

**SPECIAL MEETING OF KISSIMMEE UTILITY AUTHORITY HELD WEDNESDAY,  
JUNE 30, 2010 AT 3:30 PM, BRINSON BOARD ROOM, ADMINISTRATION  
BUILDING, 1701 WEST CARROLL STREET, KISSIMMEE, FLORIDA**

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Present were Chairperson Nancy Gemskie, Vice Chairman Fred Cumbie, Director James Kasper, Director Reginald Hardee, Director George Gant, General Counsel Grant Lacerte, General Manager James Welsh, and Recording Secretary Leticia Rivera. Mayor Jim Swan was not present.

**A. MEETING CALLED TO ORDER**

Vice Chairman Fred Cumbie called the meeting to order at 3:30 p.m.

**B. PLEDGE ALLEGIANCE TO THE FLAG**

The Board and staff recited the pledge of allegiance.

Mr. Welsh advised the Board that Nancy Gemskie submitted her resignation to become effective July 14, 2010. The Board must submit a recommendation to the City of Kissimmee to appoint someone to the KUA Board of Directors effective July 14, 2010 to fill the unexpired term until September 30.

**ACTION: Director Kasper made a motion, seconded by Director Hardee to recommend that the City of Kissimmee nominate Kathleen Thacker to the KUA Board of Directors effective July 14, 2010 due to the resignation of Nancy Gemskie that is effective on July 14, 2010.**

**Motion Passed 5 - 0**

At this time, 3:37pm, a quick recess was granted. Meeting resumed at 3:42pm.

**C. BUDGET REVIEW**

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

Mr. Welsh informed the Board that there has been a reduction in the community support budget as well as in the overall budget and that staff will provide a brief summary of each department's budget. Mr. Welsh also informed the Board that during this budget meeting, topics which will be reviewed are, the ISP procedure evaluation, domestic partner benefits, personnel staff reduction and a new recommendation on the financial policy.

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

Joe Hostetler, Vice President of Finance & Risk Management gave an overview of the budget. Mr. Hostetler recognized the ambassadors and Finance staff for their hard work and assistance while working on the budget. Mr. Hostetler recapped that the budget is due to the City per the Charter requirement on August 17<sup>th</sup> with the new fiscal year beginning October 1<sup>st</sup>.

Mr. Hostetler reviewed the fiscal policy and advised that a change is being recommended. Mr. Hostetler advised that the senior debt coverage is well above the 1.5 coverage; the subordinate coverage falls below the 1.5 coverage and this is why staff needs take action. The combined debt service coverage may fall below 1.5 in 2010 and will definitely fall below 1.5 in the 2011/2014 periods. Staff is recommending splitting the two apart, having a 1.5 on senior and 1.1 on subordinate coverage.

Director Hardee inquired if the fiscal policy change will have an impact on KUA's bond covenant requirements. Mr. Hostetler advised no. Mr. Welsh added that KUA's bond covenant is much more conservative than our internal fiscal policy.

**ACTION: Director Hardee made a motion, seconded by Director Kasper to approve staff recommendation on separating the overall debt service coverage calculation to senior and subordinate calculation which will be to maintain a minimum level of 1.5 debt service coverage on senior debt and 1.1 on subordinate debt.**

**Motion passed 5 - 0**

Joe Hostetler, Vice President of Finance & Risk Management and Jef Gray, Vice President of Information Technology provided an overview and detailed discussion on the ISP.

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

Wilbur Hill, Vice President of Human Resources stated that there is a proposed reduction of 1.5 positions; reducing one in Power Supply area and 1.5 in the Information Technology area and increasing by one in Customer Service Department . If approved it would bring staffing at 306.5 full time equivalent positions.

**ACTION: Director Cumbie made a motion, seconded by Director Kasper to 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, plan to possibly unthaw the pay freeze in the following 2011/2012 budget year depending upon economic conditions.**

**Motion Passed 5 - 0**

Wilbur Hill, Vice President of Human Resources provided an overview on the new Domestic Partnership Benefits procedure which staff is recommending adding to KUA's personnel policy manual.

After a detailed discussion, the consensus from the Board was that KUA should contribute no rate payor money towards domestic partner benefits but KUA will extend domestic partner benefits with the criteria presented but adding language that criteria that the couple involved have been domestic partners for at least a year.

A break was requested at this time; meeting resumed at 6:02 pm.

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

**a. POWER SUPPLY**

Larry Mattern, Vice president of Power Supply gave an overview of the Power Supply department.

**b. INFORMATION TECHNOLOGY AND ISP**

Jef Gray, Vice President of Information Technology provided an overview of the Information Technology department.

**c. SYSTEM COMPLIANCE & OPERATIONS**

Greg Woessner, Vice President of System Compliance & Operations gave on overview of the department's budget.

**d. ENGINEERING & OPERATIONS**

Ken Davis, Vice President of Engineering & Operations provided a brief summary of the department's budget.

**e. CUSTOMER SERVICE**

Susan Postans, Vice President of Customer Service provided a brief summary of the department's budget.

f. **FINANCE & RISK MANAGEMENT AND EXECUTIVE**

Joe Hostetler, Vice President of Finance and Risk Management gave an overview of the finance and executive department's budgets.

g. **HUMAN RESOURCES**

Wilbur Hill, Vice President of Human Resources advised the Board that there are no organizational structure changes or capital items.

Chris Gent, Vice President of Corporate Communications provided an overview of possible sponsorships for next year.

D. OTHER - None

E. HEAR ATTORNEY, GENERAL MANAGER, DIRECTORS

Grant Lacerte, Vice President and General Counsel provided an update on a bankruptcy issue. Director Cumbie inquired if he provides a report to Mr. Welsh weekly or monthly. Mr. Welsh advised that Grant does not provide a weekly or monthly report however, suggested that Grant send him an email on pertinent topics and then it will be forwarded to the Board to keep everyone informed of issues as they come up.

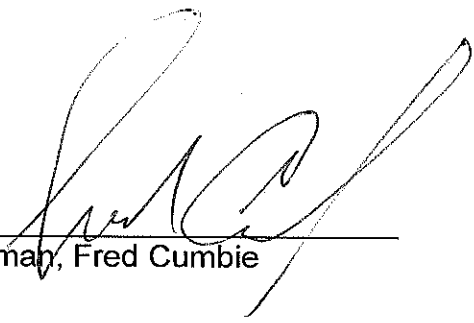
Mr. Welsh informed the Board of upcoming events, dates and also of the positive results from the first KUA Customer Gathering.

Mr. Welsh along with the entire Board thanked Nancy for work while sitting on the KUA Board.

The Board as a whole thanked staff for their work on the budget process.

F. ADJOURNMENT

Vice Chairman Cumbie adjourned the meeting at 7:00 pm.

  
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Vice Chairman, Fred Cumbie

  
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Secretary, Jim Kasper