

FLORIDA KEYS ELECTRIC COOPERATIVE ASSOCIATION, INC.

MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE FLORIDA KEYS ELECTRIC COOPERATIVE ASSOCIATION, INC.,
HELD IN THE BOARD ROOM AT FKEC TAVERNIER HEADQUARTERS
TAVERNIER, FLORIDA, ON MONDAY, OCTOBER 26, 2009 PURSUANT TO NOTICE

President Ritz called the meeting to order at 1:04 p.m.

The following directors were present:

H. B. Barrett
Craig Belcher
James J. Boilini
Frank N. Hawkins, Jr., Treasurer
Gretchen Holland, Vice President
George Hertel
Michael H. Puto, Secretary
David C. Ritz, President
Karl Wagner

Also present:

Scott Newberry, Chief Executive Officer
John H. Haswell, Esq., Counsel to the Board
John Stuart, Chief Operating Officer
Cris Beaty, Chief Financial Officer
Susan Kohlhofer, Recording Secretary

Members and Guest:

Joseph Ziomek

1 President Ritz announced that a quorum was present and that the business of the Cooperative
2 could be conducted.

3 The Pledge of Allegiance was recited.

4 These minutes are provided as a general account of the meeting and are not intended as a
5 verbatim record; only motions and pertinent discussions are recorded herein. Due notice of the time,
6 date, and location of this meeting has been provided by publication of such notice in four papers of
7 general circulation in the service area of FKEC.

1 **ACTION ON MINUTES**

2 President Ritz asked if there were any corrections to the minutes of the Regular Board Meeting,
3 held on October 5, 2009, which were previously provided to each Director, and hearing none, the minutes
4 were approved.

5

6 **INTRODUCTION AND COMMENTS BY MEMBERS AND GUESTS**

7 President Ritz welcomed and introduced Joseph Ziomek and invited his comments at this time.
8 Mr. Ziomek shared comments with the Board on technically recoverable oil in an area known as the
9 Bakken Formation.

10 President Ritz thanked Mr. Ziomek for his input and for attending today's meeting.

11

12 **TARGETED GOALS OF CHIEF EXECUTIVE OFFICER**

13 S. Newberry reported on his eleven targeted goals. A question and answer session followed.

14 ***The purpose of this report was for discussion of the issues only; no action was taken or***
15 ***recommended.***

16

17 **COMMITTEE MEETINGS**

18 Policy Committee

19 Chair G. Holland reported that the Policy Committee convened on Monday, October 26, 2009.
20 The Committee members, directors, and staff met to review and consider the following selected policy as
21 scheduled for periodic review. They read as follows:

22

23 209.0 Billing, Collection and Fee Schedules

24

25

26 ***G. Holland made the motion, seconded by H. B. Barrett, that the Board approve the policy***
27 ***as presented by the Committee with changes to the policy, as shown by redline and ~~strikeout~~, and***
28 ***with one minor grammatical change as noted, on the policy previously given to the Board. Vote***
29 ***taken; Motion carried without objection.***

30

1 Engineering and Operations Committee

2 Chairman M. Puto reported that the E & O Committee met on Monday, October 26, 2009. The
3 Committee members, directors, and staff met to review and discuss in depth the budgeted projects that
4 are underway for 2009, along with the budgeted projects that are scheduled for 2010. Also, a line item
5 review of all capital expenditures by department(s) for the year 2010 took place.

6 ***The purpose of this meeting was for discussion of the issues only; no action was taken or***
7 ***recommended.***

8

9 Finance Committee

10 Chairman F. Hawkins reported that the Finance Committee convened on Monday, October 26,
11 2009. The Committee members, directors, and staff met to review the results of the third quarter
12 financials. C. Beaty presented the quarterly financials and statistical reports (through September). A
13 multi year key ratio comparison was presented and discussed. The monthly Form 7 Comparative was
14 reviewed along with an actual to budget comparison by activity code. A budget based cash flow analysis
15 for the year 2009 was also reviewed and discussed along with a summary report of requested capital
16 budget items. ***The purpose of this meeting was for discussion of the issues only; no action was***
17 ***taken or recommended.***

18 Next the Committee members, directors and staff reviewed and discussed the 2008 Form
19 990 as presented. As recommended by the Committee, ***F. Hawkins made the motion; seconded by***
20 ***H.B. Barrett to approve the 2008 Form 990 before submission. Vote taken; Motion carried without***
21 ***objection.***

22

23 FECA / Statewide

24 C. Belcher presented a brief Statewide update: (1) Reported on the FECA Resolution on Climate
25 Change Legislation and noted that should any Board Director have any opposition to this resolution, to
26 please notify him; (2) Reported that the next FECA Board and Committee meetings will be held on
27 Wednesday, November 4, and Thursday, November 5 at FECA's headquarters, in Tallahassee, Florida.

1 **EXECUTIVE SESSION REPORT**

2 President Ritz reported that an Executive Session was held prior to today's Regular Board
3 Meeting. ***The purpose of the meeting was for discussion of matters relating to executive and***
4 ***director compensation. No action was proposed or taken.***

5
6 **MONTHLY REPORTS**

7 S. Newberry's report covered the routine monthly topics and also included the following:

- 8
9 1. Reported that there were no transmission or distribution feeder outages during the month of
10 September.
11
12 2. The year-to-date average outage out number for September is 1.83 hours or 109.8 minutes.
13 The rolling 12 month number is 1.902 hours or 114 minutes.
14
15 3. The new Tavernier Operations Center is complete. There has been no further activity on the
16 old administrative building during the past month.
17
18 4. Continuing with pole change outs and recloser installation.
19
20 5. On the safety side of things, there were no lost time accidents reported during the month of
21 September.
22
23 6. Reviewed and discussed ongoing reliability improvements for the North Key Largo and
24 Ocean Reef areas.
25
26 7. Reported on the Marathon Solar Array Production as well as the Crawl Key Solar Array
27 Production for the month of September. Next discussion ensued regarding developing and
28 pursuing other green power programs.
29
30 8. FKEC's final edits to the proposed FPL contract were submitted. We are currently awaiting
31 FPL's review of the contract. FKEC is working on scheduling meetings during the first two
32 weeks of November.
33
34 9. FKEC met with Verizon Wireless and are considering a hybrid radio / cellular technology
35 system.
36
37 10. FKEC has evaluated website design firms for the revised FKEC website and is awaiting a
38 final proposal from a local design firm.
39
40 11. C. Beaty presented the quarterly financials and statistical reports, as noted in the Finance
41 Committee Meeting Minutes (Page 3 of 6).
42
43 12. The FPL bill and billing summary for last month has been included for the director's
44 information. There was a negative \$427,473 fuel adjustment true up for the month.
45
46 13. In the monthly Rate Comparison, FKEC is in the number seventh position; FKEC came in
47 eleventh in the 12 month rolling average with a cost of \$129.01.
48
49 14. On the SCADA bar graph, FKEC shows a peak on September 4th at 3:00 p.m. at 128.67 MW.
50

- 1 15. The Energy Report was provided to the directors for their information. A question and answer
2 session followed.
- 3
- 4 16. On the Unsolicited Breaker Operation Report, FKEC had a total of 26 operations for the
5 month of September.
- 6
- 7 17. On the Service Order Report, FKEC completed 1530 service orders for the month of
8 September with 182 account transfers.
- 9
- 10 18. Safety meetings were held this month on October 7th, 8th, and 9th in Tavernier and Marathon,
11 respectively. The meeting began by congratulating employees on earning an additional
12 safety day upon completing another 90 consecutive days without a lost time injury. Next it
13 was reported that FKEC received its Safety Accreditation Certificate earlier in the week and
14 Tom thanked all employees for their supportive role in the on-site audit, in the application
15 process and especially for continuing to be on-board with safety. Next Tom briefly recapped
16 the hazard recognition training and reminded employees to always be very aware of what
17 could happen if the unexpected occurs. Tom reminded employees that we will be scheduling
18 classes for CPR, First Aid, AED and Blood Borne Pathogen training later in the month.
- 19
- 20 19. The Workers' Compensation report indicates zero injuries for the month of September.
- 21
- 22 20. A copy of September's Consumer Price Index (CPI) was provided to the Board for their
23 information.
- 24
- 25 21. A copy of Keys Energy Services Utility Board Meeting Minutes (September 23, 2009) were
26 provided to the directors for their information.
- 27
- 28 22. The approved September minutes from the FKEC Members Charitable Trust (Operation
29 Round-Up®) were provided to the directors along with a copy of the accompanying financial
30 reports.
- 31
- 32 23. A copy of the Construction Work in Progress summary was provided to the Board for their
33 information.
- 34
- 35

36 **ITEMS FOR ACTION**

- 37 1. Review and Approval of 2008 Form 990 (See the Finance Committee Meeting Minutes,
38 Page 3 of 6).

40 **REPORT OF BOARD COUNSEL**

41 J. Haswell prefaced his remarks with the caveat that he would not discuss matters of legal advice
42 with the Board that would be privileged and confidential.

43 J. Haswell's update included: (1) Update on the NRECA Pension Plan issues; (2) Update on the
44 PURPA Meeting (Four New PURPA Standards) and the public hearing that was conducted on Tuesday,
45 October 6, 2009; (3) Reported on the current capital credit transfers; (4) Reported on the status of the
46 Marathon pole yard; (5) Update on NERC violations and associated standards; (6) As a follow up on the

1 action of the Board ratifying Jim Boilini's appointment of a Director, J. Haswell stated that the respective
2 FKEC Trustee (now referred to as Director) "nominates" the person to fill the vacancy, subject to
3 confirmation by the FKEC Board of Directors, as referenced in Article VI of the Trust's Bylaws; (7) Update
4 on the D'Asign Source issue; and (8) Discussions with FKEC's Member Service Representatives on
5 various issues.

6 J. Haswell reported on his routine work, including capital credit matters, on behalf of FKEC.

7

8 **UNFINISHED BUSINESS**

9 None

10

11 **NEW BUSINESS**

12 None

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14 **OTHER BUSINESS**

15 None

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17 **ANNOUNCEMENTS**

18 S. Newberry was pleased to present K. Wagner with his NRECA Credentialed Cooperative
19 Director (CCD) Certificate and also presented J. Boilini with his NRECA Board Leadership Certificate
20 (BLC). Congratulations were extended to both directors.

21 The November Regular Board Meeting will be conducted on Monday, November 30, 2009.

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23 **ADJOURNMENT**

24 The meeting was adjourned at 2:40 p.m.

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David C. Ritz, President

Michael H. Puto, Secretary

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