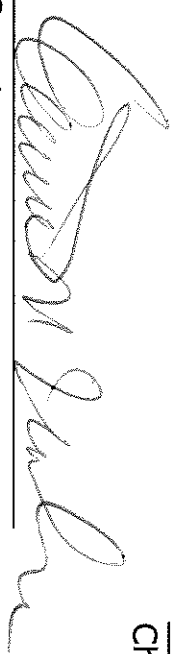
Mr. Welsh confirmed that Fred Cumbie will be at the November meeting if available.

D. ADJOURNMENT

Director Van Meter adjourned the meeting @ 2:34 pm.



Chairman



Secretary