

**MINUTES OF A REGULAR MEETING OF KISSIMMEE UTILITY AUTHORITY,  
WEDNESDAY, JUNE 6, 2007 at 3:30 P.M., BRINSON BOARD ROOM,  
ADMINISTRATION BUILDING, 1701 W CARROLL STREET, KISSIMMEE, FLORIDA.**

Present were, Vice Chairman Toro, Director Hart, Director Cumbie, Director Kasper, Mayor Swan, General Manager Welsh, Vice President and General Counsel Lacerte, and Recording Secretary Ambrosi. Chairman Gemskie was absent.

**A. MEETING CALLED TO ORDER** at 3:30 p.m. by Vice Chairman Toro.

**B. PLEDGE OF ALLEGIANCE**

The Board and staff recited the Pledge of Allegiance.

**C. AWARDS AND PRESENTATIONS**

1. **5-YEAR SERVICE AWARD – MARK CHABROL, POWER PLANT MECHANIC/OPERATOR**
2. **5-YEAR SERVICE AWARD – MIKE SURRENCY, POWER PLANT MECHANIC/WELDER/OPERATOR, POWER SUPPLY**
3. **10-YEAR SERVICE AWARD – CHERYL MEARS, MANAGER OF NETWORK OPERATIONS, INFORMATION TECHNOLOGY**
5. **EMPLOYEE OF THE MONTH FOR MAY – RUTH LENTZ, SUPERVISOR OF ACCOUNTING, FINANCE & RISK MANAGEMENT**

Ruth was recognized by a fellow employee for her hard work and dedication in the new software conversion. Ruth was presented with a plaque; a day off with pay; a certificate for a good parking space; dinner for two at Sonny's and two tickets to the Osceola Center for the Arts.

**D. HEAR THE AUDIENCE** - none

**E. CONSENT AGENDA**

Director Toro asked that item #3 be removed from the Consent Agenda.

**ACTION:** Director Hart made a motion, seconded by Director Kasper to approve items #1, 2, 4 and 5 on the consent agenda as written.

Director Toro realized that he wanted item #4, not #3 removed from the Consent Agenda. Director Hart rescinded the previous motion.

**ACTION:** Director Hart made a motion, seconded by Director Kasper to approve items #1, 2, 3 and 5 on the consent agenda as written.

1. **APPROVAL OF MINUTES FROM REGULAR MEETING OF MAY 2, 2007**
2. **APPROVAL OF MINUTES FROM SPECIAL MEETING OF MAY 16, 2007**
3. **ANNUAL WATER CHEMICAL TREATMENT PROGRAM, IFB #020-07**

**Recommendation:** Contract Chemtreat Inc. to supply and manage the water chemical treatment towers at the Roy E. Hansel Power Plant for a not-to-exceed cost of \$40,820 and Cane Island Power Park at a not-to-exceed cost of \$465,345. The total contract value is a not-to-exceed cost of \$506,165 with a renewable option each year for an additional four years.

**4. AWARD OF CONTRACT FOR POLE INSPECTIONS**

Director Toro asked what pole inspections consist of and why they are being outsourced. Ken Davis, Vice president of Engineering & Operations stated that all poles are excavated and boring is done when necessary. The work is too much for one lineman to be able to do in a reasonable amount of time and outsourcing would allow approximately 2,000 poles to be inspected in a two month time period.

**ACTION:** Director Hart made a motion, seconded by Director Cumbie to award the contract of pole inspections to Osmose Utilities Services with a maximum amount for 2007 of #132,500.

**5. PLEASANT HILL SUBSTATION PROJECT – EASEMENT FROM TOHO WATER AUTHORITY**

Recommendation: Authorize the Chairman to execute the easement documents between TOHO Water Authority and KUA.

**F. PUBLIC HEARING - none**

**G. INFORMATIONAL PRESENTATION (REQUIRING NO ACTION)**

**1. LEGAL ASPECTS OF PLEASANT HILL SUBSTATION TRANSMISSION LINE RIGHT-OF-WAY/EASEMENT ACQUISITION**

Grant Lacerte, Vice president and General Counsel introduced Kurt Bauerle, Esquire and Stumpy Harris, Esquire of the firm, Harris, Harris, Bauerle and Sharma. Mr. Lacerte discussed hiring the firm in 2003 and advised the Board that the recent Order of Taking hearing went very smoothly. Mr. Lacerte stated that original cost estimates for the acquisition were approximately \$4.4 million but everything should be settled for approximately \$2.7 million. Mr. Lacerte attributed this successful project to the outside counsel as well as to Ken Davis, Mike Simpson and the staff of Engineering & Operations.

**H. OLD BUSINESS - none**

**I. NEW BUSINESS**

**1. REVISED PENSION INTERLOCAL AGREEMENT WITH CITY OF KISSIMMEE**

Joe Hostetler, Chairman of the Pension Board briefed the Board about the Interlocal Agreement which was originally signed in 1998 when the City of Kissimmee and KUA's pension plan was split. This amendment, which has already been approved by the City would provide a minimum of 100% of the present value of accrued benefits be maintained and would ensure that KUA take action to achieve the required percentage should the level fall below 100%.

**ACTION:** Director Kasper made a motion, seconded by Director Cumbie to approve the revised Interlocal Agreement and authorize the Chairman and Secretary to execute the agreement.

**MOTION CARRIED 4-0**

**2. PENSION FUNDING CHANGES AFFECTING CURRENT EMPLOYEES, RESOLUTION 07-01**

Joe Hostetler, Chairman of the Pension Board gave a history of Resolution #04-02 which added two tiers to the pension plan. Tier 2 was known as the Rule of 80 and Tier 3 was known as an increased multiplier from 2.6% to 3%. Mr. Hostetler stated that the pension actuary has determined that the employee contributions need to be adjusted in Tier 2 from 5.75% employee contribution to 4.2% and Tier 3 from 4.9% to 3.7%. Net cost to KUA would go from \$1,326,134 to \$1,409,368.

Director Cumbie, Chairman of the Pension Board confirmed that the net result of this is that this costs KUA approximately \$83,000. Mr. Hostetler stated that this would have occurred even if the tier system was not implemented in 2004.

Director Cumbie asked if this would affect Agenda Item #3. Mr. Hostetler stated that the two items are not related.

**ACTION:** Director Hart made a motion, seconded by Director Kasper to approve Resolution 07-01 and authorize Chairman and Secretary to execute the Resolution.

**MOTION CARRIED 4-0**

**3. PENSION COST OF LIVING ADJUSTMENT AND INCREASED SUPPLEMENT, RESOLUTION 07-02**

Joe Hostetler, Chairman of the Pension Board advised the Board of staff's proposal to increase the current COLA for retirees. Mr. Hostetler stated that the recommendation is to increase COLA by 2% per each full year of retirement since October 1, 2003 with a maximum cap of 6%.

Director Cumbie asked if any studies were done as to social security cost of living increases. Mayor Swan stated that there is an annual adjustment to social security.

Director Hart asked how many retirees are currently in the program. Mr. Hostetler stated that there are approximately 100.

**ACTION: Director Hart made a motion, seconded by Director Kasper to approve Resolution 07-02 and authorize Chairman and Secretary to execute the Resolution.**

Mr. Hostetler advised the Board that retirees are given the option for those employees who retire early to receive an additional \$100 toward the cost of healthcare in 1994. With the rising cost of healthcare, staff recommends the \$100 supplement be raised to \$300.

Mr. Hart asked if retirees who don't use KUA healthcare plans still collect the additional \$300. Mr. Hostetler stated that they would still get the \$300. Mr. Kasper asked what would happen if retirees were put on our existing program. Mr. Hostetler stated that this would cost KUA significantly more than \$300 per month.

Director Toro felt that the two parts of this agenda item should two separate items.

**ACTION: Director Hart made a motion, seconded by Director Kasper to deny Resolution #07-02**

**MOTION FAILED 2-2  
(Directors Hart and Toro  
voting no)**

General Manager Welsh advised the Board that it may be better to bring back this resolution as two separate items to consider. Director Cumbie asked if the \$300 would continue. Mr. Hostetler stated that he could come back with two separate resolutions. Mayor Swan stated that he is not able to vote but feels that this could be one resolution.

General Manager Welsh asked for direction if the Board wants this worded differently or simply placed in two resolutions. Director Cumbie stated that two separate resolutions are fine because he personally plans to vote the second part down. Director Hart stated that he is comfortable with part 1 but not with the second part of the resolution. He is assured that this is only up to age 65 but he is uncomfortable with the number. Director Hart stated that he would likely be satisfied with 50% rather than the proposed 63%. Director Toro suggested that part two be reworded to clarify the age at which the \$300 should be stopped.

Mayor Swan asked if the Board could amend the resolution however Mr. Lacerte stated that this could be a problem because the Pension board is a separate entity, however, because this is a KUA resolution it could still be done. Director Toro asked if this would be retroactive if presented next month. Mr. Hostetler stated that this is the case. Director Toro suggested bringing back two separate resolutions and they would not amend the current resolution. Attorney Lacerte reminded the Board that the previous vote failed as a result of a tie.

## **J. STAFF REPORTS**

### **1. DEPARTMENT HIGHLIGHTS – HUMAN RESOURCES**

Wilbur Hill, Vice president of Human Resources gave a presentation on violence in the workplace. Mr. Hill noted that homicide is the number one cause of death in the workplace for women. Mr. Hill detailed incidents which have occurred at KUA over the last five years. Mr. Hill advised the Board that a security team headed by Carolyn Scott has been formed to address KUA building security issues.

Director Hart stated that legislators have discussed revising gun legislation in the workplace. Based upon this presentation he stated that this would be a bad idea for those employees who became stressed and could simply walk out to the parking lot and get a gun.

**2. ALL AMERICA CITY – CORPORATE COMMUNICATIONS**

Rachael Gmerek, Communications Specialist advised the Board that Kissimmee was nominated as one of 30 finalists in the All America City competition. Ms. Gmerek stated that Chairman Nancy Gemskie and Chris Gent, Manager of Corporate Communications are in Anaheim, California helping to represent Kissimmee in the finals. The winner will be announced Friday, June 8. Director Hart asked if cities that win have to reapply. Mayor Swan believes this distinction lasts for three years.

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

Grant Lacerte, Vice president and General Counsel advised the Board that one parcel that is still outstanding in the Pleasant Hill Road easement belongs to the School Board. The School Board decided at the June 5, 2007 meeting to get their own appraisal. Initially there was a motion by Jay Wheeler and a second by Board Member Stone to approve the acquisition however Chairman Chalifoux suggested that the School Board get their own appraisal.

Mr. Lacerte stated that PURPA Standard 15 was adopted earlier this year but three other Standards will need to be approved and would be brought to the Board before August. Mr. Lacerte also stated that KUA is now CALEA compliant for a little over \$5,000. General Manager Welsh and Mr. Lacerte commended Jef Gray for his work.

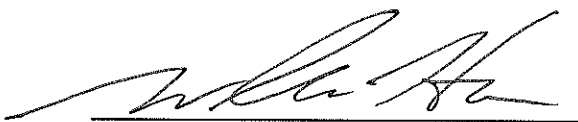
Director Kasper thanked Grant on behalf of the Board for his work in the Pleasant Hill easement project.

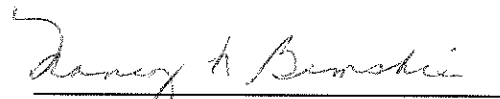
General Manager Welsh thanked Grant Lacerte for his work on the FMPA Governance Committee who facilitated beneficial changes for All Requirement's cities.

Mayor Swan asked to find out what KUA does to assist the school board on an annual basis as well as a breakdown of the acquisition price for the school board parcel on a per acre basis to review its fairness. Mayor Swan stated that he does not feel that KUA would approach anyone with an unfair deal.

**L. ADJOURNMENT**

Meeting adjourned at 5:30 p.m.

  
Secretary

  
Chairman