

MINUTES OF SPECIAL MEETING OF KISSIMMEE UTILITY AUTHORITY, HELD
WEDNESDAY, MAY 7, 1997 AT 6:00 PM, BOARD ROOM, ADMINISTRATION
BUILDING, 1701 W. CARROLL STREET, KISSIMMEE, FLORIDA

Present at the meeting were Chairman Hord, Vice-Chairman Walter, Secretary Guthrie, Director Ralston, Attorney Brinson, President and General Manager Welsh, and Recording Secretary Fizer.

Mayor Attkisson was absent. Assistant Secretary Lowenstein arrived at 7:10 P.M. after the applicants had been reviewed.

A. **MEETING CALLED TO ORDER** at 6:00 p.m. by Chairman Hord.

B. **BOARD APPLICANT REVIEW**

Chairman Hord stated that there are two applicants to be reviewed at this meeting. Discussed were the questions that were to be asked of the applicants and that as in the past General Manager Welsh would ask the questions and the Board would score the applicants according to their answers. All Board members agreed with this procedure. Chairman Hord suggested that after each interview, the Board discuss the findings of the interview. Director Ralston verified that the four categories listed on the questionnaire could be used in helping to determine which applicant would be selected. Secretary Guthrie noted that according to recent correspondence received it would be unacceptable to ask them to retire to another area but if they choose to do so, that also is acceptable.

General Manager Welsh introduced Zettia Fizer, the Executive Secretary and Recording Secretary to the Board.

Mr. Domingo Toro arrived at 6:15 P.M. General Manager Welsh welcomed Mr. Toro and Chairman Hord explained the format for the questioning. He emphasized that the purpose of the session was to understand the background of each applicant.

When Mr. Welsh asked Mr. Toro why he wanted to serve on the Board, Mr. Toro responded that he felt he was very qualified for the position and he wanted to serve the community since he has lived in the area for 17 years. Mr. Toro stated that he would have the time required to serve on the Board since he is currently retired and would be available for day or night meetings.

Mr. Toro stated that as far as he knows, he does not foresee leaving the area in the next five years. When asked what accomplishments he would like to see in KUA during his term, he replied that he would like to see KUA continue in its present role and he would like for the company to become more competitive. Mr. Toro also said he would not have a problem filing the state required financial disclosure form, and furthermore stated he had already done so.

The question was asked if Mr. Toro, as a public official, would have problems with public scrutiny of his actions or decisions and he replied ~~Ano~~. Mr. Toro also indicated that he understood that the position is a non-paid position. Mr. Toro explained that he is currently serving on a non-profit organizational committee and all the income is being used to serve the community. Bonds, competitive rates, and concerns from customers/citizens were discussed briefly. Mr. Toro said he felt the KUA Board Members are to serve the public and manage the finances of KUA.

After Mr. Welsh had completed the questioning of Mr. Toro, other Board members were given the opportunity to ask questions. Mr. Toro closed by saying that he has been very persistent and has applied for the Board position several times and that he wants to serve his community. He thanked the Board members for their time.

Chairman Hord asked Mr. Toro if he planned to run for an elected office in the community in the next five years. He further explained that a Board member cannot serve on the Board and run for office at the same time. He asked Mr. Toro if had any concerns about a citizen showing up at a Board meeting to voice an opinion on rates. Mr. Toro said he felt all citizens have a right to address the Board. He understood that the Board position is without compensation.

Director Ralston informed Mr. Toro of the time the position as a Board member takes and what it entails. Mr. Toro reported that he is currently on the United Way Board, Council on Aging, and Senior Resource Alliance Board. He said he realized that the KUA Board requires much more responsibility than the other committees and boards on which he serves. He is willing to devote as much time as needed to serve on the Board and he would put the KUA Board first and would resign any other board or committee that would conflict with that goal.

Secretary Guthrie asked Mr. Toro to elaborate on his business experience. Mr. Toro reported that he was General Manager for Nabisco in Puerto Rico and the Caribbean. He started the company in Puerto Rico from scratch and started as a salesman and worked his way up to General Manager. When he left the company it was making \$27 million. Since 1990 he said most of his business and experience has been in sales and marketing. He studied Economics and Management at the World University in San Juan, Puerto Rico.

Vice Chairman Walter said he had known Mr. Toro for a number of years and served on many boards with him. He served on the Board of Affordable Housing and according to Vice Chairman Walter, Mr. Toro definitely does his homework and takes his service seriously.

A brief discussion followed on Mr. Toro's qualifications and his contributions. As a whole, the Board felt he was very well qualified and a prospective member.

Upon Mr. Toro's departure, Chairman Hord announced that there would be a short break before the next applicant.

Mr. Lee Koepke arrived at 6:45 P.M. and he was welcomed by the Board members. Chairman Hord explained to Mr. Koepke that several questions would be asked throughout the interview. He noted the questions are not to put him on the spot but to communicate with him and understand more about his background. He was also informed that he would be given an opportunity to ask questions of the Board also.

Mr. Welsh asked Mr. Koepke why he wanted to serve on the Board and what contributions he felt he would bring to KUA. Mr. Koepke answered that he would like to contribute his skills and talents to KUA and serve them in any way he could. When asked what he felt the time requirement is for Board members, Mr. Koepke said he thought this Board was more time consuming than others and that a lot of preparation is needed for the meetings.

Mr. Koepke reported that he had discussed with his employer that should he be chosen for the Board position, he would need to be available for day and night meetings. He also said that as far as he knows there is nothing that would make him leave the area within the next five years.

During his possible term at KUA, Mr. Koepke said he would like for KUA to become aggressive and go after the deregulation issues. He would want KUA to be in a positive position. Mr. Koepke said filing the state required financial disclosure form would not be a problem.

When asked by Mr. Welsh if he would have a problem with public scrutiny of his actions or decisions, he answered **Ano@**. Mr. Koepke also said he understood that the position is a non-paid one. The difference between governmental and private enterprise was explained. Mr. Koepke also noted that he has had experience with civic organizations, non-profit organizations. Bond rating and underwriting were discussed briefly.

Mr. Koepke's perception of the duties of the Board members was to establish the overall policies and make decisions to the best interest of the rate payers.

Chairman Hord asked Mr. Koepke if he had any intentions in running for a political office in the next five years. When Mr. Koepke said no, Chairman Hord advised that it would be a conflict for a KUA Board member to run for office.

Vice Chairman Walter reiterated to Mr. Koepke that the time taken for this position is somewhat larger than expected.

Director Ralston said he has served on the Planning Board with Mr. Koepke and informed him that this Board requires a lot more effort than the planning board. Mr. Koepke said he realized that there is a lot more work but he would do whatever it takes to get the job done.

Chairman Hord thanked the applicant and the interview concluded.

C. DISCUSSION OF APPLICANT REVIEW

When asked for comments on Mr. Koepke's interview, Director Ralston said the decision between the two applicants would be very tough. Both applicants seem well qualified and would make a strong board member. After discussion between Board members, the following action was taken:

Motion by Secretary Guthrie, seconded by Vice President Walter to nominate Domingo Toro for the upcoming open position on the Board and to present the nomination to the City Commission. This seat will be filled on October 1, 1997.

Motion carried 4 - 0

Mr. Welsh was asked to send a letter to Mr. Koepke and thank him for his application.

Director Lowenstein joined the meeting at 7:10 P.M.

D. ENGINEERING SERVICES - ENGINEER OF RECORD

General Manager Welsh noted that there has been discussion by the Board and others about how KUA goes about their engineering services. Ken Davis, the Director of Engineering gave a presentation on the engineering services for the Engineer of Record for KUA. Originally there were three options. After consultation with legal staff the only two options available are to either remain status quo and retain Black and Veatch; or to issue a request for proposal to select a different engineer of record.

Mr. Davis started by saying that KUA has three engineers on continuing contract and they are Black & Veatch, R.W. Beck and Stone and Webster.

Some of the advantages of retaining Black & Veatch are that they have an outstanding reputation in the industry (locally, nationally and internationally), they are a full service firm, they are a known quantity and they have an outstanding record with KUA.

Black & Veatch staff is very familiar with the KUA system and they actually work as an extended staff. If there is a problem, their staff can most often provide telephone assistance because they do understand the design and operational procedures. They are familiar with KUA design standards and this provides economies in design effort, economies in preparations of specifications and reduces KUA staff time and labor expense for projects. Their familiarity with staff and design also provides rapport with regulatory agencies and expedites the permitting processes. Black and Veatch also have a good rapport with the City and County Staff.

Chairman Hord asked if any engineering firm could come into KUA and get the standard specifications that KUA gives to Black & Veatch. He asked who sets the specifications.

Mr. Welsh noted that the many details that come out of design standards have been drawn up between Black & Veatch and the KUA staff.

Mr. Davis said that the KUA staff makes sure that Black & Veatch understands what KUA wants. They are very familiar with the specifications and the legends of KUA standards. However, Mr. Davis said these specifications could be given to another firm. It is not impossible. He noted that it takes time to build up the working relationship that is now evident with Black & Veatch.

Some of the disadvantages of keeping Black & Veatch are that there is no competition for jobs, uncertainty in obtaining best price for the job, potential for complacency in the work, limited to one design philosophy and public perception.

When Chairman Hord asked if the design on the KUA stations is a proven design, Mr. Davis replied Ayes. He went on to say that compared to some of the other substations built by other engineering firms, Black & Veatch is very reputable, and reliable. Some work done in the past by other engineers is substandard and not designed as should have been.

Chairman Hord asked what part of developing the specifications is completed by KUA staff and what part is developed by Black & Veatch staff. Mr. Davis said there is a standard specification that is prepared by Black & Veatch; however, KUA approves or changes the specifications to meet KUA needs.

Mr. Welsh noted that the general configuration of substations is done internally but the thousands of details to put it together is a joint effort in the planning stages.

Chairman Hord's concern was that Black & Veatch may have too much influence over the cost of substations. He asked what expertise value does Black & Veatch have in providing services to KUA.

Mr. Davis noted that if poor engineering services were employed, KUA could feasibly lose 2 million dollars on one substation.

Chairman Hord elaborated that KUA uses a good design which is cost effective and the after the sale aspect of it is very important.

Mr. Welsh shared with the Board that in the past prior to Black & Veatch, KUA was very unhappy with the engineer of record. Their work was less than satisfactory and when approached, instead of trying to work with KUA and resolve the problems, they replied with a four or five page letter saying there was no problem. He reflected that KUA perceives a good firm as one who is dependable and will stand behind their work.

Assistant Secretary Lowenstein asked if another firm could come in and construct the job with the same number of dollars and the same quality of work.

Mr. Welsh stated that one of the problems with going out after another firm is the potential for hiring a less than satisfactory firm. For the size of our company, we need to utilize a firm that is an extension of our staff.

Director Ralston said he had not been through this process before but he wanted to know who writes the test procedures, who monitors them and carries them out. Ken Davis said that Black & Veatch writes them but are closely monitored and approved by KUA in advance. Mr. Davis said that another firm could do the same thing but over the years a relationship has been built and can be relied upon.

Director Lowenstein said that ~~A~~time is money~~@~~ and it could be very costly if an unreliable firm is retained, it could cost more money because a new working relationship would need to be established. He noted that he has never known Black & Veatch to come in very late on anything. If they made a mistake they paid for it.

Ken Davis continued his presentation and noted that Option 2 (issuing a RFP for a new engineer of record) has both advantages and disadvantages. The advantages are that it brings competition for services, potential for lower cost for services, allows other firms a chance to present their qualifications and public perception. The disadvantages are that it takes an extensive amount of staff time, KUA staff is unable to determine the actual costs of services from the RFP process and there is potential for the appearance of a ~~A~~token~~@~~ process if Black & Veatch is selected again.

Vice Chairman Walter warned it is important that KUA not fall into a trap of comparing engineering services on an RFP. He said that the firm should ~~A~~develop the roadmap~~@~~ and not ~~A~~bid the roadmap~~@~~ for KUA. Qualifications should be considered above all else to make sure they can design the items that they are asked to do. He noted that professional services of a consultant can not always be measured in dollars, even though it is very important.

Director Ralston noted that he still had questions on what incentive Black & Veatch has to provide KUA with the most cost-effective methods of design and engineering.

Director Walter said the best way to keep your business is to keep your customers. This is done by making sure the firm provides what the customers want and need. When a firm is an engineer of record they compete every day. They need to make sure all the prices work and all the design works. He said the system does work.

Director Lowenstein expressed that KUA's engineer of record is Black & Veatch and they have the experience, not just locally but internationally.

Motion by Secretary Guthrie, seconded by Harry Lowenstein, to direct the staff to take no action regarding engineering services contract and keep it status quo with Black & Veatch.

Motion Carried 5-0

Mr. Welsh noted that in the past when we have had technical problems or people problems with Black & Veatch, their top management has worked with KUA and resolved the problems. They have been responsive and honor their contractual obligations.

Richard Herring, of 514A Verona Street, Kissimmee, addressed the Board. He said he agreed with the motion on the floor. He indicated that not everything is hunky-dory in the public perception. Mr. Herring said he came to the Board around a year ago primarily because he was hired by a company out of Atlanta to do certain things around the 14th amendment of the Constitution of the United States. There were people in this County that wanted to look at things in the County and City. A lot of problems and public service status and certain employees have changed. He said he looked at KUA when deregulation came about. He related that in southern Alabama and Georgia, the potential private utility competition attacked it from the common man's viewpoint and they attacked items like Mr. Welsh's pay, travel expenses and engineering services. If it had been ENRON or Southern Utilities they would have taken an ad out in the paper saying KUA had not looked at their engineer since 1983. I do not work or represent anyone in that field. Mr. Herring said that the Board has addressed his concerns. He has looked at probably over 2000 pages of Black & Veatch material trying to find a crack in the armor. He stated he just wanted a good review and he felt the public has benefited from this review. He gave thanks to the Chairman and the Attorney. Mr. Herring reported that he brought it to the Board in November and now it is in May. This review shows that Black & Veatch does not just walk in and pick up a paycheck. Mr. Herring suggested that the Board bring Black & Veatch in and talk to them. He also suggested that the Black & Veatch contract be reviewed and addendums added so that a person off the street can come in and see what Black & Veatch is doing for KUA. Mr. Herring complimented the Board and said he would have voted the same way. He appreciated the time it has taken and he felt the public has benefited from it.

Chairman Hord asked Mr. Herring, that since he comes in contact with the citizens of the community, if he would please carry the response of KUA's review, and let them know that the Board does care and listen to the public.

Mr. Herring said you read about the right to vote and the right to speech. He did however note that there was no press present to report the good things being done in the community by KUA. He went on to say the only time the press is interested in KUA is when it is Mr. Welsh's pay plan, the travel plan or that Black & Veatch is overcharging. That is not good news. When Mr. Herring came to the community in 1972 the press covered everything. Now they only cover the controversial issues. He said they say things like Mr. Welsh has an automatic starter for his car, He can start it from a block away. Mr. Herring went on to say he speaks positively about KUA and he would be glad to stand up for the KUA.

E. HEAR GENERAL MANAGER, ATTORNEY, DIRECTORS

GENERAL MANAGER

Mr. Welsh thanked the Board for their time and effort in discussing the Engineer of Record.

ATTORNEY - No comments.

DIRECTOR RALSTON

Director Ralston said he definitely agreed with the last motion made and he emphasized how important it is to not just get the firm with the best price but a firm that is very reputable. He reported on the Policy Maker Workshop he had attended in Naples last month. Director Ralston felt it was very valuable to him and could possibly be valuable to other Board members. One of the things that was addressed at this workshop was evaluating the General Manager and setting his salary. He suggested that he felt the Board members should set certain goals for the General Manager.

DIRECTOR LOWENSTEIN

Director Lowenstein said he felt Mr. Welsh is right on line when dealing with deregulation. To have a goal is great but to define it is going to be very difficult from the Board's point of view.

CHAIRMAN HORD

Chairman Hord said setting goals is definitely something to think about. He talked briefly about each department saving money and getting compensated for doing so. He said he felt government needed to become more entrepreneurial.

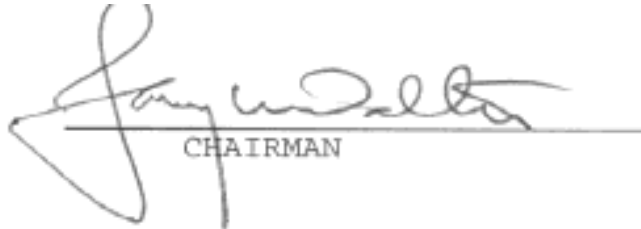
SECRETARY GUTHRIE

Secretary Guthrie wanted to know if the Attorney on Record has an agreement or contract with the KUA Board. According to the organizational chart, it appears that the Mr. Brinson works for the Board. Mr. Guthrie said he thought it would be beneficial to review the agreement or contract for Mr. Brinson to review the procedures.

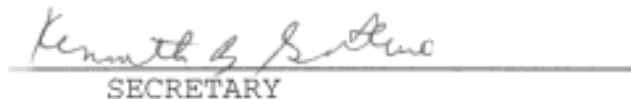
Chairman Hord suggested that a copy of the contract be supplied to Board members and if any questions, it would be discussed at the next Board meeting.

VICE CHAIRMAN WALTER

Vice Chairman Walter said he thought it would be a good idea to start seeing where the utility competition is coming from. He suggested making that one of the goals of the Board. Mr. Welsh said he would be giving a budget presentation at the next meeting and some of these issues would be addressed.


CHAIRMAN

ATTEST:


SECRETARY

F. **ADJOURNMENT:** Meeting adjourned at 8:10 p.m.