

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, FEBRUARY 23, 2009 PURSUANT TO NOTICE

President Ritz called the meeting to order at 1:05 p.m.

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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:

Thomas M. Dillon
Susan Hammaker
Shelley Miklas
Bernard Solas (arrived at 1:15 p.m.)
Joseph Ziomek

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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.

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1 **ACTION ON MINUTES**

2 G. Holland offered an amendment to the minutes of the January 26, 2009 Regular Board
3 Meeting, stating that she would like for the minutes to reflect how and why the unclaimed funds were
4 accumulated. Hence, the minutes should be amended to reflect that after changing the bylaws earlier in
5 2005 to allow the Board the discretion to donate the unclaimed monies to exempt charitable non-profit
6 organizations, under 501(c) 3 of the Internal Revenue Code, instead of having the funds returned to the
7 state, this year, those unclaimed funds are being put to good use in the Florida Keys by funding
8 scholarships for students participating in the Take Stock in Children program. All of these donations are
9 now possible because of Article I, Section 8, of the bylaws which assigns unclaimed membership deposit
10 refunds and other unclaimed amounts to "qualified charitable organizations" after a year. ***M. Puto made
11 the motion, seconded by K. Wagner, that the Board approve the minutes of the Regular Board
12 Meeting held on January 26, 2009, with the corrections offered by G. Holland. Motion carried
13 without objection.***

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15 **INTRODUCTION AND COMMENTS BY MEMBERS AND GUESTS**

16 President Ritz welcomed and introduced Susan Hammaker, Chair of the Key Largo Wastewater
17 Treatment District, and invited her comments at this time.

18 President Ritz then welcomed and introduced Shelley Miklas, who is running for the upcoming
19 seat for the District 2, Tavernier Area Board, and invited her comments at this time.

20 Next President Ritz welcomed and introduced Joseph Ziomek, who is also running for the
21 upcoming seat for the District 2, Tavernier Area Board, and invited his comments at this time.

22 President Ritz then welcomed and introduced Thomas M. Dillon, who is running for the upcoming
23 seat for the District 1, Key Largo Area Board, and invited his comments at this time.

24 President Ritz thanked Susan Hammaker, Shelley Miklas, Joseph Ziomek and Thomas M. Dillon,
25 who briefly addressed the Board, for their input and for attending today's meeting.

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1 **TARGETED GOALS OF CHIEF EXECUTIVE OFFICER**

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

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

6 **COMMITTEE MEETINGS**

7 Policy Committee Meeting

8 Chair G. Holland reported that a Policy Committee Meeting was conducted prior to today's
 9 Regular Board Meeting. The Committee members, directors, and staff met to review and consider the
 10 following selected policies as scheduled for periodic review. They read as follows:

- 11 109.1 Harassment
- 12 109.2 Drug Free Workplace
- 13 109.3 Family and Medical Leave
- 14 110.3 Computer Systems ~ Internet and E-Mail Usage
- 15 205.10 Travel Expenses
- 16 New Driver License

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 19 ***G. Holland made the motion, seconded by M. Puto, that the Board approve Policy Bulletin***
 20 ***No. 109.1 as presented by the Committee with changes to the policies, as shown by redline and***
 21 ***~~strikeout~~ on the existing policies previously given to the Board, and to incorporate one additional***
 22 ***change as noted. Vote taken; Motion carried without objection.***

23 ***G. Holland made the motion, seconded by J. Boilini, that the Board approve Policy Bulletin***
 24 ***No. 109.2 as presented by the Committee with changes to the policies, as shown by redline and***
 25 ***~~strikeout~~ on the existing policies previously given to the Board, and to incorporate one additional***
 26 ***change as noted. Vote taken; Motion carried without objection.***

27 ***J. Boilini made the motion, seconded by F. Hawkins, that the Board approve Policy***
 28 ***Bulletin No. 109.3 as presented by the Committee with changes to the policies, as shown by***
 29 ***redline and ~~strikeout~~ on the existing policies previously given to the Board. Vote taken; Motion***
 30 ***carried without objection.***

31 ***G. Holland made the motion, seconded by M. Puto, that the Board approve Policy Bulletin***
 32 ***No. 110.3 as presented by the Committee with changes to the policies, as shown by redline and***

1 ~~strikeout~~ on the existing policies previously given to the Board, and to incorporate one additional
2 change as noted. Vote taken; Motion carried without objection.

3 G. Holland made the motion, seconded by K. Wagner, that the Board approve Policy
4 Bulletin No. 205.10 as presented by the Committee with changes to the policies, as shown by
5 redline and ~~strikeout~~ on the existing policies previously given to the Board. Vote taken; Motion
6 carried without objection.

7 G. Holland made the motion, seconded by M. Puto, that the Board approve the newly
8 presented policy, Driver License, as presented by the Committee and to incorporate one
9 additional change as noted. Vote taken; Motion carried without objection.

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11 Relations and Member Services Committee Meeting

12 Chairman H. B. Barrett reported that a Relations and Member Service Committee Meeting was
13 conducted on Monday, February 23, 2009. The Relations and Member Service members, directors and
14 staff reviewed and discussed various issues. **The purpose of this meeting was for discussion of the**
15 **issues only; no action was taken or recommended.**

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17 FECA / Statewide

18 S. Newberry presented a brief Statewide update: (1) Reported that he would like to offer his
19 congratulations to Craig Belcher, who has been elected to serve as the Vice Chairman of the Finance
20 Committee; (2) Reported that NRECA's Annual Meeting included a presentation on the Economic
21 Stimulus Package and what opportunities are in the legislation, and how to access the money for the
22 smart grid, efficiency investments and other various issues. According to NRECA, it will be very important
23 for electric cooperatives to be aggressive in getting these funds as this could be the major source of cash
24 that will fund the mandates in the upcoming energy and carbon bills; and (3) Reported that the 2009
25 Florida Legislative Cookout would be held on Wednesday, March 4th in which he and C. Belcher will
26 attend.

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EXECUTIVE SESSION REPORT

President Ritz reported that an Executive Session will be conducted following the conclusion of today's Regular Board Meeting.

MONTHLY REPORTS

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

1. One distribution feeder outage in January and one transmission outage in January. On January 2, 2009, the differential relay locked out in the Jewfish substation during maintenance taking the entire substation out. 5,322 consumers were out for 22 minutes. On January 9, 2009, a fault on the 138 line just north of the aerojet canal caused a fault that the transmission breakers in the Tavernier substation failed to clear in a timely manner, resulting in a total loss of electricity in the Keys for 33 minutes.
2. The year-to-date average outage out number for January is 38 minutes. The rolling 12 month number is 1.23 hours.
3. The new Tavernier Operations Center is very near completion. The tentative move in date is Thursday, March 12, 2009.
4. Osmose is presently inspecting poles from Venetian Shores through Tavernier. Pole replacement will start in June 2009.
5. On the safety side of things, there were no lost time accidents reported during the month of January.
6. The Crawl Key solar array is nearing completion. FKEC's Marathon solar array is performing better than expected.
7. The new SCADA system will be installed in March. The Geographical Information System (GIS) and the Millsoft Dispatch Outage Management System (OMS) are working well.
8. C. Beaty presented the monthly financial and statistical reports (through January). The Operating Statement Critique was presented and discussed along with the monthly Form 7 Comparative and the Actual to Budget Comparison by Activity Code.
9. The FPL bill and billing summary for last month has been included for the director's information. There was a negative \$194,560 fuel adjustment true up for the month.
10. In the monthly Rate Comparison, FKEC is in the number thirteenth position; FKEC came in seventeenth in the 12 month rolling average with a cost of \$135.31.
11. On the SCADA bar graph, FKEC shows a peak on January 21 at 7:00 p.m. at 102.81 MW.
12. The Energy Report was provided to the directors for their information. A question and answer session followed.
13. On the Unsolicited Breaker Operation Report, FKEC had a total of 22 operations for the month of January.
14. On the Service Order Report, FKEC completed 1180 service orders for the month of January with 107 account transfers.

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- 2 15. Safety meetings were held this month on February 4th, 5th, and 6th in Tavernier and Marathon,
- 3 respectively.
- 4
- 5 16. The Workers' Compensation report indicates one abrasion for the month of January
- 6
- 7 17. The February Staff Meeting agenda was provided to the directors for their information.
- 8
- 9 18. A copy of January' Consumer Price Index (CPI) was provided to the Board for their
- 10 information.
- 11
- 12 19. A copy of Keys Energy Services Utility Board Meeting Minutes (January 28, 2009) were
- 13 provided to the directors for their information.
- 14
- 15 20. The approved January minutes from the FKEC Members Charitable Trust (Operation Round-
- 16 Up®) were provided to the directors along with a copy of the accompanying financial reports.
- 17
- 18 21. A copy of the Construction Work in Progress summary was provided to the Board for their
- 19 information.
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22 **ITEMS FOR ACTION**

- 23 1. Approval of 2009 Formula Revenue Requirement:
- 24
- 25 C. Beatty, CFO, reviewed the calculation of the 2009 Rate Rider and its effect on the benchmark
- 26 rate for 1000 kWh. After discussion, the matter was deferred for action at a later time.

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29 **REPORT OF BOARD COUNSEL**

30 J. Haswell prefaced his remarks with the caveat that he would not discuss matters of legal advice

31 with the Board that would be privileged and confidential.

32 J. Haswell's update included: (1) Discussions with S. Newberry and R. Callahan pertaining to the

33 four new PURPA Standards and to establish a procedural schedule and required notices; (2) Reported

34 that he recently attended the legal seminar conducted at the NRECA Annual Meeting in New Orleans; (3)

35 Discussions with the attorney for Cheeca Lodge regarding capitol credits; and (4) Discussions with

36 FKEC's Member Service Representatives on various issues.

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

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39 **UNFINISHED BUSINESS**

40 None

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1 **NEW BUSINESS**

2 None

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4 **OTHER BUSINESS**

5 J. Haswell announced that Bill Phillips, CEO of Clay Electric, passed away last Friday. FKEC will
6 be advised of funeral arrangements sometime next week.

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8 **ANNOUNCEMENTS**

9 **District Elections**

10 Gretchen Holland and Thomas M. Dillon are the two candidates nominated for the District 1 (Key
11 Largo area) election, which will be held on Tuesday, March 17, 2009 at the Ocean Reef Academy and at
12 the Key Largo Lions Den (7:00 a.m. to 7:00 p.m.).

13 Frank Hawkins, Shelley Miklas and Joe Ziomek are the candidates nominated for the District 2
14 (Tavernier area) election, which will be held on Wednesday, March 18, 2009 at FKEC's Tavernier
15 Headquarters (7:00 a.m. to 7:00 p.m.).

16 S. Newberry commented that fluorescent light bulbs will be distributed to all voting members in
17 the District 1 and in the District 2 elections.

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19 **Canvassing Board**

20 Regarding the Canvassing Board for the District 1 election held on Tuesday, March 17th,
21 President Ritz appointed himself to serve at the polling location at the Ocean Reef Academy and H.B.
22 Barrett to serve at the polling location at the Key Largo Lions Den. For the District 2 election held on
23 Wednesday, March 18th, President Ritz appointed H. B. Barrett to serve at the polling location at the
24 FKEC Tavernier Headquarters.

25 J. Haswell advised the Board that Article IV, Section 6(5) of the Cooperative Bylaws requires that
26 the Board, for the district election, appoint Inspectors of Election. ***On motion by G. Holland, seconded
27 by J. Boilini, the directors unanimously appointed the appropriate staff of the Supervisor of
28 Elections Office as Inspectors of Election for the district election.***

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The March Regular Board Meeting will be held on Monday, March 30, 2009 at 1:00 p.m.

ADJOURNMENT

The meeting was adjourned at 2:25 p.m.

David C. Ritz, President

Michael H. Puto, Secretary