

MINUTES FROM THE FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA) REIMBURSEMENT WORKSHOP OF THE UTILITY BOARD OF THE CITY OF KEY WEST, FLORIDA, HELD AT 4:00 P.M. ON WEDNESDAY, DECEMBER 5, 2018 AT THE KEYS ENERGY SERVICES BOARD ROOM LOCATED AT 1001 JAMES STREET, KEY WEST, FLORIDA

The above referenced workshop of the Utility Board of the City of Key West, Florida, convened at 4:00 P.M., on the above date and location and was called to order by Chairman Batty.

Utility Board Members Present

Peter Batty, Chairman
Mona Clark, Vice Chair
Robert Barrios, Member
Timothy Root, Member
Steven Wells, Member

Staff Present

Lynne Tejeda, General Manager & CEO
Jack Wetzler, Assistant General Manager & CFO
Edee Delph, Executive Assistant to GM/CEO & UB
Julio Torrado, HR & Communications Director
Dan Sabino, Engineering & Control Center Director
Erica Zarate, Customers Services Director
Joe Weldon, Generation Director
Amy Haas, Accounting & Financial Analyst
Jeanette Williams, Accounting & Financial Analyst
Nathan Eden, Utility Board Attorney
Tiffany Curry, Associate for UB Attorney Nathan Eden

Others Present

None

Mrs. Tejeda provided the Board with a power point presentation and the following was discussed:

- Hurricane Irma / Status and Reimbursement Timing with
 - Federal Emergency Management Agency (FEMA)
 - ✓ Reimbursement Request Submitted \$23.7m
 - ✓ FMEA Obligated \$15.5m to State of Florida
 - ✓ FMEA quickest approval six months
 - Florida Division of Emergency Management (FDEM)
 - ✓ FDEM Approved \$630k
 - ✓ FDEM Stated Goal to complete validation within two years of FMEA obligation with quickest validation six months. FDEM still in review for FEMA obligated funds from May 2018

- KEYS Line of Credit (LOC)
 - Bank of America and First State Bank
 - ✓ Matures October 2020
 - ✓ Variable interest
 - ✓ Currently 2.42%
- Assumptions
 - KEYS anticipated reimbursement of \$10m in 2019 and \$20m in 2020
 - Reimbursement to meet LOC pay off date
- Possible Options if Reimbursement doesn't occur as anticipated
 - Work with Bank of America to extend LOC
 - Consider Bank Loan
 - Consider Bond Issue
- Comparing Options
 - Line of Credit
 - Bank Loan
 - Bond Issue
- Staff Recommendation
 - Monitor quarterly to consider reimbursement progress
 - Consider interest rate changes.
 - Use March 2020 as target date to initiate refinancing to determine type of loan and the amount, if needed.

Utility Board members discussed the importance of the timing associated with a bond issue and their concerns regarding rising interest rates and changes in the House and Senate that could impact tax exempt financing. The Board reiterated their interest in building a Hurricane Emergency Reserve fund and expressed interest in potentially funding such a fund with a line item charge on every utility bill. The Board requested further information on the utility's ability to raise funds quickly if a storm were to hit before the LOC has been paid.

After discussion, the consensus of the Board was for Staff to gather more information on issues discussed and schedule another Utility Board Workshop at the end of February or March and have Mr. Craig Dunlap, KEYS Financial Advisor attend.

(A copy of the power point presentation is available upon request)

ADJOURNMENT

The Federal Emergency Management Agency (FEMA), Utility Board Workshop of December 5, 2018, was adjourned by Chairman Batty at 4:50 P.M.

APPROVE:

Peter Batty, Chairman

ATTEST:

Lynne E. Tejeda, General Manager/CEO & Secretary

/ed