

**MINUTES OF THE SPECIAL BOARD MEETING OF KISSIMMEE UTILITY  
AUTHORITY, WEDNESDAY, JUNE 29, 2005, 4:30 P.M., BRINSON BOARDROOM,  
ADMINISTRATION BUILDING, 1701 W. CARROLL STREET, KISSIMMEE, FLORIDA.**

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Present were Chairman Nancy Gemskie, Director Bill Hart, Director Domingo Toro, Director Fred Cumbie, Director Jim Kasper, General Manager James Welsh, Vice president and General Counsel Grant Lacerte and Recording Secretary Judy Ambrosi.

A. **MEETING CALLED TO ORDER** at 4:30 p.m. by Chairman Gemskie

B. **BUDGET REVIEW**

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

Mr. Welsh gave a brief introduction of the budget. Mr. Welsh stated that the proposed budget would reflect the rate change scheduled to go into effect on July 1, 2005, the decommissioning of the Hansel diesel units, a decrease in 1.5 staff positions overall, a market level adjustment and part-time benefit recommendation, as well as capital outlays such as a new parking lot for the Carroll Street facility. Mr. Welsh also stated that the community support level was raised from last year to accommodate more sponsorship requests.

Mr. Welsh advised the Board that the Board would have the option to add a preliminary budget meeting next year to highlight upcoming recommendations.

2. **FINANCIAL OVERVIEW – JOE HOSTETLER, VICE PRESIDENT OF  
FINANCE & RISK MANAGEMENT**

Joe Hostetler, Vice President of Finance & Risk Management began by recognizing department ambassadors who assist each of the other departments with budgetary and other financial needs throughout the year. These ambassadors are: Gary Brandt; David Siegel; Kristina Bernal; Nancy Wakefield; Loi Hoang; and Cindy Garcia who recently resigned. Mr. Hostetler also recognized Charles Lee for overseeing the program.

Mr. Hostetler went over the budget process, the inclusion of the 4.8% base rate change, the rate stabilization and self-insurance funds, capital improvements and capacity credits.

Mr. Hostetler addressed questions regarding Senate Bill 1322 and KUA's compliance with separating KUA.net from the electric portion of the books. He answered a question posed by Director Kasper referencing bond issues. Mr. Hostetler clarified that KUA has approximately \$295 million in bonds which includes commercial paper. Mr. Hostetler also answered a question posed by Director Hart regarding converting debt proceeds to other capital projects should the convention center substation fall through. Mr. Davis, Vice president of Engineering & Operations stated that even if the convention center is not built, other development would most likely prompt the need for a substation.

Director Hart asked for clarification on County and City Utility taxes. He pointed out a discrepancy between the City and KUA's estimation of the tax. Mr. Welsh stated that staff will follow up with this question with the City.

Mr. Hostetler concluded by thanking Lisa Davis, Risk Management Administrator for her work on the budget book and power point presentations.

3. **HUMAN RESOURCES OVERVIEW – WILBUR HILL, VICE  
PRESIDENT, HUMAN RESOURCES**

Wilbur Hill, Vice President of Human Resources stated that the budget includes 305.5 equivalent positions, down 1.5 positions from the previous year. This is largely due to normal attrition in Power Supply. Mr. Hill went over market level adjustments that similar companies give to employees which average 3.3% as well as the Consumer Price Index which shows a 3.1% increase in the cost of living.

Mr. Hill then detailed a recommendation to give part time employees benefits. After conducting an analysis of part time benefits, staff recommended the addition of vacation time for part time employees and longevity bonuses for those employees who

started out as part time and moved to full time employment status. Anniversary dates would reflect the actual date of part time hire. The net cost of these changes, which would affect 38 full time people who were originally hired as part time personnel and 26.5 equivalent part time positions, would be \$44,137.

Director Cumbie asked what the estimated increase in healthcare to full time employees would be. Mr. Hill stated that staff is estimating a standard 15% rise in healthcare costs.

Mr. Hill addressed questions presented by Chairman Gemskie referencing part time benefits given by the City of Kissimmee. Mr. Hill believed the City gives part time employee Kissimmee Dollars as holiday bonuses only.

Director Cumbie requested an explanation on the business benefits of a 3% market level adjustment. Mr. Welsh stated that employees have a degree of expectation for the 3% increase and this consistency over the years keeps morale high.

At 6:55 p.m., Chairman Gemskie called for a ten minute recess.

Meeting reconvened at 7:05 p.m.

**ACTION: Director Hart made a motion, seconded by Director Cumbie to approve staff's recommendation for a market level adjustment of 3% and vacation benefits for part time employees.**

**Motion carried 3-2  
Directors Cumbie and Kasper opposed**

#### **4. DEPARTMENTAL O&M AND CAPITAL BUDGETS**

##### **a. POWER SUPPLY – BEN SHARMA**

Mr. Sharma gave an overview of his budget. He stated that three positions can be removed from the Hansel Plant through retirement and attrition and one engineer involved with generation planning was transferred to Engineering & Operations to do distribution planning.

Mr. Sharma addressed board concerns in reference to the benefits that KUA gets from FMPA. Mr. Sharma stated that staff serves on many committees to give good recommendations which are beneficial in turn to KUA.

##### **b. INFORMATION TECHNOLOGY – JEF GRAY**

Jef Gray, Vice president of Information Technology gave an overview of his departmental budget. Mr. Gray pointed out that phone service is currently the highest percentage of revenues in the ISP portion.

Mr. Gray addressed a question from Director Hart regarding the feasibility of leaving the current "Hot Site" located at Hansel in place if both the City of Kissimmee and KUA were agreeable to this arrangement. Mr. Lacerte stated that the Transfer of Assets Agreement is ready to be brought before the Board at the July 6, 2005 meeting. Chairman Gemskie asked if an addendum for the Hot Site could be added to the agreement. Director Cumbie recommended addressing this issue at the July 6 meeting.

##### **c. ENGINEERING & OPERATIONS – KEN DAVIS**

Ken Davis, Vice President of Engineering & Operations presented his organizational chart. Mr. Davis requested a new engineer in the Distribution Engineering division due to a high volume of work, particularly in the area of new subdivisions. Mr. Davis also requested a Clerical Assistant position and a Job Scheduler/Coordinator position to assist with the high volume of work in the Operations division.

##### **d. CUSTOMER SERVICE & MARKETING, MIKE GERAGHTY**

Mike Geraghty, Vice President of Customer Service and Marketing stated that due to good hold times, the introduction of IVR (Integrated Voice Response) and a new CIS system, no new personnel is being requested in this budget cycle. Mr. Geraghty also stated that the Cashiering department is being moved to Finance and Risk Management effective October 1, 2005.

Capital items addressed include parking lot repaving and the addition of a new parking lot to accommodate customers.

f. **FINANCE & GENERAL MANAGEMENT – JOE HOSTETLER**

Joe Hostetler, Vice President of Finance & Risk Management reviewed his department's organizational chart. He noted that six additional positions are the transfers from the Customer Service and Marketing Department.

Mr. Hostetler then reviewed the Executive Office and Board budgets. He stated that there are no changes in personnel and then reviewed the budget for travel and training.

Mr. Hostetler addressed several questions from Chairman Gemskie including how petroleum prices are determined and a discrepancy in the phone revenue portion of the budget. Mr. Hostetler stated that the original phone revenues for estimated at too high of a rate.

g. **HUMAN RESOURCES – WILBUR HILL**

Wilbur Hill, Vice President of Human Resources presented his departmental budget which included no major changes in personnel or in capital projects.

Chris Gent, Manager of Corporate Communications highlighted the budget line items for community support activities. He pointed out that the cost of these sponsorships is 27¢ per KUA customer per month. Mr. Gent gave Board members an estimation of the organizations that may approach KUA for sponsorships in the coming budget year. Mr. Gent stated that the Council on Aging and the Center for the Arts may come back to the Board to revise their capital campaign requests.

**BUDGET PROCESS REVIEW**

Mr. Hostetler asked the Board if they would like to have a preliminary budget meeting sometime in February or March to give initial direction on major issues such as human resources issues, capital projects and new proposals. The consensus of the Board was to hold a Preliminary Budget Direction Meeting in late January or early February of 2006. Chairman Gemskie also requested a two week review time of the budget prior to the June 2006 budget meeting.

Director Toro asked why the bad debt is approximately \$718,000. Mr. Geraghty stated that approximately \$200,000 of this has been recovered but the numbers were high largely due to the hurricanes last year.

C. **OTHER** - none

D. **HEAR ATTORNEY, INTERNAL AUDIT, GENERAL MANAGER, DIRECTORS**

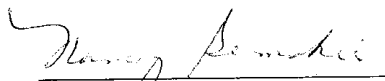
Algertha Diggs, Manager of Internal Audit had no items to discuss.

Grant Lacerte, Vice president and General Counsel had nothing to discuss.

General Manager Welsh reminded the Board about the upcoming FMEA Conference.

F. **ADJOURNMENT**

Meeting adjourned at 8:50 p.m.

  
Chairman

  
Secretary