

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, AUGUST 31, 2009 PURSUANT TO NOTICE

President Ritz called the meeting to order at 1:00 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 July 27, 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 alternative power plant options.

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

10

11 **TARGETED GOALS OF CHIEF EXECUTIVE OFFICER**

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

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

15

16 **COMMITTEE MEETINGS**

17 Finance Committee

18 Chairman F. Hawkins reported that a Finance Committee Meeting was conducted on Monday,
19 August 31, 2009. The Finance Committee members, directors and staff met to review and further discuss
20 the NRECA Pension Plan and plan oversight options. After a lengthy discussion, it was determined for
21 staff to restudy the matter further and to report back to the Board with their findings for action. ***The***
22 ***purpose of this meeting was for discussion of the issues only; no action was taken or***
23 ***recommended.***

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25 Strategic Planning and Priorities Committee

26 Chairman D. Ritz reported that a Strategic Planning and Priorities Committee Meeting was
27 conducted on Monday, August 31, 2009. The Committee members, directors and staff met to review and
28 discuss the cooperative's position on climate change legislation. Discussion ensued; energy efficiency,

1 conservation and demand response are critical tools for cooperatives and their members in meeting the
2 goals of keeping consumer power costs down and providing reliable power, now and in the future. Any
3 energy efficiency efforts implemented today will reduce the future need, or at least a part of the need, and
4 reduce the impact of increasing rates due to rising costs that may come from climate change legislation.
5 The key is conservation and / or reduction. It was noted that there is enough literature out there for the
6 members to draw their own conclusion. ***The purpose of this meeting was for discussion of the issues***
7 ***only; no action was taken or recommended.***

8 FECA / Statewide

9 S. Newberry presented a brief Statewide update: (1) Reported that 2009 FECA Summer
10 Leadership Conference was conducted at the Ocean Reef Club on August 5 through 7. (2) Reported that
11 there was a pretty lively debate in the FECA Legislative Committee meeting concerning Florida's position
12 on the energy bill the House of Representatives recently passed. He noted that B. Willingham was given
13 instruction to ask NRECA to push for a carbon tax instead of cap and trade and to push to get a price cap
14 safety valve inserted in the language; (3) Reported that the next FECA Board and Committee meetings
15 will be held on Wednesday, November 4, and Thursday, November 5 at FECA's headquarters, in
16 Tallahassee, Florida, in which he and C. Belcher will attend.

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18 **EXECUTIVE SESSION REPORT**

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

21 **MONTHLY REPORTS**

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

23

24 1. Reported that transmission line segments 2 and 4 cleared on July 10, 2009 due to lightning.
25 Resulted in a brief outage to the Jewfish and Key Largo Substations.

26

27 2. The year-to-date average outage out number for July is 1.6 hours or 96 minutes. The rolling
28 12 month number is 2.06 hours or 124 minutes.

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30 3. The new Tavernier Operations Center is complete. Have provided information on old
31 administrative building to interested parties.

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33 4. Pole change outs and the installation of reclosers are presently underway. FKEC has
34 changed out 28 poles and has installed 9 Nova reclosers to date.

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- 1 5. On the safety side of things, there were no lost time accidents reported during the month of
2 July. FKEC's Safety Accreditation Program and on-site inspection process was conducted on
3 August 25-27, 2009. FKEC did pass the on-site accreditation.
4
- 5 6. Reported on the Marathon Solar Array Production as well as the Crawl Key Solar Array
6 Production for the month of July.
7
- 8 7. Continuing discussions and analysis of proposed new FPL contract. Cost comparisons for
9 2008 between the current contract and the proposed contract were reviewed and discussed.
10
- 11 8. Bid meetings on the new radio system are scheduled for September 1-2, 2009.
12
- 13 9. FKEC is continuing with the redesign of its website.
14
- 15 10. C. Beaty presented the monthly financial and statistical reports through July. The Operating
16 Statement Critique was presented and discussed along with the monthly Form 7
17 Comparative and the Actual to Budget Comparison by Activity Code. A question and
18 answer session followed.
19
- 20 11. The FPL bill and billing summary for last month has been included for the director's
21 information. There was a negative \$427,092 fuel adjustment true up for the month.
22
- 23 12. In the monthly Rate Comparison, FKEC is in the number sixth position; FKEC came in
24 twelfth in the 12 month rolling average with a cost of \$132.21.
25
- 26 13. On the SCADA bar graph, FKEC shows a peak on July 18th at 4:00 p.m. at 143.47 MW.
27
- 28 14. The Energy Report was provided to the directors for their information. A question and answer
29 session followed.
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- 31 15. On the Unsolicited Breaker Operation Report, FKEC had a total of 21 operations for the
32 month of July.
33
- 34 16. On the Service Order Report, FKEC completed 1411 service orders for the month of July
35 with 156 account transfers.
36
- 37 17. Safety meetings were held this month on August 5th, 6th, and 7th in Tavernier and Marathon,
38 respectively. The meeting began by recapping last month's topic of heat safety and
39 encouraging outside employees to stay hydrated. Next, the Safety Accreditation Program
40 and on-site inspection process was discussed. The inspection team will consist of safety
41 employees, usually three members, from other Florida cooperatives. Tom highlighted some
42 of the areas that will be emphasized including PPE, fire extinguishers, first aid kits,
43 housekeeping, tools, vehicles, crew visits, substations, building facilities, etc. He then
44 showed a video about the Safety Accreditation Program and the benefits of becoming or
45 staying accredited. Tom then discussed the Safety Manual revisions that had been approved
46 by the safety committee. All employees were asked to assure that their manuals were
47 current and to be familiar with all of the sections that related to their job and work areas.
48 Next, Tom reminded all employees about Monroe County public schools starting back for
49 students on August 24 and to be extra cautious in watching for children waiting for the bus or
50 walking and biking to school in the early morning hours.
51
- 52 18. The Workers' Compensation report indicates one burn and one bruise along with one foreign
53 body/eye injury for the month of July.
54
- 55 19. The August Staff Meeting agenda was provided to the directors for their information.
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- 1 20. A copy of a training report/seminar from Sara Hamilton and Jason Richards, who attended
2 the Environmental Management and Chemical Spill Response Training Seminar, was
3 provided to the directors. The seminar included four days of intensive training preparing them
4 to deal all aspects of a chemical emergency. From developing an emergency response plan,
5 choosing the proper equipment, and developing a spill response team. During the
6 environmental management portion of the course, they discussed the latest regulations from
7 the Florida Department of Environmental Protection and OSHA concerning chemical
8 handling and storage. Through the successful completion of this course, both Sara and
9 Jason have been nationally certified as Incident Commanders, OSHA Level V. This is the
10 highest level for emergency responders designated by the U.S. Department of Labor.
- 11
- 12 21. A copy of a training report from T.J. Patterson, who attended the FKCC Solar Panel
13 Installation Class, was provided to the directors. This was a 40 hour course consisting of a
14 one full day dedicated to a lab session where he actually assembled an Outback, interactive
15 battery-backup PV system. As soon as the system was commissioned, it began powering
16 loads and selling electricity back to the grid. T.J. noted that he gained invaluable knowledge
17 regarding PV systems and it will enable him to better serve FKEC's members who are
18 interested in solar.
- 19
- 20 22. A copy of a training report from Patsy Lederer, who attended the 2009 NRECA Benefits
21 Update Conference in Tampa, FL, was provided to the Board. She noted that she attended
22 several excellent sessions including an update on the performance of the Retirement Plan in
23 2008, a financial review of the 401(k) plan investments, a legislative update on Health Care
24 Reform and what it might mean for cooperatives and rural America. Other sessions attended
25 included upcoming changes in mental health coverage, group benefits enhancements
26 /changes for 2010, revised rules/forms for COBRA compliance and employee benefits
27 website update.
- 28
- 29 23. A copy of a training report from Sheri Bulkiewicz, who also attended the 2009 NRECA
30 Benefits Update Conference in Tampa, FL, was provided to the Board for their information.
31 Sheri noted that during the three day conference, she received updated information on all of
32 the products and services that NRECA has to offer including medical, dental, vision, 401(k),
33 retirement and security. Presentations on the upgrades to the employee benefits website and
34 the new procedures they are implementing for 2009 were also discussed in length.
- 35
- 36 24. A copy of July's Consumer Price Index (CPI) was provided to the Board for their information.
- 37
- 38 25. A copy of Keys Energy Services Utility Board Meeting Minutes (July 30, 2009) were provided
39 to the directors for their information.
- 40
- 41 26. The approved July minutes from the FKEC Members Charitable Trust (Operation Round-
42 Up®) were provided to the directors along with a copy of the accompanying financial reports.
43 It is with much sadness that the Trust Board accepts the resignation of vice chairman and
44 dear friend, Lloyd Borguss. This will be Board of Director, Jim Boilini's assignment to fill the
45 vacated seat for District 1 of the FKEC Members Charitable Trust.
- 46
- 47 27. A copy of the Construction Work in Progress summary was provided to the Board for their
48 information.
- 49
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51 **ITEMS FOR ACTION**

52 None

1 **REPORT OF BOARD COUNSEL**

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

4 J. Haswell's update included: (1) Update on the D'Asign Source mutual release agreement; (2)
5 Update on the McLemore Case (Marathon Traffic Light Case) absolutely nothing has happened since the
6 denial of FKEC's Motion for Summary Judgment. Trial Counsel's strategy (Michael Sikes) is to simply sit
7 on it because it is the Plaintiff who should be prosecuting the case; (3) Update on current bankruptcy
8 cases and noted that bankruptcies are on the rise and are affecting cooperatives; (4) Discussions with S.
9 Newberry and C. Beaty regarding the NRECA Pension Plan issues; (5) Discussions pertaining to capital
10 credit issues; (6) Reported on the Four New PURPA Standards and the notices associated. Notices are
11 posted on FKEC's website and have also been included in the Florida Monthly Magazine; and (7)
12 Discussions with FKEC's Member Service Representatives on various issues.

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

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15 **UNFINISHED BUSINESS**

16 None

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18 **NEW BUSINESS**

19 None

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21 **OTHER BUSINESS**

22 The Board of Directors recently held a Dedication and Reception at its new Tavernier Operations
23 Center on August 25, 2009, to honor the construction team and recognize the significant efforts of
24 everyone involved in planning, designing, engineering and constructing the complex. President Ritz
25 thanked the group and recognized individual contributions. He stated that it was years in the planning
26 and it took a combined team effort to construct this complicated, multipurpose building in what was built in
27 essentially only 14 months. On behalf of the entire Board of Directors, President Ritz stated that the

1 Board is proud of this team's accomplishments and feels that this strong, storm hardened facility will
2 serve FKEC's members and the community well now and for future generations to come.

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4 **ANNOUNCEMENTS**

5 Due to unforeseen circumstances, the September Regular Board Meeting will be held on
6 Monday, October 5, 2009 at 1:00 p.m.

7 The October Regular Board Meeting will be conducted on Monday, October 26, 2009.

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9 **ADJOURNMENT**

10 The meeting was adjourned at 2:45 p.m.

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David C. Ritz, President

Michael H. Puto, Secretary

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