

REGULAR MEETING OF KISSIMMEE UTILITY AUTHORITY TO BE HELD
WEDNESDAY, MARCH 9, 2010 AT 3:30 PM, BRINSON BOARD ROOM,
ADMINISTRATION BUILDING, 1701 WEST CARROLL STREET, KISSIMMEE,
FLORIDA

Present were Chairperson Nancy Gemskie, Vice Chairman Fred Cumbie, Director James Kasper, Director Reginald Hardee, Director George Gant, Mayor Jim Swan; General Counsel Grant Lacerte, General Manager James Welsh and Recording Secretary Judy Ambrosi.

A. MEETING CALLED TO ORDER

Chairperson Gemskie called the meeting to order @ 3:30 pm.

B. PLEDGE OF ALLEGIANCE TO THE FLAG

The Board and staff recited the Pledge of Allegiance.

C. AWARDS AND PRESENTATIONS

1. RECOGNITION OF MEALS ON WHEELS VOLUNTEER STAFF

Mr. Welsh introduced Wilda Belisle and Carmen Carasquillo of the Meals on Wheels program. Ms. Belisle thanked the KUA volunteers for their dedication to the program and stated that KUA employees deliver the same route five days of the week. Several employees participate in the program; however, Ricky Johnson, Ben Radford, Barbara Rogers, Norma Garcia and Sonia Velez represented the group at the meeting. The Council on Aging presented a plaque to the Board.

2. 5-YEAR SERVICE AWARD – NILDA MEDINA, CUSTOMER SERVICE REPRESENTATIVE I, CUSTOMER SERVICE

3. 10-YEAR SERVICE AWARD – MICHAEL SCOTT, UTILITY WORKER, POWER SUPPLY

4. 20-YEAR SERVICE AWARD – SCOTT ROMAINE, JR., ENGINEER, ENGINEERING & OPERATIONS

Mr. Welsh thanked each employee for their dedication and years of service to KUA.

5. EMPLOYEE OF THE MONTH FOR MARCH – LARRY WEBB, MANAGER OF TREASURY, FINANCE & RISK MANAGEMENT

Mr. Welsh and the Board congratulated Larry on being chosen employee of the month for March, 2010.

D. HEAR THE AUDIENCE - None

E. CONSENT AGENDA

ACTION: Director Kasper made a motion, seconded by Director Hardee to approve items 1- 2 on the consent agenda.

MOTION PASSED 5 – 0

1. APPROVAL OF MINUTES FOR JANUARY 27, 2010 REGULAR MEETING

2. SCHEDULE FOR BOARD MEMBER RECRUITMENT FOR TERM BEGINNING OCTOBER 1, 2010

Recommend the Board approve the schedule, advertising and questions to be asked of the candidates for recruiting a nominee to fill the upcoming vacancy.

F. PUBLIC HEARING – None

G. INFORMATIONAL PRESENTATIONS (REQUIRING NO ACTION) – None

H. OLD BUSINESS

1. GOOD NEIGHBOR FUND UPDATE

Susan Postans, Vice President of Customer Service updated the Board on the current plan and advised the Board about advertising for the plan as well as employee events and contributions towards the plan. Mrs. Postans advised that due to the cold weather and the late start of the program, staff recommends continuing the program.

Chairperson Gemskie commended employees for their participation in the program. Director Hardee suggested photos of employees be used in future advertising of the campaign rather than stock photos.

ACTION: Director Kasper made a motion, seconded by Director Hardee to extend the increase of \$1 for every dollar contributed to the Good Neighbor Fund be extended through April 30, 2010, resulting in a \$2 KUA matching contribution for a total of three months.

MOTION CARRIED 5-0

I. NEW BUSINESS

1. MISCELLANEOUS RATE CHANGES

Joe Hostetler, Vice President of Finance & Risk Management briefed the Board on recommended changes to the current tariff including the implementation of the average billing program and changes to the deposit policy including retaining new deposits for the life of the account. Two outdated sheets to the current tariff sheet would also be removed.

Director Cumbie wanted to verify that deposits which have already been received are grandfathered in and not subject to the new deposit policy. Mr. Welsh suggested that the motion be altered to reflect the fact that the proper documentation be forwarded to the Public Service Commission following a review of the language to ensure that current deposits are not affected and that this revised language be brought back at the April public hearing.

Director Hardee asked why a deposit should be retained for the life of the account. Mr. Welsh stated that bad debt rises due to the fact that many customers stop paying at the end of the life of their accounts.

Director Hardee questioned the 2 p.m. time frame for cutoffs. Mrs. Postans stated that 2 p.m. is a reasonable time for payments to be processed and service crews to be dispatched to get the power back on to customers.

Director Gant asked what the price is of a deposit for a new customer. Mrs. Postans stated it is a minimum of \$170 and an average of the cost of the location to which they are moving. Mrs. Postans stated that credit checks are done on all new customers to determine if customers are high risk.

ACTION: Director Cumbie made a motion, seconded by Director Kasper to authorize staff to send the necessary documentation to the Florida Public Service Commission for review and advertise for a public hearing on April 7, 2010. Tariff changes (with revised language

addressing Board concerns) to be effective May 1, 2010 contingent on approval at the public hearing.

MOTION PASSED 3 – 2
Directors Hardee and Kasper voting nay

2. PENSION PLAN

Joe Hostetler, Vice President of Finance & Risk Management advised the Board that when KUA separated from the City an agreement was put in place to ensure that the market value of the pension plan be 125% of the present value of accrued benefits. Subsequently, KUA and the City reached an agreement lowering the threshold to 100% but requiring immediate infusion in the event the value ever went below 90%. Mr. Hostetler stated that the plan recently dropped below the 90% threshold but the plan remains very strong overall. Staff's recommendation was to move money over from the Rate Stabilization Fund to meet KUA's immediate obligation.

Chairperson Gemskie suggested that rather than spending money immediately, KUA should go back to the City of Kissimmee with the original agreement to discuss the criteria and determine if the City would consider changing the terms of the original agreement. Director Cumbie stated that he had reservations about going into the Rate Stabilization Fund and would also like to consider going to the City to discuss the terms. Director Gant suggested going back to the City and possibly dropping the threshold to 70%.

Mayor Swan arrived to the meeting at 4:30.

ACTION: Director Cumbie made a motion, seconded by Director Kasper to renegotiate the original agreement with the City to possibly enable KUA to recover naturally through market forces and to provide more flexibility in the agreement.

MOTION PASSED 5 – 0

J. STAFF REPORTS

1. CONDENSED FINANCIAL Report – Quarterly – December, 2009

Joe Hostetler, Vice President of Finance & Risk Management briefed the Board on increased revenues partially due to the unusually cold weather.

2. SEMI ANNUAL REPORT ON INFORMATION TECHNOLOGY PROJECTS

Jef Gray, Vice President of Information Technology presented an update on current and future projects taking place including the VOIP (Voice over Internet Protocol) and Customer Care Management software. Director Gant asked about the status of communicating with the public. Mr. Gray stated that all the phone systems will be more efficient with the VOIP which will provide more than the current 69 phone lines.

3. LARGE COMMERCIAL LIGHTING REBATE PILOT PROGRAM

Susan Postans, Vice President of Customer Service briefed the Board on an energy conservation pilot program for large commercial customers who install energy efficient lighting. The rebate would help these customers offset the installation cost of the lighting.

K. BUDGET REVIEW

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

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

Joe Hostetler, Vice President of Finance & Risk Management reviewed the load forecast and total energy sales.

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

Wilbur Hill, Vice President of Human Resources presented an overview of current personnel. Mr. Hill stated that the current amended budget includes 308 equivalent positions and the proposed 2011 budget tentatively includes 305.5 equivalent positions which is a reduction of 2.5 full time equivalent positions.

Mr. Hill advised that staff is recommending that the Board continue the freeze in the upcoming 2010/2011 budget year in the same manner as it was applied to the pay plan in the current 2009/2010 budget year. (This included a one-time payment of \$600 to employees below the vice presidential level in lieu of a market level adjustment.) Also, staff recommended that the Board plan for a possible thawing of the pay freeze in the 2011/2012 budget year depending upon economic conditions.

MOTION: Director Cumbie made a motion, seconded by Director Kasper to accept staff's recommendation to the Board for planning purposes.

MOTION CARRIED 5-0

4. DEPARTMENTAL OVERVIEW – PERSONNEL & CAPITAL

a. POWER SUPPLY – LARRY MATTERN

Larry Mattern, Vice President of Power Supply gave an overview of his budget. Mr. Mattern stated that 49 of 51 employee salaries are reimbursed by FMPA.

b. INFORMATION TECHNOLOGY AND ISP – JEF GRAY

Jef Gray, Vice President of Information Technology presented an overview of his budget. Director Hardee asked if the IT department was satisfied with SQL or would prefer looking into a program such as Oracle. Mr. Gray stated that the SQL technology meets the current needs of the system.

Director Gant asked if KUA still has dial-up customers. Mr. Gray stated that there are about 200 customers and the service remains profitable.

c. SYSTEM OPERATIONS & COMPLIANCE – GREG WOESSNER

Greg Woessner, Vice President of System Compliance and Operations presented an overview of his budget. Dr. Gant stated that this economic time appears to be the best time to upgrade equipment based on price and wanted to confirm that staff is satisfied waiting on needed upgrades.

d. ENGINEERING & OPERATIONS – KEN DAVIS

Ken Davis, Vice President of Engineering & Operations presented an overview of his budget.

e. CUSTOMER SERVICE – SUSAN POSTANS

Susan Postans Vice President of Customer Service presented an overview of the organizational chart.

f. FINANCE & RISK MANAGEMENT AND EXECUTIVE – JOE HOSTETLER

Joe Hostetler Vice President of Finance & Risk Management presented an overview of finance and executive office budgets.

g. HUMAN RESOURCES – WILBUR HILL & CHRIS GENT

Wilbur Hill, Vice President of Human Resources reviewed the departmental organizational chart.

Chris Gent, Vice President of Corporate Communications reviewed community sponsorships. Director Hardee asked when the grill is due for replacement. Mr. Gent stated that it works well and averages approximately 17,000 meals each year.

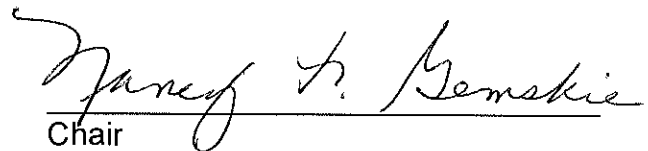
L. HEAR ATTORNEY, GENERAL MANAGER, DIRECTORS

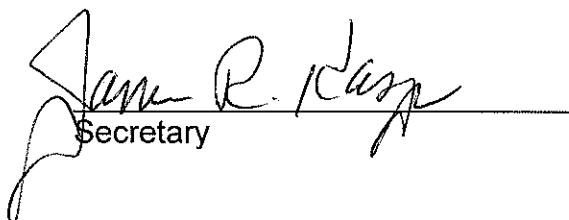
Mr. Lacerte advised the Board of a settlement in an adversary bankruptcy proceeding for \$2,000. Mr. Lacerte thanked Directors Cumbie, Gant and Hardee for their participation at the APPA Legislative Rally and briefed the Board on many of the issues. Mr. Lacerte briefed the Board on bills of concern that will be addressed at the FMEA Legislative Rally in Tallahassee.

Mr. Welsh advised the Board of the next regular Board meeting and upcoming events.

M. ADJOURNMENT

Chairperson Gemskie adjourned the meeting at 5:56 p.m.


Chair


Secretary