

MINUTES OF SPECIAL MEETING OF KISSIMMEE UTILITY AUTHORITY, WEDNESDAY, JUNE 14, 2000, 6:00 P.M., BRINSON BOARDROOM, ADMINISTRATION BUILDING, 1701 WEST CARROLL STREET, KISSIMMEE, FLORIDA.

Present were Vice-Chairman Gant, Director Hord, Director Toro, Director Shearer, Attorney Brinson, General Manager Welsh and Recording Secretary Fizer. Absent were Chairman Walter and Mayor Attkisson.

A. **MEETING CALLED TO ORDER** at 6:00 P.M. by Vice-Chairman Gant.

B. **PLEDGE OF ALLEGIANCE**

The Board and staff recited the Pledge of Allegiance.

C. **BUDGET REVIEW**

1. **INTRODUCTION - JAMES C. WELSH, PRESIDENT & GENERAL MANAGER**

Mr. Welsh gave a brief introduction to the budget review that would be detailed further by staff. He noted that the ten-year planning process was completed by staff and presented to the Board at a recent board meeting. This process was followed by the development of the budget and once presented to the Board a public hearing will be scheduled prior to final approval. Mr. Welsh highlighted major capital expenditures that would be reviewed by the department directors. An errata sheet was handed out to each board member.

2. **FINANCIAL OVERVIEW - JOE HOSTETLER, DIRECTOR OF FINANCE**

Mr. Hostetler reviewed the points that were listed on the errata sheet. He noted that in the ten-year plan it was reflected that current earnings, cash provided from operations, should be adequate to fund operating and maintenance expenses, debt service related costs, and year-to-year capital needs, generally less than \$100,000. In the past, interest earnings have been used to fund these as well as this year. Interest earnings are also used to cover some capital items that are bought each year. Mr. Welsh clarified that "cash provided from operations" is a technical accounting term, indicating that interest earnings would be excluded. Mr. Hostetler reported that he was not using it in that context and it would not exclude interest earnings.

Major budget issues that were reviewed were Cane Island 3, a commercial paper program, employee substation, World Expo Center, line extensions, and master computer plan. Ken Davis is working with the developer on the construction schedule for the Expo Center. Director Hord wanted to be assured that KUA would be secure should this project start and then fold.

Mr. Hostetler briefly reviewed total revenue projections for 2001 and revenue types, as well as other sources of income. He reported on the interest expense and debt service coverage. Mr. Hostetler noted the advantages of KUA having its own commercial paper program over continuing in the Florida Municipal Power Agency's (FMPA) pooled loan program.

3. **PERSONNEL OVERVIEW - NEVILLE TURNER, DIRECTOR OF PERSONNEL & RISK MANAGEMENT**

Mr. Turner gave the Board the company's personnel overview. He presented the company organizational chart and noted the additions to staff in 2001. The average consumer price index was reviewed and staff recommended a 3% market level adjustment for KUA employees. Director Toro asked why Information Systems was increasing by three positions and Mr. Turner said that those positions included an Internet support technician, a programmer and a clerical assistant. Dennis Wick, director of Information Systems, noted that the addition of an Internet support technician would be based on sales.

Chris Beck, director of Marketing, reported that a reorganization of the Marketing department had eliminated the position of Marketing Manager. With this elimination and the taking of two unfilled part-time help desk positions, two sales persons would be hired. Ms. Beck

continued by saying that if sales warranted, at a later time another part-time help desk person would be requested.

ACTION: Motion by Director Shearer, seconded by Director Hord, to approve a 3% market level adjustment for KUA employees, effective October 1, 2000.

Motion carried 4 - 0

4. KUA.NET SUMMARY

Ms. Beck reviewed the Marketing organizational chart showing the elimination of the Marketing Manager and the addition of the two sales positions and how this relates to KUA.net. Mr. Wick reviewed the Information Systems organizational chart and noted under the Internet Services Manager in the support area, three technicians would be hired. He emphasized that these technicians would only be hired if the amount of work warrants. Mr. Hostetler reviewed customer growth projection for 2001. Ms. Beck also said that the sales people coming on board would concentrate on commercial sales. She indicated that over the next few weeks, wireless Internet would be tested and a possible high speed service.

Vice-Chairman Gant requested that staff research the wholesale part of the Internet industry. Mr. Welsh clarified that this referred to the Hometown Connections proposal. He said that KUA has done a cost analysis on this and would give Director Gant a more detailed report later.

The meeting was recessed from 7:25 PM to 7:40 PM.

5. DEPARTMENTAL O&M AND CAPITAL BUDGETS

a. POWER SUPPLY - BEN SHARMA

Director of Power Supply, Ben Sharma, reviewed the organizational chart for his department and gave an overview of expenditures for Power Supply. Mr. Sharma repeated the goals for his department. Director Hord asked if the Halon conversion would be a requirement for the power plants. Larry Mattern, Supervisor of Maintenance and Operations, noted that money was budgeted to cover any regulation changes requiring a Halon fire suppression system. Mr. Mattern also described the fork truck that is proposed for Cane Island 3.

b. INFORMATION SYSTEMS - DENNIS WICK

Mr. Wick reviewed the department's organizational chart and listed the changes made since the Ten Year Plan was reviewed. He noted that one major expense would be the conversion from token ring to ether net for computer connections. He spoke briefly about creating additional bandwidth with the use of ATM's (asynchronous transfer mode) providing a high speed network. Mr. Wick also repeated the goals for his department.

c. TRANSMISSION & DISTRIBUTION - KEN DAVIS

Ken Davis, director of Transmission & Distribution, briefly presented his department's budget needs for 2001. Mr. Davis said that one significant change from the Ten Year Plan was an additional transformer for the Marydia substation. Line extension fees were discussed and how minor projects are funded from these fees.

d. MARKETING - CHRIS BECK

Ms. Beck reviewed the Marketing organizational chart and the major capital items needed for her department. She noted that the sales vehicle was not listed in the Ten Year Plan and that the department's goals were the same as listed in that plan.

e. FINANCE & GENERAL MANAGEMENT - JOE HOSTETLER

Mr. Hostetler reviewed his department's needs for 2001 and noted that 93% of his operating budget relates to personnel

because Finance is an administrative department. He noted that one change from the Ten Year Plan would be the purchase of EDI Software that would allow purchasing to award bids and pay vendors electronically rather than by paper. Mr. Hostetler reviewed the department goals for both Finance and General Management.

Director Hord asked for discussion on the Reserve for Future Capital Outlay. Mr. Hostetler indicated that KUA is staying within the Board approved fiscal policy of 1.5% without proposing additional rate increases. Director Shearer asked what was included in personal services and Mr. Hostetler indicated that this was mostly for salaries.

f. PERSONNEL & RISK MANAGEMENT - NEVILLE TURNER

Mr. Turner noted that his department would increase personnel by 1/2 of a person. He gave an overview of the expenses and the goals for Personnel.

Vice-Chairman Gant and other board members requested that the annual budget book be enhanced to facilitate easier review. He also suggested that in the future, for the benefit of any new board members, staff may want to go into more detail on monthly presentations.

Brief discussion was held on line extension contracts for the benefit of the incoming board member.

D. OTHER - None.

E. HEAR GENERAL MANAGER, ATTORNEY, DIRECTORS

Mr. Welsh noted that a public hearing on the 2001 budget will be held on June 28, 2000 at 6:00 PM in conjunction with the regular board meeting. Director Toro expressed his appreciation for a job well done with the annual budget preparation.

F. ADJOURNMENT - Meeting was adjourned at 8:52 p.m.


CHAIRMAN

ATTEST:

SECRETARY