

REGULAR MEETING OF KISSIMMEE UTILITY AUTHORITY HELD WEDNESDAY,  
JANUARY 8, 2014 AT 3:30 PM, BRINSON BOARD ROOM, ADMINISTRATION  
BUILDING, 1701 WEST CARROLL STREET, KISSIMMEE, FLORIDA

Present were Chairman Reginald Hardee, Director Jeanne Van Meter, Director George Gant, Director Kathleen Thacker, Mayor Jim Swan, General Counsel Grant Lacerte, General Manager James Welsh, and Recording Secretary Leticia Rivera. Director Ethel Urbina was not present.

A. MEETING CALLED TO ORDER

Director Hardee called the meeting to order @ 3:30 pm.

B. PLEDGE OF ALLEGIANCE TO THE FLAG

The Board members and staff recited the pledge of allegiance.

Director Hardee informed the Board of a request to add an item to the agenda. It was the Board's consensus to add the Community Vision Overview under Informational Presentations. Director Van Meter inquired that there is a Community Vision item under consent and this item should be addressed at that time. The Board agreed and the agenda was not modified.

C. AWARDS AND PRESENTATIONS

1. 5- YEAR SERVICE AWARD – JEFF THOMPSON, PP  
OPERATOR/MECHANIC, POWER SUPPLY
2. 5- YEAR SERVICE AWARD – KASEE ALLRED, UTILITY BILLING  
REPRESENTATIVE II, CUSTOMER SERVICE
3. 10- YEAR SERVICE AWARD – MIKE SIMPSON, ASSISTANT VICE  
PRESIDENT OF ENGINEERING & OPERATIONS
4. 10- YEAR SERVICE AWARD – JANA E TREACY, CUSTOMER SERVICE  
REPRESENTATIVE II
5. 10- YEAR SERVICE AWARD – CHRIS KETNER, LINEMAN FIRST CLASS,  
ENGINEERING & OPERATIONS
6. 15- YEAR SERVICE AWARD – DALE SWAUGER, FLEET SERVICE  
MECHANIC III, ENGINEERING & OPERATIONS
7. 30- YEAR SERVICE AWARD – TOM MALONEY, PP MECHANIC/OPERATOR,  
POWER SUPPLY

Mr. Welsh congratulated and thanked the employees mentioned above for the dedication and continuous hard work.

8. EMPLOYEE OF THE MONTH FOR JANUARY 2014 – TERRY LUKE,  
LINEMAN FIRST CLASS, ENGINEERING & OPERATIONS

Mr. Welsh congratulated Terry for being selected EOM for January 2014.

At this time, Mr. Welsh thanked Sammy Roberts for compiling the video announcements for the 2013 EOMs and also for the 2013 EOY announcement. The videos played and Mr. Welsh recognized Jared as KUA Employee of the Year for 2013.

9. EMPLOYEE OF THE YEAR FOR 2013 – JARED TILLMAN,  
OPERATOR/MECHANIC, POWER SUPPLY

Mr. Welsh congratulated Jared for being selection KUA's 2013 Employee of the Year.

D. HEAR THE AUDIENCE

Director Thacker advised that the Community Vision overview be heard at this time. The Board concurred.

Donna Sines, with Community Vision provided an overview of programs that power the community and the passion of the diverse groups that Community Vision is visible in and how Community Vision differs from the traditional non-profit organizations.

Director Hardee asked if there was anyone else who would like to address the Board. In hearing none, the Board moved forward to the next item on the agenda.

E. CONSENT AGENDA

**ACTION: Director Thacker made a motion, seconded by Director Gant to approve items 1 through 4.**

**MOTION PASSED 4 – 0**

1. APPROVAL OF MINUTES FOR DECEMBER 4, 2013 REGULAR MEETING

2. COMMUNITY VISION SPONSORSHIP

**Recommendation: Approve sponsorship of Community Vision at the \$10,000 level of sponsorship for 2014.**

3. IFB NO 005-14 SPUN CONCRETE POLES

**Recommendation: Award Bid IFB 005-14 to Stuart Irby for the total amount of \$115,030.**

4. AWARD OF BID FOR PAD MOUNT TRANSFORMERS

**Recommendation: Award Bid ITB-11-19-2013-18 to Electric Supply for \$201,190; and ITB-11-19-2013-19 to Gresco Utility Supply for \$45,740.**

F. PUBLIC HEARING - None

G. INFORMATIONAL PRESENTATIONS (REQUIRING NO ACTION) - None

1. AUDITED FINANCIAL STATEMENTS

Joe Hostetler, vice president of Finance & Risk Management advised that KUA received an unqualified opinion from Purvis Gray & Company and advised that there were no differences between what was shown at the December meeting as unaudited FY 2013 financial statements and what is included in the audited financial report.

Mr. Hostetler recognized members of his staff including Ruth Lentz, Comptroller who oversees the day to day operation of the audit.

Mr. Hostetler introduced Mark White, Bob Dale and Phil Gessner, KUA's leadership audit team. Mr. White briefly reviewed the auditor's reports. Mr. White also mentioned two standards that will be forthcoming in year 2015 that KUA will need to place attention to as they will have the biggest future effect on financial statements. These items are Financial Reporting for Pension Plans and Accounting and Financial

Reporting for Pension Plans. All local governments will be required to retroactively record the unfunded actuarial liability as a net pension liability on its statement of net position.

Director Van Meter asked if the net pension liability is those people who are set to retire in the future. Mr. White advised it is everyone in the pension plan. Director Van Meter asked to clarify unfunded. Mr. White advised the unfunded liability is what pension benefits have been earned by the employees. The present value of that number is then compared to assets in the plan that will pay for those and that difference is the net pension liability. Director Van Meter added that if it is not enough to cover it, KUA will have to fund it instead of having years to build it up. Mr. White advised that is correct.

Director Gant commented that any financial impact should be placed in the budget. Mr. Hostetler advised the changes will be incorporated in FY 2015 year budget.

Mr. White acknowledged KUA staff for their cooperation. The Board thanked Mr. White for his report.

H. OLD BUSINESS - None

I. NEW BUSINESS - None

J. STAFF REPORTS

1. ENGINEERING & OPERATIONS SEMI-ANNUAL REPORT

Ken Davis, vice president of Engineering & Operations provided an overview of the following projects, Roy E. Hansel Substation Replacement, Storm Hardening, Lackey Service Center Expansion, Hord Substation Transformer Replacements and BVL Substation 15 kV Circuit Breaker Replacements and Construction of Firewall.

Director Van Meter asked how far up Neptune does KUA service. Mr. Davis advised up to Neptune Middle school.

Dr. Gant asked with growth down and improvements to the old system, is it feasible to place backup transformers at some substations or is it more feasible to have a portable substation. Mr. Davis advised that if we lose a transformer we have the ability to bridge to another one. Mr. Davis advised a portable substation is hard to share with other utilities as they have different voltages and are very expensive.

Mayor Swan suggested with the mentioning of development occurring, KUA should place signs on properties acquired which state future home of a KUA substation to notify homeowners who may be interested in purchasing homes near the site. Mr. Welsh advised signage will be placed.

2. SYSTEM COMPLIANCE & OPERATIONS SEMI-ANNUAL REPORT

Greg Woessner, vice president of System Compliance & Operations presented highlights of department activities.

K. HEAR ATTORNEY, GENERAL MANAGER, DIRECTORS

Grant Lacerte, vice president & General Counsel updated the Board on the Clay Street substation incident and advised that the two KUA employees have now settled with everyone involved; KUA was not joined as a party. Mr. Lacerte advised that KUA's property insurance carrier is looking to pursue other parties and to reach a settlement with Siemens, in which no money changes hands as Siemens replaced the transformer as it

was under warranty. KUA staff recommends following the carrier and settling with Siemens.

Director Van Meter asked if there is a guarantee that Siemens won't come after KUA if other parties come after Siemens. Mr. Lacerte advised that if KUA settles with Siemens any release has to be comprehensive.

Mayor Swan suggested that as tragic as this incident has been it is wise to settle.

Dr. Gant asked through discussions with Siemens, if it is unlikely they would not come forward and make KUA more whole. Mr. Lacerte advised that is correct; Siemens honored the warranty in full.

**ACTION: Director Van Meter made a motion, seconded by Director Thacker to settle with Siemens following the recommendation of KUA's Attorney to include the stipulations expressed by the voting members of the Board.**

**MOTION PASSED 4 - 0**

Mr. Lacerte wished everyone a happy new year.

Director Hardee asked if the new unit has a warranty. Mr. Lacerte advised yes, it has a 5 year warranty.

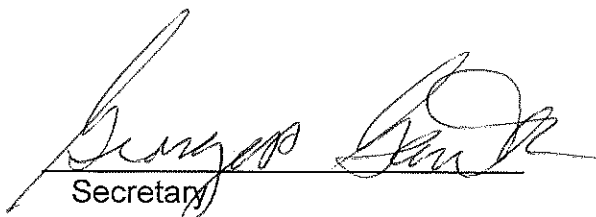
Mr. Welsh shared upcoming event dates and advised that January 20<sup>th</sup> KUA will have a table at the Martin Luther King Jr. event in which Director Hardee will be honored. Director Van Meter regrets that she will not be able to attend this function.

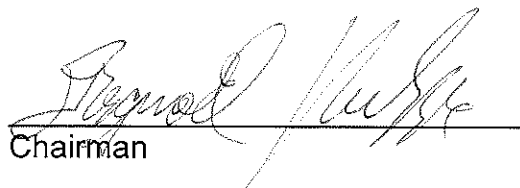
Mr. Welsh recognized Jay Taylor, Mike Taylor and Chad Sullivan on behalf of Jerry Gemske and the KUA Board for their help during the 2014 New Year's Cube drop in downtown Kissimmee.

Mr. Welsh advised in discussions with Director Van Meter she suggested a brief report be given to the Board monthly on a topic in which he had oversight, setting direction and involvement. Mr. Welsh provided a briefing on centralized transmission operations effort which started in 2007.

L. ADJOURNMENT

Director Hardee adjourned the meeting at 5:17 pm.

  
Secretary

  
Chairman