

AGENDA ITEM 3-a (2)

MINUTES OF A SPECIAL MEETING OF THE UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA, HELD MONDAY, FEBRUARY 28, 2022, AT 2:30 P.M., AT 200 CANAL STREET, NEW SMYRNA BEACH, FLORIDA
(NOTE – THIS SPECIAL U.C. MEETING WAS HELD ON-SITE)

Chairman Davenport opened the Special U.C. Meeting.

Roll Call:

Chairman Davenport then asked Mrs. Simmons to take the roll call for this meeting.

A roll call was taken, with all U.C. Commissioners in attendance as follows:

Chairman James Davenport
Commissioner Richard Hawes
Commissioner Lawrence Kelly, Jr.
Commissioner James Smith
Commissioner Lillian Conrad

Others in attendance were as follows: J. Bunch, General Manager/CEO (initially – then left); E. Chavez, Director, Finance/ CFO and Interim Director, Central Services; L. Green, Help Desk Technician; M. Spellers, Sr. Help Desk Technician; J. Michel, IT Mgr., Infrastructure (initially); D. Simmons, Exec. Mgr./ Recording Secretary; General Counsel Thomas Cloud Esquire – Gray| Robinson Attorneys at Law; and no members of public in attendance on site.

1. General Manager/CEO Merit Reward Determination – for FY2021 Performance:

Mr. Chavez, Director of Finance/CFO and Interim Director of Central Services, provided some opening comments about the purpose of this Special U.C. Meeting. Also indicated that the Chairman will discuss how much time each has to have a discussion related to Mr. Bunch's performance and then we will, towards the end of it, just before 3:00 p.m., we will have a presentation as to a recommendation and then vote on that. So Mr. Bunch if you don't mind we'll contact you when we're completed, if that's okay with you.

Mr. Bunch stated okay, call my mobile phone.

Mr. Chavez stated yes.

Mr. Bunch then added I'll be in my office, thanks.

Chairman Davenport stated thank you.

Mr. Bunch then left the DeBerry Room.

Chairman Davenport stated okay, Mr. Chavez would you like to... Just, before we get going we've got 30 minutes and we've all seen Mr. Bunch's performance and I think three to five minutes of comments if you'll take your bullet points, I think we all can get to the point and

1. General Manager/CEO Merit Reward Determination – for FY2021 Performance (cont.):

agree to agree because we've seen such an outstanding performance. So based on that, Mr. Chavez if you will start right there please.

Mr. Chavez stated okay, and just quickly before we go into the round table of each of yours, so I sent out two emails. The first email was related to kind of where the market reference point is, the minimum, the maximum. That was based on the last compensation study. I increased the ranges for 5% for this one. And then as part of the current compensation study that we're doing, we will have a different range for his, in essence we'll have what his current salary is benchmarked. But for now, based on review of some information we got from other utilities this is a good starting point. The second email that I sent about a week ago, maybe sooner than that, was just a comparison of where Mr. Bunch's salary is in relation to other municipal utility CEO's. Now for all, this was purely just for information, it wasn't meant to make a change in any of the where he's at or what he's doing, but the other utilities that the CEO has a higher salary, that would be more, those utilities are substantially larger than ours. But before I turn it over to the Chairman, did you have any questions as to what we sent out or what I had sent out.

There being no initial questions, Chairman Davenport stated very good information Mr. Chavez for all of us.

Mr. Chavez stated okay.

Chairman Davenport then asked Commissioner Conrad would you like to start?

Commissioner Conrad stated nope.

Chairman Davenport stated you wouldn't, okay, who would like to volunteer to start the conversation?

Commissioner Hawes stated well, I guess I would.

Chairman Davenport stated go ahead Commissioner Hawes, thank you.

Commissioner Hawes stated yes, I think that, and I don't have the ranges sitting here in front of me but I think if I recall right it was sort of the 5% to 7%, is that the...?

Chairman Davenport stated right.

Commissioner Hawes then added yes, down at the bottom. And I know we had made some big changes last year, Mr. Bunch has done an outstanding job. I don't honestly know which of those numbers is correct, but my guess is somewhere in there is probably the right thing and wanting to stay competitive certainly. So that's really my comments Chairman.

Chairman Davenport stated very good, thank you. Commissioner Smith?

1. General Manager/CEO Merit Reward Determination – for FY2021 Performance (cont.):

Commissioner Smith stated well, kind of caught me flat footed there, I think he's doing a great job. I think we've got to make sure we're competitive as you said with his salary. I don't know what it would take for him to leave but I think trying to reward him for his great efforts and putting together an excellent team is well worth it. That's it.

Commissioner Kelly stated Mr. Chairman, if you took Gainesville (GRU), and this is the math you had Mr. Chavez right? Was Gainesville at \$307,000, Keys (Keys Energy Services) at \$232,000, Kissimmee (KUA) at \$273,000, you'd come out to \$800 and something thousand, you'd be at about \$271,000 on average. If you drop the high and the low...

Mr. Chavez stated yes.

Commissioner Kelly continued, you're going to come out somewhere around \$346,000. Those other places are much larger and stuff but I mean I look at it and I've not been here long enough to make a judgment, but I can look at it to make a judgment and say from the stories that I hear to where we're at now, he's got to be somewhere in the middle there. I saw your 7%, would be pretty accurate because, I mean there's, not that he would want to because this is a great area to come and live and work, you know what I mean, the cost of living and everything else. But you surely wouldn't want somebody to come in at the time when you've guys have got momentum going and snatch him out.

Chairman Davenport stated no, no.

Commissioner Kelly stated I would think the upper end especially based on the economy and current market. I noticed like at one of the hospital boards, they're redoing everything because the medical field is crazy, you know they're just buying people left and right from other places. So you know, you guys have done this before but I would not hesitate to give him the 7% that you had on there. I'm not even sure that that is...

Commissioner Hawes interjected, and what is the 7% number again.

Chairman Davenport stated \$274,900.

Mr. Chavez stated or \$275,000. So in the first email that I sent at the bottom it has for comparison, what we did was we looked at the various scenarios of A, B, or C. You know considering Mr. Bunch's performance results, the recommended merit award for 2021 is 6% to 7%. So then I had here 5%, 6%, 7%, the 7% would be \$274,990 or as the Chairman had indicated \$275,000 even. So that's where we, based on the comparison and our size and the level of performance that was performed, my initial was the 7%, the recommendation, but...

Chairman Davenport stated thank you.

Commissioner Conrad stated all right I'm ready.

Chairman Davenport stated yes ma'am.

1. General Manager/CEO Merit Reward Determination – for FY2021 Performance (cont.):

Commissioner Conrad stated okay, I think it's also important that to remember that we need to position the pay of our CEO so that if, heaven forbid, anything happens and we're all aging, in one way or another, and we need to remember to keep that level of a CEO's salary somewhere in that mid-range because one day we're going to have to go out and find somebody and we're not going to be competitive if all of sudden we find that we're not going to attract anybody unless we pay \$150,000 to \$200,000 more than their currently was. So I do believe its very important for us to stay in the mid-range and I also believe it's merited because of performance.

Chairman Davenport stated thank you. You know, as I sit here and look back and I was one of the original Commissioners that hired Mr. Bunch. We went through it, spent a lot of time together, and what I witnessed him do, he has brought the City together like I've never seen. The comradery if you will, Mr. Resheidat and City Hall. He's brought this U.C. into the community, the community involvement they have, and they weren't and everything, backing schools and what they're doing. This guy, you know I look here at your, this gentleman and I look and I get concerned that I look at these salaries and Mr. Bunch came from, he had 750,000, I think, residential customers he was responsible for in Annapolis and his degrees speak wonders for himself. And saying all that and knowing a lot about him, then you come back over here, let me get my email Mr. Chavez, if this thing will talk to me, right. You come back over to your email and I look at these salaries, and Commissioner Kelly as you said, you took those and that was really good what you did and I'd analyzed it. And you look at those and then you think my gosh, if I was a head hunter I'd be all over Joe Bunch.

Commissioner Kelly added I would too.

Chairman Davenport continued, I mean I would be on him like white on rice. And he loves it here, he likes it, he's proud of it. And where you come down Mr. Chavez in your report, in your analysis – merit reward recommendations, for an employee with a performance rating of an A, exceeds expectations and proximity (MRP) recommend merit reward of 5% to 6% and you put 7%. Well I think he's done an A++ and I personally, the number I would like to see and I'm just going to go ahead and say it, I would like to see a minimum for Mr. Bunch to be making, and by the way if something does happen and new people come in remember it's a contractual situation, we agree on salary, so let's keep that in mind. Because we're here today with Mr. Bunch doesn't mean we have to go with that in the future. So my recommendation would be \$275,000 for him based on what I've seen and I feel comfortable with it, I don't think it's outrageous, I think with inflation going on, it might even be a littler, we could even go a little more with this inflation and what's happening to him, all of us today. So that being said, I don't know, Counsel can I make a motion?

Mr. Cloud stated yes.

Chairman Davenport stated then I'd like to make a motion of a \$275,000 salary for Mr. Bunch. Specifically, an approximate 7% merit reward for the General Manager/CEO's FY2021 work performance.

Commissioner Hawes stated I would second that.

1. General Manager/CEO Merit Reward Determination – for FY2021 Performance (cont.):

Commissioner Kelly stated okay.

Chairman Davenport stated all right, discussion, any more? Commissioner Smith?

Commissioner Smith stated when I was in past management positions, I had a philosophy, it's better to have a great employee for a short time than a mediocre employee for a long time. That said, if you want to keep a great employee on board, part of that formula is salary, there are other things to consider like you say this is a great place to live and work; no question about it. But I agree with the \$275,000, I think that's a reasonable and fair number to go with at this point.

Chairman Davenport stated thank you for your input. Commissioner Hawes? Anything to say Commissioner Kelly?

Commissioner Kelly stated no, I'm glad everybody saw it that way because I really do think the price of really talented and good people is going up all over the community and you know it's not...

Chairman Davenport added, and still he's, when we look at those numbers and still even what we've done here he's viable for a head hunter, I mean.

Commissioner Kelly stated sure.

Chairman Davenport stated I hope he likes it that well and we treat him good. So what are we going to do, we take a roll call? Okay, will you call the roll Mrs. Simmons please ma'am.

Chairman Davenport's prior motion then passed unanimously on a roll call vote.

Chairman Davenport stated thank you, performance; and that's the conclusion of our Special Meeting. We've been here 12 minutes, we're getting along pretty good, this Commission up here, I'd say. Then added no, it's just great to sit here and work with you, knowing we're all different business people, different fields and some good solid heads up here. And that's what made it, with common sense. As my daddy said, common sense ain't so common, but I appreciate everybody. Now I'll say our Special Meeting will be adjourned – right Counsel?

Mr. Cloud stated yes.

There being no further business to come before the Commission, the Special U.C. Meeting closed at 2:42 p.m.

{NOTE – Effective at the U.C.'s 3-22-21 Regular U.C. Meeting, commencing with the minutes for Two Final Public Hearings and Regular U.C. Meeting Held 2-22-21, the Commission will start approving annotated minutes within the agenda package.}

These detailed, near verbatim minutes will still be prepared for reference, electronic searches, and will additionally be posted on the U.C.'s website – ucnsb.org.}