

MINUTES FROM A REGULAR MEETING OF THE UTILITY BOARD OF THE CITY OF KEY WEST, FLORIDA, HELD AT 5:00 P.M. ON FEBRUARY 8, 2012 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; Barry Barroso; and Mona Clark. Also present at the meeting: Lynne Tejada, General Manager & CEO; Nathan Eden, Board Attorney; David Price, Transmission/Distribution Director; Dale Finigan, Engineering/Control Center Director; Alex Tejada, Customer Services Director; Suzanne Greager, Management Services Director; Eddie Garcia, Generation Director and Stan Rzasad, Compliance Administrator.

AGENDA ITEM #4 – SET AGENDA

There were no changes to the agenda and the agenda was set.

AGENDA ITEM #5 – RECOGNITION

Agenda Item #5a – Employee of the Quarter

Chairman Hernandez announced that the Board is extremely pleased to recognize Mr. Dale Finigan as the Outstanding Employee for the First Quarter.

Chairman Hernandez said that Mr. Finigan is KEYS' Director of Engineering and Control and is responsible for overseeing both the Engineering Section and the System Control Center.

Chairman Hernandez stated that Mr. Finigan has been with KEYS for 25 years and prior to his current position held various supervisory positions related to substations and the T&D section.

Chairman Hernandez said that Mr. Finigan comes highly recommended and it is with great pleasure the Board recognizes him as the Outstanding Employee of the First Quarter.

The Board congratulated Mr. Finigan on his accomplishment; Mr. Finigan thanked the Board for the acknowledgement.

AGENDA ITEM #6 – INFORMATIONAL ITEMS

Agenda Item #6a – Rate Comparison Analysis – December

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

Agenda Item #6b – Power Supply Report

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

Agenda Item #6c – Financial & Operational Indicators

Mrs. Tejada informed the Board that the Financial & Operational is included in the Board meeting packet and staff is prepared to answer any questions they may have.

Agenda Item #6d – No Name Key Update

Mrs. Tejada stated there have been some developments with No Name Key and since they are legal in nature, she asked Mr. Eden to update the Board.

Mr. Eden stated that there was a hearing recently to determine whether the appropriate jurisdiction for determining if power can be established on No Name Key is with the district court or the PSC. Judge Audlin heard the argument and issued an order in which he felt the PSC was the proper jurisdiction. Almost immediately after the order by Judge Audlin, Mr. Eden received a notice of appeal on behalf of the residents who are against bringing power to No Name Key. The appeal will be heard in the Third District Court of Appeal.

Mr. Eden said he had a conversation with Counsel Robert Hartsell; he had a conversation with the county attorney, Robert Schillinger, who said they will be joining in the appeal with Robert Hartsell subject to Monroe County Board of Commissioner's approval.

Mr. Bradford asked if the PSC has any jurisdiction over the county; Mr. Eden said no. Mr. Bradford asked if the PSC makes a decision for KEYS to do something could Monroe County say we will not issue permits; Mr. Eden said he believes the county can overrule the PSC ruling.

Mr. Barroso said it appears there are two issues at hand; the first putting the poles in to provide power to No Name Key and second getting the building permits to connect to individual homes. Mr. Eden agreed. Mr. Barroso asked what was Mr. Schillinger's position on allowing KEYS to move forward. Mr. Eden said the first issue is dealing with the Monroe County Comprehensive Plan. The argument is that the Comprehensive Plan does not allow electricity to be put on No Name Key.

Mr. Barroso asked if Monroe County has given their opinion yet. Mr. Eden said no. Mrs. Tejada wanted to clarify that KEYS does not need to seek permits to build the pole line; the homeowner would have to get the permits. Mr. Eden stated that Monroe County can make the decision but that they decided to take it to the courts.

Mrs. Tejada pointed out two letters were presented to the Board from Mr. Robert Hartsell and Mr. Andrew Tobin. Chairman Hernandez said he knew there were some individuals who had signed up to speak tonight and stated he would allow them to speak after they had approved the consent agenda.

AGENDA ITEM 6 – CONSENT AGENDA

- a) Approve Minutes - Regular Utility Board Meeting – January 25, 2012
- b) Approve Disbursements Report
- c) Approve Purchase of Cisco Multiple Edge Switches, Associated Material, and Professional Services and Declare Associated Equipment as Surplus
- d) Approve Piggy-back purchase of one (1), Ford F-350 Pickup Truck and Declare existing KEYS unit #89 as Surplus

Motion was made by Ms. Clark and seconded by Mr. Bradford to Approve the Consent Agenda. The motion passed unanimously.

OTHER BUSINESS

Mr. Hernandez asked for the first speaker; the first speaker was Ms. Mary Frances Bakke, Esq. representing the No Name Key Homeowners Association. She thanked the Board for allowing her to speak on this issue. She stated to the Board that she has been working on this issue for over six years. She wanted to read the letter from Andrew Tobin dated February 2, 2012, for the record that was presented to the Board (a copy of the letter will be provided upon request).

Ms. Bakke said Monroe County cannot deny the resident's permits for public utilities based on the Monroe County Comprehensive Plan. The residents have spent significant time and money on trying to resolve these issues that the Supreme Court and other courts have already addressed. She also stated there is nothing unique or different whether the Monroe County Comprehensive Plan applies here.

The residents have looked extensively over the jurisdiction of the PSC and they have jurisdiction over your rates and services; the Utility Board can make the decision to connect every resident with electricity. Ms. Bakke thinks the law is clear and that there is no reason to wait to take this matter to the PSC and see what their comments are on jurisdiction; KEYS should know what the jurisdiction is and what the legislation requires KEYS to do; KEYS should install the poles and lines and provide the residents with power. Ms. Bakke wants the Board to do the right thing. She asked the Board to honor your legislation and bring the residents of No Name Key utilities. She thanked the Board.

Chairman Hernandez asked for the next speaker, Beth Ramsay-Vickrey declined to speak. The next speaker was Gregory Oropeza, Barnes, Smith, PL.

Mr. Oropeza, introduced himself and stated that he represents Robert and Julie Reynolds. He wanted to address a couple of questions that the Board had; first question was by Mr. Bradford with regards to the PSC having jurisdiction over building permits; Mr. Oropeza stated they; as well as, the PSC feel they do have jurisdiction over running the transmission lines, they have jurisdiction over the local government telling an individual whether the rate payer can or can't connect to the transmission line.

Mr. Oropeza also stated that the residents would not be prevented from obtaining building permits; it would be no different than if they were obtaining an electric permit for a solar panel or generators. There should be no issue in obtaining a permit to connect to the transmission line.

The second question by Mr. Barroso, was installing the poles; there is no dispute that the PSC can control the ability to control transmission lines and the PSC's authority can overrule Monroe Counties Comprehensive Plan and that is what they have asserted.

Mr. Oropeza said the question is; where do we go from here. His clients have authorized his office to move forward. They would prefer not to engage in a PSC complaint as it would be very costly and time consuming and if they prevail those costs could be recovered from KEYS. What they would like, is for the Board to discuss the option of entering an agreement with the PSC which provides a consent order to run the lines; and if the Board could give staff direction to at least open a line of communication with the residents of No Name Key, a common goal could be reached. Mr. Oropeza would like to try and work together and not against KEYS.

Mr. Oropeza wanted to remind the Board that the residents have spent \$154,150 directly to KEYS; they wrote a check in the amount of \$459,257 that has not been cashed; He wanted the Board to know that these residents are willing, ready and able to move forward; they are not wealthy residents and not individuals who have a excessive amounts of money.

Mr. Oropeza thanked the Board for their time and would be happy to answer any questions.

Mr. Barroso asked Mr. Oropeza about recovering costs associated with an appeal from KEYS; Mr. Oropeza stated that in the complaint process with the PSC, because his clients were denied power, the rate payer can request to have their costs recovered.

Mr. Barroso asked Mrs. Tejeda asked what to do next. Mrs. Tejeda said we have only heard from the PSC staff not the Commission. Mr. Barroso asked if we have ever denied power before; Mrs. Tejeda stated not that she is aware of, she wanted to clarify that KEYS has not denied power; that a line extension was prepared and brought to the Board but was postponed because there was too many unanswered questions and issues.

Mrs. Tejeda also pointed out that the franchise agreement allows for poles to be placed in right of ways but in some areas there are not right of ways and KEYS would need easements from property owners. Monroe County is the property owner for four lots and has denied the request for easements.

Mr. Hernandez asked if there was a consensus of the Board on how to move forward; Mr. Bradford asked for the item to be placed on a future agenda so it can be discussed properly. Further discussion ensued. Mrs. Tejeda clarified that the Utility Board would like the No Name Key Line Extension to be brought back before the Board at a future meeting.

Mr. Hernandez asked who the next speaker was; Maggie Gutierrez. Ms. Gutierrez introduced herself, she stated to the Board that she has applied for the Advisory Board and that she knows that this was not on the agenda for this evening; she was going to be out of the country on a pre-planned vacation when it would be brought to the Board on February 22.

Ms. Gutierrez said she wanted to put a face to the application and if the Board had any questions, she would be glad to answer any they may have. Mr. Hernandez asked why she would like to be on the Advisory Board. Ms. Gutierrez stated she is very involved in the community and wants to give back. She is a local attorney; is self employed and has a flexible schedule.

Mr. Barroso asked where Ms. Gutierrez resides and she said she resides at the Salt Ponds. The Board thanked Ms. Gutierrez.

Mr. Hernandez asked for the next speaker, Neil Mellies. Mr. Mellies stated he came on his own, and felt that everyone in the company was in a bad place last week and he is not happy with the outcome, he felt employees were left out. He passed out a copy of the Florida Keys Electric Cooperative's (FKEC) Vision and Mission Statements (a copy will be provided upon request).

Mr. Mellies felt the morale in the company is very low right now with the issues just dealt with. He compared KEYS mission to FKEC mission pointing out that FKEC includes their employees. He stated that KEYS mission statement could use some work. Mr. Hernandez said Mr. Mellies makes a good point and thanked Mr. Mellies for addressing the Board.

Mr. Barroso asked Mr. Mellies what the Board can do to make morale better; he has heard this before and would like to know as a Board member what he can do to make this a better company. Mr. Mellies said he doesn't know all the answers; one thing he does know is communication needs improvement and not having a dividing line between "us" and "them."

Mr. Mellies also stated that the difference in salaries and the pay scale. He is happy with his job as an electrician in the company. He came to KEYS for the benefits and is worried about what the future will bring; will he have a retirement and/or insurance.

Mr. Barroso wanted to state for the record that everyone at KEYS he has dealt with has been above and beyond what he has ever experienced in the private sector. Mr. Barroso said he believes everyone but a handful of people are happy with their jobs and their pay.

Mr. Barroso thanked Mr. Mellies coming to the Board and speaking freely.

ADJOURNMENT

Motion was made by Mr. Bradford to adjourn the Regular Utility Board meeting of February 8, 2012 at 5:48 p.m.

APPROVE:



Lou Hernandez, Chairman

ATTEST:



Lynne E. Tejada, General Manager/CEO & Secretary

/kf