

**MINUTES FROM (OPEB) WORKSHOP OF THE UTILITY BOARD OF THE CITY OF KEY WEST, FLORIDA, HELD AT 5:00 P.M. ON JUNE 9, 2010 AT THE WILLIAM ARNOLD SERVICE BUILDING 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 5:00 P.M., on the above date and location and was called to order by Chairman Hernandez.

**Utility Board Members Present**

Chairman Hernandez  
Peter Batty  
Charlie Bradford  
Mona Clark  
Ty Symroski

**Staff Present**

Lynne Tejeda  
Nathan Eden  
Jack Wetzler  
David Price  
Dale Finigan  
Eddie Garcia  
Stan Rzad  
Julio J. Barroso  
Dan Sabino  
Edee Delph

**Others Present**

John Parks  
Sue Turner

**AGENDA ITEM #4 – SET AGENDA**

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

**ITEM #5 – DISCUSS OTHER POST EMPLOYMENT BENEFITS (OPEB)**

Mrs. Tejeda stated that several months ago the Utility Board had an OPEB workshop and the Board asked staff to provide additional information on the Advanced Funding Options for OBEB and to report back to the Board.

Mrs. Tejeda said that staff has gathered the information as requested by the Board and is ready to present their findings.

Mr. Wetzler informed the Board that there are two funding options and proceeded to explain:

- Pay-As-You-Go
  - This is the method which KEYS currently follows
  - KEYS budgets for and pays current year health insurance premiums and claims for retirees
  - KEYS records a liability for the actuarially accrued OPEB liability
- Advanced Funding
  - This method would require KEYS to pay both current year health insurance premiums and claims for retirees plus part or all of the actuarially accrued OPEB liability

Mr. Wetzler informed the Board that the actuarial amount, calculated at this time, to advance fund would be a total of \$7,218,769 for the FYs 2009-2015.

Mr. Wetzler explained that funding is not a requirement but KEYS is required to book liability which would result in an estimated annual cost of \$86,850 if done in house and \$9,750 with Florida League of Cities, based upon a fund balance of \$1,500,000.

Mr. Wetzler reviewed different scenarios to fund the annual cost and how it would affect a Rate Increase/ Residential Cost per 1000 kWh and affect the Rate Stabilization Balance.

Chairman Hernandez asked if there was an urgency for KEYS to fund now or is it possible to look at it again in five to ten years. Mr. Wetzler said because there is no requirement there is no urgency; however, the longer KEYS waits to fund the liability, the more KEYS will have to spend.

Mr. Wetzler told the Board that it is the recommendation of staff to fund the OPEB Cost. Catch up fiscal years 2009 and 2010 spread over 10 years. He said that as of FY 2011 KEYS would start funding annually.

Mr. Wetzler said that staff recommends that KEYS join the Florida League of Cities OPEB Trust.

There was discussion amongst the Board and the Board asked for staff to provide the Board with additional options.

Mr. Bradford stated that currently these are bad economics times, and he recalls there being an option to wait another year and where there is not a regulatory obligation to proceed, he feels funding can wait.

Mrs. Tejada informed the Board that in order to keep the process moving that staff could prepare an agenda item for the Utility Board meeting in July and the Board can make a commitment to advance fund. She said staff would provide several options to the Board, which would allow the Board to make a motion as to what the action should be.

Mrs. Tejada stated that by placing the item on the agenda for the July Board meeting it would allow staff to provide the Board with more accurate figures given its proximity to the budget process. She said this would also give the information to the Board without having another workshop.

Mr. Batty and Mr. Symroski provided staff with scenarios they would like considered.

Chairman Hernandez asked Mr. Parks if he had any comments to add. Mr. Parks said that staff did a good job providing the Board with the different scenarios to make a decision.

There was no further discussion from the Board.

A copy of Mr. Wetzler's power point presentation is available upon request.

#### **AGENDA ITEM # 6 – OTHER BUSINESS**

There was no other business to come before the Board.

#### **ADJOURNMENT**

Motion was made by Mr. Bradford and seconded by Mr. Symroski to adjourn the Other Post Employment Benefits Workshop of June 9, 2010 at 5:42 p.m.

APPROVE:

---

Lou Hernandez, Chairman

ATTEST:

---

Lynne E. Tejada, General Manager/CEO & Secretary

/ed