

MINUTES FROM A REGULAR MEETING OF THE UTILITY BOARD OF THE CITY OF KEY WEST, FLORIDA, HELD AT 5:00 P.M. ON MARCH 24, 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: Peter Batty, 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; and Eddie Garcia, Director of Generation.

AGENDA ITEM #4 – SET AGENDA

Mr. Symroski asked to pull item 7c on the consent and move to item 8c on action items for discussion.

Motion was made by Ms. Clark and seconded by Mr. Batty to set agenda.

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

AGENDA ITEM #5 – RECOGNITION AND PRESENTATION

Agenda Item #5a – Completion of Second Year Apprentice Power Plant Operator – Jennifer Bevis-Pindur and Jack Majewski

Chairman Hernandez said the Board would like to recognize Ms. Jennifer Bevis-Pindur and Mr. Jack Majewski on the Completion of the Second Year Apprentice Power Plant Operator Apprenticeship.

Chairman Hernandez said the first year of the program covers multiple sections from the remote and local operation of Fin Fan coolers to synchronizing the Synchronous Condenser (SC).

Chairman Hernandez said that Ms. Bevis- Pindur and Mr. Majewski work within the Generation Department as Apprentice Power Plant Operators and both have been with KEYS for one year.

The Board congratulated Ms. Bevis- Pindur and Mr. Majewski and wished them luck on the completion of the second year of their apprenticeship.

Ms. Bevis- Pindur and Mr. Majewski thanked the Board.

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.

Agenda Item #6b – Rate Comparison Report

Mrs. Tejada informed the Board that the Rate Comparison Report is included in the Board meeting packet and staff is prepared to answer any questions they may have.

Agenda Item #6c – Sponsorship Report Update

Mrs. Tejada informed the Board that the Sponsorship Report Update is included in the Board meeting packet and staff is prepared to answer any questions they may have.

Storm Hardening Change Order

Mrs. Tejada informed the Board that staff will be seeking a change order for the storm hardening construction crew, Associated Diversified. The contract allowed for a three percent increase to the hourly rate.

Mrs. Tejada said because of the downturn in the economy, recent bids coming in competitively and KEYS employees not receiving increases, staff attempted to renegotiate auto escalators.

Mrs. Tejada reported that Mr. Finigan successfully negotiated reducing the hourly rate from \$80.02 to \$75.43. She said the information will come before the Board in the form of a change order at the next Utility Board meeting.

Florida Municipal Electric Association (FMEA) Legislative Rally

Mrs. Tejada informed the Board that she and Mr. Symroski attended the FMEA Legislative and Regulatory Rally in Tallahassee on Monday and Tuesday. She said in addition to meeting with FMEA, they also had the opportunity to meet with Representative Saunders.

Mrs. Tejada said there are two major issues this year. First, Representative Troutman introduced a bill to bring FMPA under the Public Service Commission (PSC) jurisdiction. She said that she and Mr. Symroski explained KEYS concerns with the bill and asked Representative Saunders to oppose the legislation if it goes to the House floor. She said Representative Saunders was very agreeable.

Mrs. Tejada said there is concern that the bill could drive FMPA rates up and possible that credit rating agencies could downgrade ratings. She said this would increase interest rates on existing bonds and FMPA would have to put up millions of dollars in collateral, which would come from the members.

Mrs. Tejada said the other issue is a bill being introduced by Representative Mayfield to bring all utilities with customers in excess of fifty-five percent outside city limits under PSC. She said currently this would not affect KEYS but would certainly open the door in the future.

Mrs. Tejada said that Vero Beach was used as an example due to current issues they are facing.

Mr. Bradford asked what percentage of customers currently outside of City limits. Mrs. Tejada replied that forty-eight percent of KEYS customers are outside of City limits, which leaves fifty-two percent of KEYS customers within City limits.

A discussion ensued on the ownership of the Utility Board of the City of Key West and how Monroe County would have to buy into Utility in order for customers outside of the City limits to have say in the governing body of the Utility Board.

Chairman Hernandez asked if Mrs. Tejada met with Senator Bullard or her staff. Mrs. Tejada replied she did not. Mrs. Tejada said in past years KEYS has tried to meet with her and were unsuccessful or were given an appointment with someone from her staff.

Upcoming Events

Mrs. Tejada informed the Board of the upcoming events:

- True All Requirements Project (TARP) Workshop – Thurs March 25th at 2p.m. in the Board Room
- FMPA Executive Committee- Friday March 26th at 8 a.m. at the Eco Discover Center
- Solar Project Dedication- Friday March 26th at 11a.m. at the Eco Discovery Center

AGENDA ITEM #7 – CONSENT AGENDA

- a) Approve Minutes - Regular Meeting - March 10, 2010
Approve Minutes- True All Requirements Project (TARP) Workshop - March 10, 2010
- b) Approve Disbursements Report
- e) ~~Approve Renewal of Resolution #758 – Employment Agreement – Utility Board – Attorney, Nathan E. Eden~~
- d) Approve Agreement with Florida Keys Aqueduct Authority for water installation at US 1 Substation and Associated Budget Amendment #10-14
- e) Declare Miscellaneous Wire and Metal as Surplus

Motion was made by Mr. Symroski and seconded by Ms. Clark to Approve the Consent Agenda, moving item 7c to Action Items 8c. The motion passed unanimously.

AGENDA ITEM #8 – ACTION ITEMS

Agenda Item #8a – Rescind Prior Award and Re-Award Contract for Repair & Painting of Stack – Bid #16-09, Schedules 1, 2, & 2A

Mrs. Tejada informed the Board that in September of 2009 they awarded a contract for the painting and repairing of the stack at Stock Island. She said once painting and repairs are completed the current hurricane rating of the stack will increase from a Category II to a Category V, which would allow KEYS to continue leases with AT&T and the United States Coast Guard.

Mrs. Tejada reported since the Board awarded the contract to Preferred Painting of the Florid Keys, KEYS has worked on the term and conditions of contract and found Preferred Painting of the Florid Keys to be non-compliant as they were unable to provide a performance bond.

Mrs. Tejada said that staff has negotiated with the next best bidder, Van Linda Iron Works, Inc., and recommends awarding the work to them as they do comply with KEYS term and conditions.

Mrs. Tejada said it is staff's recommendation to rescind prior award and re-award contract for repair to Van Linda Iron Works, Inc., for an estimated price of \$81,624.00.

Motion was made by Mr. Bradford and seconded by Ms. Clark to Rescind Prior Award and Re-Award Contract for Repair & Painting of Stack – Bid #16-09, Schedules 1, 2, & 2A.

Chairman Hernandez asked where Van Linda Iron Works, Inc. is located. Mrs. Tejada replied Tampa, Florida.

A brief discussion ensued on the price of different vendors.

There being no further discussion the motion passed unanimously.

Agenda Item #8b – Approve Renewal of Property, Boiler & Machinery Insurance coverage through AEGIS effective March 30, 2010 through March 30, 2011

Mrs. Tejada informed the Board that AEGIS, KEYS current insurance carrier for Property, Boiler & Machinery Insurance has held their rate.

Mrs. Tejada said this is a reduction in the total premium cost since the limit has gone down due to the retirement of the High Speed Generating Diesels.

Mrs. Tejada advised the Board there was a proposal from a local insurance carrier, Southernmost Insurance, which would use Star Tech as the carrier but they came in at a higher rate.

Mrs. Tejada said it is staff's recommendation to Approve Renewal of Property, Boiler & Machinery Insurance coverage through AEGIS for \$456,428.

Motion was made by Mr. Bradford and seconded by Ms. Clark to Approve Renewal of Property, Boiler & Machinery Insurance coverage through AEGIS effective March 30, 2010 through March 30, 2011.

Chairman Hernandez asked if there is coverage on the units that were retired. Mrs. Tejada replied that the one single generator that is coming back will be insured when it is back on line and it is included in the insurance premium which was just approved.

Mr. Symroski questioned the \$17,562 for Florida State fees is on one proposal and not the other. Mrs. Tejada said that AGEIS is not an official carrier in the State of Florida and KEYS goes outside of the State for negotiations. She said that Rick Popp, from FMPA, attended formal negotiations out of State and for this reason AGEIS does not have to pay State fees.

Mr. Batty asked if there was a difference in the ratings with the two companies that submitted proposals. Mrs. Tejada referred the question to Mr. Woodard, KEYS' Risk Manager. Mr. Woodard said that both companies are rated A plus and per KEYS bond covenants KEYS can not go below an A rating.

Motion was made by Ms. Clark and seconded by Mr. Bradford to Approve Renewal of Property, Boiler & Machinery Insurance coverage through AEGIS effective March 30, 2010 through March 30, 2011

There being no further discussion the motion passed unanimously.

Agenda Item #8c – Approve Renewal of Resolution #758 - Employment Agreement – Utility Board Attorney, Nathan E. Eden

Mrs. Tejada stated that Resolution #758- Employment Agreement for Nathan Eden was approved by the Utility Board in 2008, which provides the option to renew for a period of two (2) years, if mutually agreed by both parties.

Mr. Symroski said he had asked for this item to be moved from consent to action because he noted there is a 3.5 percent increase and wanted to bring to the Board's attention since staff did not receive increases this past year.

Mr. Symroski stated he has no problem with Mr. Eden's performance, he feels he has served the Board very well and wants to endorse holding him but would like for the Board to look at the 3.5 percent increase.

Motion was made by Mr. Symroski and seconded by Mr. Batty to renew Mr. Eden's contract with the exception of the 3.5 percent increase.

Mr. Batty said he does not think the Board can take away the increase without Mr. Eden's permission because it would change the contract.

Mr. Eden explained past contract negotiations there were changes made to his health insurance and it was also negotiated as part of his salary which is the reason the 3.5 percent was included in the contract.

Chairman Hernandez said the only way the Board would be able to not give Mr. Eden the 3.5 percent would be to renegotiate the contract.

Mr. Symroski said that the contract is for two (2) years and the Board has the ability to renew and under that option and he would like to renegotiate the contract to exclude the 3.5 percent increase.

After discussion Mr. Symroski made a motion to renegotiate the contract to exclude the 3.5 percent. There being no second motion failed due to no second.

Mr. Bradford said if the 3.5 percent was removed from the contract it would make the contract null and void if Mr. Eden does not accept the amendment to the contract.

Mr. Symroski stated the current contract would remain in effect until April 30, 2010, and would give KEYS time to renegotiate.

Mrs. Tejeda informed the Board that she and Mr. Hernandez could go back to the table with Mr. Eden and bring back to the Board at a future meeting.

Mr. Symroski asked Chairman Hernandez for the Board to vote on his first motion to renew Mr. Eden's contract with the exception of the 3.5 percent increase.

The roll was called and the following vote was recorded:

Mr. Batty	No
Mr. Bradford	No
Ms. Clark	No
Mr. Symroski	Yes
Chairman Hernandez	No

Mr. Symroski made a motion to table the Approve Renewal of Resolution #758 - Employment Agreement to allow both parties to renegotiate contract prior to the expiration date of April 30, 2010. There being no second motion failed due to no second.

Motion was made by Mr. Bradford and seconded by Mr. Batty to Approve Renewal of Resolution #758 - Employment Agreement – Utility Board Attorney, Nathan E. Eden.

The roll was called and the following vote was recorded:

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

There being no further discussion the motion passed unanimously.

OTHER BUSINESS

There was none.

ADJOURNMENT

Motion was made by Mr. Batty to adjourn the Regular Utility Board meeting of March 24, 2010 at 5:33 p.m.

APPROVE:

Lou Hernandez, Chairman

ATTEST:

Lynne E. Tejada, General Manager/CEO & Secretary

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