

**MINUTES OF THE REGULAR BOARD MEETING OF KISSIMMEE UTILITY
AUTHORITY, WEDNESDAY, APRIL 28, 2004 AT 5:30 P.M., BRINSON BOARD
ROOM, ADMINISTRATION BUILDING, 1701 W. CARROLL STREET, KISSIMMEE,
FLORIDA.**

Present were: Chairman Don Shearer, Vice-Chairman Nancy Gemskie, Director Bill Hart, Director Domingo Toro, Director Fred Cumbie, Mayor George Gant, General Manager James Welsh, Vice-President and General Counsel Grant Lacerte and Recording Secretary Judy Ambrosi.

A. **MEETING CALLED TO ORDER** at 5:30 p.m. by Chairman Shearer.

B. **PLEDGE OF ALLEGIANCE**

Board and staff recited the Pledge of Allegiance.

C. **AWARDS AND PRESENTATIONS**

1. **LINE WORKERS RODEO PRESENTATION**

Ken Davis, Vice-president of Engineering and Operations introduced participants in the APPA National Rodeo as well as the Florida State Lineman's Rodeo. Mr. Davis noted that KUA earned a seventh place finish overall in the nation and fourth overall in the state. Participants were: Aaron Haderle; Joe Watson; Logan Murphy; Bruce Thompson; Luis Santiago; Mike Fulmore; Jamie Boswell; Steve Walker; Dustin Kelley; Chris Ketner; Steve Walker; Bill Groover (support person); Henry Kurnick and Alberto Mercado who acted as judges.

The lineman presented the Board with trophies and the Board presented the linemen with certificates and pins.

2. **INTERNATIONAL VIDEO AWARDS**

General Manager Welsh introduced Chris Gent, Manager of Corporate Communications who detailed the Award of Excellence in the Communicator Awards 2003 Video Competition. Mr. Gent presented the award to Jef Gray, Vice President of Information Technology for his work on the "That's IT" program.

3. **5- YEAR SERVICE AWARD – KAREN BARNETT, ACCOUNTING
TECHNICIAN II, FINANCE & RISK MANAGEMENT**

Karen was unable to attend the meeting, but Mr. Welsh noted that her department's vice-president would present her with the award.

4. **5- YEAR SERVICE AWARD – ROBERT BELVOIR, SYSTEM
ANALYST/PROGRAMMER, INFORMATION TECHNOLOGY**

This was delayed until Robert could get to the meeting.

5. **5-YEAR SERVICE AWARD – TIM ADLAM, POWER PLANT
MECHANIC/OPERATOR, POWER SUPPLY**

Tim was unable to attend the meeting, but Mr. Welsh stated that his service would be recognized by his supervisor in the near future.

6. **10-YEAR SERVICE AWARD – LOGAN MURPHY, LINEMAN,
ENGINEERING & OPERATIONS**

General Manager Welsh introduced Logan and thanked him for his participation in both the National Lineman's Rodeo and the Florida State Lineman's Rodeo. Chairman Shearer presented Logan with a golf club and golf balls.

7. **15-YEAR SERVICE AWARD – SHARON GACEK, INFORMATION
SPECIALIST, INFORMATION TECHNOLOGY**

Sharon was unable to attend the meeting, but Mr. Welsh stated that her service would be recognized by his supervisor in the near future.

8. EMPLOYEE OF THE MONTH FOR MAY – AARON HADERLE

General Manager Welsh read a letter from one of Aaron's co-workers who recognized Aaron for helping an elderly, disabled woman on his own time, free of charge with an electrical problem. Chairman Shearer presented Aaron with a plaque; Secretary Toro presented Aaron with a check; Director Hart presented Aaron with a certificate for a good parking spot; Director Cumbie gave him a certificate to Sonny's; Vice-Chairman Gemskie gave him a certificate for a day off with pay, and Mayor Gant presented him with a one year membership to the Osceola Center for the Arts.

4. 5- YEAR SERVICE AWARD – ROBERT BELVOIR, SYSTEM ANALYST/PROGRAMMER, INFORMATION TECHNOLOGY

Robert arrived at the meeting and General Manager Welsh noted that he works with Billing on the printing and formatting of KUA bills, handles bank drafting and credit reporting systems, and is senior staff programmer on HTE Software. Mr. Welsh also introduced Robert's new wife. Chairman Shearer presented Robert with a television.

D. HEAR THE AUDIENCE - None

E. CONSENT AGENDA

ACTION: Director Hart made a motion, seconded by Vice-Chairman Gemskie to approve items #1, 2 on the consent agenda as written.

MOTION CARRIED 5-0

1. APPROVAL OF THE MINUTES FOR MARCH 24, 2004

2. ANNUAL REQUIREMENT FOR UTILITY CHEMICALS, IFB #007-04

RECOMMENDATION: Staff recommends award of bid #007-04 to vendors for the estimated quantity and price as detailed in the agenda item.

F. PUBLIC HEARING - None

G. INFORMATIONAL PRESENTATIONS (REQUIRING NO ACTION) - None

H. OLD BUSINESS

1. ACCESS OSCEOLA INTERLOCAL AGREEMENT

Grant Lacerte, Vice-president & General Counsel recommended the Board reconsider this item for a new vote, because in his opinion, Director Toro should not have had to recuse himself at the previous meeting.

ACTION: Director Hart made a motion, seconded by Director Cumbie to open the Access Osceola Interlocal Agreement Agenda Item up for reconsideration.

MOTION CARRIED 5-0

Director Hart confirmed that the City of Kissimmee and the School Board have already approved the item. Director Hart then stated that he still does not feel that Community Vision should be a part of the Executive Board

ACTION: Director Toro made a motion, seconded by Director Cumbie to approve the Access Osceola Interlocal Agreement.

**MOTION CARRIED 4-1
OPPOSED (Director Hart)**

I. NEW BUSINESS

1. RISK MANAGEMENT FUND

Joe Hostetler, Vice-president of Finance explained that the outside auditors recommended that KUA study the amount in the Risk Management Fund in order to determine whether KUA had the proper resources to meet KUA risk management objectives. Mr. Hostetler introduced Bill Brown of McNeary who detailed his study and conclusions and addressed questions from the Board on such items as dollar figures and proportions used in determining dollar amounts for extra liability.

ACTION Director Hart made a motion, seconded by Director Gemskie to approve the Risk Management Fund at the current funded level and allow increases that correlate with increases in the replacement value of the insured and uninsured property.

MOTION CARRIED 5-0

2. KUA'S EMPLOYEE PENSION PLAN, RESOLUTION #04-02

Joe Hostetler, Vice President of Finance & Risk Management detailed employee funded benefit improvements that the Pension Board has recommended approval. These are the Rule of 80 which would cost employees 5.75% of their pay and an increased multiplier to 3% rather than 2.6% which would cost employees 4.9% of their pay.

Dr. Gant asked what would happen if the cost of these improvements ever went up. Scott Christiansen, the attorney for the pension board addressed the board stating that it would be highly unlikely for these percentages to ever get raised but they would be reviewed every three years by the actuary. Mr. Welsh then stated that the Board has the option to put more in or to make other adjustments. Mr. Welsh then clarified that this is an option enhancement paid for by the participating employees.

ACTION Director Hart made a motion, seconded by Vice-chairman Gemskie to approve Resolution #04-02 and authorize Chairman and Secretary to execute the Resolution.

Director Cumbie stated that he would prefer to study the resolution further and bring it back next month because of the concerns raised by Dr. Gant. Scott Christiansen stated that the Board always has the option to reduce the benefit in the future.

MOTION CARRIED 5-0

3. COST OF POWER ADJUSTMENT (COPA)

Ben Sharma, Vice-president of Power Supply stated that there has been a significant reduction in the calculated COPA because of a reduction in the estimated demand from FMPA for the month. Mr. Sharma recommended that rather than give a windfall to rate payers for a one month period, this adjustment be spread out evenly over a five month period, in the high demand summer months.

ACTION Director Gemskie made a motion, seconded by Director Toro to approve staff's proposal to apply \$9.50 per 1000 kWh in the customers' bills for May 2004 instead of the calculated figure and also freeze the COPA at that level through September 2004 and then revert back to the current methodology.

MOTION CARRIED 5-0

J. STAFF REPORTS

1. MONTHLY PROGRESS REPORT ON ENGINEERING AND OPERATIONS PROJECTS

This was a written report.

2. MONTHLY REPORT ON POWER SUPPLY DEPARTMENT PROJECTS

This was a written report.

3. CONDENSED FINANCIAL REPORT – QUARTERLY – MARCH 2004

Joe Hostetler, Vice President of Finance presented the quarterly financial report for March of 2004 and gave a Budget and Actual Recap for six months which measured performance against the overall budget.

4. INTERNAL AUDIT QUARTERLY REPORT

Algertha Diggs, Manager of Internal Audit updated the Board on completed projects and updated the Board on the status of past audit recommendations. Ms. Diggs noted that no critical issues that should be brought to the Board's attention were noted at this time. Director Cumbie asked who she reports to. General Manager Welsh

explained that Ms. Diggs reports to Mr. Welsh on management and daily matters and to the Board one time each month. Ms. Diggs assured the Board that she would use her discretion on reporting major incidents.

5. **KUA HISTORICAL PLAY**

Garry and Debbie Brandt presented a play that explained the premise of living in Kissimmee one-hundred years ago when electricity was just being proposed to residents.

6. **DISASTER DRILL DAY OVERVIEW**

Jef Gray, Vice President of Information Technology gave a presentation on the Disaster Drill Day exercises which were held at KUA on April 1, 2004. Mr. Gray explained that recommendations were in place for areas of concern and that, overall, the drill went extremely well and included all employees of the Kissimmee Utility Authority.

K. **HEAR ATTORNEY, GENERAL MANAGER, DIRECTORS**

Grant Lacerte, Vice-president and General Counsel gave a quarterly update on both current and completed legal matters. Mr. Lacerte has 31 new matters this year, 93 active matters and completed 94 this past quarter.

Mr. Lacerte then updated the Board on the bill before the legislature referencing broadband and phone rates.

General Manager Welsh asked if the Board would like to tour the construction areas at the Hansel Plant sometime next week. The Board will inspect the plant at 4:30 p.m. on Wednesday at the Lakeshore Drive entrance to the Hansel Plant.

Mayor Gant asked Joe Hostetler, Vice-president of Finance what type of interest rate is used with the drop plan. Mr. Hostetler stated 6.5%.

Chairman Shearer announced that he will not seek reappointment to the Board for his second term as he will be moving outside the city limits.

L. **ADJOURNMENT**

Meeting adjourned at 7:50 p.m.



Chairman



Secretary