

**MINUTES FROM A REGULAR MEETING OF THE UTILITY BOARD OF THE CITY OF KEY WEST, FLORIDA, HELD AT 5:00 P.M. ON JANUARY 27, 2010 AT THE WILLIAM ARNOLD SERVICE BUILDING LOCATED AT 1001 JAMES STREET, KEY WEST, FLORIDA**

The above referenced meeting of the Utility Board of the City of Key West, Florida, convened at 5:00 P.M., on the above date and location and was called to order by Chairman Hernandez. Present and answering to the roll call were Utility Board members: Charles Bradford, Mona Clark and Ty Symroski. Also present at the meeting: Lynne Tejeda, General Manager & CEO; Nathan Eden, Board Attorney; Jack Wetzler, Assistant General Manager & CFO; Alex Tejeda, Customer Services Director; Suzanne Greager, Management Services Director; Dale Finigan, Director of Engineering/Control Center; David Price, Director of T&D; Eddie Garcia, Director of Generation, and Stan Rzad, Compliance Administrator.

**AGENDA ITEM #4 – SET AGENDA**

Mrs. Tejeda asked to remove item 7d) Award Contract to Repair of US-1 Autotransformer#1, BID# 05-10, and declare associated equipment as surplus. She said more time is needed due to difficulties with the Term and Conditions of the Contract.

Mrs. Tejeda asked to remove item 8a) Approve Resolution #768 – Amending Article Four, Section 4.09 of the Retirement Plan Document – Benefit Adjustments. She said she received a call from Mr. Batty prior to the meeting asking for item 8a) to be postponed in his absence and advised her he would like to be involved in discussion regarding the agenda item.

Mrs. Tejeda stated there is one additional informational item to come before the Board 7h) Approval of Utility Board Travel for Florida Municipal Electric Association's Legislative Rally.

Motion was made by Mr. Bradford and seconded by Ms. Clark to Set the Agenda.

There being no opposition from the Board and no additional requests the agenda was set.

**AGENDA ITEM #5 – RECOGNITION AND PRESENTATION**

**Agenda Item #5a – KEYS Outstanding Employee of the 1<sup>st</sup> Quarter –  
Phil Klausing**

Chairman Hernandez stated the Utility Board is extremely pleased to recognize Phil Klausing as the Outstanding Employee of the First Quarter.

Chairman Hernandez said that Mr. Klausing is a Store Keeper in the Purchasing Section and is responsible for overseeing the daily activities of the warehouse, including inventory, audits, and the receiving and issuing of materials.

Chairman Hernandez stated that Mr. Klausing has been with KEYS for three years.

Chairman Hernandez said that Mr. Klausing was recommended for employee of the quarter by his fellow employees for KEYS Outstanding Employee of the 1<sup>st</sup> Quarter.

Mr. Klausing thanked the Board for the recognition.

## **AGENDA ITEM #6 – INFORMATIONAL ITEMS**

### **Agenda Item #6a – Generation Report**

Mrs. Tejada informed the Board that the Generation Report is included in the Board meeting packet and staff is prepared to answer any questions they may have. There were none.

### **Agenda Item #6b – Financial Planning and Audit Committee Report**

Mrs. Tejada informed the Board that the Audit and Investment Committee met on Wednesday, January 20<sup>th</sup> to review and discuss the Comprehensive Annual Financial (CAFR) Report and the auditor's findings for Fiscal Year 2009.

Mrs. Tejada stated said that Mr. Parks and Mrs. Roher from Oropeza & Parks (O&P) are in the audience to discuss the audit and answer any questions the Board may have.

Mrs. Tejada said that in addition to being an informational item the item will come before the Board as an Action Item.

Chairman Hernandez stated that KEYS received a clean bill of health and he is very grateful for the work done by KEYS staff and O&P.

Mr. Parks approached the podium and thanked the Board for engaging O&P to complete the audit. He said it was a pleasure to work with KEYS staff and O&P had a professional working experience.

Mrs. Roher stated she wanted to thank the Audit Committee and the Board for the opportunity to provide Audit Services for the Utility Board. She also thanked Mr. Wetzler, Mrs. Walls and the Finance Department for their help throughout the audit. She said that O&P enjoys working with KEYS staff.

Mrs. Roher informed the Board that O&P has completed the Audit for Fiscal Year Ended September 30, 2009, and is ready to present to the Board.

Mrs. Roher stated the Board has copies of the Comprehensive Annual Financial Report (CAFR) included in the Board packet. She said the CAFR is also a document which is rich with KEYS history as well as a Comprehensive Report.

Mrs. Roher reported that the Independent Auditor's Report states that O&P has issued an unqualified opinion. She said that means in O&P's opinion the financial statements of the Utility Board were presented fairly and there are no material misstatements. The unqualified opinion is the highest level of assurance that can be received on an audit.

Mrs. Roher reported that there were new terms implemented last year on the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters for Auditing Standards, which can be found on page 56 of the CAFR. The new terms define, control deficiency, significant deficiency and material weakness.

Mrs. Roher stated she is happy to report that there were no findings on the Independent Auditor's Management Memorandum for Fiscal Year 2009. She said this is admirable and does not happen often.

Mrs. Roher reviewed assets, net assets and liabilities on the balance sheet on pages 10 and 11 of the CAFR.

Mrs. Roher informed the Board that a new government auditing standard was implemented in the current year and requires KEYS to record liability that is listed on financials as accrued Other Post Employee Benefits (OPEB). She said that note 15 on page 29 and 30 of the CAFR fully explains the OPEB Liability. The OPEB Liability for KEYS relates primarily to Post Employment Health Care Benefits.

Mrs. Roher stated that on page 15 of the CAFR there are footnotes to the Financial Statements. She asked the Board to please read the footnotes carefully. She said Board Members have a fiduciary duty to understand the statements and the footnotes are a critical part of understanding the detail information that is presented in the base of the Financial Statements.

Mrs. Roher reported there are two new footnotes. First, page 19 of CAFR, under note one, Pollution Remediation Obligations is related to pollution disclosure. Second, page 29 of CAFR, under note 15, is regarding OPEB as discussed earlier.

Mrs. Roher said in closing, overall KEYS appears to be in great shape financially based on internal controls.

Mrs. Roher said if the Board had any questions she would answer them now or they can contact her at later date.

Chairman Hernandez stated he would like to reiterate a comment that Mr. Bradford made at the Audit Committee Meeting, which was that one of the amazing things regarding the CAFR is that it describes the Utility and covers everything.

Mrs. Roher said the Board should be proud of the CAFR and proud of staff for what they have accomplished.

The Board congratulated and thanked staff for their hard work.

### **Agenda Item #6c – No Name Key Update**

Mrs. Tejada stated that at the last Board meeting she reported, KEYS was asked to attend the Board of County Commissioners meeting (BOCC).

Mrs. Tejada informed the Board that KEYS attended the meeting last Wednesday and listened to discussion surrounding electrification of No Name Key. The BOCC decided to table the decision until they had a better understanding of a letter from the United States Fish and Wildlife (USFW).

Mrs. Tejada stated that KEYS has received a 6 page letter in response to a request that KEYS made to USFW to review the project. USFW has requested additional information from KEYS and has offered recommendations and observations.

Mrs. Tejada said staff has recently met with the President and Vice President of the No Name Key Homeowners Association and Mr. Don Craig who is working with the Homeowners Association.

Mrs. Tejada said KEYS is proceeding with issuing the bids for construction and a quote for survey work in order to move forward with the project. She said that staff will continue to work on KEYS contracts which will be presented to the Homeowners Association prior to receiving any money.

Mrs. Tejada stated that KEYS will respond to the USFW letter specifically for any construction KEYS will do. KEYS has asked the Homeowners Association to review and respond to the USFW on inquiries regarding endangered species and the Costal Barrier System.

Mrs. Tejada informed the Board that the Homeowners Association is very eager to move forward. KEYS expects to have bids prepared and ready to come before the Board in April if the contracts are approved by both parties and KEYS receives payment.

Chairman Hernandez asked Mr. Eden if a lawsuit could be filed during the process. Mr. Eden stated that as long as KEYS receives the requisite permissions KEYS will install the system. He said that it has been his advice over the years to stay out of the fray.

Mrs. Tejada said there are clearly people that do not want electricity on No Name Key. KEYS has talked with the Homeowners Association and they recognize it is likely there will be interveners. She said they have been advised that any cost incurred during delays will be borne by the Homeowners Association.

Mr. Symroski stated that he feels KEYS is handling the issue correctly by responding to people within KEYS general service territory. He thinks staff is appropriately conscious when advising the parties if they want the service they are responsible for all charges associated with the project.

### **Upcoming Workshops**

Chairman Hernandez asked Mrs. Tejeda to give an update on upcoming workshops.

Mrs. Tejeda reviewed the upcoming workshops with the Board as follows:

Legislative Briefing and Florida Municipal Power Agency (FMPA) Update Workshop  
Friday February 12th at 12:45 p.m. in the Board Room

Other Post Employment Benefits (OPEB) Workshop  
Wednesday March 10th at 3:30 p.m. in the Board Room

True All-Requirement Project (TARP) Workshop  
Thursday March 25th at 2 p.m. in the Board Room

Public Utility Regulatory Policies Act (PURPA) Workshop  
Wednesday April 14th at 3:00 p.m. in the Board Room

Mrs. Tejeda gave a brief overview of what each of the workshops will consist of.

Mrs. Tejeda also advised the Board that KEYS will schedule a Strategic Planning Workshop at the end of April and that date and time will be announced at a later date.

There were no additional informational items to come before the Board.

### **AGENDA ITEM #7 – CONSENT AGENDA**

- a) Approve Minutes - Regular Meeting – January 13, 2010
- b) Approve Disbursements Report
- c) Award the Installation of Nuts, Replacement of Bolts, and Repositioning of Bumpers on CT#4, Bid #07-10
- d) ~~Award Contract to Repair US 1 Autotransformer #1, BID# 05-10, and declare associated equipment as surplus~~
- e) Award Contract for Removal of Existing Fuel Lines, Installation, and Welding of Stainless Steel Piping - Fuel Line Replacement, Bid #06-10
- f) Declare Non PCB Transformers as Surplus
- g) Declare Non Stock Items as Surplus
- h) Approve Utility Board Travel for Florida Municipal Electric Association's Legislative Rally

Motion was made by Mr. Bradford and seconded by Mr. Symroski to approve the Consent Agenda as changed. The motion passed unanimously.

**AGENDA ITEM #8 – ACTION ITEMS**

**Agenda Item #8a – Approve Resolution #768 - Amending Article Four, Section 4.09 of the Retirement Plan Document – Benefit Adjustments**

This item was removed from the agenda and will be discussed at a later date.

**Agenda Item #8b – Approve Financial Audit and Comprehensive Annual Financial Report (CAFR) for Fiscal Year Ended September 30, 2009**

Mrs. Tejada stated that the Board discussed this item under informational items and it is staffs recommendation to approve the audit as presented.

Motion was made by Mr. Bradford and seconded by Mr. Symroski to Approve Financial Audit and Comprehensive Annual Financial Report (CAFR) for Fiscal Year Ended September 30, 2009

**Agenda Item #8c – Approve the Payment to the City of Key West for the Fiscal Year Ended September 30, 2009**

Mrs. Tejada informed the Board that item 8c is a companion item to the audit and now that the audit is approved staff has payment calculation to pay the City of Key West.

Mrs. Tejada said staffs recommendation is to approve payment for \$393,368 to the City of Key West.

Mrs. Tejada reported that KEYS has also provided more than \$900,000 for in-kind services to the City of Key West in addition to the annual payment.

Motion was made by Ms. Clark and seconded by Mr. Symroski to Approve the Payment to the City of Key West for the Fiscal Year Ended September 30, 2009.

Mr. Symroski stated that the City of Key West is one of KEYS largest customers and they are getting more than their money back.

There being no further discussion from the Board the roll was called and the following vote was recorded:

Mr. Bradford	Yes
Ms. Clark	Yes
Mr. Symroski	Yes
Chairman Hernandez	Yes

## **OTHER BUSINESS**

Chairman Hernandez there has been a request to address the Board and he asked Carol Carr to approach the podium and identify herself for the record.

Ms. Carr introduced herself as Carol Carr and she resides at La Brisa Condominiums in Key West.

Ms. Carr would like to request that the Board allow two names on an account if there is more than one owner.

Ms. Carr explained that she applied for a rebate and she was informed that when applying for the rebate the name on the receipt needs to match the name on the account in order to qualify for rebate. She said there are households that have credit cards in husbands, wife's or partners name and if the name on the receipt or statement does not match the account holders name they would not be eligible for the rebate. She said this is also a stipulation of the grant which provides money for the rebate program.

Ms. Carr stated she understands the terms of a grant can not be changed but believes that KEYS can allow adding an additional person to the account within the computer system. She said this would allow both owners to apply for rebate.

Ms. Carr said when researching, she learned that if an account holder dies there is a very onerous procedure follows. She proceeded to inform the Board of Florida Keys Aqueduct Authority's (FKAA), which she referred to as an unproblematic policy.

Ms. Carr informed the Board that when she called KEYS, a Customer Service Representative advised her of the numerous steps required by KEYS to switch service from a deceased account holders name.

Ms. Carr said in closing, with the flexibility of computers today and under KEYS guidelines she feels the process is primitive, punitive and extremely consumer unfriendly to make such requirements. She asked the Board to reconsider the Customer Service Policy and allow the addition of a second name as a contact person for KEYS billing.

Mr. Symroski said that Ms. Carr's request sounds sensible and proceeded to read KEYS vision statement.

Mr. Eden stated that the procedures were put in place with the intent of there only being one person on the account due to problems that KEYS has had in the past. He said that he was presented with issues between landlord/tenants, divorced couples and roommates and KEYS was in the middle. He advised KEYS that there needed to be one responsible account holder on the account to avoid issues that did not pertain to KEYS.

Mr. Eden said he does not recall there being past issues regarding accounts where the account holder was deceased and transferring account.

Mr. Eden stated he believed that Ms. Carr has made comments that would behoove KEYS to look into.

Chairman Hernandez asked Mr. Eden to see if there is language regarding an account holder and a survivor. Mr. Eden said he will research and see what he can find.

Mrs. Tejeda said that staff will meet with Mr. Eden and will come back before the Board with recommendations or a committee report as to why it remains the same or if policy needs to be updated.

Ms. Carr thanked the Board for their time.

Mr. Symroki told Mrs. Tejeda the letter she sent to the City of Key West regarding energy conservation program was a good letter and wanted to acknowledge.

### **ADJOURNMENT**

Motion was made by Mr. Symroksi to adjourn the Regular Utility Board meeting of January 27, 2010 at 5:40 p.m.

APPROVE:

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Lou Hernandez, Chairman

ATTEST:

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Lynne E. Tejeda, General Manager/CEO & Secretary

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