

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, JULY 27, 2009 PURSUANT TO NOTICE

President Ritz called the meeting to order at 1:00 p.m.

**D**  
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:

None

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 June 29, 2009, which were previously provided to each Director, and hearing none, the minutes  
4 were approved.

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

7 None

8  
9 **TARGETED GOALS OF CHIEF EXECUTIVE OFFICER**

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

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

13  
14 **COMMITTEE MEETINGS**

15 Finance Committee

16 Chairman F. Hawkins reported that a Finance Committee Meeting was conducted on Monday,  
17 July 27, 2009, to review the results of the second quarter financials. C. Beaty presented the quarterly  
18 financials and statistical reports (through June). The monthly Form 7 Comparative was reviewed along  
19 with an actual to budget comparison by activity code. A budget based forecasted cash flow analysis for  
20 the year 2009 was also reviewed and discussed along with a multi year financial forecast. ***The purpose***  
21 ***of this meeting was for discussion of the issues only; no action was taken or recommended.***

22  
23 FECA / Statewide

24 S. Newberry presented a brief Statewide update: (1) Reported that the climate change bill barely  
25 passed out of the House of Representatives. He stated that NRECA believes there is an opportunity to  
26 further improve the bill in the Senate and again in conference and noted that they have positioned  
27 themselves as a significant player in this debate. The Senate requires 60 votes to pass legislation, and  
28 the rural areas are much better represented in the Senate. The Senate appears to be much more cost

1 conscious than the House, and much more concerned about any impact that the climate bill would have  
2 on the economy. The Senate has been working on an energy bill; however the Senate's bill does not  
3 have a provision on regulating green house gasses, which is the most contentious element of H.R. 2454.  
4 The Senate bill includes the same small utility exemption for renewables as the House, which exempts all  
5 of Florida's cooperatives from a renewable requirement. The question is whether there is a chance of  
6 molding the bill into something that cooperatives will be able to support. A lengthy discussion ensued; (2)  
7 Reported that the next meeting of the FECA Board of Directors will be held on Friday, August 7, 2009 at  
8 the Ocean Reef Club in Key Largo at 9:00 a.m.

9

#### 10 **EXECUTIVE SESSION REPORT**

11 President Ritz reported that there had not been an Executive Session held since last month's  
12 report.

13

#### 14 **MONTHLY REPORTS**

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

16

17 1. Reported that there were no transmission outages in the month of June, however numerous  
18 thunderstorms caused a variety of scattered distribution outages during July.

19

20 2. Reclosers are installed and operational in the Islamorada Substation. Load is being served  
21 from the Islamorada Substation, however the switchgear is bypassed. Ground grid testing is  
22 complete and there were no major issues found with the station grounding. ABB  
23 representatives inspected the switchgear and suspect moisture and condensation were the  
24 cause of the breaker failures.

25

26 3. The year-to-date average outage out number for June is 1.49 hours or 89.5 minutes minutes.  
27 The rolling 12 month number is 1.86 hours or 114 minutes.

28

29 4. The new Tavernier Operations Center is complete.

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31 5. Pole change outs and the installation of reclosers are presently underway. FKEC is  
32 expecting delivery of the new concrete and self supporting round spun poles within the next  
33 few weeks.

34

35 6. On the safety side of things, there were no lost time accidents reported during the month of  
36 June. FKEC is well underway with the accreditation process.

37

38 7. Reported on the Marathon Solar Array Production as well as the Crawl Key Solar Array  
39 Production for the month of June. S. Newberry reported that he has filed a solar  
40 reimbursement request with the State of Florida for the Crawl Key array. If money is  
41 available, FKEC may receive an \$84,000 reimbursement from the State. A solar

- 1 reimbursement request will also be filed for the Marathon array. The maximum  
2 reimbursement FKEC would receive for that array is \$100,000.  
3
- 4 8. The Outage Management System (OMS) is now tied into the SCADA system. Bids have  
5 been received on the new radio system and FKEC is presently working through the bids to  
6 make sure everything is equal.  
7
- 8 9. FKEC is beginning the initial redesign of its website.  
9
- 10 10. C. Beaty presented the quarterly financial and statistical reports through June. (See Finance  
11 Committee Meeting, page 2 of 6).  
12
- 13 11. The FPL bill and billing summary for last month has been included for the director's  
14 information. There was a negative \$323,040 fuel adjustment true up for the month.  
15
- 16 12. In the monthly Rate Comparison, FKEC is in the number eighth position; FKEC came in  
17 fourteenth in the 12 month rolling average with a cost of \$133.85.  
18
- 19 13. On the SCADA bar graph, FKEC shows a peak on June 21<sup>st</sup> at 4:00 p.m. at 138.67 MW.  
20
- 21 14. The Energy Report was provided to the directors for their information. A question and answer  
22 session followed.  
23
- 24 15. On the Unsolicited Breaker Operation Report, FKEC had a total of 65 operations for the  
25 month of June.  
26
- 27 16. On the Service Order Report, FKEC completed 1483 service orders for the month of June  
28 with 169 account transfers.  
29
- 30 17. Safety meetings were held this month on July 8<sup>th</sup>, 9<sup>th</sup>, and 10<sup>th</sup> in Tavernier and Marathon,  
31 respectively. Employees were congratulated for working another 90 consecutive days  
32 (through July 7<sup>th</sup>) without a lost time injury. Employees were also reminded and encouraged  
33 to be on the lookout for any potentially hazardous situations on the electric system and to  
34 report and document any hazards. Next a Power Point presentation on heat safety was  
35 presented. Main points of the presentation included how the body produces heat; the body's  
36 cooling system and heat related health conditions and their prevention. The effects of  
37 relative humidity on hot air temperatures were also discussed with the four temperature  
38 related work zones shown on a heat index chart.  
39
- 40 18. The Workers' Compensation report indicates one bruise and two strains / sprains injuries for  
41 the month of June.  
42
- 43 19. The July Staff Meeting agenda was provided to the directors for their information.  
44
- 45 20. A copy of a training report from Bill Anderson, who attended the Visible Emissions School  
46 (Smoke School) in West Palm Beach, was provided to the directors. As a visible emissions  
47 evaluator for FKEC, he is required to re-certify in the field every six months for the proper  
48 reading of emissions opacity. He also attended the classroom lecture, as the State of Florida  
49 requires an attendance once every three years.  
50
- 51 21. A copy of June's Consumer Price Index (CPI) was provided to the Board for their  
52 information.  
53
- 54 22. A copy of Keys Energy Services Utility Board Meeting Minutes (June 10, 2009) were  
55 provided to the directors for their information.  
56

1 23. The approved June minutes from the FKEC Members Charitable Trust (Operation Round-  
2 Up®) were provided to the directors along with a copy of the accompanying financial reports.

3  
4 24. A copy of the Construction Work in Progress summary was provided to the Board for their  
5 information.  
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#### 8 **ITEMS FOR ACTION**

##### 9 1. 2009 Preliminary Capital Credit Retirement:

10 The 2009 Preliminary Capital Credit Retirement Information was reviewed and discussed by  
11 the directors and staff. ***H. B. Barrett made the motion, and duly seconded, to approve a 2009 capital***  
12 ***credit retirement of \$1,251,775.05 by retiring 100% of the 1991 margins, and to approve the***  
13 ***disbursement amount, parameters, and retirement costs associated with the retirement. Vote***  
14 ***taken; motion carried without objection.*** The checks (\$20 and over) will be mailed to FKEC members  
15 at the end of August with a mail “stuffer” that explains capital credits. Amounts of \$19.99 or less will  
16 appear as a credit on members’ electric bills.

##### 17 2. 2009 Audit ~ Service Engagement Letter:

18 The directors reviewed the audit agreement, dated July 15, 2009, from Bolinger, Segars,  
19 Gilbert & Moss (BSGM) for audit services for the year ended December 31, 2009. Under new rules in  
20 effect, the directors also reviewed a separate engagement letter for the audit and the tax return. It was  
21 noted that fees and related expenses were estimated not to exceed \$36,000. Discussion ensued; ***H. B.***  
22 ***Barrett made the motion, and duly seconded, that the Board approve the BSGM audit agreement***  
23 ***and separate engagement letter. Vote taken; Motion carried without objection.***  
24

#### 25 **REPORT OF BOARD COUNSEL**

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

28 J. Haswell’s update included: (1) Review of modified License Agreement on use of FKEC  
29 Proprietary Data (Member List); (2) Reported on the Four New PURPA Standards and the notices  
30 associated. Notices are posted on FKEC’s website and have also been included in the Florida Monthly  
31 Magazine; (3) Update on Cooperative litigation and its associated website; (4) Discussed NRECA’s notice  
32 of loss of value in fund; (5) Reported on new Legislative Bills that are currently being monitored by

1 FECA/Statewide; (6) Update on the D'Assign Source mutual release agreement; (7) Discussions  
2 pertaining to capital credit issues; and (8) Discussions with FKEC's Member Service Representatives on  
3 various issues.

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

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6 **UNFINISHED BUSINESS**

7 None

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9 **NEW BUSINESS**

10 Discussion ensued regarding the modified License Agreement on use of FKEC Proprietary Data  
11 (Member List). ***J. Boilini made the motion, and duly seconded, that the Board approve the License  
12 Agreement on use of FKEC Proprietary Data (Member List) pertaining to the 2010 District  
13 Elections, with corrections as noted. Vote taken; Motion carried without objection.***

14 Next, it was the consensus of the Board to hold a Dedication and Reception for its new Tavernier  
15 Operations Center on Tuesday, August 25, 2009 from 5:00 p.m. to 7:00 p.m.

16

17 **OTHER BUSINESS**

18 None

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20 **ANNOUNCEMENTS**

21 The August Regular Board Meeting will be held on Monday, August 31, 2009 at 1:00 p.m.

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23 **ADJOURNMENT**

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

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David C. Ritz, President

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Michael H. Puto, Secretary