

# **FLORIDA KEYS AQUEDUCT AUTHORITY**

**BOARD OF DIRECTORS' MEETING**

**OPEN TO THE PUBLIC**

## **A G E N D A**

**HARVEY GOVERNMENT CENTER**

**1200 Truman Avenue**

**Key West, Florida 33040**

**THURSDAY, DECEMBER 23, 2010**

**10:00 a.m.**

### **PUBLIC HEARING**

Assessment Resolution to Preserve the Right and Option to use the Uniform Method of Collecting Non-Ad Valorem Assessment for the area known as the Big Coppitt Wastewater Service District, Cudjoe Regional Wastewater Service District and the Monroe County Sub-district of the Layton Wastewater Service District.

### **REGULAR MEETING**

#### **INVOCATION**

#### **PLEDGE OF ALLEGIANCE**

#### **AWARDS:**

#### **EMPLOYEE RECOGNITION AND RESOLUTION:**

**EO-01.** Consideration to Adopt Resolution 11-01 and a Plaque placed at the Key West Garage in Memory of Karl E. Malsheimer, Fleet Maintenance Foreman of the Lower Keys Garage. (Sponsor: J. Robert Dean)

**Note:** The Board of Directors does allow time for comments from the public, who have completed sign-in cards, on any Agenda Item or any specific area of concern. Individuals will be allotted 3 minutes to make presentation representatives from established groups will be allotted 5 minutes to make presentation.

**EMPLOYEE AWARDS:**

Employee of the 3<sup>rd</sup> Quarter Lynese Mariscal

Retirement Recognition: Theresa Gedmin -----35 Years

Service Awards: Cindy Kondziela-----20 Years  
Tim Jones-----20 Years  
Elvira Sawyer-----30 Years

**FKAA RECEIVES AWARD:**

Florida Keys Aqueduct Authority was selected as a winner of the 2010 Southeast Construction Best of Award. The winner is selected by a group of prominent professionals on the basis of architectural and engineering design, execution of construction, innovation, contribution to the local community and construction industry, ability to overcome challenges and overall excellence.

**APPROVAL OF MINUTES:** November 22, 2010 – Board Meeting

**ADDITIONS/DELETIONS TO AGENDA**

**ACCEPTANCE OF AGENDA**

**CONSENT AGENDA ITEMS (c) = Consent Item**

**EXECUTIVE DEPARTMENT:**

1. (c) **EO – 01.** Consideration to Approve Payment to Interisk Corporation, Insurance Consultants for Risk Management Services through November 30, 2010. **(\$600.00)**

**DEPARTMENT OF ADMINISTRATION:**

2. (c) **DOA – 01.** Summary of Contractual Commitments through November 30, 2010.

**DEPARTMENT OF ENGINEERING:**

3. (c) **DOE – 01.** Status Report on Wastewater Projects
4. (c) **DOE – 02.** Consideration to Approve Abandonment of a portion of an alleyway at the North end of Caraballo Lane, Key West, Monroe County, Florida.

**TECHNICAL SERVICES DEPARTMENT:**

5. (c) **TSD – 01.** Consideration to Approve Purchase of Microsoft Office 2010 Software to Upgrade 169 user’s desktop. **(\$39,985.60)**

## **REGULAR AGENDA ITEMS**

### **EXECUTIVE DEPARTMENT:**

- EO – 02. Executive Director’s Report
- EO – 03. Consideration to Approve the 2011 FKAA Strategic Plan
- EO – 04. Consideration to Approve Administrative Services Agreement between Blue Cross and blue Shield of Florida, Inc. and the Florida Keys Aqueduct Authority for the 10/01/2010-9/30/2011 plan year.
- EO – 05. Consideration to Approve Renewal of Contract with the Furman Group for Professional Government Relations Consulting Services. **(72,000.00)**

### **OFFICE OF COUNSEL:**

- OO – 01. Consideration to Approve Resolution 11- 02, a Resolution of the Board of Directors of the Florida Keys Aqueduct Authority Electing to Preserve the Right and Option to use the Uniform Method of Collecting Non-Ad Valorem Assessments Levied in Monroe County, Florida, including the area known as the Big Coppitt Wastewater Service District, Cudjoe Regional Wastewater Service District; Providing for the mailing of this Resolution and providing for an effective date.

### **DEPARTMENT OF ADMINISTRATION:**

- DOA – 01. Summary of Financial Information – November 30, 2010

### **DEPARTMENT OF ENGINEERING:**

- DOE – 01. Consideration of Approval to Award Project Bid# FKAA-IFB-0005-11, the Piping Modifications for Stock Island RO WTP and Marathon RO WTP Contract to Harn R/O Systems, Inc. **(\$159,000.00)**

### **BOARD OF DIRECTORS:**

- BOD – 01. Follow-Up Report/Write-off Report

**Note:** The Board of Directors does allow time for comments from the public, who have completed sign-in cards, on any Agenda Item or any specific area of concern. Individuals will be allotted 3 minutes to make presentation representatives from established groups will be allotted 5 minutes to make presentation.

**BOARD OF DIRECTORS, FLORIDA KEYS AQUEDUCT AUTHORITY**  
**AGENDA ITEM SUMMARY**

AGENDA ITEM # PUBLIC HEARING

MEETING DATE: December 23, 2010

DEPARTMENT: OFFICE OF COUNSEL

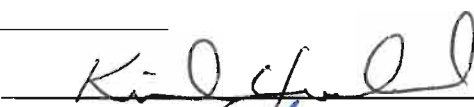
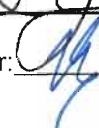
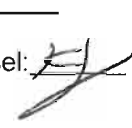

**AGENDA TITLE:** PUBLIC HEARING on the Assessment Resolution to Preserve the Right and Option to Use the Uniform Method of Collecting Non-ad Valorem Assessment for the area known as the Big Coppitt Wastewater Service District, Cudjoe Regional Wastewater Service District and the Monroe County Sub-district of the Layton Wastewater Service District.

**ITEM BACKGROUND:** This Assessment Resolution is a preliminary requirement which allows for the FKAA to preserve the right and option to use the Uniform Method of collecting Non-ad Valorem Assessments for the area known as the Big Coppitt Wastewater Service District, Cudjoe Regional Wastewater Service District and the Monroe County Sub-district of the Layton Wastewater Service District. At this time, the FKAA is not identifying or requesting that an assessment be imposed; this is simply a compliance item which notifies the Tax Collector that an assessment could be necessary in 2011.

**PREVIOUS RELEVANT ACTION BY FKAA BOARD OF DIRECTORS:**

**STAFF RECOMMENDATION (MOTION):** PUBLIC HEARING PRESENTATION ONLY

**SUPPLEMENTAL INFORMATION:** Proposed Assessment Resolution is Attached

<b>DOCUMENTATION:</b>	Included: <b>XX</b>	To-Follow: <input type="checkbox"/>	Not Required: <input type="checkbox"/>
<b>COST FKAA:</b>	\$ _____	<b>BUDGETED:</b>	Yes <input type="checkbox"/> No <input type="checkbox"/>
<b>COST/OTHERS:</b>	\$ _____		
<b>COST TOTAL:</b>	\$ _____		
<b>DEPARTMENT DIRECTOR APPROVAL:</b>			
<b>Reviewed by:</b>	Director Ex. Office: <u>—</u>	Internal Auditor: 	General Counsel:  Executive Director: 

**BOARD ACTION:**

Approved:  Tabled:  Disapproved:  Recommendation Revised:

Comments: \_\_\_\_\_

Date: \_\_\_\_\_

Recording Clerk: \_\_\_\_\_

## FLORIDA KEYS AQUEDUCT AUTHORITY

### RESOLUTION 11-

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE FLORIDA KEYS AQUEDUCT AUTHORITY ELECTING TO PRESERVE THE RIGHT AND OPTION TO USE THE UNIFORM METHOD OF COLLECTING NON-AD VALOREM ASSESSMENTS LEVIED IN MONROE COUNTY, FLORIDA, INCLUDING THE AREA KNOWN AS THE BIG COPPITT WASTEWATER SERVICE DISTRICT, CUDJOE REGIONAL WASTEWATER SERVICE DISTRICT AND THE MONROE COUNTY SUB-DISTRICT OF THE LAYTON WASTEWATER SERVICE DISTRICT; PROVIDING FOR THE MAILING OF THIS RESOLUTION; AND PROVIDING FOR AN EFFECTIVE DATE.**

**WHEREAS**, pursuant to Chapter 76-411, Laws of Florida, as amended, the Board of Directors of the Florida Keys Aqueduct Authority (the "Authority") has been assigned the exclusive jurisdiction over the administration, maintenance, development and provision of wastewater system services in Monroe County, Florida, with the exception of the City of Key West, the City of Key Colony Beach, the City of Layton, Islamorada, Village of Islands and the area of Key Largo served by the Key Largo Wastewater District unless such incorporated areas shall choose to grant the Authority such jurisdiction; and

**WHEREAS**, in order to fulfill its responsibility to develop such wastewater system services, the Authority is considering enacting resolutions which would require the owner of each affected parcel of property to pay a charge or assessment in the form of a non-ad valorem assessment for the cost of providing for (a) identification of parcels, development of one or more wastewater infrastructure and or service delivery plans, engineering and cost estimation and (b) acquisition, construction, administration and appurtenant costs of associated wastewater projects, including the upgrading of existing plants to meet 2015 wastewater standards; and

**WHEREAS**, the Board of Directors of the Authority desires to preserve the option and right to use the uniform method for collecting non-ad valorem assessments for the cost of providing for (a) identification of parcels, development of one or more wastewater and or service delivery plans, engineering and costs estimation and (b) acquisition, construction, administration and appurtenant costs of associated wastewater projects, including the upgrading of existing plants to meet 2015 wastewater standards; within both the incorporated and unincorporated area of Monroe County, including the area known as the Big Coppitt Wastewater Service District, Cudjoe Regional Wastewater Service District and the Monroe County Sub-district of the Layton Wastewater Service District (subject to and as provided by section 9 of Chapter 76-441, Laws of Florida, as amended) as authorized by Section 197.3632, Florida Statutes, as amended, because this

method will allow such charges or assessments to be collected annually commencing in January 2011, in the same manner as provided for ad valorem taxes; and

**WHEREAS**, the Board of Directors of the Authority held a duly advertised public hearing prior to the adoption of this Resolution, proof of publication of such hearing being attached hereto as **Exhibit A**.

**NOW, THEREFORE BE IT RESOLVED** by the Board of Directors of the Florida Keys Aqueduct Authority, as follows:

1. Commencing with the 2011 Fiscal Year and with the tax statement mailed for such Fiscal Year, the Authority hereby announces its intention to use the uniform method for collecting non-ad valorem assessments authorized in Section 197.3632, Florida Statutes, as amended, for collecting non-ad valorem assessments for the cost of providing for (a) identification of parcels, development of one or more wastewater infrastructure and or service delivery plans, engineering and cost estimation and (b) acquisition, construction, administration and appurtenant costs of associated wastewater projects, management services and facilities, including the upgrading of existing plants to meet 2015 wastewater standards. Such non-ad valorem assessments may be levied within all or a portion of both the incorporated and unincorporated areas of Monroe County, including the area known as the Big Coppitt Wastewater Service District, Cudjoe Regional Wastewater Service District and the Monroe County Sub-District of the Layton Wastewater Service District (subject to and as provided by section 9 of Chapter 76-441, Laws of Florida, as amended). A legal description of such areas subject to the contemplated charge or assessment is attached hereto as **Exhibit B** and incorporated by reference.

2. The Authority hereby determines that the levy of such charges or assessments is a potential and viable method to fund the cost of providing for (a) identification of parcels, development of one or more wastewater infrastructure and or service delivery plans, engineering and cost estimation and (b) acquisition, construction, administration and appurtenant costs of associated wastewater projects, management services and facilities, including the upgrading of existing plants to meet 2015 wastewater standards, to property within both the incorporated and unincorporated areas of Monroe County, including the area known as the Big Coppitt Wastewater Service District, Cudjoe Regional Wastewater Service District and the Monroe County Sub-District of the Layton Wastewater Service District (subject to and as provided by section 9 of Chapter 76-441, Laws of Florida, as amended).

3. Adoption of this Resolution is solely for the purpose of complying with the statutory requirements that the Authority publicly announce to the Florida Department of Revenue, the Monroe County Property Appraiser, and the Monroe County Tax Collector before January 1 that it may levy non-ad valorem assessments and use the uniform method of collection in the upcoming fiscal year. Adoption of this resolution shall not be deemed to commit or require the Authority to impose any charge or assessment and the adoption of any such charges or assessments will only be made after future consideration, notice and subsequent public hearing as provided by law.

4. Upon adoption, the Executive Director, or his designee, is hereby directed to send a copy of this Resolution by United States mail to the Florida Department of Revenue, the Monroe County Property Appraiser and the Monroe County Tax Collector by or before December 31, 2010.

5. This Resolution shall be effective upon adoption.

**DULY ADOPTED** this 23<sup>rd</sup> day of December, 2010.

**BOARD OF DIRECTORS  
FLORIDA KEYS AQUEDUCT AUTHORITY**

(SEAL)

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David C. Ritz, Chairman

Attest:

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Elvira Sawyer, Clerk of Record

**EXHIBIT A**  
**PROOF OF PUBLICATION**

## **EXHIBIT B**

### **BIG COPPITT WASTEWATER SERVICE DISTRICT**

The Big Coppitt Wastewater Service District is described as the geographic area generally bounded on the west by Boca Chica Channel on the east by Shark Channel, on the north by Florida Bay, and on the south by the Atlantic Ocean, (generally between Mile Marker 6 and Mile Marker 12) Monroe County, Florida.

### **CUDJOE REGIONAL WASTEWATER SERVICE DISTRICT**

The Cudjoe Regional Wastewater Service District is described as the geographic area generally bounded on the west by Lower Sugarloaf Channel, on the east by the geographic boundaries of the City of Marathon, on the north by Florida Bay, and on the south by the Atlantic Ocean, (generally between Mile Marker 16 and Mile Marker 46) Monroe County, Florida.

### **MONROE COUNTY SUB-DISTRICT OF THE LAYTON WASTEWATER SERVICE DISTRICT**

The Monroe County Sub-District of the Layton Wastewater Service District is described as part of the geographic area generally bounded on the west by Long Key Channel, on the east by Channel Five, on the north by Florida Bay, and on the south by the Atlantic Ocean (generally between Mile Marker 65 and Mile Marker 71) located within the geographic boundaries of unincorporated Monroe County, less and except the areas known as the City of Layton and Long Key State Recreational Area, Monroe County, Florida.

**MINUTES OF REGULAR MEETING  
OF THE  
BOARD OF DIRECTORS  
FLORIDA KEYS AQUEDUCT AUTHORITY**

**HELD ON**

**NOVEMBER 22, 2010**

**FLORIDA KEYS ELECTRIC COOPERATIVE, INC.  
BOARD ROOM  
91630 OVERSEAS HIGHWAY  
TAVERNIER, FLORIDA 33070**

**10:00 A.M.**

The following MEMBERS were present:

David C. Ritz. . . . . Chairman  
Rose M. Dell. . . . . Vice Chairman  
Antoinette M. Appell . . . . . Secretary/Treasurer  
Elena Z. George. . . . . Member

James C. Reynolds. . . . . Executive Director  
Kerry G. Shelby . . . . . Deputy Executive Director  
Kirk C. Zuelch. . . . . General Counsel

Mr. Dean was absent due to a previously scheduled commitment.

A LIST OF ATTENDANCE IS RETAINED WITH THE PERMANENT RECORD OF THIS MEETING.

## EMPLOYEE AWARDS

### EMPLOYEE SERVICE AWARDS

**Frank Dipasqua** – Pipeline Control Man, Operations Department, Florida City – 10 Years Service

**John Summers** – Distribution System Operator A, Operations Department, Upper Keys – 10 Years Service

**Jim Lewanski** – Area Manager, Operations Department, Upper Keys – 20 Years Service

**Terry Stofer** – Production Transmission Maintenance Supervisor, Operations Department, Florida City – 30 Years Service

## AWARDS

### CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE

The Government Finance Officers Association presented James C. Reynolds and the FKAA a Certificate of Achievement for Excellence in Financial Reporting (CAFR) which is the highest award in government financial reporting.

## REGULAR MEETING

Chairman Ritz called the Regular Meeting to order at 10:04 a.m.

Mrs. Sawyer presented the invocation and led the Pledge of Allegiance.

### ADDITIONAL INFORMATION TO THE AGENDA

#### **Consent Agenda:**

**DOO – 01** Consideration of Approval for Bid #FKAA-IFB-0007-11 for the purchase of wastewater chemicals at various locations as well as the purchase and/or rental of storage tanks for a 1-year contract with the option to renew for (4) additional 1-year periods. **(\$110,025.00 Estimated Annual)**

#### **Regular Agenda:**

**DOE – 03** Consideration to Award Construction Contract 1 for the Duck Key Utilities Program to Metro Equipment. **(\$4,867,528.00)**

### DELETIONS FROM THE AGENDA

#### **Regular Agenda:**

**EO – 01** Presentation: Allison DeFoor, II – Governmental Relations Consultant

### APPROVAL OF AGENDA

On motion of Mrs. Appell, seconded by Mrs. George, the Board unanimously approved the Agenda.

### CONSENT AGENDA WASTEWATER/WATER

On motion of Mrs. George, seconded by Mrs. Appell, the Board unanimously approved the following items by Consent:

1. (c) OOC – 01 Authorization for the Executive Director to execute a Settlement Agreement with Community Asphalt Corporation for scouring damage to the FKAA Transmission Pipeline located along the 18 mile stretch of US 1. **(\$8,000.00)**
2. (c) DOA – 01 Summary of Contractual Commitments through October 31, 2010.
3. (c) DOA – 02 Approval to Award Bid #FKAA-IFB-0003-11, purchase of 5/8” brass meter curbs to Utility Supply Associates \$127,400.00 and 3/4” dual meter check valves to Mueller Company \$61,450.00. **(Estimated total \$188,850.00)**
4. (c) DOE – 01 Status Report on Wastewater Projects
5. (c) DOE – 02 Approval to Close-out the Flagler Avenue Water Main Replacement Project; FKAA Project #2245-09, Approval of Final Change Order amount of \$9,552.79 and make Final Payment. **(Change Order \$9,552.79 for Final Amount of \$14,425.81)**
6. (c) DOO – 02 Approval to purchase wastewater chemicals for various locations; 1-year contract with the option to renew for four (4) additional 1-year periods.
7. (c) DOO – 03 Approval for the purchase of four (4) vehicles under Florida Sheriffs Association State Contract Bid #10-18-0907, 1-Ton Utility Truck \$26,298.70, 1/2 Ton Pickup Truck \$14,688.00, 4-Door Utility Vehicle \$22,331/00 and 1/2 Ton Van \$18,770.00 **(\$82,087.70)**

### APPROVAL OF MINUTES

On motion of Mrs. George, seconded by Mrs. Appell, the Board unanimously approved the Minutes of Regular Board Meeting held on October 28, 2010 as presented.

**REGULAR AGENDA ITEMS**

**EXECUTIVE DEPARTMENT**

**EO-01. PRESENTATION BY J. ALLISON DEFOOR, II – GOVERNMENTAL  
RELATIONS CONSULTANT**

This Item was deleted from the Agenda.

**EO-02. EXECUTIVE DIRECTOR'S REPORT**

The Board accepted the Executive Director's Report with additional comments as presented.

**1. County Wastewater Meeting**

- Discussions were held regarding the prospect of utilizing the Venture Out wastewater treatment facility and also the possibility of utilizing the Key Largo Wastewater Treatment District's old wastewater treatment plant as an inexpensive way to move part of the Cudjoe Regional Wastewater System project forward.

Mr. Reynolds and Monroe County Administrator, Roman Gastesi traveled to Washington, DC to seek to have the Cudjoe Regional Wastewater System Project qualified for federal funding.

Ms. Dell suggested that Staff arrange a meeting with the FKAA Board and the BOCC to discuss wastewater projects.

- Staff held a neighborhood meeting with residents of Duck Key on Nov. 16 to discuss the pending project.

Mrs. Appell commended Staff on the presentation to the Duck Key residents.

**2. South Florida Water Management District Alternative Water Supply Grant**

The SFWMD secured an Alternative Water Supply grant in the amount of \$113,000.00 for reclaimed water pipes on Duck Key.

**3. Report from the Furman Group**

The Furman Group provided the Board with a report regarding last year's efforts and plans for the coming year.

Mr. Reynolds reported that the contract with the Furman Group expires on December 31, 2010 and asked for input from the Board as to whether to negotiate another contract at a reduced dollar amount.

General consensus of the Board is to negotiate a contract with the Furman Group at a reduced contract price.

#### **4. Strategic Plan Update**

Mr. Reynolds presented a draft of the Strategic Plan and discussed the addition of the Vision and Mission statements, Guiding Principles which are the ten (10) attributes of an effectively managed water utility and the six (6) elements of the FKAA which were established in the workshop on August 16, 2010.

Chairman Ritz suggested that that the Strategic Plan have more focus on wellfield protection.

Mrs. George suggested that the Vision Statement be more focused on the future.

#### **EO-03. APPROVAL TO RENEW FKAA'S FLOOD INSURANCE POLICIES THROUGH THE NATIONAL FLOOD INSURANCE PROGRAM (NFIP) EFFECTIVE 12/07/10 – 2011 (\$22,122.00 ESTIMATED PREMIUM)**

On motion of Mrs. Appell and seconded by Mrs. George, the Board approved the renewal of nine (9) flood insurance policies with the NFIP through American Bankers Insurance Companies, via Arthur J. Gallagher, for an estimated annual premium of \$22,122.00 for the 12/07/10 – 11 policy period.

#### **EO-04. APPROVAL TO RENEW POLLUTION LIABILITY COVERAGE THROUGH ARTHUR J. GALLAGHER, 12/23/10 – 12/23/13 (\$114,798.62)**

On motion of Ms. Dell and seconded by Mrs. George, the Board approved the renewal of the Pollution Liability Insurance coverage Proposed through Arthur J. Gallagher from Indian Harbor Insurance Company for an estimated premium of \$114,798.62 for the three (3) year period 12/23/10 – 12/23/13.

#### **EO-05. DISCUSSION ON AUDIT QUESTIONNAIRE REGARDING INFORMATION ABOUT TRANSACTIONS BETWEEN THE FLORIDA KEYS AQUEDUCT AUTHORITY AND ANY RELATED PARTIES AND TO MAKE INQUIRIES ABOUT KNOWLEDGE OF FRAUD**

Mr. Shelby discussed a questionnaire by the new auditing firm for the FKAA, MarcumRachlin. Board Members, the Executive Director, Internal Auditor and members of the Executive Team were requested to respond to questions to obtain information regarding business

transactions between the FKAA and any related parties and to make inquiries about any knowledge of fraud.

## **OFFICE OF COUNSEL**

### **OOC-01. APPROVAL OF AN INTERLOCAL AGREEMENT BETWEEN THE FKAA AND THE CITY OF KEY COLONY BEACH FOR THE DESIGN AND INSTALLATION OF FIRE HYDRANTS**

On recommendation of Mr. Zuelch and motion of Mrs. Appell, seconded by Mrs. George, the Board approved an Interlocal Agreement between the Florida Keys Aqueduct Authority and the City of Key Colony Beach for the design and installation of fire hydrants.

## **DEPARTMENT OF ADMINISTRATION**

### **DOA-01. SUMMARY FINANCIAL INFORMATION –THROUGH OCTOBER 31, 2010**

Mr. Shelby reported that trends are consistent with last year with revenues being slightly less. Operating expenses are on track with last year.

## **DEPARTMENT OF ENGINEERING**

### **DOE-01. APPROVAL OF AN AGREEMENT WITH THE FLORIDA DEPARTMENT OF HEALTH TO PROVIDE TECHNICAL SERVICES UNDER THE EPA GRANT XP 83310702 FOR THE “DECENTRALIZED WASTEWATER TREATMENT DEMONSTRATION PROJECT” (\$178,162.00 EPA)**

On recommendation of Mr. Walker and motion of Ms. Dell seconded by Mrs. Appell, the Board approved an Agreement with the Florida Department of Health to provide technical services under the EPA Grant XP 83310702 for the “Decentralized Wastewater Treatment Demonstration Project” in the amount of \$178,162.00.

### **DOE-02. APPROVAL OF CHANGE ORDER #1 TO CONTRACT 2239-09 FOR WATER MAIN IMPROVEMENTS AT TRUMBO POINT, NAS (\$45,700.00)**

On recommendation of Mr. Walker and motion of Ms. Dell, seconded by Mrs. Appell, the Board approved Change Order 1 to Contract 2239-09 with B & L Beneway for water main improvements at Trumbo Point, NAS for a lump sum amount of \$45,700.00.

### **DOE-03. APPROVAL TO AWARD CONSTRUCTION CONTRACT FOR THE DUCK KEY UTILITIES PROGRAM TO METRO EQUIPMENT (\$4,867,528.00)**

On recommendation of Mr. Walker and motion of Ms. Dell, seconded by Ms. Appell, the Board approved Construction Contract 1, Project #4007-00, for the Duck Key Utilities Program to Metro Equipment for the bid amount \$4,867,528.00.

**DOE-04. APPROVAL TO AWARD THE CHEMICAL FEED SYSTEMS FOR STOCK ISLAND REVERSE OSMOSIS WATER TREATMENT PLANT AND MARATHON REVERSE OSMOSIS WATER TREATMENT PLANT CONTRACT TO ODYSSEY MANUFACTURING COMPANY (\$81,950.00)**

On recommendation of Mr. Walker and motion of Ms. Dell, seconded by Mrs. George, the Board approved the award of the Chemical Feed Systems for Stock Island Reverse Osmosis Water Treatment Plant and the Marathon Reverse Osmosis Water Treatment Plan to Odyssey Manufacturing Company at a bid price of \$81,950.00.

**DEPARTMENT OF OPERATIONS**

**DOO-01. APPROVAL TO AWARD BID #IFB-0004-11, FOR THE PURCHASE AND INSTALLATION OF ONE (1) ROTARY DRUM VACUUM FILTER LIME SLUDGE DEWATERING SYSTEM FOR THE J. ROBERT DEAN WATER TREATMENT PLANT AND APPROVAL FOR A BUDGET AMENDMENT IN THE AMOUNT OF \$29,365.00 (\$329,365.00 TOTAL)**

On recommendation of Mr. Coley and motion of Ms. Dell, seconded by Mrs. George, the Board approved the award of Bid #FKAA-0004-11 to Globaltech and approved a Budget Amendment in the amount of \$29,365.00 for a total amount of \$329,365.00.

**TECHNICAL SERVICES DEPARTMENT**

**TSD-01. APPROVAL OF CONTRACT CH 1-11 BUDGETED UNDER THE ITEM AS-BUILT DRAWINGS FOR CONTROL SYSTEMS AND ENTITLED, CONSULTING SERVICES FOR THE DOCUMENTATION OF UPGRADES AT THE MARATHON, RAMROD AND LONG KEY PUMP STATIONS (\$51,372.00)**

On recommendation of Mr. Kellough and motion of Ms. Dell, seconded by Mrs. Appell, the Board approved Contract CH 1-11 to CH2M Hill for the consulting services for the Documentation of Upgrades at the Marathon, Ramrod and Long Key Pump Stations in the amount of \$51,372.00.

**BOARD OF DIRECTORS**

**BOD-01. APPROVAL OF BOARD MEETING SCHEDULE FOR JANUARY – DECEMBER, 2011**

By consensus, the Board approved the Board Meeting Schedule for January – December 2011.

**BOD-02. FOLLOW-UP / WRITE-OFF REPORT**

Mr. Reynolds presented the Follow-Up Report.

**ADJOURNMENT**

With there being no further business, the meeting was adjourned at 11:12 p.m.

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(Corporate Seal)

FLORIDA KEYS AQUEDUCT AUTHORITY

By: \_\_\_\_\_  
David C. Ritz, Chairman

Attest:

\_\_\_\_\_  
Antoinette M. Appell, Secretary/Treasurer

ATTENDANCE

BOARD MEMBERS

David C. Ritz  
Rose M. Dell  
Antoinette M. Appell  
Elena Z. George

FKAA STAFF

James Reynolds  
Kerry Shelby  
Kirk Zuelch  
Roy Coley  
Tom Walker  
Richard Kellough

Colleen Tagle  
Elvira Sawyer  
Janet Coley  
Jon Strauss  
Denise Hull  
Karen Rodriguez

John Summers  
Jim Lewanski  
Terry Stofer  
Greg Crum  
Mike Tam  
Frank Dipasqua

# BOARD OF DIRECTORS, FLORIDA KEYS AQUEDUCT AUTHORITY

## AGENDA ITEM SUMMARY

AGENDA ITEM # EO-01 TAB #1 CONSENT: X REGULAR: G

Meeting Date: December 23, 2010

Department: EXECUTIVE

**AGENDA TITLE:** Consideration to Approve Payment to Interisk Corporation through November 30, 2010 for (\$600.00).

**ITEM BACKGROUND:** Interisk provides Risk Consulting services for all FKAA insurance matters such as claims, reports, bids, analysis of coverage and potential risk exposure.

**PREVIOUS RELEVANT ACTION BY FKAA BOARD OF DIRECTORS:** N/A

**STAFF RECOMMENDATION (MOTION):** Staff recommends approval of payment to Interisk Corporation, Insurance Consultants, for general services rendered through November 30, 2010 for \$600.00.

**SUPPLEMENTAL INFORMATION:** 10-11 FY Expenditures: \$600.00.

**DOCUMENTATION:** Included:  To-Follow:  Not Required:

**COST FKAA:** \$ 600.00 BUDGETED: Yes  No

**COST/OTHERS:** \$ \_\_\_\_\_

**COST TOTAL:** \$ 600.00

**DEPARTMENT DIRECTOR APPROVAL:** \_\_\_\_\_

**Reviewed by:** Internal Auditor: [Signature] General Counsel: [Signature] Executive Director: [Signature]

### BOARD ACTION:

Approved:  Tabled:  Disapproved:  Recommendation Revised:

Comments: \_\_\_\_\_

Date: \_\_\_\_\_

Recording Clerk: \_\_\_\_\_

# INTERISK CORPORATION

1111 No. Westshore Blvd., Suite 208  
Tampa, FL 33607-4711  
Telephone: 813-287-1040  
FEIN: 59-2421198

November 30, 2010

Ms. Cheryl Sargent  
Benefits & Insurance Administrator  
Florida Keys Aqueduct Authority  
1100 Kennedy Drive  
Key West FL 33040

Risk Management Consulting Services

**Invoice # 20101102**

November 1 - 30, 2010

	<u>Hours</u>	<u>Amount</u>
Gen R/M Consult	2.00	240.00
P&C Renewal	3.00	360.00
<b>For Professional Services Rendered</b>	<b>5.00</b>	<b>\$600.00</b>

**Payable Upon Receipt**

*SMC*  
12/2/10

**BOARD OF DIRECTORS, FLORIDA KEYS AQUEDUCT AUTHORITY**  
**AGENDA ITEM SUMMARY**

AGENDA ITEM # DOA-01

TAB: 2

CONSENT:

REGULAR:

Meeting Date: December 23, 2010

Department: Administration

**AGENDA TITLE:** Summary of contractual commitments through November 30th 2010

**ITEM BACKGROUND:** As requested by the Board of Directors, task order approvals by the Executive Director in the previous month are included in this report and highlighted in yellow. There were none this month.

**PREVIOUS RELEVANT ACTION BY FCAA BOARD OF DIRECTORS:**

**STAFF RECOMMENDATION (MOTION):** Informational only

**SUPPLEMENTAL INFORMATION:** Attached

**DOCUMENTATION:** Included:  To-Follow:  Not Required:   
**COST FCAA:** \$ \_\_\_\_\_ **BUDGETED:** Yes  No   
**COST/OTHERS:** \$ \_\_\_\_\_  
**COST TOTAL:** \$ \_\_\_\_\_

**DEPARTMENT DIRECTOR APPROVAL:** \_\_\_\_\_

**Reviewed by:** Internal Auditor:  General Counsel:  Executive Director: 

**BOARD ACTION:**

Approved:  Tabled:  Disapproved:  Recommendation Revised:

Comments: \_\_\_\_\_

Date: \_\_\_\_\_

Recording Clerk: \_\_\_\_\_

**FLORIDA KEYS AQUEDUCT AUTHORITY SUMMARY OF CONTRACTUAL COMMITMENTS**

Tuesday, November 30, 2010

VENDOR NAME	CONTRACT TASK ORDER #	PROJECT	APPROVED	AWARDED CONTRACT AMOUNT	AMENDMENTS / CHANGE ORDERS	TOTAL PAID TO DATE	REMAINING COMMITMENT
<b>WATER CONSTRUCTION CONTRACTS</b>							<b>11/30/2010</b>
AKERBLOM	1105-10	BOCA CHICA BRIDGE TRANSMISSION PIPELINE	BOARD	1,125,782.00	-	-	1,125,782.00
TOPPINO	2207-04 A	BIG COPPITT WATER MAIN REPLACEMENTS	BOARD	179,763.95	1,021,225.99	1,082,228.16	118,761.78
B&L BENNEWAY	2239-09	TRUMBO HOUSING WATER MAIN IMPROVEMENTS	BOARD	210,840.00	45,700.00	73,978.45	182,561.55
METRO EQUIPMENT	2242-09	MARATHON DISTRIBUTION SYSTEM UPGRADES	BOARD	2,392,697.50	-	522,227.13	1,870,470.37
<b>TOTAL WATER CONSTRUCTION CONTRACTS</b>							<b>2,171,793.70</b>
<b>WATER PROJECT DESIGN CONTRACTS</b>							
CH2MHILL	2-08	WELLFIELD PROTECTION SERVICES AT THE J. R. DEAN WTP	BOARD	153,285.00	0.00	143,892.44	9,392.56
CH2MHILL	2-10	ENGINEERING SERVICES FOR THE DESIGN AND BID PHASES SERVICES FOR THE J. ROBERT DEAN WATER TREATMENT PLANT ELECTRICAL UPGRADES	BOARD	88,548.00	-	80,496.35	8,051.65
CH2MHILL	3-10	ENGINEERING SERVICES FOR THE PRELIMINARY SITE INSPECTION OF THE MARO/SIRO RO PLANT IMPROVEMENTS	EXE DIR	17,520.00	-	16,792.56	727.44
CH2MHILL	4-09	TECHNICAL AND ENGINEERING SERVICES FOR PROGRAMMING OF THE MARATHON BOOSTER PUMP STATION	BOARD	46,280.00	9,686.00	49,833.14	6,132.86
CH2MHILL	4-10	GENERAL PROGRAMMING AND TECHNICAL SERVICES ASSISTANCE	BOARD	50,000.00	50,000.00	75,208.04	24,791.96
CH2MHILL	6-09	TECHNICAL AND STRATEGIC ASSISTANCE FOR NAS KEY WEST WATER UTILITY	BOARD	42,928.00	-	5,341.20	37,586.80
CH2MHILL	7-09	TRANSMISSION MAIN PROTOCOL	EXE DIR	\$24,284.00	34,316.00	52,152.25	6,447.75
CH2MHILL	7-10	CCP1 MODIFICATIONS AT THE FL CITY WTP	EXE DIR	15,416.00	-	15,104.18	311.82
CH2MHILL	6-10	ENGINEERING SERVICES FOR THE DESIGN AND BID PHASE SERVICES FOR THE FCAA HEADQUARTERS CRITICAL ELECTRICAL UPGRADES	BOARD	44,116.00	-	22,539.20	21,576.80
MATHEWS 2223-07	6-05	DUCK KEY RECLAIMED WATER SYSTEM	BOARD	169,052.00	217,206.00	376,904.87	9,353.13
AECOM-BOYLE ENGINEERING	1-08	FCAA UTILITY DEEP INJECTION WELL SYSTEM PROJ. AT J.R.D. WTP	BOARD	125,090.00	280,222.00	364,055.33	41,256.67
PEREZ ENGINEERING	2239-09	TRUMBO POINT WATER SYSTEM IMPROVEMENTS	EXE DIR	9,900.00	-	8,300.00	1,600.00
PEREZ ENGINEERING	2247-09	REPAIR/REHAB OR REPLACEMENT OF TANK 941 AT BOCA CHICA NAS	EXE DIR	20,700.00	-	0.00	20,700.00
PEREZ ENGINEERING	N/A	MARATHON DISTRIBUTION UPGRADE OVERSEAS HIGHWAY	BOARD	76,540.00	-	72,589.60	3,950.40
<b>TOTAL WATER PROJECT &amp; DESIGN CONTRACTS</b>							<b>191,879.84</b>
<b>TOTAL WATER CAPITAL IMPROVEMENT COMMITMENTS</b>							<b>2,363,673.54</b>
<b>WASTEWATER CONSTRUCTION CONTRACTS</b>							
TOPPINO	4002-00-03	BIG COPPITT WASTEWATER COLLECTION SYSTEM	BOARD	9,737,807.39	156,751.25	9,876,711.13	17,847.51
METRO EQUIPMENT	4007-00	DUCK KEY UTILITIES PROGRAM	BOARD	4,867,528.00	-	-	4,867,528.00
ENCORE	4015-08	DUCK KEY WASTEWATER TREATMENT PLANT	BOARD	7,259,000.00	(2,480,697.00)	1,729,345.41	3,048,957.59
UNDERWATER ENGINEERING SVCS	4032-09	RECLAIMED WATER MAIN ROCKLAND BIG COPPITT BRIDGE	BOARD	376,846.00	-	287,883.12	88,962.88
<b>TOTAL WASTEWATER CONSTRUCTION PROJECTS</b>							<b>8,023,295.98</b>

**FLORIDA KEYS AQUEDUCT AUTHORITY SUMMARY OF CONTRACTUAL COMMITMENTS**

Tuesday, November 30, 2010

VENDOR NAME	CONTRACT TASK ORDER #	PROJECT	APPROVED	AWARDED CONTRACT AMOUNT	AMENDMENTS / CHANGE ORDERS	TOTAL PAID TO DATE	REMAINING COMMITMENT
<b>WASTEWATER PROJECT DESIGN CONTRACTS</b>							
CHEN & ASSOCIATES	4019-08	BIG PINE, LITTLE TORCH, RAMROD, NO NAME & LOWER SUGARLOAF PRELIMINARY BOARD		941,596.00	-	\$841,942.17	99,653.83
AECOM-BOYLE ENGINEERING	BEC2-05	BIG COPPITT	BOARD	1,135,553.00	582,034.00	1,661,029.83	56,557.17
BROWN & CALDWELL	BC 1-06	BIG COPPITT WWTP DESIGN	BOARD	377,500.00		374,441.42	3,058.58
CH2MHILL	4035-09	FINAL DESIGN, PERMITTING & BID PHASE SERVICES OF THE PHASE 1 LOWER KEYS REGIONAL WASTEWATER TRANSMISSION SYSTEM	EXE DIR	379,795.00	-	89,060.45	290,734.55
WADE TRIM	4015-08	HAWK'S CAY, DUCK KEY, CONCH KEY	BOARD	554,143.00	3,770.00	554,143.00	3,770.00
CH2MHILL	4035-09	FINAL DESIGN, PERMITTING, AND BID SERVICES OF THE PHASE 1 LOWER KEYS REGIONAL WWTS	BOARD	379,795.00	-	89,060.45	290,734.55
WADE TRIM	4036-09	DUCK KEY WWTP UPGRADE AND EXPANSION CONST ADMINISTRATION PHASE	BOARD	450,000.00	-	230,102.78	219,897.22
TKW CONSULTING ENGINEERS	4028-09	CUDJOE KEY WWTP FINAL DESIGN	BOARD	1,386,354.00	-	1,189,653.40	196,700.60
MATHEWS CONSULTING	4007-00-B	DUCK KEY UTILITY IMPROVEMENTS ADD'L DESIGN SVC AND BID PHASE SVC PH 1 & EXE		24,927.00	-	23,765.75	1,161.25
MATHEWS CONSULTING	4007-00-A	DUCK KEY UTILITY IMPROVEMENTS	BOARD	328,685.00	24,888.00	353,136.85	436.15
MATHEWS CONSULTING	4007-00-C	DUCK KEY UTILITY IMPROVEMENTS ADD'L DESIGN SVC, BID PHASE SVC & CONSTRUCTION ADMINISTRATION/INSPECTION SVC PH 1, 2, AND 3	BOARD	344,102.00	-	11,668.74	332,433.26
MATHEWS CONSULTING	4018-08	UPPER SUGARLOAF, CUDJOE KEY AND SUMMERLAND KEY (SUGAR PINE COLLECT BOARD		\$244,108.00	-	\$238,427.98	5,680.02
MATHEWS CONSULTING	4024-09	LOWER KEYS COLLECTION SYSTEM	BOARD	1,019,514.00	-	979,632.97	39,881.03
CH2MHILL	4041-10	ENG SVC FOR ENVIRONMENTAL FIELD ASSESSMENT & INSPECTION OF EXISTING 1 BOARD ABANDONED WATER MAIN FOR PHASE 1 OF THE LOWER KEYS REGIONAL WWTS		90,166.00	-	-	90,166.00
<b>TOTAL WASTEWATER PROJECT DESIGN CONTRACTS</b>							<b>1,630,864.21</b>
<b>TOTAL WASTEWATER CAPITAL IMPROVEMENT COMMITMENTS</b>							<b>9,654,160.19</b>
<b>GENERAL COMMITMENTS</b>							
CH2MHILL	1-10	GENERAL ENGINEERING SERVICES	BOARD	\$50,000.00	15,798.38	9,423.33	56,375.05
CH2MHILL	2-09	GENERAL IT CONSULTING SERVICES	BOARD	\$35,000.00	20,000.00	54,178.84	821.16
MARCUMRACHLIN	N/A	AUDITORS	BOARD	58,175.00	-	-	58,175.00
MEAD & HUNT	30018-00-09001	KEY WEST WATER UTILITY RE-DETERMINATION	BOARD	30,000.00	-	15,220.25	14,779.75
MEAD AND HUNT	4037-09	NAS WASTEWATER UTILITY SERVICES	EXE DIR	24,600.00	-	3,837.00	20,763.00
<b>TOTAL GENERAL COMMITMENTS</b>							<b>150,913.96</b>
<b>TOTAL COMMITMENTS</b>							<b>12,168,747.69</b>
<b>CURRENT MONTH ADDITONS OR CHANGES BY EXECUTIVE DIRECTOR</b>							

# BOARD OF DIRECTORS, FLORIDA KEYS AQUEDUCT AUTHORITY

## AGENDA ITEM SUMMARY

AGENDA ITEM # DOE-01

*TAB #3*

CONSENT:

REGULAR:

Meeting Date: December 23, 2010

Department: Engineering

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**AGENDA TITLE: Status Report on Wastewater Projects**

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**ITEM BACKGROUND:** The attached report lists all of the Wastewater Projects which the FKAA is working on. The Report includes the description (status of project), the Contract amount if available, the percent of completion and comments relative to the project.

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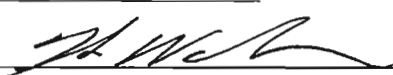


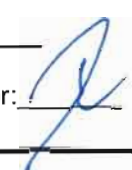
**PREVIOUS RELEVANT ACTION BY FKAA BOARD OF DIRECTORS:** The Board requested Staff include this Report as part of the monthly Agenda package.

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**STAFF RECOMMENDATION (MOTION):** N/A

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**SUPPLEMENTAL INFORMATION:**

DOCUMENTATION:	Included:	To-Follow:	Not Required:
COST FKAA:	\$ _____	BUDGETED: Yes	No
COST/OTHERS:	\$ _____		
COST TOTAL:	\$ _____		
<b>DEPARTMENT DIRECTOR APPROVAL:</b> 			
<b>Reviewed by:</b> Internal Auditor:  General Counsel:  Executive Director: 			

**BOARD ACTION:**

Approved:       Tabled:       Disapproved:       Recommendation Revised:

Comments: \_\_\_\_\_

Date: \_\_\_\_\_

Recording Clerk: \_\_\_\_\_

Monthly Wastewater Status Report  
As of November 2010

Project	Description	Contract Amount	Percent Completed	Comments
Duck Key Wastewater Collection System, Contract 2	Bidding Phase	Est. \$1.2 million	N/A	County authorized FCAA to proceed with Phase 3. Project in the bidding phase.
Duck Key Wastewater Collection System, Contract 1	Award Phase	\$4.8 million	N/A	County authorized FCAA to proceed with Phases 1 and 2. Project bid and awarded to Metro Equipment.
Duck Key (Hawks Cay) Wastewater Treatment Facility	Construction Phase	\$6.8 million	50%	Concrete tank construction and underground electrical construction continued. EFI buildings delivered and installed.
Big Coppitt Collection System Contract #1	Completed	\$4.127 million	100%	Complete
Big Coppitt Collection System Contract #2 (Geiger/Rockland Keys)	Completed	\$8.22 million	100%	Complete, connections being made
Big Coppitt Collection System Contract #3 (Big Coppitt Key)	Completed	\$11 million	100%	Connections being made
Big Coppitt Collection System Contract #4 (Shark Key)	Completed	\$1.698 million	100%	Connections being made
Big Coppitt Wastewater Treatment Facility	Completed	\$10.777 million	100%	New reclaimed pump station completed. Begin start up of distribution system.
Long Key	Evaluation of Options	N/K	90%	Public vs. private options being evaluated. Outdoor Resorts desires to upgrade existing plant to meet BAT.
Cudjoe Regional Wastewater Facility Basis of Design	Predesign Effort	\$98,625	100%	Predesign effort to determine flows and loadings for sizing the regional wastewater facility.
Cudjoe Regional landfill site permit change	To modify Monroe County landfill permit to allow plant siting.	\$5,853	100%	Final permit modification received August 2009
Cudjoe Regional Collection System (Central area)	Preliminary Design	\$244,108	100%	Study to determine the most cost-effective conveyance technology is complete. Workshops held on October 23 and November 19, 2008. Neighborhood meetings held December 8 and 11th. Base maps and survey work completed. Final "decision tree" received FCAA Board and Commission approval. Final design underway.
Cudjoe Regional Collection System (non-central area)	Preliminary Design	\$941,596	100%	Aerial survey and base mapping, and ground survey work complete. Preliminary layouts for outer keys completed. PDR reports completed and distributed.

Monthly Wastewater Status Report  
As of November 2010

Project	Description	Contract Amount	Percent Completed	Comments
Cudjoe Regional Collection System (Central area)	Final Design	\$1,026,198	95%	Final Design approved- FCAA Board February 26, 2009. Cudjoe Key 90% design internal review meeting held Feb 9, 2010 and final meeting with consultant held March 16, 2010. Summerland and Upper Sugarloaf 90% plans distributed, internal review meeting held Sept. 22, 2010, final meeting held October 20, 2010. Permitting meeting held with DOT/Heritage Trail Feb 2, 2009, conflict conference call held June 9, 2010. Held 90% Summerland/Upper Sugarloaf review meeting October 20, 2010. DEP and DOT permit applications to follow.
Cudjoe Regional Collection System (non-central area)	Final Design	\$1,070,026	Suspended	Final Design and Permitting authorization approved March 26, 2009. Lower Sugarloaf, Ramrod, and Little Torch preliminary layouts complete. Work Authorization request tendered by Consultant to complete Lower Sugarloaf in the amount of \$74,500, has been forwarded to the County for comment and approval. Project has been suspended as of August 19, 2009; to re-program Cudjoe design dollars to fund Duck Key construction.
Cudjoe Regional Transmission System	Hydraulic Model, Preliminary and Final Design and Permitting	\$993,492	60%	Permitting meeting held with DOT/Heritage Trail Feb 2, 2010; issues regarding DEP Heritage and DOT, including the need to surplus ROW to County to be dealt with. Follow-up meeting with Heritage held May 28, 2010, and conference call June 3, 2010. 60 % plans in hand. Amendment #6, pipeline investigation and environmental work, FCAA Board approved Sept. 23, 2010. Design effort halted for phase #2. Kickoff meeting held November 5, 2010, scope of work received and comments returned. Bids to follow.
Cudjoe Regional Wastewater Treatment Facility	Preliminary Design and Permitting	\$449,387	100%	Kickoff November 5, 2008. Preliminary Design Report complete. Survey and geotechnical work completed. Permit issued September 21, 2009, disputed items resolved. Alternative plant configuration, designed for long-term phasing, developed September 22, 2009. Second independent construction cost opinion has been received.
Cudjoe Regional On-site System Program	Planning Phase	3,648,960	5%	EPA awarded FCAA a grant to implement a " Decentralized Wastewater Treatment Demonstration Project. (July 2010). FCAA/EPA/FDOH/Monroe County held kickoff meeting September 23, 2010. Management plan outline, first deliverable, due 90 days after kickoff meeting.
Cudjoe Regional WW Treatment Facility	Final Design	\$1,386,354	96%	90% design plans received and returned early April for further QAC work. 90% QAC plans received and distributed May 2010 for a first internal review meeting on June 4, 2010. 2nd and 3rd internal review meetings held July 16th and 30th respectively. 90% design final summit meeting held with consultants August 24th and 25th 2010. Final specification comment conference call held September 30, 2010, awaiting consultant's final response and incorporation.

**BOARD OF DIRECTORS, FLORIDA KEYS AQUEDUCT AUTHORITY**  
AGENDA ITEM SUMMARY

AGENDA ITEM # DOE-02 TAB # 4 CONSENT:  REGULAR:   
Meeting Date: December 23, 2010 Department: Engineering





**AGENDA TITLE:** No objection to the abandonment of a portion of an alleyway at the North end of Caraballo Lane on the Island of Key West, Monroe County, Florida.

**ITEM BACKGROUND:** The attached request spells out the owner's interest for this abandonment.

**PREVIOUS RELEVANT ACTION BY FCAA BOARD OF DIRECTORS:** N/A

**STAFF RECOMMENDATION (MOTION):** The Board of Directors have no objection to the abandonment of a portion of an alleyway at the North end of Caraballo Lane on the Island of Key West, Monroe County, Florida.

**SUPPLEMENTAL INFORMATION:** See Attached Request and Legal Description.

<b>DOCUMENTATION:</b>	Included: <input checked="" type="checkbox"/>	To-Follow: <input type="checkbox"/>	Not Required: <input type="checkbox"/>
<b>COST FCAA:</b>	\$ _____	<b>BUDGETED:</b>	Yes <input type="checkbox"/> None Required <input checked="" type="checkbox"/>
<b>COST/OTHERS:</b>	\$ _____		
<b>COST TOTAL:</b>	\$ _____		
<b>DEPARTMENT DIRECTOR APPROVAL:</b> <u></u>			
<b>Reviewed by:</b> Internal Auditor: <u></u> General Counsel: <u></u> Executive Director: <u></u>			

**BOARD ACTION:**

Approved:  Tabled:  Disapproved:  Recommendation Revised:

Comments: \_\_\_\_\_

Date: \_\_\_\_\_ Recording Clerk: \_\_\_\_\_



Diane Tolbert Covan  
Attorney at Law

NY & FL Bars

1901 Fogarty Avenue  
Suite 1  
Key West, FL 33040  
Tele. (305) 293-1118  
Fax (305) 296-1266  
Covan@covanlaw.com

November 3, 2010

Marie Walterson, Engineering  
Florida Keys Aqueduct Authority  
1100 Kennedy Drive  
Key West, FL 33040

RE: Easement at End of Caraballo Lane

Dear Ms. Walterson:

The City of Key West is to consider granting an exclusive easement to the final portion of Caraballo Lane to the owners of the only property served by such land, 327 William Street. The 180 square feet of land (6' x 30') is indicated on the attached survey as "proposed easement." This is to inquire whether Florida Keys Aqueduct Authority has any objection to having limited or no access to this portion of the Lane. If Florida Keys Aqueduct Authority has any need for access to this portion of the lane, the City would like to know what that need is and how it may be accommodated by the property owner. Please respond to this request for information no later than December 3, 2010. You may write your response below and return this letter. A self-addressed stamped envelope is enclosed for your convenience. Or, you may reply via facsimile or e-mail.

Thank you for your assistance and cooperation.

Sincerely,



DIANE TOLBERT COVAN

Date of Reply: \_\_\_\_\_

Florida Keys Aqueduct Authority (circle "has" or "has not" on each line):

**has / has not** any equipment or need to access the portion of the Lane indicated; and

**has / had not** objection to the proposed easement.

Comments: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed name: \_\_\_\_\_

Office held: \_\_\_\_\_



LOCATION MAP - NTS

THE PURPOSE OF THIS SKETCH IS TO ILLUSTRATE THE LEGAL DESCRIPTION, NEWLY CREATED ON THIS DATE BY THE UNDERSIGNED AND SHOWN BELOW. IT IS NOT A SURVEY OF THE LANDS BEING DESCRIBED HEREIN! (See chap. 61 G 17-6.006 Florida Adm. Code and Chap. 472.027 Florida statutes).

DESCRIPTION - PROPOSED EASEMENT - NEWLY DESCRIBED BY THE UNDERSIGNED SEE PAGE 2 OF 2 FOR AN ILLUSTRATION OF THE SAID DESCRIPTION.

On the Island of Key West, Monroe County, Florida, and known on William A. Whitehead's map of said City of Key West, delineated in February, 1829, as part at Lot 4, Square 21, and being more particularly described as follows:  
 COMMENCE at the intersection for the Northwesternly right of way line of Eaton Street and the Northeastly right of way line of William Street, thence in a Northeastly direction along the said Northwesternly right of way line of Eaton Street for 128 feet;  
 thence at a right angle and in a Northwesternly direction for 125.00 feet to the Point of Beginning;  
 thence at a right angle and in a Southwesterly direction 30.00 feet;  
 thence at right angle and in a Northwesternly direction for 6.00 feet;  
 thence at a right angle and in Northeastly direction for 30.00 feet;  
 thence at a right angles and in a Southeastly direction 6.00 feet back to the Point of Beginning.


NOTE: LEGAL DESCRIPTIONS HAVE BEEN FURNISHED BY THE CLIENT OR HIS/HER REPRESENTATIVE, PUBLIC RECORDS HAVE NOT BEEN RESEARCHED BY THE SURVEYOR TO DETERMINE THE ACCURACY OF THESE DESCRIPTIONS NOR HAVE ADJOINING PROPERTIES BEEN RESEARCHED TO DETERMINE OVERLAPS OR HIATUS.

NOTE: FOUNDATIONS BENEATH THE SURFACE ARE NOT SHOWN. MEASURED DIMENSIONS EQUAL PLATTED OR DESCRIBED DIMENSIONS UNLESS INDICATED OTHERWISE. THE FOLLOWING IS A LIST OF ABBREVIATIONS THAT MAY BE FOUND ON THIS SHEET.

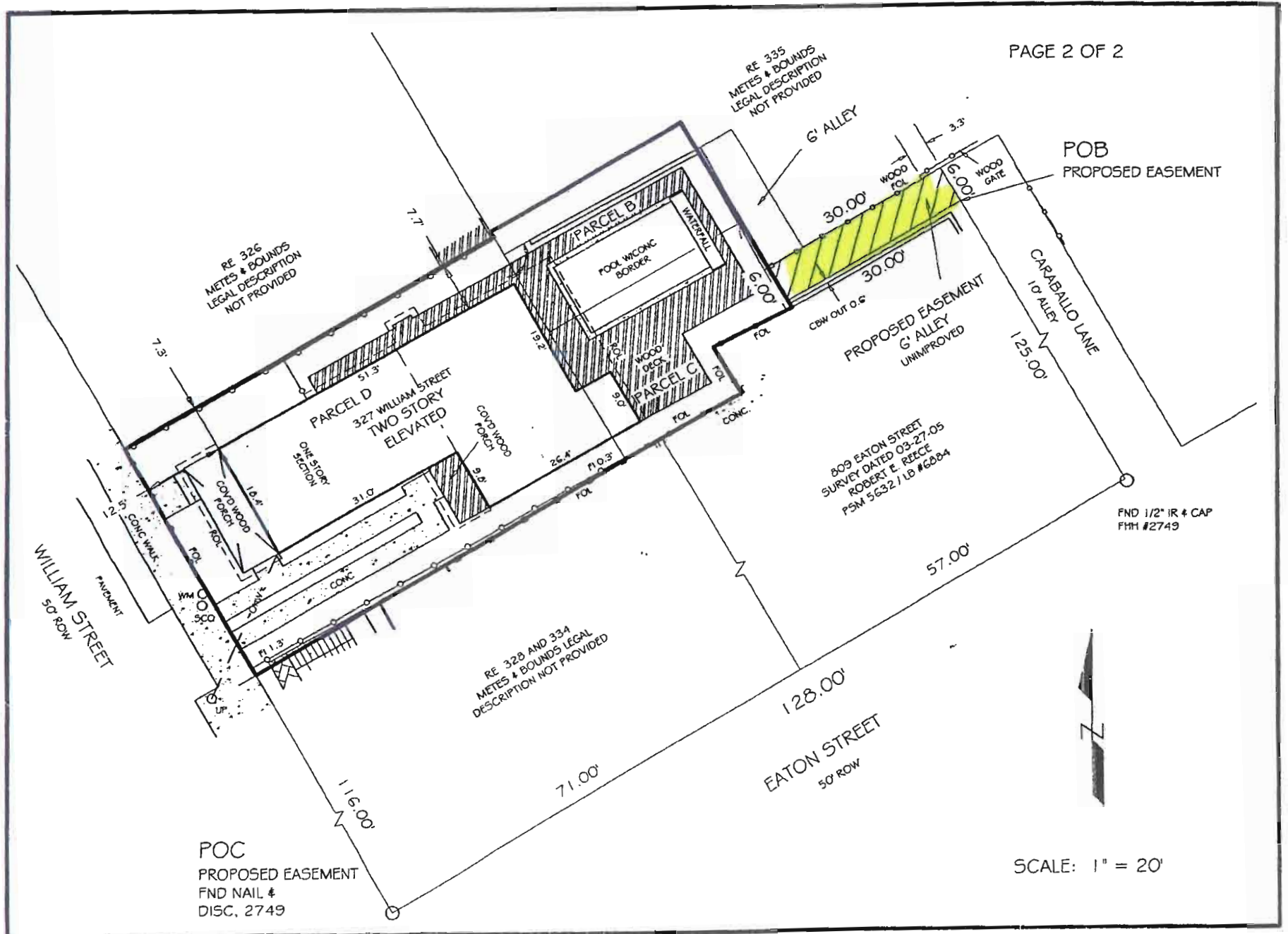
- |                                   |  |                                      |
|-----------------------------------|--|--------------------------------------|
| BFP = BACK-FLOW PREVENTER         | GW = GUY WIRE                                  | PRM = PERMANENT REFERENCE MONUMENT   |
| BO = BLOW OUT                     | HB = HOSE BIB                                  | R = RADIUS                           |
| C & G = 2" CONCRETE CURB & GUTTER | IP = IRON PIPE                                 | ROL = ROOF OVERHANG LINE             |
| CB = CONCRETE BLOCK               | IR = IRON ROD                                  | ROW = RIGHT OF WAY                   |
| CBW = CONCRETE BLOCK WALL         | L = ARC LENGTH                                 | ROWL = RIGHT OF WAY LINE             |
| CI = CURB INLET                   | LS = LANDSCAPING                               | SCO = SANITARY CLEAN-OUT             |
| CL = CENTERLINE                   | MB = MAILBOX                                   | SPV = SPRINKLER CONTROL VALVE        |
| CLF = CHAINLINK FENCE             | MEAS = MEASURED                                | SV = SEWER VALVE                     |
| CM = CONCRETE MONUMENT            | MHWL = MEAN HIGH WATER LINE                    | TBM = TEMPORARY BENCHMARK            |
| CONC = CONCRETE                   | MTLF = METAL FENCE                             | TOB = TOP OF BANK                    |
| CS = CONCRETE SLAB                | NAVD = NORTH AMERICAN VERTICAL DATUM (1988)    | TOS = TOP OF SHORE                   |
| CVRD = COVERED                    | NGVD = NATIONAL GEODETIC VERTICAL DATUM (1929) | T5 = TRAFFIC SIGN                    |
| DELTA = CENTRAL ANGLE             | NTS = NOT TO SCALE                             | TYP = TYPICAL                        |
| DEASE = DRAINAGE EASEMENT         | OHW = OVERHEAD WIRES                           | UEASE = UTILITY EASEMENT             |
| EB = ELECTRIC BOX                 | PC = POINT OF CURVE                            | UPC = CONCRETE UTILITY POLE          |
| EL = ELEVATION                    | PM = PARKING METER                             | UPW = WOOD UTILITY POLE              |
| ENCL = ENCLOSURE                  | PCC = POINT OF COMPOUND CURVE                  | VB = VIDEO BOX                       |
| FPE = FINISHED FLOOR ELEVATION    | PCP = PERMANENT CONTROL POINT                  | WD = WOOD DECK                       |
| FI = FIRE HYDRANT                 | PK = PARKER KALON NAIL                         | WOF = WOOD FENCE                     |
| FI = FENCE INSIDE                 | POB = POINT OF BEGINNING                       | WL = WOOD LANDING                    |
| FND = FOUND                       | PI = POINT OF INTERSECTION                     | WM = WATER METER                     |
| FO = FENCE OUTSIDE                | POC = POINT OF COMMENCEMENT                    | WRACK LINE = LINE OF DEBRIS ON SHORE |
| FOL = FENCE ON LINE               | PRC = POINT OF REVERSE CURVE                   | WV = WATER VALVE                     |
| GI = GRATE INLET                  |  |                                      |

SCALE:	1"=20'
FIELD WORK DATE	03/23/10
REVISION DATE	--
SHEET	1 OF 2
DRAWN BY:	KB
CHECKED BY:	RW
INVOICE NO.:	10030502

PREPARED FOR -  
 GEORGE MENTONIS

SIGNED   
 ROBERT E. REECE, FSM #5632, PROFESSIONAL SURVEYOR AND MAPPER, LB #7665

NOT VALID WITHOUT THE SIGNATURE AND THE RAISED SEAL OF A FLORIDA SURVEYOR AND MAPPER



RE 326  
METES & BOUNDS  
LEGAL DESCRIPTION  
NOT PROVIDED

RE 335  
METES & BOUNDS  
LEGAL DESCRIPTION  
NOT PROVIDED

7.3'

7.7'

PARCEL D  
327 WILLIAM STREET  
TWO STORY  
ELEVATED

PARCEL B

PARCEL C

809 EATON STREET  
SURVEY DATED 03-27-05  
ROBERT E. REECE  
PSM 5632 / LB #6284

POB  
PROPOSED EASEMENT

PROPOSED EASEMENT  
G' ALLEY  
UNIMPROVED

FND 1/2" IR & CAP  
FHM #2749

WILLIAM STREET  
50' ROW

RE 328 AND 334  
METES & BOUNDS LEGAL  
DESCRIPTION NOT PROVIDED

EATON STREET  
50' ROW

CARBALL LANE

POC  
PROPOSED EASEMENT  
FND NAIL &  
DISC. 2749



SCALE: 1" = 20'

12'

CONC. WALK

10.4'

10.0'

11.3'

11.6.00'

11.3'

11.3'

11.3'

11.3'

11.3'

11.3'

11.3'

11.3'

11.3'

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11.3'

11.3'

11.3'

11.3'

11.3'

12'

12'

12'

12'

12'

12'

12'

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# BOARD OF DIRECTORS, FLORIDA KEYS AQUEDUCT AUTHORITY

## AGENDA ITEM SUMMARY

AGENDA ITEM # TSD-01 TAB#5      CONSENT:       REGULAR:

Meeting Date: December 23, 2010      Department: Technical Services

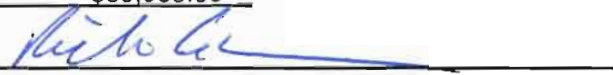



**AGENDA TITLE:** Consideration to Approve Purchase of Microsoft Office 2010 Software to Upgrade 169 user's desktops in the amount of \$39,985.60.

**ITEM BACKGROUND:** This allows us to take advantage of the new features the Microsoft has put into Office, including a consistent user interface for Outlook which had previous had not been upgraded since 2003. Additionally, Outlook now has features to aid users manage their inboxes more effectively. Office now allows users to view files before opening them in edit mode which provides an additional layer of security.

**PREVIOUS RELEVANT ACTION BY FCAA BOARD OF DIRECTORS:** This item was previously included and approved in the 2010 / 2011 budget. The budgeted amount was \$41,000.

**STAFF RECOMMENDATION (MOTION):** Therefore, Staff recommends the Board of Directors approve the Purchase of Microsoft Office 2010 in the amount of \$39,985.60.

**SUPPLEMENTAL INFORMATION:**

DOCUMENTATION:	Included:	To-Follow:	Not Required:
COST FCAA:	\$ <u>39,985.60</u>	<b>BUDGETED:</b> Yes <input checked="" type="checkbox"/> No	
COST/OTHERS:	\$ _____		
COST TOTAL:	\$ <u>39,985.60</u>		
<b>DEPARTMENT DIRECTOR APPROVAL:</b> <u></u>			
<b>Reviewed by:</b>	Internal Auditor: <u></u>	General Counsel: <u></u>	Executive Director: <u></u>

**BOARD ACTION:**

Approved: \_\_\_\_\_      Tabled: \_\_\_\_\_      Disapproved: \_\_\_\_\_      Recommendation Revised: \_\_\_\_\_

Comments: \_\_\_\_\_

Date: \_\_\_\_\_      Recording Clerk: \_\_\_\_\_



Pricing Proposal  
 Quotation #: 4163677  
 Created On: Dec-06-2010  
 Valid Until: Dec-31-2010

**FLORIDA KEYS AQUEDUCT**

**Account Executive**

**Rick Ketcham**  
 Phone: (305) 295-2124  
 Fax: (305) 295-2248  
 Email: rketcham@fkaa.com

**Daniel Bellinger**  
 100 North Tampa Street  
 Suite 3620  
 Phone: 813.340.5677  
 Fax: 732.868.6055  
 Email: Daniel\_Bellinger@shi.com

All Prices are in US Dollar (USD)

Product	Qty	Your Price	Total
1 Microsoft Office Professional Plus 2010 - License - 1 PC - Select, Select Plus - Win - Single Language Microsoft	45	\$292.68	\$13,170.60
2 Microsoft Office Standard 2010 - License - 1 PC - Select, Select Plus - Win - Single Language Microsoft	124	\$216.25	\$26,815.00
		Shipping	\$0.00
		*Tax	\$0.00
		<b>Total</b>	<b>\$39,985.60</b>

\*Tax is estimated. Invoice will include the full and final tax due.

**Additional Comments**

State Contract number 252-001-09-1

\*Please note that SHI now has Adobe, Oracle, Symantec, McAfee, Trend Micro and Corel under State Contract # 252-030-09-ACS.\*

To process your order, you can e-mail your request to [floridateam@shi.com](mailto:floridateam@shi.com). You can also fax it to 732-868-6055. Please include a contact e-mail address on all orders, as this is required by most vendors.

SHI Fed ID# 22-3009648  
 SHI is a Certified Minority (Asian-Pacific) Large Account Reseller, specializing in the sale and distribution of government priced software and hardware...including, but not limited to- Microsoft, Symantec, Adobe, Trend Micro, Citrix, Nuance, McAfee, LANDesk, Intel, Cisco, HP, IBM, VMware and more.

The Products offered under this proposal are subject to the SHI Return Policy posted at [www.shi.com/returnpolicy](http://www.shi.com/returnpolicy), unless there is an existing agreement between SHI and the Customer.

# BOARD OF DIRECTORS, FLORIDA KEYS AQUEDUCT AUTHORITY

## AGENDA ITEM SUMMARY

AGENDA ITEM # EO-01

CONSENT: \_\_\_\_\_ REGULAR: X

Meeting Date: December 23, 2010

Department: Executive Department

**AGENDA TITLE:** Consideration to Adopt Resolution #11-01 and a Plaque placed at the Key West Garage in Memory of Karl E. Malsheimer, Fleet Maintenance Foreman of the Lower Keys Garage, for twenty-two years of outstanding, dedicated and loyal service to the Florida Keys Aqueduct Authority and employees. (Sponsor: J. Robert Dean)

**ITEM BACKGROUND:** Karl E. Malsheimer passed away unexpectedly December 9, 2010. Karl was employed by the Florida Keys Aqueduct Authority October 24, 1988 as a Garage Mechanic and on November 23, 1999 was promoted to Fleet Maintenance Foreman of the Lower Keys Garage which he maintained until his untimely departure. Karl was a loyal, dedicated employee of the Authority; moreover, he was a sincere friend and co-worker.

**PREVIOUS RELEVANT ACTION BY FCAA BOARD OF DIRECTORS:**

**STAFF RECOMMENDATION (MOTION):** Staff recommends the adoption of Resolution #11-01 and a Plaque placed at the Key West Garage in Memory of Karl E. Malsheimer for twenty-two years of outstanding, dedicated and loyal service to the Florida Keys Aqueduct Authority and employees.

**SUPPLEMENTAL INFORMATION:**

<b>DOCUMENTATION:</b>	Included: X	To-Follow:	Not Required:
<b>COST FCAA:</b>	\$ _____	<b>BUDGETED:</b>	Yes No
<b>COST/OTHERS:</b>	\$ _____		
<b>COST TOTAL:</b>	\$ _____		
<b>DEPARTMENT DIRECTOR APPROVAL:</b> _____			
<b>Reviewed by:</b>	Internal Auditor: <u>[Signature]</u>	General Counsel: <u>[Signature]</u>	Executive Director: <u>[Signature]</u>

**BOARD ACTION:**

Approved: \_\_\_\_\_ Tabled: \_\_\_\_\_ Disapproved: \_\_\_\_\_ Recommendation Revised: \_\_\_\_\_

Comments: \_\_\_\_\_

Date: \_\_\_\_\_ Recording Clerk: \_\_\_\_\_

# FLORIDA KEYS AQUEDUCT AUTHORITY

## RESOLUTION NO. 11- 01

*A RESOLUTION RECOGNIZING KARL E. MALSHEIMER FOR TWENTY-TWO YEARS OF OUTSTANDING, DEDICATED AND LOYAL SERVICE TO THE FLORIDA KEYS AQUEDUCT AUTHORITY, OUR EMPLOYEES*

**WHEREAS**, the Florida Keys Aqueduct Authority was created by Special Legislation, Chapter 76-441, Laws of Florida, as amended, charged with the responsibility to obtain, treat and deliver adequate supplies of potable water to the primary commitment to provide the population of the entire Florida Keys with quality potable water in adequate supplies and to develop wastewater initiatives in unincorporated Monroe County; and

**WHEREAS**, Karl E. Malsheimer was employed by the Florida Keys Aqueduct Authority on October 24, 1988 as a Garage Mechanic and on November 22, 1999 was promoted to the Fleet Maintenance Foreman of the Lower Keys Garage; and

**WHEREAS**, Karl E. Malsheimer was a loyal, dedicated employee of the Florida Keys Aqueduct Authority, moreover, Mr. Malsheimer was a true and sincere friend; and

**WHEREAS**, Karl E. Malsheimer was dedicated and committed in service to his co-workers and diligently giving of his time to his community; and

**WHEREAS**, The Board of Directors and the employees of the Florida Keys Aqueduct Authority have lost a great asset and a wonderfully giving friend, Karl E. Malsheimer may be gone, but never forgotten and will forever be in our hearts; and

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the Florida Keys Aqueduct Authority, on behalf of the Board and our employees of the Authority, that:

*The Board does hereby recognize Karl E. Malsheimer for his twenty-two years of dedicated and loyal service to the Florida Keys Aqueduct Authority and employees. Furthermore this Board does hereby recognize that Karl E. Malsheimer be remembered as loyal, dedicated and friend and does extend the Board's sincerest sympathy to his family, friends and co-workers.*

ADOPTED THIS 23<sup>rd</sup> DAY OF DECEMBER, 2010

FLORIDA KEYS AQUEDUCT AUTHORITY

By: \_\_\_\_\_  
David C. Ritz, Chairman

(Corporate Seal)

ATTEST:

\_\_\_\_\_  
Antoinette M. Appell, Secretary/Treasurer

In Loving Memory  
of  
Karl E. Malsheimer  
Fleet Maintenance Foreman at the Lower Keys Garage  
an  
Outstanding, Dedicated and Loyal Employee  
with the  
Florida Keys Aqueduct Authority Family from  
October 24, 1988 – December 09, 2010


The blow was hard, the shock severe; but loving memories never die  
You may be gone, but never forgotten, and will forever be in our hearts.

**Karl's picture will be on the plaque. KW Awards will do a temp. right now and then it will take four weeks for the permanent one. They will send me a copy.**

EO-02

**MEMORANDUM**

**To:** Board of Directors

**From:** James C. Reynolds, PE, Executive Director 

**Date:** December 15, 2010

**Subject:** Executive Directors Report – Board of Directors Meeting  
December 23, 2010

Below is an outline of issues that I'll be discussing in my Executive Director's report:

**1. Water Quality Testing Service**

FKAA customers are occasionally told by marketers of water softening equipment that FKAA water is substandard quality and should not be used to drink. I'd like to have a discussion on the FKAA providing a service to test customer's water at their homes to dispel any rumors they hear about water quality. We do provide this service now at no charge on a limited basis if a customer expresses a concern about the quality of their water at their business or home.

**2. Cruise Ship Water Sales**

A discussion on the pricing and sale of water to cruise ships at the Navy Pier in Key West. The City of Key West sells water to the cruise ships in need of water at the City owned docks. The Navy used to sell water to cruise ships that docked at the Navy Pier, but has decided to stop the practice of selling water to commercial, non-military vessels. The FKAA has sold water to cruise ships from the Navy Pier on several occasions recently because the ships would have needed to bypass Key West if they couldn't get water. The FKAA can, with the consent of the Navy, sell water to the cruise ships from the Navy Pier infrastructure and deduct the volume from the water we bill to the Navy.

**3. Employee Holiday**

Next year's "Executive Director Holiday" will be on Good Friday, April 22<sup>nd</sup>.

**BOARD OF DIRECTORS, FLORIDA KEYS AQUEDUCT AUTHORITY**  
**AGENDA ITEM SUMMARY**

AGENDA ITEM # EO- 03

CONSENT:

REGULAR: X

Meeting Date: December 23, 2010

Department: Executive Department

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**AGENDA TITLE:** Consideration to Adopt the 2011 Strategic Plan

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**ITEM BACKGROUND:** November 23, 2010 the draft of the 2011 Strategic Plan was presented to Board of Directors for discussion.

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**PREVIOUS RELEVANT ACTION BY FCAA BOARD OF DIRECTORS:** November 20, 2007 the Board of Directors approved the Strategic Plan for the Florida Keys Aqueduct Authority as presented.

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**STAFF RECOMMENDATION (MOTION):** Staff recommends the adoption of the 2011 Strategic Plan as presented.

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**SUPPLEMENTAL INFORMATION:** 2011 Strategic Plan is attached.

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**DOCUMENTATION:** Included: X To-Follow: Not Required:

**COST FCAA:** \$ \_\_\_\_\_

**BUDGETED:** Yes No

**COST/OTHERS:** \$ \_\_\_\_\_

**COST TOTAL:** \$ \_\_\_\_\_

**DEPARTMENT DIRECTOR APPROVAL:** \_\_\_\_\_

**Reviewed by:** Director Ex. Office: \_\_\_\_\_ Internal Auditor: [Signature] General Counsel: [Signature] Executive Director: [Signature]

**BOARD ACTION:**

Approved:

Tabled:

Disapproved:

Recommendation Revised:

Comments: \_\_\_\_\_

Date: \_\_\_\_\_

Recording Clerk: \_\_\_\_\_

# Florida Keys Aqueduct Authority



Utility Operations and Treatment



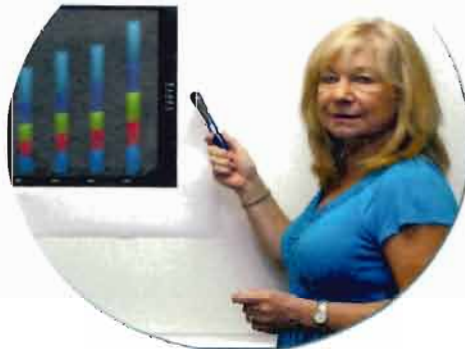
Employee Development Plan



Maximize Energy Efficiency



Proactive Public Relations



Financial Operations



Sustainable Infrastructure

## 2011 Strategic Plan

## Message from the Executive Director

The Florida Keys Aqueduct Authority continuously strives to be a more efficient and effective organization leveraging a talented and well trained team of water service professionals combined with modern technology and infrastructure.

The last several years we have put in place the future water supply of the Florida Keys ensuring our customers and visitors an adequate water supply for at least the next 25 years. We have developed a team of wastewater collection and treatment design and operations professionals that have planned, designed, and constructed five wastewater collection and treatment facilities. Our newest facility meets stringent advanced wastewater treatment standards and provides high quality reclaimed water to neighborhood residences and businesses.

We have completely overhauled and modernized our billing and financial software, and continue installing advanced metering infrastructure (AMI). We have made significant improvements in our telecommunications, computer networking, and operating systems.

In the last several years we have made significant reductions in staff without sacrificing our level of service to customers saving well over one million dollars per year. In 2008 we were recognized by our peers in the industry and were awarded the Gold Award for "Exceptional Utility Performance" by the Association of Metropolitan Water Agencies.

As we look to the future, the FKAA Board of Directors developed this next generation of the strategic plan embracing the "Ten Attributes of Effectively Managed Water Sector Utilities" (developed by six major water and wastewater associations and the U.S. Environmental Protection Agency) as our Guiding Principles. Although these past years we have made significant advances in the development of new facilities and the implementation of new technology, we still face significant challenges presented by an aging infrastructure and workforce, a slow economy, the effects of climate change, and the mandate to complete a major regional wastewater collection and treatment system in the lower keys.

Our Mission is to meet these challenges head-on using this Strategic Plan as our guiding light recognizing the importance of excellent customer service for our community, that we are stewards of the environment, and that our team of employees is our greatest asset.

*James C. Reynolds, P.E., Executive Director  
Florida Keys Aqueduct Authority*

## Vision

The Florida Keys Aqueduct Authority is recognized nationally and embraced locally by the community for providing safe, reliable water and wastewater services, seamlessly integrating advanced technology to enhance the customer experience and maximize efficiencies, and leading in environmental awareness and resource protection.

## Mission

The Florida Keys Aqueduct Authority is a nationally renowned and community oriented publicly owned utility that provides reliable, safe and efficient water and wastewater services in a fiscally and environmentally responsible manner with a highly trained, professional, and dedicated team of employees.

## Values

To achieve our mission, the Authority is committed to the following values:

- Customer satisfaction
- Excellent water quality
- Community involvement
- Strong working relationships with municipal, county, state and federal government agencies
- Employee development, communication and career growth
- Well-maintained, reliable, and secure systems
- Financial stability
- Cost effective services
- Protection of environmental resources

## Guiding Principles

In providing the highest quality water services to our customers, we embrace the following ten attributes of effectively managed water sector utilities as our guiding principles.

**Customer Satisfaction:** We provide reliable, responsive, and affordable services in line with our customer expectations. We value their opinions and suggestions.

**Product Quality:** We produce safe, high quality potable water and treated wastewater effluent in full compliance with regulatory and reliability requirements and consistent with customer, public health, and ecological needs.

**Operational Optimization:** We ensure ongoing, timely, cost-effective, reliable, and sustainable performance improvements in all facets of our operation.

**Financial Viability:** We understand the full life-cycle costs of the utility and maintain an effective balance between long-term debt, asset values, operations and maintenance expenditures, and operating revenues. We establish predictable rates that are equitable and consistent with community expectations and acceptability, adequate to recover costs, provide for reserves, maintain support from bond rating agencies, and plan and invest for future needs.

**Infrastructure Stability:** We maintain and enhance the condition of all assets over the long-term at the lowest possible life-cycle cost and acceptable risk consistent with customer, community, and regulator-supported service levels, and consistent with anticipated growth and system reliability goals.

**Employee and Leadership Development:** We recruit and retain a workforce team that is competent, motivated, adaptive, and safe-working. We encourage a participatory, collaborative organization culture dedicated to continual learning and improvement. We emphasize opportunities for professional and leadership development and strive to maintain an integrated and well-coordinated senior leadership team.

**Operational Resiliency:** We ensure our leadership and staff work together to anticipate and avoid problems. We proactively identify, assess, establish tolerance levels for, and effectively manage a full range of business risks including legal, regulatory, financial, environmental, safety, security, and natural disaster related.

**Community Sustainability:** Manage operations, infrastructure, and investments to protect, restore, and enhance the natural environment. We efficiently use water and energy resources; promote economic vitality; and engender overall community involvement and improvement.

**Water Resource Adequacy:** We ensure water availability through long-term water supply and demand analysis, conservation, agency interaction, and public education.

**Stakeholder Understanding and Support:** We actively involve stakeholders in the decisions that will affect them. We garner understanding and support from community interests for service levels, rate structures, operating budgets, capital improvement programs and risk management decisions.

## **Strategic Goals, Initiatives, and Implementation Strategies**

Our Strategic Goals define what we seek to accomplish to fulfill FCAA's Vision. They reflect the unique challenges that the FCAA faces as a provider of water services for the Florida Keys. These Goals simultaneously address infrastructure needs, opportunities to

enhance customer services, and responsibilities for stewardship of our environmental resources.

- A. Develop a Sustainable Utility and Related Infrastructure
- B. Proactive Public Outreach & Superior Customer Service
- C. Enhance Employee Communication and Development
- D. Financial Optimization
- E. Maximize Energy Efficiency
- F. Optimize Utility Operations and Treatment

Our approach to accomplishing these goals is framed by the institutional and legal position as a Special District of the State of Florida. We have assessed these conditions and developed our strategic plan based on the following strategic initiatives that will allow us to meet our goals. The following outline identifies specific initiatives that have been developed and implemented to ensure that strategic goals are achieved.

## **A. Develop a Sustainable Utility and Related Infrastructure**

### 1. Well Field Monitoring and Protection

- a. Monitor and evaluate proposed sources of contamination and provide regulatory input, as needed. (e.g. expansion of FPLs Turkey Point Nuclear Power Plant and associated groundwater demand).
- b. Work with Miami-Dade's Department of Environmental Resource Management (DERM) to monitor the permitting and development of properties located within the cone of influence of the Florida City well field.
- c. Work with SFWMD on plans to prevent or mitigate saltwater intrusion.
- d. Install additional Biscayne Aquifer water quality wells with DERM.
- e. Install additional offsite saltwater interface monitor wells with USGS.
- f. Monitor future local demands on the Floridan Aquifer.

### 2. Ensure financial efficiency of the Capital Improvements Plan (CIP) delivery

- a. Update Capital Improvement Plan annually
  - (1) Conduct value engineering and/or life cycle costs analyses for large projects
  - (2) Consider alternative procurement/construction methods for Capital Improvement Plan projects

- (3) Pre-qualify contractors for eligibility to bid
    - (4) Purchase owner-furnished equipment
  - b. Staff development and training for the Capital Improvement Plan
    - (1) Develop Enterprise System construction management training module
    - (2) Identify in-house crews for new and replacement pipeline work, emergency repairs and quick action for small to medium sized projects
  - c. Secure land for construction of future Capital Improvement Plan projects
  - d. Update Water Supply Strategic Plan in 2011, and every 5 years thereafter, with attention to changing population, demographic data, and climate change.
3. Develop Climate Adaptation Plan
- a. Identify and develop infrastructure vulnerability
  - b. Determine impact thresholds for sea level rise and needed infrastructure.
  - c. Consider well field contingency plans & long term water supply.
  - d. Work with Monroe County on the Climate Adaptation element of their Comprehensive Plan.
4. Evaluate aging infrastructure
- a. Develop Asset Management Plan in the Enterprise System.
  - b. Develop condition assessment of transmission system.
5. Fund and implement a cost-effective water conservation program
- a. Continue grant and rebate incentive programs for customers.
  - b. Comply with our SFWMD approved conservation program.
6. Develop and perform drills for emergency preparedness plan response strategy
- a. Vulnerability Assessment, Emergency Response Plan and Hurricane Preparedness meetings should include practice drill sessions as part of the regular emergency preparedness activities
  - b. Perform regular assessment of IT network vulnerability

- c. Develop Disaster Recovery Plan including departmental priorities to effectively restore work processes after a disaster
  - d. Continue partnerships with individuals, vendors, agencies, such as FLAWARN, etc. that will facilitate our ability to restore water services after a crisis.
7. Maintain resources to manage external Federal and State political/legislative drivers.

## **B. PROACTIVE PUBLIC OUTREACH & SUPERIOR CUSTOMER SERVICE**

- 1. Enhance customer service
  - a. Enhance on-line customer self-service and account management
  - b. Complete Advanced Metering Infrastructure (AMI) installation.
  - c. Establish process and database to track and analyze customer communications
  - d. Implement Interactive Voice Response System (IVR)
  - e. Communicate with Customers in their preferred media, social media, etc.
  - f. Provide on-line access to customer's meter readings.
- 2. Develop customer service awareness and information seeking survey to establish baseline, track trends and implement focused public information programs
- 3. Develop ongoing customer awareness and education program
  - a. Promote water quality, taste, safety, value, and affordability of drinking water.
  - b. Provide educational tours of facilities.
  - c. Continue education on drought conditions and water supply
  - d. Prepare Frequently Asked Question (FAQ) sheet for all employees and other training so employees are better informed and able to respond to the public regarding the water services FCAA provides.
- 4. Promote community involvement by employees participating in public service organizations.
- 5. Develop mobile outreach center/event water dispensing trailer.

## C. Enhance Employee Communication and Development Plan

1. Develop strategic staff plan
  - a. Develop succession plan to ensure future staffing so training and leadership needs are met
  - b. Revisit re-organization plan for effectiveness and staff needs
2. Staff communication, recognition and compensation
  - a. Enhance employee orientation, networking, and mentoring program.
  - b. Develop and implement internal communications strategy
  - c. Develop meaningful reward and recognition program.
  - d. Continue quarterly employee meetings; increase face time with executive staff.
  - e. Develop an employee developed list for training programs.
  - f. Improve employee performance evaluation system.
  - g. Consider pay-for-performance.
3. Create an employee development, recruiting, and retention program that provides clear path for progression and ensures that qualified employees have opportunities for advancement
  - a. Continue to develop internal, qualified trainers throughout service area to reduce travel time
  - b. Institute employee development course to be offered at regular intervals throughout the company to provide awareness of roles, responsibilities and corporate structure
  - c. Continue implementation of leadership training program for new managers to be delivered at regular intervals
  - d. Provide cross-functional and team training to improve efficiency, provide opportunity and build skill redundancy
  - e. Benchmark Fortune 500 "Best Places to Work" companies for possible implementation of selected workplace practices
  - f. Provide internships for local schools

4. Conduct employee survey to identify needs and expectations so that above strategies are effective
5. Regularly evaluate safety practices to assure a safe working environment, including comprehensive utilization of the FCAA Safety Committee.

## **D. Financial Optimization**

1. Perform cost-benefit analysis on major expenditures.
2. Link strategic plan with budget preparation for prioritization
3. Continue to explore opportunities to group-purchase with other government entities.
4. Evaluate utilization of staff vs. outsourcing.
5. Periodically review rate structures, fees, and charges.
6. Complete the development and implementation of the Enterprise System and Asset Management program.
7. Continually evaluate debt position for restructuring for long term optimization and security.
8. Explore enterprise opportunities to create value, income and community recognition.
  - a. Continue to read service meters and bill for other utilities.
  - b. Evaluate bottled water production capability, including product give-away and/or sales plan.
  - c. Evaluate dedicated 24/7 call center services.
  - d. Evaluate service line repair service/protection plan.
  - e. Operate other wastewater utility systems.

## **E. Maximize Energy Efficiency**

1. Improve management of energy expenses
2. Develop sustainable strategies
  - a. Evaluate LEED™ standards for all FCAA facilities to reduce environmental footprint and meet expected State standards to the extent it is cost effective
  - b. Complete an energy savings optimization study and implementation plan for the entire system considering the following:
    - (1) Explore use of alternative fuels, including replacement of fleet vehicles with hybrid vehicles
    - (2) Review operating practices and explore use of energy efficient equipment and alternative energy
    - (3) Develop county-wide bio-solids management plan.
    - (4) Develop a plan for transmission system optimization.

## **F. Optimize Utility Operations and Treatment**

1. Optimize water and wastewater treatment techniques
2. Complete implementation of the Enterprise Resource System including Computerized Maintenance Management System (CMMS), Asset Management.
3. Develop measurable benchmarks for evaluating performance.
4. Expand unaccounted-for water program
  - a. Review procedures to validate revenue and non-revenue loss accounting
  - b. Expand leak detection efforts
  - c. Accelerate AMI program to establish real time data to identify areas of unaccounted-for water loss
5. Enhance AMI through additional data collectors

6. Develop implementation strategy and continue development of reclaimed water program
  - a. Conduct cost benefit analysis on installation of reclaimed water throughout the service area
  - b. Explore partnerships with Keys wastewater providers to reclaim their wastewater flows
  - c. Develop Reclaimed Water Master Plans.

**BOARD OF DIRECTORS, FLORIDA KEYS AQUEDUCT AUTHORITY**  
**AGENDA ITEM SUMMARY**

AGENDA ITEM # EO-04

CONSENT:

REGULAR:

Meeting Date: December 23, 2010

Department: EXECUTIVE

**AGENDA TITLE:** Consideration to approve Administrative Services Agreement between Blue Cross and Blue Shield of Florida, Inc. and the Florida Keys Aqueduct Authority for the 10/01/2010- 9/30/2011 plan year.

**ITEM BACKGROUND:** FKAA has been insured through Blue Cross/Blue Shield of Florida since Oct 1, 2006.

**PREVIOUS RELEVANT ACTION BY FKAA BOARD OF DIRECTORS:** Board approved proposal from BCBS at the August 2009 Board of Directors meeting. Board has approved renewal through BCBS every year thereafter. Board approved Self Insured option through BCBS at the September 2010 Board of Directors Meeting.

**STAFF RECOMMENDATION (MOTION):** Approval of Administrative Services Agreement between Blue Cross and Blue Shield of Florida, Inc and FKAA for a term of one year 10/01/2010 – 9/30/2011.

**SUPPLEMENTAL INFORMATION:** Our Consultants at the Gehring Group have reviewed the terms of the Administrative Services Agreement provided by BCBS and recommend approval of the agreement.

<b>DOCUMENTATION:</b>	Included: <input checked="" type="checkbox"/>	To-Follow: <input type="checkbox"/>	Not Required: <input type="checkbox"/>
<b>COST FKAA:</b> \$ _____	<b>BUDGETED:</b> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	<b>COST/OTHERS:</b>	
<b>COST TOTAL:</b> \$ _____			

**DEPARTMENT DIRECTOR APPROVAL:** \_\_\_\_\_

**Reviewed by:** Director Ex. Office: \_\_\_\_\_ Internal Auditor: [Signature] General Counsel: [Signature] Executive Director: [Signature]

**BOARD ACTION:**

Approved:       Tabled:       Disapproved:       Recommendation Revised:

Comments: \_\_\_\_\_

Date: \_\_\_\_\_

Recording Clerk: \_\_\_\_\_

*November 30, 2010*

Cheryl Sargent  
Benefits and Risk Manager  
Florida Keys Aqueduct Authority  
1100 Kennedy Drive  
Key West, FL 33040

**RE: Florida Keys Aqueduct Authority – Administrative Services Only Contract Recommendation**

Dear Cheryl:

As you are aware, the Florida Keys Aqueduct Authority’s medical program is currently insured by Blue Cross Blue Shield of Florida under a minimum premium contract arrangement. Under this contract the Authority pays Blue Cross Blue Shield of Florida a fixed administrative cost each month and then pays claims up to a pre-determined maximum.

Blue Cross proposed a renewal for the Authority at an overall increase of 42%. After review of the renewal offer provided by Blue Cross Blue Shield of Florida, the Gehring Group released a Request for Proposals (RFP) for self funded and fully insured renewal proposals. As the result of the competitive bid process, the most viable option for the Authority was to transition to a partially self funded program with Blue Cross Blue Shield of Florida maintaining the current benefit plan and structure at an overall increase of 11.3%

Under a partially self funded arrangement, Blue Cross Blue Shield charges an administrative fee and stop loss premiums which would be billed to the Authority on a monthly basis. The Authority will then transfer funds to Blue Cross Blue Shield for medical and prescription drug claims only as they are incurred on a monthly basis. It is important to note that this plan also provides protection for the Authority if costs for the plan year exceed \$3,132,606 (calculation based on current enrollment). If incurred claims are lower than the maximum cost, the Authority retains all surplus funds in its own bank account.

Pursuant to the Gehring Group presentation, the Authority’s Board approved the transition to a partially self funded program effective October 1<sup>st</sup>, 2010 with the following funding rates:

<b>Tier of Coverage</b>	<b>Total</b>	<b>Employer</b>	<b>Employee</b>
<b>Employee</b>	\$717.37	\$717.37	\$0.00
<b>Employee + 1</b>	\$1,260.36	\$880.27	\$380.10
<b>Family</b>	\$1,496.24	\$951.03	\$545.21

The Gehring Group has reviewed the terms of the Stop Loss and Administrative Services Only (ASO) agreement and recommends the Authority enter into the proposed Stop Loss and Administrative Services Only (ASO) contract with Blue Cross Blue Shield for the 2010/2011 plan year. This plan will provide the Authority lower administrative costs than offered under the current plan with the added opportunity to retain all surplus funds not used for medical and pharmacy claims.



November 30<sup>th</sup>, 2010  
Cheryl Sargent

Sincerely,

Anna Maria Studley, Managing Director  
Gehring Group

cc: Kurt N. Gehring, President CEO, Gehring Group  
Shawn A. Fleming, Senior Analyst, Gehring Group  
Stephanie Drost, Director – Account Management, Gehring Group

**ADMINISTRATIVE SERVICES AGREEMENT**  
**between**  
**BLUE CROSS AND BLUE SHIELD OF FLORIDA, INC.**  
**and**  
**FLORIDA KEYS AQUEDUCT AUTHORITY**

This Administrative Services Agreement (hereinafter referred to as the "Agreement"), made this \_\_\_ day of \_\_\_\_\_, 2010, is by and between Blue Cross and Blue Shield of Florida, Inc., a Florida corporation having its principal place of business at 4800 Deerwood Campus Parkway, Jacksonville, Florida 32246 (hereinafter referred to as "BCBSF") and Florida Keys Aqueduct Authority located at 1100 Kennedy Drive, Key West, Florida 33040 (hereinafter referred to as the "Employer").

WHEREAS, the Employer has established and currently sponsors a self-insured Employee Welfare Benefit Plan, to provide certain benefits (attached hereto as Exhibit "A" and hereinafter called the "Group Health Plan") for covered group members and their covered dependents; and

WHEREAS, except as otherwise specifically provided herein, the Employer is to retain all liabilities under its Group Health Plan, and BCBSF is to provide the agreed upon services to the Group Health Plan without assuming any such liability; and

WHEREAS, the Employer desires that, with respect to the Group Health Plan, BCBSF furnish certain claims processing and administrative services.

NOW, therefore, in consideration of the mutual promises contained herein, and other good and valuable consideration, the parties agree as follows:

SECTION I

TERM

1.1 Initial Term

The initial term of this Agreement shall be from October 1, 2010 (the effective date) and shall end on September 30, 2011 (the termination date), unless the Agreement is terminated earlier in accordance with the provisions of this Agreement.

1.2 Renewal Terms

This Agreement will automatically renew each anniversary date for successive one year terms at the renewal rates then in effect, unless either

party notifies the other party of its intent not to extend this Agreement at least 30 days prior to the applicable anniversary date.

## SECTION II

### DUTIES AND RESPONSIBILITIES OF THE EMPLOYER

#### 2.1 Final Authority

The Employer retains all final authority and responsibility for the Group Health Plan including, but not limited to eligibility and enrollment for coverage under the Group Health Plan, the existence of coverage, the benefits structure of the Group Health Plan, claims payment decisions, cost containment program decisions, utilization benefits management, compliance with the requirements of COBRA (Consolidated Omnibus Budget Reconciliation Act of 1985, as amended), compliance with the requirements of ERISA (Employee Retirement Income Security Act of 1974, as amended), compliance with reporting and remitting abandoned property funds, and compliance with any other state and federal law or regulation applicable to the Employer, the Group Health Plan, or the administration of the Group Health Plan.

The Employer agrees to provide BCBSF with any information BCBSF reasonably requires in order to perform the administrative services set forth herein.

#### 2.2 Eligibility and Enrollment

As of the first day of the term of this Agreement, the Employer will have delivered to BCBSF enrollment information regarding eligible and properly enrolled members, as determined by the Employer. The Employer shall deliver to BCBSF all employee and dependent eligibility status changes on a monthly basis, or more frequently as mutually agreed by the parties.

The Employer shall be responsible for providing each covered employee with a copy of the plan document which shall include the Group Health Plan.

#### 2.3 Financial Obligations

##### A. Claims Payment

The Employer is financially responsible for the payment of all claims paid under the Group Health Plan. Financial arrangements regarding the payment of such claims are set forth in Exhibit "B".

B. Administrative Fees

The Employer agrees to promptly pay all administrative fees as set forth in Exhibit "B". Administrative fees are not subject to change during the initial term of this Agreement, except as set forth below. The administrative fees shall be payable to BCBSF within 10 days of written notification to the Employer of the amount owed.

C. Late Charges

In the event the Employer fails to pay any amount owed in full by the due date, the Employer shall pay BCBSF, in addition to the amount due, a late charge as set forth in Exhibit "B".

D. Modifications

BCBSF may modify the administrative fees contained in Exhibit "B" at any time on or after the first anniversary of this Agreement's effective date, upon giving forty-five (45) days prior written notice to the Employer. Additionally, BCBSF, at any time, may modify the administrative fee, if the Employer substantially modifies the Group Health Plan or changes enrollment.

2.4 Use of Names and Logos

The Employer agrees to allow BCBSF to use the Employer's name and logo on I.D. cards and other forms necessary to effectuate this Agreement, and to promote the Employer's relationship with BCBSF to potential or existing providers. BCBSF shall not use the Employer's name or logo for any other purpose without the prior written consent of the Employer.

The Employer agrees that the names, logos, symbols, trademarks, tradenames, and service marks of BCBSF, whether presently existing or hereafter established, are the sole property of BCBSF and BCBSF retains the right to the use and control thereof. The Employer shall not use BCBSF's name, logos, symbols, trademarks or service marks in advertising or promotional materials or otherwise without the prior written consent of BCBSF and shall cease any such usage immediately upon written notice by BCBSF or upon termination of this Agreement, whichever is sooner.

## SECTION III

### DUTIES AND RESPONSIBILITIES OF BCBSF

#### 3.1 Generally

It is understood and agreed that BCBSF is empowered and required to act with respect to the Group Health Plan only as expressly stated herein.

The Employer and BCBSF agree that BCBSF's role is to provide administrative claims payment services, that BCBSF does not assume any financial risk or obligation with respect to claims, that the services rendered by BCBSF under this Agreement shall not include the power to exercise control over the Group Health Plan's assets, if any, or discretionary authority over the Health Care Plan's operations, and that BCBSF will not for any purpose, under ERISA or otherwise, be deemed to be the "Plan Administrator" of the Group Health Plan or a "fiduciary" with respect to the Group Health Plan. BCBSF's services hereunder are intended to and shall consist only of ministerial functions. The Group Health Plan's "Administrator" for purposes of ERISA is the Employer.

#### 3.2 Enrollment; Forms and I.D. Cards

BCBSF shall enroll those individuals who have completed an application and are identified by the Employer as eligible for benefits under the Group Health Plan on the effective date of this Agreement, and subsequently during the continuance of this Agreement. BCBSF shall be entitled to rely on the information furnished to it by the Employer, and the Employer shall hold BCBSF harmless for any inaccuracy or failure to provide such information in a timely manner.

BCBSF shall furnish to the Employer, for distribution to persons participating in the Group Health Plan, a supply of identification cards, benefit plan descriptions, forms to be used for submission of claims and enrollment, and any other forms necessary for the administration of the Group Health Plan, as determined by BCBSF.

#### 3.3 Claims Processing

BCBSF shall provide claims processing services on behalf of the Employer for all properly submitted claims, in accordance with the benefits and procedures set forth in Exhibit "A", using funds solely supplied by the Employer, as set forth in Exhibit "B". BCBSF shall furnish each claimant with an explanation of each claim that is paid, rejected, suspended or denied.

For purposes of this Agreement, the term "claim(s)" shall be defined as the amount paid or payable by BCBSF to providers of services and/or covered

group members under this Agreement and the Group Health Plan, and in conformity with any agreements BCBSF enters into with such providers of services, and includes capitation, physician incentives, pharmacy, physician, hospital and other fee-for-service claims expenditures.

#### 3.4 Program Administration

BCBSF shall administer its established cost containment programs and utilization benefits management programs, as selected by the Employer and described in the Group Health Plan.

BCBSF shall make available its Preferred Provider Organization Program(s) to covered group members and their covered dependents, as set forth in the Group Health Plan. Any agreements between providers of services and BCBSF are the sole property of BCBSF and BCBSF retains the right to the use and control thereof.

#### 3.5 Inaccurate Payments

Whenever BCBSF becomes aware that the payment of a claim under the Group Health Plan to any person was, or may have been, made which was not in accordance with the terms of the Group Health Plan, whether or not such payment was BCBSF's fault, and whether or not such payment was more than or less than was appropriate under the terms of the Group Health Plan, BCBSF shall investigate such payment in accordance with its standard commercial insurance business practices and either 1) for a payment of \$50.00 or more, make a diligent effort to recover any payment which was more than was appropriate under the Group Health Plan or 2) as the case may be, adjust any claim the payment of which was less than appropriate under the Group Health Plan. The Employer delegates to BCBSF the discretion and the authority to determine under what circumstances to compromise a claim or to settle for less than the full amount of the claim. In the event any part of an inaccurate payment is recovered, the Employer will receive a refund from BCBSF. Nothing herein shall require BCBSF to institute a legal action or suit to recover payments made by BCBSF.

Additionally, the Employer delegates to BCBSF the discretion and authority to pursue recoveries for claims paid as a result of fraud, abuse or other inappropriate action by a third party, including the right to opt-out or opt-in the Employer from any class action. These claims include, but are not limited to, all legal claims the Employer can assert whether based on common law or statute such as RICO, antitrust, deceptive trade practices, consumer fraud, insurance fraud, unjust enrichment, breach of fiduciary duty, breach of contract, breach of covenant of good faith and fair dealing, torts (including fraud, negligence, and product liability), breach of warranty, medical monitoring, false claims and kickbacks. If BCBSF obtains a recovery from any of these efforts, BCBSF will reimburse the Employer's pro rata share of

the recovery. This share is calculated from the Employer's claims history or covered members at the time of such recovery, less the Employer's pro rata share of costs, if any, fees paid to outside counsel and any other costs incurred in obtaining that recovery. BCBSF will not charge the Employer for any costs if BCBSF does not obtain a recovery that exceeds those costs.

### 3.6 Records and Reports

BCBSF agrees to establish, maintain and provide to the Employer, records and reports generated for the purposes of reporting claims experience and conducting audits of operations. BCBSF will provide claims information only in accordance with Exhibit C (and Exhibit D, if applicable) to this Agreement. BCBSF will not provide any information with regard to provider pricing agreements or any other information which is of a confidential or proprietary nature, as determined by BCBSF.

### 3.7 Pharmacy Rebates

In certain circumstances, BCBSF and/or its pharmacy benefit manager ("PBM") negotiate(s) and receive(s) formulary rebates, volume discounts, and/or fees from certain drug manufacturers as a result of the inclusion of such manufacturer's branded products on BCBSF's formularies ("Rebates").

The PBM generally passes Rebates through to BCBSF, less a 12.5% fee as part of its compensation for its services. At times, the PBM may pass through a guaranteed minimum amount per prescription that exceeds the Rebates otherwise payable to BCBSF. In either situation, BCBSF passes through 100% of the amounts it receives to the Employer.

BCBSF may receive a portion of the Rebates on a prepaid, estimated basis, before any drug claims are filed and paid. To the extent that BCBSF receives prepaid, estimated rebate amounts, BCBSF retains, as part of its compensation, the interest earned on such amounts from the time it receives such prepayments until it forwards the Employer's Rebates. This time period is generally nine to twelve months. BCBSF expects to earn interest at the rate of 1.25% per annum.

BCBSF pays the Employer its Rebates or guaranteed minimum amount after BCBSF is able to determine the share attributable to the drug claims actually made by Employer's group members. This typically occurs seven to nine months after the end of the calendar quarter in which the drugs were dispensed.

BCBSF will provide more specific information on the amounts retained by BCBSF or the PBM upon request by the Employer.

### 3.8 Claims Payments

The source or sources of payment under the Group Health Plan are to be only the assets of the Employer, and BCBSF will have no liability whatsoever for providing a source from which payments will be made under the Group Health Care Plan.

### 3.9 Providers Outside the State of Florida

#### A. BlueCard

BCBSF or participates in a program called "BlueCard." Whenever member's access health care services outside the geographic area BCBSF serves, the claim for those services may be processed through BlueCard and presented to BCBSF for payment in conformity with network access rules of the BlueCard Policies then in effect ("Policies"). Under BlueCard, when members receive covered health care services within the geographic area served by an on-site Blue Cross and/or Blue Shield Licensee ("Host Blue"), BCBSF will remain responsible to Employer for fulfilling BCBSF contract obligations. However, the Host Blue will only be responsible, in accordance with applicable BlueCard Policies, if any, for providing such services as contracting with its participating providers and handling all interaction with its participating providers. The financial terms of BlueCard are described generally below.

#### B. Liability Calculation Method Per Claim

The calculation of member liability on claims for covered health care services incurred outside the geographic area BCBSF serves and processed through BlueCard will be based on the lower of the provider's billed charges or the negotiated price BCBSF pays the Host Blue.

The calculation of Employer's liability on claims for covered health care services incurred outside the geographic area BCBSF serves and processed through BlueCard will be based on the negotiated price BCBSF pays the Host Blue.

The methods employed by a Host Blue to determine a negotiated price will vary among Host Blues based on the terms of each Host Blue's provider contracts. The negotiated price paid to a Host Blue by BCBSF on a claim for health care services processed through BlueCard may represent:

(i) the actual price paid on the claim by the Host Blue to the health care provider ("Actual Price"), or

(ii) an estimated price, determined by the Host Blue in accordance with BlueCard Policies, based on the Actual Price increased or reduced to reflect aggregate payments expected to result from settlements, withholds, any other contingent payment arrangements and non-claims transactions with all of the Host Blue's health care providers or one or more particular providers ("Estimated Price"), or

(iii) an average price, determined by the Host Blue in accordance with BlueCard Policies, based on a billed charges discount representing the Host Blue's average savings expected after settlements, withholds, any other contingent payment arrangements and non-claims transactions for all of its providers or for a specified group of providers ("Average Price"). An Average Price may result in greater variation to the member and the Employer from the Actual Price than would an Estimated Price.

Host Blues using either the Estimated Price or Average Price will, in accordance with BlueCard Policies, prospectively increase or reduce the Estimated Price or Average Price to correct for over - or underestimation of past prices. However, the amount paid by the member and the Employer is a final price and will not be affected by such prospective adjustment. In addition, the use of a liability calculation method of Estimated Price or Average Price may result in some portion of the amount paid by the Employer being held in a variance account by the Host Blues, pending settlement with its participating providers. Because all amounts paid are final, the fund held in a variance account, if any, do not belong to the Employer and are eventually exhausted by provider settlements and through prospective adjustment to the negotiated prices.

Statutes in a small number of states may require a Host Blue either (1) to use a basis for calculating the member's liability for covered health care services that does not reflect the entire savings realized, or expected to be realized, on a particular claim or (2) to add a surcharge. Should any state statutes mandate liability calculation methods that differ from the negotiated price methodology or require a surcharge, BCBSF would then calculate member's liability and the Employer liability for any covered health care services consistent with the applicable state statute in effect at the time the member received those services.

### C. Return of Recoveries

Under BlueCard, recoveries from a Host Blue or from participating providers of a Host Blue can arise in several ways, including but not limited to anti-fraud and abuse audits, provider/hospital audits, credit balance audits, utilization review refunds, and unsolicited refunds. In some cases, the Host Blue will engage third parties to assist in discovery or collection of recovery amounts. The fees of such a third party are netted against the recovery. Recovery

amounts, net of fees, if any, will be applied in accordance with applicable BlueCard Policies, which generally require correction on a claim-by-claim or prospective basis.

Unless otherwise agreed to by the Host Blue, Home Licensees may request adjustments from the Host Blue for full provider refunds due to the retroactive cancellation of membership only for one year after the Inter-Licensee financial settlement process date of the original claim. However, recovery of claim payments associated with a retroactive cancellation may not be possible if the recovery conflicts with the Host Blue's state law, provider contracts or jeopardizes its relationship with its providers.

#### D. BlueCard Fees and Compensation

Employer understands and agrees (1) to pay certain fees and compensation to BCBSF which BCBSF is obligated under BlueCard to pay to the Host Blue, to the Blue Cross Blue Shield Association, or to the BlueCard vendors, unless BCBSF's contract obligations to the Employer require those fees and compensation to be paid only by Administrator and (2) that fees and compensation under BlueCard may be revised from time to time without Employer's prior approval in accordance with the standard procedures for revising fees and compensation under BlueCard. Some of these fees and compensation are charged each time a claim is processed through BlueCard and include, but are not limited to, access fees, administrative expense allowance fees, Central Financial Agency Fees, and ITS Transaction Fees. Also, some of these claim-based fees, such as the access fee and the administrative expense allowance fee may be passed on to the Employer as an additional claim liability. Other fees include, but are not limited to, an 800 number fee and a fee for providing provider directories.

#### E. Inconsistencies

To the extent of any inconsistency between the above provision titled "Providers Outside the State of Florida" and other terms or conditions of the Agreement, the above provision controls.

## SECTION IV

### TERMINATION

#### 4.1 Administration After Termination

The Employer is solely liable and responsible for all claims incurred under the Group Health Plan by its covered group members and their dependents during the term of this Agreement, including those incurred claims which are not presented to the Employer or BCBSF during the term of this Agreement.

BCBSF will adjudicate all claims incurred during the term of this Agreement. For purposes of this Agreement, the date of an incurred claim is the date the particular service was rendered or the supply was furnished. After the effective date of termination of this Agreement, the Employer will continue to provide BCBSF with funds to pay claims incurred prior to the termination date and will continue to pay the applicable administrative fees as set forth in Exhibit "B".

#### 4.2 Unilateral Termination

The Employer or BCBSF may unilaterally terminate this Agreement upon 90 days prior written notice to the other after the initial term of this Agreement.

#### 4.3 Termination On Anniversary Date

This Agreement shall automatically terminate as of the date of any anniversary of the effective date of this Agreement, if either the Employer or BCBSF has given at least 30 days prior written notice to the other of its intention not to renew this Agreement as of that anniversary date.

#### 4.4 Termination Upon Default

Upon the occurrence of any of the following events, as determined by BCBSF, this Agreement will automatically terminate at the end of the 8th business day following the day upon which the Employer is notified of any of the events of default set forth hereunder, and then only in the event that the Employer has not cured the incident of default:

1. The Employer's failure to provide adequate funds, as set in Exhibit "B", as necessary for the payment of claims pursuant to the Group Health Plan;
2. The Employer's failure to pay any administrative fees or late penalty as set forth in Exhibit "B" of this Agreement;
3. The Employer ceases to maintain a Group Health Plan;
4. The Employer modifies the Group Health Plan without the prior written consent of BCBSF;
5. At any time BCBSF has reasonable grounds for insecurity with respect to the Employer's financial ability to adequately fund the Group Health Plan, and the Employer has failed to immediately provide adequate assurances of financial soundness to BCBSF;
6. At any time any judicial or regulatory body determines that this Agreement, or any provision of this Agreement, is invalid or illegal,

or that this arrangement constitutes an insurance policy or program which is subject to state and/or federal insurance regulations and/or taxation;

7. At any time the Employer otherwise materially breaches this Agreement.

#### 4.5 Rights and Responsibilities Upon Termination

In the event of termination of this Agreement, the Employer will immediately notify each covered group member of the termination date.

Termination of this Agreement for any reason shall not affect the rights or obligations of either party which arise prior to the date of termination.

### SECTION V

#### LEGAL ACTION; INDEMNIFICATION

##### 5.1 Standard of Care

BCBSF and the Employer shall each use the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims in the performance of its duties hereunder.

##### 5.2 Liability; Indemnification

To the extent permitted by law permitted pursuant to Florida Statute, §768.28 and subject to the limits of liability set forth therein now or hereinafter enacted, Employer agrees to indemnify, defend, and hold Administrator and each of its officers, directors, employees, agents, and other representatives (collectively, "Administrator's Related Parties") harmless from any actual or threatened legal or administrative action, claim, liability, penalty, fine, assessment, lawsuit, litigation, or other loss, expense, or damage, including without limitation reasonable attorneys' fees and costs (collectively, "Liability"), that Administrator or Administrator's Related Parties may incur arising out of or relating to the disclosure of Confidential Information to Employer, Employee Clinic, or Agent, including without limitation any Liability incurred as a result of any actual or alleged breach by Employer, Employee Clinic, Agent or any Related Parties of Employer, Employee Clinic, or Agent of any applicable law, regulation, or other legal mandate or any provision of this Agreement.

### 5.3 Legal Actions

In the event BCBSF is served with process in any lawsuit or is made a party to any arbitration proceeding or other legal action relating to any matter for which indemnification is required under the preceding paragraph, the Employer shall, upon written request by BCBSF, immediately furnish a defense to and indemnify and hold harmless BCBSF in any such lawsuit, proceeding or other action and shall use its best efforts to secure, by motion or otherwise, the dismissal of BCBSF from such lawsuit, proceeding or other action. BCBSF will provide the Employer with available data and materials that are reasonably necessary for the preparation of the defense of such lawsuit, proceeding or other action.

## SECTION VI

### MISCELLANEOUS PROVISIONS

#### 6.1 Amendment

Except as otherwise provided for herein, this Agreement may be modified, amended, renewed, or extended only upon mutual agreement, in writing, signed by the duly authorized representatives of the Employer and BCBSF.

#### 6.2 Subsidiaries and Affiliates

Any of the functions to be performed by BCBSF under this Agreement may be performed by BCBSF or any of its subsidiaries, affiliates, or designees.

#### 6.3 Governing Law

This Agreement is subject to and shall be governed by the laws of the State of Florida, except where those laws are preempted by the laws of the United States.

#### 6.4 Venue

All actions or proceedings instituted by the Employer or BCBSF hereunder shall be brought in a court of competent jurisdiction in Duval County, Florida.

#### 6.5 Waiver of Breach

Waiver of a breach of any provision of this Agreement shall not be deemed a waiver of any other breach of the same or a different provision.

#### 6.6 Inconsistencies

If the provisions of this Agreement are in any way inconsistent with the provisions of the Group Health Plan, then the provisions of this Agreement shall prevail and the other provisions shall be deemed modified, but only to the extent necessary to implement the intent of the parties expressed herein.

#### 6.7 Notices

Any notice required to be given pursuant to this Agreement shall be in writing, postage pre-paid, and shall be sent by certified or registered mail, return receipt requested, or by Federal Express or other overnight mail delivery for which evidence of delivery is obtained by the sender, to BCBSF or the Employer at the addresses indicated on the first page of this Agreement, or such other addresses that the parties may hereafter designate. The notice shall be effective on the date the notice was posted.

#### 6.8 Entire Agreement

This Agreement, including the attachments hereto, contains the entire agreement between BCBSF and the Employer with respect to the specific subject matter hereof. Any prior agreements, promises, negotiations or representations, either verbal or written, relating to the subject matter of this Agreement and not expressly set forth in this Agreement are of no force and effect.

#### 6.9 Severability

In the event any provision of this Agreement is deemed to be invalid or unenforceable, all other provisions shall remain in full force and effect.

#### 6.10 Binding Effect of Agreement

The Agreement shall be binding upon and inure to the benefit of the parties, their agents, servants, employees, successors, and assigns unless otherwise set forth herein or agreed to by the parties.

#### 6.11 Survival

The rights and obligations of the parties as set forth herein shall survive the termination of this Agreement to the extent necessary to effectuate the intent of the parties as expressed herein.

6.12 Independent Relationship

Notwithstanding any other provision of this Agreement, in the performance of the obligations of this Agreement, each party is at all times acting and performing as an independent contractor with respect to the other party. It is further expressly agreed that no work, act, commission or omission of either party (or any of its agents or employees) pursuant to the terms and conditions of this Agreement, shall be construed to make or render such party (or any of its agents or employees) an agent, servant, representative, or employee of, or joint venture with, such other party.

6.13 Execution of Agreement

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and such counterparts shall constitute one and the same instrument.

IN WITNESS WHEREOF, on the date first written above, the parties have caused this Agreement to be executed by their duly authorized representatives.

BLUE CROSS AND BLUE SHIELD  
FLORIDA, INC.

FLORIDA KEYS AQUEDUCT  
AUTHORITY

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name (Printed)

\_\_\_\_\_  
Name (Printed)

\_\_\_\_\_  
Title

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

**EXHIBIT "A"**  
to the  
**ADMINISTRATIVE SERVICES AGREEMENT**  
between  
**BLUE CROSS AND BLUE SHIELD OF FLORIDA, INC.**  
and  
**FLORIDA KEYS AQUEDUCT AUTHORITY**

**GROUP HEALTH PLAN**

The entire Group Health Plan is attached hereto and made a part of this Agreement.

**EXHIBIT "B"**  
**to the**  
**ADMINISTRATIVE SERVICES AGREEMENT**  
**between**  
**BLUE CROSS AND BLUE SHIELD OF FLORIDA, INC.**  
**and**  
**FLORIDA KEYS AQUEDUCT AUTHORITY**  
**FINANCIAL ARRANGEMENTS**

I. Effective Date

The effective date of this Exhibit is October 1, 2010.

II. Monthly Payments.

- A. Each month, BCBSF will notify the Employer of the amount due to satisfy the previous month's paid claims liability. BCBSF also will provide the Employer with a detailed printout of the previous month's claims payments. The Employer agrees to pay the full amount of the bill within ten (10) days of the written notification. If the payment is not received by BCBSF by the payment due date, the payment will be considered past due and subject to a late payment charge, as set forth below. Additionally, BCBSF will immediately suspend claims until payment is received by BCBSF.
- B. The Employer agrees to pay to BCBSF, each month during and after the term of this Agreement, an administrative fee, as set forth below. The Employer agrees to pay to BCBSF, each month, the administrative fee within ten (10) days of the written notification of the amount due. If payment is not received by BCBSF by the due date, the payment will be considered past due and subject to a late payment charge, as set forth below. Additionally, BCBSF will immediately suspend claims until payment is received by BCBSF.

III. Funding Information

- A. Method of Funding Transfer: ACH

IV. Administrative Fees:

- A. Administrative fees during the term of the Agreement:  
\$60.00, which includes a \$6.00 agent fee, per contract per month from October 1, 2010 through September 30, 2011.

B. Administrative fees after the termination of the Agreement: 0% of claims paid.

V. Late Payment Penalty

A. A daily charge of .00038 times the amount of overdue payment.

VI. Expected Enrollment

A. The administrative fees referenced above are based on an expected enrollment of: 266.

B. If the actual enrollment is materially different from this expected enrollment, BCBSF reserves the right to adjust the administrative fees as set forth in the Agreement. Actual administrative fees will be charged based on actual enrollment.

**EXHIBIT "C"**  
**to the**  
**ADMINISTRATIVE SERVICES AGREEMENT**  
**between**  
**BLUE CROSS AND BLUE SHIELD OF FLORIDA, INC.**  
**and**  
**FLORIDA KEYS AQUEDUCT AUTHORITY**

**HIPAA-AS ADDENDUM TO ADMINISTRATIVE SERVICES AGREEMENT**

This addendum ("Addendum") is effective upon execution and amends that Administrative Services Agreement ("Agreement") made as of October 1, 2010 by and among Blue Cross and Blue Shield of Florida, Inc. ("BCBSF"); Florida Keys Aqueduct Authority ("Employer") and Florida Keys Aqueduct Health Plan ("GHP").

WHEREAS, Employer has established and maintains GHP as a self-insured employee welfare benefit plan, as described in GHP's Plan Document (referred to in the Agreement as the Group Health Plan); and

WHEREAS, Employer and GHP desire to retain BCBSF to provide certain claim processing and administrative services with respect to GHP; and

WHEREAS, Employer, GHP, and BCBSF agree to modify the Agreement to incorporate the provisions of this Addendum to address applicable requirements of the implementing regulations, codified at 45 Code of Federal Regulations ("C.F.R.") Parts 160-64, for the Administrative Simplification provisions of Title II, Subtitle F of the Health Insurance Portability and Accountability Act of 1996 (collectively, "HIPAA-AS"), so that GHP may meet its compliance obligations under HIPAA-AS, and to include additional provisions that Employer, GHP, and BCBSF desire to have as part of the Agreement;

NOW, THEREFORE, in consideration of the mutual promises contained herein, Employer, GHP, and BCBSF hereby agree as follows:

**PART 1—DEFINITIONS**

**I. DEFINITIONS**

All capitalized terms in this Addendum that are not defined by this Addendum will have the meaning ascribed to them by 45 C.F.R. Parts 160-64. The following terms have the following meanings when used in this Addendum:

- A. "Breach" means the unauthorized acquisition, access, use or disclosure of PHI which compromises the security or privacy of PHI

- B. "Covered Employee" means the person to whom coverage under GHP has been extended by Employer.
- C. "Covered Person" means the Covered Employee and any other persons to whom coverage has been extended under GHP as specified by GHP's Plan Document.
- D. "Creditable Coverage Certificate" means a certificate disclosing information relating to an individual's creditable coverage under a health care benefit program for purposes of reducing any preexisting condition limitation or exclusion imposed by any group health plan coverage.
- E. "Disclose" and "disclosure" mean, with respect to Protected Health Information, release, transfer, providing access to or divulging to a person or entity not within BCBSF.
- F. "Electronic Protected Health Information" means Protected Health Information that is (1) transmitted by electronic media or (2) maintained in electronic media.
- G. "Protected Health Information" means the Protected Health Information, as that term is defined in 45 C.F.R. § 160.103, that BCBSF creates or receives for, on behalf of, or from GHP (or from a GHP Business Associate) in the performance of BCBSF's duties under the Agreement and this Addendum. For purposes of this Addendum, Protected Health Information encompasses Electronic Protected Health Information.
- H. "Plan Document" means GHP's written documentation that informs Covered Persons of the benefits to which they are entitled from GHP and describes the procedures for (1) establishing and carrying out funding of the benefits to which Covered Persons are entitled under GHP, (2) allocating and delegating responsibility for GHP's operation and administration, and (3) amending the Plan Document. Employer and GHP represent and warrant that GHP's Plan Document provides for the allocation and delegation of the responsibilities assigned to BCBSF under the Agreement.
- I. "Unsecured PHI" means PHI that is not secured through the use of technology or methods approved by the Secretary of Health and Human Services to render the PHI unusable, unreadable or indecipherable to unauthorized individuals.
- J. "Use" means, with respect to Protected Health Information, utilization, employment, examination, analysis or application within BCBSF.

## PART 2--BCBSF'S RESPONSIBILITIES

### II. SERVICES PROVIDED BY BCBSF

During the continuance of the Agreement, BCBSF will perform the services set forth in the Agreement with respect to the benefits offered to Covered Persons by GHP.

### III. PRIVACY AND SECURITY OF PROTECTED HEALTH INFORMATION

#### A. Preservation of Privacy

BCBSF will keep confidential all Protected Health Information that BCBSF creates or receives on GHP's behalf or receives from GHP (or another Business Associate of GHP) in the performance of its duties under the Agreement and this Addendum.

#### B. Prohibition on Non-Permitted Use or Disclosure

BCBSF will neither use nor disclose Protected Health Information (including any Protected Health Information that BCBSF may receive from a GHP Business Associate) except (1) as permitted or required by this Addendum, (2) as permitted or required in writing by GHP, or (3) as Required by Law.

#### C. Permitted Uses and Disclosures

BCBSF will be permitted to use or disclose Protected Health Information only as follows:

##### 1. GHP's Payment Activities and Health Care Operations

BCBSF will be permitted to use and disclose Protected Health Information for Payment, Health Care Operations, and Data Aggregation for GHP, including programs administered by BCBSF for GHP that may improve the quality and reduce the cost of care Covered Persons receive. Those programs administered by BCBSF for GHP:

include (but are not limited to)

do not include

a payer-based health record program (*i.e.*, Care Profile).

##### 2. Another Covered Entity's Payment Activities and Health Care Operations

BCBSF will be permitted to disclose Protected Health Information in accordance with 45 C.F.R. § 164.506(c) for the Payment activities of another Covered Entity or Health Care Provider and for the qualifying Health Care Operations of another Covered Entity.

**3. Provider's Treatment Activities**

BCBSF will be permitted to disclose Protected Health Information in accordance with 45 C.F.R. § 164.506(c) for the Treatment activities of a Health Care Provider.

**4. Covered Person Permission**

BCBSF will be permitted to use or disclose Protected Health Information in accordance with an authorization or other permission granted by an Individual (or the Individual's Personal Representative) in accordance with 45 C.F.R. § 164.508 or 45 C.F.R. § 164.510, as applicable.

**5. BCBSF's Own Management and Administration**

**a. Protected Health Information Use**

BCBSF will be permitted to use Protected Health Information as necessary for BCBSF's proper management and administration or to carry out BCBSF's legal responsibilities.

**b. Protected Health Information Disclosure**

BCBSF will be permitted to disclose Protected Health Information as necessary for BCBSF's proper management and administration or to carry out BCBSF's legal responsibilities only (i) if the disclosure is Required by Law, or (ii) if before the disclosure, BCBSF obtains from the entity to which the disclosure is to be made reasonable assurance, evidenced by written contract, that the entity will (1) hold Protected Health Information in confidence, (2) use or further disclose Protected Health Information only for the purposes for which BCBSF disclosed it to the entity or as Required by Law; and (3) notify BCBSF of any instance of which the entity becomes aware in which the confidentiality of any Protected Health Information was breached.

**6. De-Identified Health Information**

BCBSF may use Protected Health Information to create De-Identified Health Information in conformance with 45 C.F.R. § 164.514(b). BCBSF may use and disclose De-Identified Health Information for any purpose, including after any termination of the Agreement and this Addendum.

7. **Limited Data Set**

- a. **Creation of Limited Data Set.** BCBSF may use Protected Health Information to create a Limited Data Set:
- i. that contains the minimum amount of Protected Health Information reasonably necessary to accomplish the purposes set out in Paragraph b of this Section III.C.6, below; and
  - ii. from which have been removed all of the direct identifiers, as specified in 45 C.F.R. § 164.514(e)(2), of the Individuals whose Protected Health Information is included in the Limited Data Set and of the relatives, household members and employers of those Individuals.
- b. **BCBSF's Permitted Uses and Disclosures.** BCBSF may use and disclose the Limited Data Set for only Health Care Operations permitted by this Addendum.
- c. **Prohibition on Unauthorized Use or Disclosure.**
- i. BCBSF will neither use nor disclose the Limited Data Set for any purpose other than as permitted by Paragraph b of this Section III.C.6, as otherwise permitted in writing by GHP, or as Required by Law.
  - ii. BCBSF is not authorized to use or disclose the Limited Data Set in a manner that would violate the Privacy Rule, 45 C.F.R. Part 164, Subpart E, if done by GHP.
  - iii. BCBSF will not attempt to identify the information contained in the Limited Data Set or contact any Individual who may be the subject of information contained in the Limited Data Set.
- d. **Information Safeguards.** BCBSF will adopt and use appropriate administrative, physical, and technical safeguards to preserve the integrity and confidentiality of the Limited Data Set and to prevent its use or disclosure other than as permitted by this Section III.C.6.
- e. **Permitted Subcontractors, and Agents.** BCBSF will require any agent or subcontractor to which it discloses the Limited Data Set, to agree to comply with the same restrictions and

conditions that apply to BCBSF's use and disclosure of the Limited Data Set pursuant to this Section III.C.6.

- f. **Breach of Privacy Obligations.** BCBSF will report to GHP any use or disclosure of the Limited Data Set that is not permitted by this Section III.C.6 of which BCBSF becomes aware.

**D. Minimum Necessary**

BCBSF will, in the performance of its functions and activities on GHP's behalf under the Agreement and this Addendum, make reasonable efforts to use, to disclose, or to request of a Covered Entity only the minimum necessary amount of Protected Health Information to accomplish the intended purpose of the use, the disclosure, or the request, except that BCBSF will not be obligated to comply with this minimum necessary limitation with respect to:

1. Disclosures to GHP, as distinguished from disclosures to Employer;
2. Disclosure to or request by a health care provider for Treatment;
3. Use with or disclosure to a Covered Person who is the subject of Protected Health Information, or that Covered Person's Personal Representative;
4. Use or disclosure made pursuant to an authorization compliant with 45 C.F.R. § 164.508 that is signed by an Individual who is the subject of Protected Health Information to be used or disclosed, or by that Individual's Personal Representative, as defined in 45 C.F.R. § 164.502(g);
5. Disclosure to the United States Department of Health and Human Services ("DHHS") in accordance with Section VIII below;
6. Use or disclosure that is Required by Law; or
7. Any other use or disclosure that is excepted from the minimum necessary limitation as specified in 45 C.F.R. § 164.502(b)(2).

**E. Disclosure to GHP and GHP's Business Associates**

Other than disclosures permitted by Section III.C. above, BCBSF will not disclose Protected Health Information to GHP, a GHP Business Associate, or a GHP Vendor, except as directed by GHP in writing.

**F. Disclosure to BCBSF's Subcontractors and Agents**

BCBSF may disclose Protected Health Information to a subcontractor or agent. BCBSF will require each subcontractor and agent to which BCBSF may disclose Protected Health Information to provide reasonable assurance, evidenced by written contract, that such subcontractor or agent will comply with the same privacy and security obligations with respect to Protected Health Information as this Addendum applies to BCBSF.

**G. Disclosure to Employer**

BCBSF will not disclose any Protected Health Information to Employer, except as permitted by and in accordance with PART 3 below.

**H. Reporting Non-Permitted Use or Disclosure and Security Incidents**

**1. Privacy Breach**

BCBSF will report to GHP any use or disclosure of Protected Health Information not permitted by this Addendum or in writing by GHP, including Breaches of Unsecured PHI, of which BCBSF becomes aware in accordance with relevant legal requirements. BCBSF will cooperate with GHP in GHP's performance of investigation or assessments necessary to determine whether a Breach of Unsecured PHI has occurred. GHP shall bear sole responsibility for determining the need for and implementing notification concerning any Breach of Unsecured PHI,

**2. Security Incidents**

BCBSF will report to GHP any incident of which BCBSF becomes aware that is (a) a successful unauthorized access, use or disclosure of Electronic Protected Health Information; or (b) a successful major (i) modification or destruction of Electronic Protected Health Information or (ii) interference with system operations in an Information System containing Electronic Protected Health Information. Upon GHP's request, BCBSF will report any incident of which BCBSF becomes aware that is a successful minor (a) modification or destruction of Electronic Protected Health Information or (b) interference with system operations in an Information System containing Electronic Protected Health Information.

**I. Duty to Mitigate**

BCBSF will mitigate to the extent practicable any harmful effect of which BCBSF is aware that is caused by any use or disclosure of Protected Health Information in violation of this Addendum.

**J. Termination of Addendum**

GHP will have the right to terminate the Agreement and this Addendum if BCBSF has engaged in a pattern of activity or practice that constitutes a material breach or violation of BCBSF's obligations regarding Protected Health Information under this Addendum and, on notice of such material breach or violation from GHP, fails to take reasonable steps to cure the breach or end the violation. If BCBSF fails to cure the material breach or end the violation within 90 days after receipt of GHP's notice, GHP may terminate the Agreement and this Addendum by providing BCBSF written notice of termination, stating the uncured material breach or violation that provides the basis for the termination and specifying the effective date of the termination.

**K. Disposition of Protected Health Information**

**1. Return or Destruction Feasible**

Upon termination of the Addendum, BCBSF will, if feasible, return to GHP or destroy, all Protected Health Information in BCBSF's custody or control (or in the custody or control of any subcontractor or agent to which BCBSF disclosed Protected Health Information). BCBSF will complete such return or destruction as promptly as practical after termination of the Addendum.

**2. Return or Destruction Not Feasible**

BCBSF will identify for GHP any Protected Health Information that BCBSF (or any subcontractor or agent to which BCBSF disclosed Protected Health Information) cannot feasibly return to GHP or destroy upon termination of the Addendum and will describe the purposes that make the return to GHP or destruction infeasible. BCBSF will limit its (and, by its written contract pursuant to Section III.F. above, any subcontractor's or agent's) further use or disclosure of Protected Health Information after termination of the Addendum to the purposes that make return to GHP or destruction infeasible and to those uses or disclosures Required by Law.

**3. Ongoing Privacy and Security Obligations**

BCBSF's obligations to preserve the privacy and safeguard the security of Protected Health Information as specified in this Addendum will survive termination or other conclusion of the Agreement and this Addendum.

#### IV. **ACCESS, AMENDMENT, AND DISCLOSURE ACCOUNTING FOR PROTECTED HEALTH INFORMATION**

##### A. **Access**

BCBSF will, consistent with 45 C.F.R. § 164.524(b)(2), make available to the Covered Person (or the Covered Person's Personal Representative) for inspection and copying any of the Protected Health Information about the Covered Person that qualifies as part of a Designated Record Set that BCBSF has in its custody or control, and that is not exempted from access by 45 C.F.R. § 164.524(a), so that GHP can meet its access obligations under 45 C.F.R. § 164.524.

##### B. **Amendment**

BCBSF will, consistent with 45 C.F.R. § 164.526(b)(2), amend, pursuant to a Covered Person's written request to amend (or a written request to amend by the Covered Person's Personal Representative), any portion of Protected Health Information about the Covered Person that qualifies as part of a Designated Record Set that BCBSF has in its custody or control, so that GHP can meet its amendment obligations under 45 C.F.R. § 164.526.

##### C. **Disclosure Accounting**

So that GHP may meet its disclosure accounting obligations under 45 C.F.R. § 164.528, BCBSF will do the following:

###### 1. **Disclosure Tracking**

Starting April 14, 2003, BCBSF will, consistent with 45 C.F.R. § 164.528(b), record each disclosure of Protected Health Information that is not excepted from disclosure accounting under 45 C.F.R. § 164.528(a) that BCBSF makes to GHP or to a third party ("Accountable Disclosures").

###### 2. **Disclosure Tracking Time Periods**

BCBSF will have available for Covered Person the disclosure information for each Accountable Disclosure for at least six (6) years immediately following the date of the Accountable Disclosure (except BCBSF will not be required to have disclosure information for disclosures occurring before April 14, 2003).

###### 3. **Provision of Disclosure Information**

BCBSF will, consistent with 45 C.F.R. § 164.528(c)(1), make available to the Covered Person (or the Covered Person's Personal Representative)

the disclosure information regarding the Covered Person, so that GHP can meet its disclosure accounting obligations under 45 C.F.R. § 164.528.

**D. Restriction Requests**

GHP will direct a Covered Person to promptly notify BCBSF in the manner designated by BCBSF of any request for restriction on the use or disclosure of Protected Health Information about a Covered Person that may affect BCBSF. Consistent with 45 C.F.R. § 164.522(a), and on behalf of GHP, BCBSF will agree to or deny any such restriction request. BCBSF will not be in breach of the Agreement or this Addendum for failure to comply with a restriction request on the use or disclosure of Protected Health Information about a Covered Person unless GHP or the Covered Person (or the Covered Person's Personal Representative) notifies BCBSF in the manner designated by BCBSF of the terms of the restriction and BCBSF agrees to the restriction request in writing.

**E. Confidential Communications**

BCBSF will provide a process for a Covered Person to request that BCBSF communicate with the Covered Person about Protected Health Information about the Covered Person by confidential alternative location, and Covered Person to provide BCBSF with the information that BCBSF needs to be able to evaluate that request. Consistent with 45 C.F.R. § 164.522(b) and on behalf of GHP, BCBSF will agree to or deny any confidential communication request. Furthermore, BCBSF will develop policies and procedures consistent with 45 C.F.R. § 164.522(b) to fulfill its obligations under this paragraph.

BCBSF will provide a process for termination of any requirement to communicate with the Covered Person about Protected Health Information about the Covered Person by confidential alternative location.

**F. Complaint Process**

BCBSF will, consistent with 45 C.F.R. § 164.530(d) and on behalf of GHP, provide a process for Covered Persons (or Covered Person's Personal Representative) to make complaints concerning BCBSF's policies and procedures, which policies and procedures GHP hereby adopts as its own so that GHP can meet its compliance obligations under 45 C.F.R. Part 164.

**V. GHP'S PRIVACY PRACTICES NOTICE**

**A. Preparation of GHP's Privacy Practices Notices**

BCBSF will prepare Privacy Practices Notices appropriate for the benefit plans that BCBSF administers for GHP under the Agreement and reflective of the requirements of 45 C.F.R. Part 164 pertaining to use and disclosure of Protected Health Information and Covered Person's rights with respect to Protected Health Information. The Privacy

Practices Notices will address whether GHP discloses or authorizes BCBSF to disclose to Employer enrollment data, Summary Health Information that may include Covered Persons' Individually Identifiable Health Information or Protected Health Information for plan administration functions. Unless otherwise agreed upon by the Parties, GHP hereby adopts BCBSF's Privacy Practices Notice attached as **EXHIBIT 1**, and any future revisions thereof, as its own.

**B. Distribution of GHP's Privacy Practices Notice**

BCBSF will distribute GHP's then effective and appropriate Privacy Practices Notice to each new Covered Employee upon the Covered Employee's enrollment in GHP and to any Covered Employee upon request. BCBSF will distribute any GHP revised Privacy Practices Notice to each Covered Employee then enrolled in GHP, and may distribute any GHP revised Privacy Practices Notice to any other Covered Person over the age of 18 then enrolled in GHP, within sixty (60) days after any material change in GHP's Privacy Practices Notice.

BCBSF will distribute GHP's Privacy Practices Notice to any Covered Person requesting it. Additionally, every three (3) years after April 14, 2003, BCBSF will notify each Covered Employee then enrolled in GHP, and may notify any other Covered Person over the age of 18 then enrolled in GHP, of the availability of GHP's Privacy Practices Notice upon request.

**C. BCBSF to Comply with Notices**

BCBSF will neither use nor disclose Protected Health Information in any manner inconsistent with the content of GHP's then current Privacy Practices Notice applicable to the benefit plans that BCBSF administers for GHP under the Agreement.

**VI. ISSUANCE OF CERTIFICATE OF CREDITABLE COVERAGE**

At the written or electronic direction of Employer or GHP, BCBSF may use and disclose Protected Health Information to issue to each Covered Person, whose coverage under a benefits plan administered pursuant to the Agreement terminates during the term of the Agreement, a Certificate of Creditable Coverage. The Certificate of Creditable Coverage will be based upon the coverage that the Covered Person had under the benefits plan administered pursuant to the Agreement and the information that Employer or GHP provides to BCBSF regarding the Covered Person's coverage eligibility and coverage termination under that benefits plan.

**VII. SAFEGUARDING PROTECTED HEALTH INFORMATION**

**A. Privacy of Protected Health Information**

BCBSF will maintain reasonable and appropriate administrative, physical, and technical safeguards, consistent with 45 C.F.R. § 164.530(c) and any other implementing

regulations issued by DHHS that are applicable to BCBSF as GHP's Business Associate, to protect against reasonably anticipated threats or hazards to and to ensure the security and integrity of Protected Health Information, to protect against reasonably anticipated unauthorized use or disclosure of Protected Health Information, and to reasonably safeguard Protected Health Information from any intentional or unintentional use or disclosure in violation of this Addendum.

**B. Security of Electronic Protected Health Information**

BCBSF will develop, implement, maintain, and use administrative, technical, and physical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of Electronic Protected Health Information that BCBSF creates, receives, maintains, or transmits on behalf of GHP consistent with the Security Rule, 45 C.F.R. Part 164, Subpart C.

**VIII. INSPECTION OF INTERNAL PRACTICES, BOOKS, AND RECORDS**

BCBSF will make its internal practices, books, and records relating to its use and disclosure of Protected Health Information available to GHP and to DHHS to determine GHP's compliance with 45 C.F.R. Part 164, Subpart E "Privacy of Individually Identifiable Health Information."

**PART 3—EMPLOYER'S RESPONSIBILITIES**

**IX. DATA EXCHANGE BETWEEN EMPLOYER AND BCBSF**

**A. Enrollment Data**

BCBSF may disclose to Employer the minimum necessary information regarding whether an individual is a Covered Person participating in GHP or enrolled or disenrolled from coverage under the GHP.

Employer may electronically exchange data with BCBSF regarding the enrollment and disenrollment of Covered Persons as participants in GHP using the Enrollment and Disenrollment in Health Plan Standard Transaction (ASC X12N 834-Benefit Enrollment and Maintenance) as specified in 45 C.F.R. Part 162, Subpart O.

**B. Other Data Exchanges and Notifications**

Employer will exchange with BCBSF all data not otherwise addressed in this Section IX and any notification by using such forms, tape formats, or electronic formats as BCBSF may approve. Employer will furnish all information reasonably required by BCBSF to affect such data exchanges or notifications.

**X. SUMMARY HEALTH INFORMATION**

Upon Employer's written request for the purpose either (A) to obtain premium bids for providing health insurance coverage under GHP, or (B) to modify, amend, or terminate GHP, BCBSF will provide Summary Health Information regarding the Covered Persons participating in GHP to Employer.

**XI. EMPLOYER'S CERTIFICATION**

Employer hereby makes the certification specified in **EXHIBIT 2** so that Employer may request and receive the minimum necessary Protected Health Information from BCBSF for those plan administration functions that Employer will perform for GHP. GHP therefore authorizes BCBSF to disclose the minimum necessary Protected Health Information to those authorized representatives of Employer as specified in **EXHIBIT 3** for the plan administration functions that Employer will perform for GHP as specified in GHP's Plan Document as amended and in **EXHIBIT 3**. BCBSF may rely on Employer's certification and GHP's authorization that Employer has provided the requisite certification and will have no obligation to verify (1) that GHP's Plan Document has been amended to comply with the requirements of 45 C.F.R. § 164.504(f)(2), 45 C.F.R. § 164.314(b)(2), or this Section XI, or (2) that Employer is complying with GHP's Plan Document as amended.

**PART 4—MISCELLANEOUS**

**XII. AUTOMATIC AMENDMENT TO CONFORM TO APPLICABLE LAW**

Upon the compliance date of any final regulation or amendment to final regulation with respect to Protected Health Information, Standard Transactions, the security of Health Information, or other aspects of HIPAA-AS applicable to this Addendum or to the Agreement, this Addendum will automatically amend such that the obligations imposed on Employer, GHP, and BCBSF remain in compliance with such regulations, unless BCBSF elects to terminate the Agreement by providing Employer and GHP notice of termination in accordance with the Agreement at least **90** days before the compliance date of such final regulation or amendment to final regulation.

**XIII. CONFLICTS**

The provisions of this Addendum will override and control any conflicting provision of the Agreement. All nonconflicting provisions of the Agreement will remain in full force and effect.

**XIV. ADD GHP AS A PARTY TO AGREEMENT**

Notwithstanding Section 3.1 of the Agreement, in order to make clear the respective HIPAA-AS compliance obligations of BCBSF, GHP, and Employer, as set forth in this Addendum, GHP shall hereby be added as a separate party to the Agreement.

**XV. REVISION TO SECTION 3.3**

The first sentence of Section 3.3 of the Agreement shall be deleted and replaced as follows: "The BCBSF shall provide claims processing services on behalf of the Group Health Plan."

**XVI. REVISION TO SECTION 3.6**

In order for GHP to be able to comply with its obligations under the HIPAA-AS Privacy and Security Rules and for Employer and BCBSF to be able to comply with their obligations hereunder, the terms and conditions of Section 3.6 of the Agreement, and any subsequent amendments made thereto by the parties, shall be made subject to this Addendum.

**XVII. REVISION TO SECTION 6.6**

Section 6.6 of the Agreement shall be given effect except with respect to the subject matter of this Addendum, in which case Section XIII of this Addendum shall control.

**XVIII. COMPLIANCE DATE FOR SECURITY OBLIGATIONS**

BCBSF's security obligations as set forth in Sections III.F, III.H.2, and VII.B herein shall take effect the later of (A) the last date set forth in PART 5 below or (B) the compliance deadline of the HIPAA-AS Security Rule (which is, as of the date hereof, April 20, 2005 or April 20 2006 for Small Health Plans).

**XVIX. HITECH COMPLIANCE**

BCBSF shall comply with all applicable requirements of Title XII, Subtitle D of the Health Information Technology for Economic and Clinical Health Act ("HITECH"), 42 U.S.C. Sections 17921-17954 and all applicable HITECH implementing regulations issued by the Department of Health and Human Services as of the date by which BCBSF must comply with such statutory and regulatory requirements.

**PART 5—SIGNATURES**

**BCBSF:**

**Blue Cross and Blue Shield  
of Florida, Inc.**

**By:** \_\_\_\_\_

**Title:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**GROUP HEALTH PLAN:**

**Florida Keys Aqueduct Authority  
Health Plan**

**By:** \_\_\_\_\_

**Title:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**EMPLOYER:**

**Florida Keys Aqueduct Authority**

**By:** \_\_\_\_\_

**Title:** \_\_\_\_\_

**Date:** \_\_\_\_\_

## EXHIBIT 1—SAMPLE NOTICE OF PRIVACY PRACTICES

THIS NOTICE DESCRIBES HOW HEALTH INFORMATION ABOUT YOU MAY BE USED AND DISCLOSED AND HOW YOU CAN GET ACCESS TO THIS INFORMATION. PLEASE REVIEW IT CAREFULLY.

*Si usted desea una copia de esta notificación en español, por favor comuníquese con un representante de servicio al cliente utilizando el número telefónico indicado en su tarjeta de asegurado.*

### **Health Insurance Portability And Accountability Act- Administrative Simplification (HIPAA-AS)**

#### **Notice of Privacy Practices**

for your group health plan Sponsored by your employer and for which Blue Cross and Blue Shield of Florida, Inc. or Health Options, Inc. provides claim administration and other services.

#### **Our Legal Duty**

As your health plan, we are required by applicable federal and state laws to maintain the privacy of your protected health information (PHI). This notice describes our privacy practices, our legal duties, and your rights concerning your PHI. We will follow the privacy practices that are described in this notice while it is in effect. This notice took effect **April 14, 2003**, and will remain in effect until a revised notice is issued.

We reserve the right to change our privacy practices and the terms of this notice at any time and to make the terms of our notice effective for all PHI that we maintain.

Before we make a significant change in our privacy practices, we will change this notice and send the new notice to you.

#### **How we can use or disclose PHI without a specific authorization**

**To You:** We must disclose your PHI to you, as described in the Individual Rights section of this notice.

**For Treatment:** For example: we may disclose PHI in an electronic health record we create from claims information, to a doctor or hospital at their request, in order for them to provide treatment to you. Additionally, we may disclose PHI to a doctor, dentist or a hospital at their request for their treatment purposes.

**For Payment:** For example: we may use and disclose PHI to pay claims for services provided to you by doctors, dentists or hospitals. We may also disclose your PHI to a

health care provider or another health plan so that the provider or plan may obtain payment of a claim or engage in other payment activities.

**For Health Care Operations:** For example: we may use or disclose PHI to conduct quality assessment and improvement activities, to conduct fraud and abuse investigations, to engage in care coordination or case management or to communicate with you about health related benefits and services or about treatment alternatives that may be of interest to you. We may also disclose PHI to a health care provider or another health plan subject to federal privacy laws, as long as the provider or plan has or had a relationship with you and the PHI is disclosed only for certain health care operations of that provider or plan. We may also disclose PHI to other entities with which we have contracted to perform or provide certain services on our behalf (i.e. business associates).

**For Public Health and Safety:** We may use or disclose PHI to the extent necessary to avert a serious and imminent threat to the health or safety of you or others. We may also disclose PHI for public health and government health care oversight activities and to report suspected abuse, neglect or domestic violence to government authorities.

**As Required by Law:** We may use or disclose PHI when we are required to do so by law.

**For Process and Proceedings:** We may disclose PHI in response to a court or administrative order, subpoena, discovery request, or other lawful process.

**For Law Enforcement:** We may disclose PHI to a law enforcement official with regard to crime victims and criminal activities.

**Special Government Functions:** We may disclose the PHI of military personnel or inmates or other persons in lawful custody under certain circumstances. We may disclose PHI to authorized federal officials for lawful national security activities.

**To Plan Sponsors (including employers who act as Plan Sponsors):** We may disclose enrollment and disenrollment information to the Plan Sponsor of your group health plan. We may also disclose certain PHI to the Plan Sponsor to perform plan administration functions. We may disclose summary health information to the Plan Sponsor so that the Plan Sponsor may:

- Obtain premium bids
- Decide whether to amend, modify or terminate your group health plan

**For Research, Death, and Organ Donation:** We may use or disclose PHI in certain circumstances related to research, death or organ donation.

**For Workers Compensation:** We may disclose PHI as permitted by workers' compensation and similar laws.

## **Uses and disclosures of PHI permitted only after authorization is received**

**Authorization:** You may give us written authorization to use your PHI or to disclose it to anyone for any purpose not otherwise permitted or required by law. If you give us an authorization, you may revoke it in writing at any time. Your revocation will not affect any use or disclosure permitted by your authorization while it was in effect.

**To Family and Friends:** While the law permits us in certain circumstances to disclose your PHI to family, friends and others, we will do so only with your authorization. In the event you are unable to authorize such disclosure, but emergency or similar circumstances indicate that disclosure would be in your best interest, we may disclose your PHI to family, friends or others to the extent necessary to help with your health care coverage arrangements.

## **Individual Rights**

*To exercise any of these rights, please call the customer service number on your ID card.*

**Access:** With limited exceptions, you have the right to review in person, or obtain copies of your PHI. We may charge you a reasonable fee as allowed by law.

**Amendment:** With limited exceptions, you have the right to request that we amend your PHI.

**Disclosure Accounting:** You have the right to request and receive a list of certain disclosures made of your PHI. If you request this list more than once in a 12-month period, we may charge you a reasonable fee as allowed by law to respond to any additional request.

**Use/Disclosure Restriction:** You have the right to request that we restrict our use or disclosure of your PHI for certain purposes. We are not required to agree to a requested restriction. We will agree to restrict the use or disclosure of your PHI provided the law allows and we determine the restriction does not impact our ability to administer your benefits. Even when we agree to a restriction request, we may still disclose your PHI in a medical emergency, and use or disclose your PHI for public health and safety and other similar public benefit purposes permitted or required by law.

**Confidential Communication:** You have the right to request that we communicate with you in confidence about your PHI at an alternative address. When you call the customer service number on your ID card to request confidential communications at an alternative address, please ask for a PHI address.

**NOTE:** If you choose to have confidential communications sent to you at a PHI address, we will only respond to inquiries from you. If you receive services from any health care providers, you are responsible for notifying those providers directly if you would like a PHI address from them.

**Privacy Notice:** You have the right to request and receive a copy of this notice at any time. For more information or if you have questions about this notice, please contact us using the information listed at the end of this notice.

### **Organizations Covered by this Notice**

**This Notice applies to the privacy practices of the organizations listed below:**

**Your group health plan Sponsored by your employer and for which Blue Cross and Blue Shield of Florida, Inc. or Health Options, Inc. provides claim administration and other services.**

### **Complaints**

If you are concerned that we may have violated your privacy rights, you may complain to us using the contact information listed at the end of this notice. You may also submit a written complaint to the U.S. Department of Health and Human Services. We will provide you with the address for the U.S. Department of Health and Human Services upon request.

We support your right to protect the privacy of your PHI. We will not retaliate in any way if you choose to file a complaint with us or with the U.S. Department of Health and Human Services.

**Contact Office:** BCBSF Corporate Compliance Office, administrative service provider for your group health plan.

**Telephone:** 888-574-2583

**Address:** P.O. Box 44283, Jacksonville, FL 32203-4283

Blue Cross and Blue Shield of Florida, Inc. and its subsidiary, Health Options, Inc., are Independent Licensees of the Blue Cross and Blue Shield Association.

## EXHIBIT 2—EMPLOYER’S CERTIFICATION

### PART 1 – Employer to Amend Plan Documents for Privacy provisions

Employer certifies that Employer has amended GHP’s Plan Document to incorporate the provisions required by 45 C.F.R. § 164.504(f)(2), as set forth below, and agrees to comply with GHP’s Plan Document as amended.

1. Neither use nor further disclose Protected Health Information, except as permitted or required by GHP’s Plan Document or as required by law.
2. Neither use nor disclose Protected Health Information for any employment-related action or decision, or in connection with any other benefit or employee benefit plan of Employer.
3. Ensure adequate separation between Employer and GHP by (a) describing those employees or classes of employees or other persons under Employer’s control who will be given access to Protected Health Information to perform plan administration functions for GHP, (b) restricting the access to and use of Protected Health Information by such employees or other persons to the plan administration functions that Employer will perform for GHP, and (c) instituting an effective mechanism for resolving any noncompliance with GHP’s Plan Document by such employees or other persons.
4. Ensure that any subcontractor or agent to which Employer provides Protected Health Information agrees to the restrictions and conditions of GHP’s Plan Document with respect to Protected Health Information.
5. Report to GHP any use or disclosure of Protected Health Information of which Employer becomes aware that is inconsistent with the uses and disclosures allowed by GHP’s Plan Document.
6. Make Protected Health Information available to GHP or, at GHP’s direction, to the Covered Person who is the subject of Protected Health Information (or the Covered Person’s Personal Representative) so that GHP can meet its access obligations under 45 C.F.R. § 164.524.
7. Make Protected Health Information available to GHP for amendment and, on notice from GHP, amend Protected Health Information, so that GHP can meet its amendment obligations under 45 C.F.R. § 164.526.
8. Record Disclosure Information as defined above for each disclosure that Employer makes of Protected Health Information that is not excepted from disclosure accounting and provide that Disclosure Information to GHP on request

so that GHP can meet its disclosure accounting obligations under 45 C.F.R. § 164.528.

9. Make its internal practices, books, and records relating to its use and disclosure of Protected Health Information available to GHP and to DHHS to determine GHP's compliance with 45 C.F.R. Part 164, Subpart E "Privacy of Individually Identifiable Health Information."
10. Return to GHP or destroy if feasible all Protected Health Information in whatever form or medium that Employer (and any subcontractor or agent of Employer) received from GHP or BCBSF, including all copies thereof and all data, compilations, and other works derived there from that allow identification of any present or past Covered Person who is the subject of Protected Health Information, when Employer no longer needs Protected Health Information for the plan administration functions for which the Employer received Protected Health Information. Employer will limit the use or disclosure of any of Protected Health Information that Employer (or any subcontractor or agent of Employer) cannot feasibly return to GHP or destroy to the purposes that make its return to GHP or destruction infeasible.

## **PART 2 - Employer to Amend Plan Documents for Security provisions**

Employer further certifies that Employer has amended GHP's Plan Document to incorporate the provisions required by 45 C.F.R. § 164.314(b)(2), as set forth below, and agrees to comply with GHP's Plan Document as amended.

1. Implement administrative, physical and technical safeguards that reasonably and appropriately protect the confidentiality, integrity and availability of Electronic Protected Health Information that Employer creates, receives, maintains or transmits on GHP's behalf.
2. Ensure that the adequate separation between Employer and GHP required by 45 C.F.R. § 164.504(f)(2)(iii) (as described in item 3 above) is supported by reasonable and appropriate Security Measures.
3. Ensure that any subcontractor or agent to which Employer provides Electronic Protected Health Information agrees to implement reasonable and appropriate Security Measures to protect the Electronic Protected Health Information.
4. Report to GHP any incident of which Employer becomes aware that is (a) a successful unauthorized access, use or disclosure of Electronic Protected Health Information; or (b) a successful major (i) modification or destruction of Electronic Protected Health Information or (ii) interference with system operations in an Information System containing Electronic Protected Health Information. Upon GHP's request, Employer will report any incident of which Employer becomes aware that is a successful minor (a) modification or destruction of Electronic

Protected Health Information or (b) interference with system operations in an Information System containing Electronic Protected Health Information.

### **EXHIBIT 3— DISCLOSURE OF PROTECTED HEALTH INFORMATION FOR PLAN ADMINISTRATION**

Group Health Plan (“GHP”) must promptly notify BCBSF in writing if any of the information contained in EXHIBIT 3 changes.

#### **PART 1**

Name(s) and Title(s) of Employer representatives (i.e. employees of Employer) authorized to request and receive the minimum necessary Protected Health Information from BCBSF:

Cheryl Sargent, Benefits and Risk Manager  
Karen Rodriguez, Director of Human Resources

for the performance of the following plan administration functions for GHP unless otherwise indicated by GHP:

- Actuarial and statistical analysis
- Claims/membership inquiries
- Procurement of reinsurance or stop loss coverage
- Quality assessment and improvement activities
- Performance monitoring
- Other health care operations
- Payment activities

#### **PART 2**

Identify the name(s), title(s) and company name(s) of any individual(s) from organizations other than Employer or Group Health Plan (“GHP”) (examples of such “GHP Vendor” types of services include, but are not limited to, stop-loss carriers; reinsurers; agents, brokers or consultants; or external auditors) that Employer or GHP hereby authorizes to request and receive the minimum necessary Protected Health Information to perform plan administration functions and/or assist with the procurement of reinsurance or stop-loss coverage:

Company Name	Type of Service Performed (Example: stop-loss carrier, reinsurer, agent, broker)	Name of Individual Performing Service	Title of Individual Performing Service
Gehring Group	Broker	Stephanie Drost	Director – Account Management
Gehring Group	Broker	Kurt Kehring	President/CEO
Gehring Group	Broker	Shawn Fleming	Senior Analyst
Gehring Group	Broker	Christian Bergstrom	Director – Analytical Services
Gehring Group	Broker	Anna Maria Studley	Managing Director

**EXHIBIT "D"**  
**to the**  
**ADMINISTRATIVE SERVICES AGREEMENT**  
**between**  
**BLUE CROSS AND BLUE SHIELD OF FLORIDA, INC.**  
**and**  
**FLORIDA KEYS AQUEDUCT AUTHORITY**

**CONFIDENTIALITY AND INDEMNITY AGREEMENT**

This Agreement, effective October 1, 2010 is entered into between Blue Cross and Blue Shield of Florida, Inc. (hereinafter "Administrator"), Florida Keys Aqueduct Authority (hereinafter "Employer") and Gehring Group (hereinafter "Broker").

WHEREAS, Employer has established and maintains a self-insured Employee Welfare Benefit Plan pursuant to the Employee Retirement Income Security Act of 1974 to provide certain benefits as its Group Health Plan (hereinafter "Plan") for covered group members and their covered dependents; and

WHEREAS, Administrator and Employer have entered into an agreement for the administration of the Group Health Plan (hereinafter "Administrative Services Agreement"); and

WHEREAS, Employer has directed Administrator to provide Broker access to certain Confidential Information (hereinafter defined) for cases which meet the criteria set forth in attached Exhibit 1, which Employer has determined is necessary Broker to perform the certain services for the Employer; and

WHEREAS, Administrator desires to safeguard the confidentiality of the medical claims and other information acquired with regard to the covered group members and their covered dependents and to safeguard information regarding Administrator's policies and procedures which are regarded as confidential and proprietary; and

WHEREAS, Employer and Broker recognize the legitimate interests of Administrator and the individuals whose health benefits are administered by Administrator in the proprietary, confidential, and private nature of such Confidential Information, and

Administrator is willing to provide the Confidential Information only if its use is restricted to the purpose for which it is released and its confidentiality is maintained;

NOW, THEREFORE, for good and valuable consideration, the parties hereby agree as follows:

1. For the purposes of this Agreement, "Confidential Information" means the information listed below in this Paragraph 1, any information that Broker learns or

becomes aware of, directly or indirectly, through the disclosure of Confidential Information, and any and all summaries, distillations, excerpts, work product or other documents utilizing or incorporating same, whether in whole or in part.

- Medical claim record information concerning individuals covered under the Plan,
  - Administrator's provider contract information, e.g., allowances, fee schedules, etc., and
  - any other information designated in writing by Administrator as confidential, trade secret, or proprietary.
2. Broker shall only request, use and disclose the minimum amount of Confidential Information necessary for Broker to perform the services for Employer.
  3. Confidential Information shall not include information that (i) is already known to Broker on effective date of this Agreement; (ii) is or becomes known to the general public other than as a direct or indirect result of any act or omission of Employer, Broker, or the affiliates, officers, directors, partners, employees, or agents (collectively, the "Related Parties") of Employer or Broker; (iii) is lawfully received by Broker from a third party that Broker has verified is free to disclose the information without restriction on disclosure; or (iv) is independently developed by Broker without use of Confidential Information.
  4. Subject to applicable laws, Administrator will release to Broker certain Confidential Information for purposes of: 1) monitoring designated cases for which reinsurance coverage may be available to Employer; and/or 2) auditing claims payments made by Administrator; provided that Employer is in compliance with all other terms and conditions of this Agreement and the Administrative Services Agreement, and Broker are in compliance with all other terms and conditions of this Agreement.
  5. Broker acknowledges that Administrator will provide Confidential Information to Broker in confidence and solely for Broker's use in performing the services for Employer. Accordingly, Broker each agree (i) to protect any and all Confidential Information Broker receives from unauthorized access, use and disclosure; (ii) not to use the Confidential Information for any purpose other than performing the services for Employer; (iii) not to record, copy, or reproduce any Confidential Information in any form, except to the extent necessary to perform the services for Employer; (iv) not to disclose the Confidential Information to, or otherwise permit to access the Confidential Information, any third party, including without limitation Broker's Related Parties, except as expressly provided herein or with Administrator's prior written consent; (v) to limit access to and use of the Confidential Information to those of Broker's employees who have a need to know such information for the purpose of performing the services and have acknowledged, in a writing which will be made available to Administrator upon request, their individual agreement to the terms hereof; and (vi) to take any and all other steps necessary to safeguard Confidential Information against

unauthorized access, use, and disclosure to at least the extent Broker maintains the confidentiality of its most proprietary and confidential information.

6. Broker shall ensure that its agents, contractors and vendors to whom it discloses Confidential Information agree to abide by those provisions within this Agreement that govern the use, disclosure, and protection of all Confidential Information obtained from Administrator. This provision shall not be construed to permit any delegation or assignment of Broker's obligations otherwise prohibited by this Agreement.
7. Broker shall promptly report in writing to Administrator any use or disclosure of Confidential Information not provided for under this Agreement, of which Broker becomes aware, but in no event later than within five business days of first learning of any such use or disclosure. Broker shall mitigate, to the extent practicable, any harmful effect that is known to Broker of a use or disclosure of Confidential Information by Broker in violation of this Agreement.
8. Broker may disclose Confidential Information if required to do so under any federal, state, or local law, statute, rule or regulation; provided, however, that (i) Broker will provide Administrator with immediate written notice of any request that Broker disclose Confidential Information, so that Administrator may object to the request and/or seek an appropriate protective order or, if such notice is prohibited by law, Broker shall disclose the minimum amount of Confidential Information required to be disclosed under the applicable legal mandate; and (ii) in no event shall Broker disclose Confidential Information to a party other than a government agency except under a valid order from a court having jurisdiction requiring the specific disclosure.
9. By disclosing Confidential Information to Broker under this Agreement (including but not limited to information incorporated in computer software or held in electronic storage media), Administrator grants Broker no ownership right or interest in the Confidential Information. When Broker no longer needs Confidential Information for the purpose for which it was disclosed but no later than the expiration or termination of this Agreement, Broker shall collect and return to Administrator or destroy all Confidential Information received from or on behalf of Administrator that Broker has in its control or custody in any form and shall retain no copies of such information. Broker shall complete these obligations as promptly as possible. Upon request, an authorized officer of Broker shall certify on oath to Administrator that all Confidential Information has been returned or destroyed and deliver such certification to Administrator within ten (10) business days of its request. If return or destruction of any Confidential Information is not feasible, Broker shall limit further uses and disclosures of such Confidential Information to those purposes making return or destruction infeasible and continue to apply the protections of this Agreement to such Confidential Information for so long as Broker retains such Confidential Information. Broker may, subject to its continued adherence to its obligations of confidentiality as defined in this Agreement, retain one copy of documents containing Confidential Information to defend its work product and to comply with applicable insurance record-keeping laws and regulations.

10. In the event that Broker performs any of the services on Administrator's premises, Broker agree not to remove from Administrator's premises any Confidential Information that is provided to or obtained by the Broker on such premises, without the prior written consent of Administrator.
11. In any report or transmittal to Employer by Broker that contains or pertains to oral or written Confidential Information, no medical information or dates of service will be identifiably attributed to any particular employee, dependent, or provider. Furthermore, any such report or transmittal shall not contain any information designated by Administrator as confidential, trade secret, or proprietary.
12. As the administrative simplification provisions of the Health Insurance Portability and Accountability Act of 1996 (HIPAA-AS) and certain of its implementing regulations (HIPAA-AS Regulations) are now effective, Employer and Broker agree to institute any additional procedures and/or agreements required to ensure the parties' compliance with that law and those regulations. Employer represents and warrants that Employer (i) has amended each Plan's plan document to permit Employer to perform plan administration for the Plans (including the activity(ies) described in the recital clauses above) in accordance with 45 C.F.R. § 164.504(f) and 45 C.F.R. § 164.314(b) of the HIPAA-AS Regulations ("HIPAA Amendment"); (ii) has delivered to each Plan and Administrator a written statement, certifying its amendment of the Plan's plan document as required by the HIPAA-AS Regulations and its agreement to comply with that amendment; and (iii) has obtained each Plan's permission to receive individually identifiable health information from Administrator for the purposes and subject to the restrictions and protections described in the HIPAA Amendment. Broker each agree to be bound, and to cause any agent or subcontractor to be bound, by the same restrictions and protections agreed to by Employer in the HIPAA Amendment with respect to any individually identifiable health information encompassed within the Confidential Information Broker receives.
13. No health insurance records or information, or claims information, shall be disclosed without the prior written authorization of the individual whose records or information would be disclosed; provided, however, that Broker may release information provided pursuant to this Agreement to subsidiaries of Broker so long as any and all such subsidiaries agree to abide by all terms and conditions of this Agreement.
14. Employer and Broker shall comply with all applicable federal, state or local laws, rules, or regulations or any other order of any authorized court, agency, or regulatory commission, and all applicable professional standards and practices, concerning the handling and/or safekeeping of information and/or other records of the nature disclosed by Administrator hereunder and shall use such information only for proper and lawful purposes.
15. Employer and Broker shall comply with all state and federal laws regulating the disclosure of patient records or private and medically sensitive information released pursuant to this Agreement, including without limitation, alcohol and

drug abuse patient records, information relating to treatment of alcohol or drug dependency, HIV testing results, and psychological or psychiatric evaluation.

16. To the extent permitted by law now or hereinafter enacted, Employer agrees to indemnify, defend, and hold Administrator and each of its officers, directors, employees, agents, and other representatives (collectively, "Administrator's Related Parties") harmless from any actual or threatened legal or administrative action, claim, liability, penalty, fine, assessment, lawsuit, litigation, or other loss, expense, or damage, including without limitation reasonable attorneys' fees and costs (collectively, "Liability"), that Administrator or Administrator's Related Parties may incur arising out of or relating to the disclosure of Confidential Information to Employer or Broker, including without limitation any Liability incurred as a result of any actual or alleged breach by Employer, Broker or any Related Parties of Employer, or Broker of any applicable law, regulation, or other legal mandate or any provision of this Agreement.
17. Broker agrees to indemnify, defend, and hold Administrator and Administrator's Related Parties harmless from any actual or threatened legal or administrative action, claim, liability, penalty, fine, assessment, lawsuit, litigation, or other loss, expense, or damage, including without limitation reasonable attorneys' fees and costs (collectively, "Liability"), that Administrator or Administrator's Related Parties may incur arising out of or in connection with any actual breach by Broker or any of Broker's Related Parties of any applicable law, regulation, or other legal mandate or any provision of this Agreement.
18. Administrator shall have the option to either provide its own legal counsel or arrange for outside counsel for the defense of such matters referenced above, and the costs of either shall be borne by the indemnifying party in the event of indemnification.
19. Employer and Broker acknowledge and agree that Administrator operates in a highly regulated and competitive environment and that the unauthorized use or disclosure of Confidential Information will cause irreparable harm and significant injury to Administrator, which will be difficult to measure with certainty or to compensate through money damages. Accordingly, Administrator shall be entitled to seek injunctive or other equitable relief, without bond, and/or specific performance as a remedy for any breach of this Agreement. Such remedy shall not be deemed to be the exclusive remedy for a breach of this Agreement, but shall be in addition to all other remedies available at law or in equity.
20. It is understood and agreed that no failure or delay by Administrator in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any right, power or privilege hereunder.
21. Upon occurrence of any of the following, this Agreement shall terminate without notice, unless notice is specifically required:
  - a. Termination of the Administrative Services Agreement.

- b. If Administrator determines at its own discretion that the Confidential Information released pursuant to this Agreement is not being adequately protected by either Employer or Broker for confidentiality purposes.
  - c. Upon fifteen (15) days notice to Employer or Broker, as appropriate. Such notice shall be given without need for cause.
  - d. Upon any attempt by Employer or Broker (which attempts shall be null and void) to assign this Agreement or the right to receive information, without the prior express consent of Administrator.
  - e. Upon enactment of or the effective date of, whichever first occurs, any applicable state or federal law or any rule or regulation of any agency having applicable jurisdiction, which law, rule or regulation shall prohibit (in part or in full) Administrator from fulfilling its obligations hereunder. No penalty, liability or damage shall be applicable or claimed by Employer or Broker against Administrator in such event.
22. The relationship between the parties is that of independent contractors. Nothing in this Agreement shall be construed to create a partnership or joint venture between the parties and neither party shall have the right to bind the other to any contracts, agreements, or other obligations without the express, written consent of an authorized representative of the other.
23. This Agreement shall be governed and construed by the laws of the State of Florida (irrespective of its choice of law principles). It constitutes the entire Agreement between the parties in reference to all matters expressed in the Agreement. All previous discussions, promises, representations, and understandings between the parties pertaining thereto, if any, being merged herein.
24. This Agreement may not be assigned, nor any obligations delegated, by Employer and/or Broker, without the prior written consent of Administrator, and any such non-permitted assignment or delegation shall be void.
25. In the event any provision of this Agreement is rendered invalid or unenforceable by any valid act of Congress or the Florida Legislature or by any regulation duly promulgated by the officers of the United States or the State of Florida acting in accordance with law, or if declared null and void by any court of competent jurisdiction, the remainder of this Agreement shall remain in full force and effect.
26. Waiver of breach of any provision of this Agreement shall not be deemed a waiver of any other breach of the same or a different provision.
27. The obligation of Employer and/or Broker to protect the privacy of Confidential Information as specified in this Agreement shall be continuous and survive the expiration or termination of this Agreement. In addition, the rights and obligations of the parties set forth in Sections 9, 11, 16 – 19 and of this paragraph 27 of this Agreement shall survive its expiration or termination.

28. This Agreement may be amended by mutual agreement of the parties, but no such amendment shall become effective until it is reduced to writing and signed by duly authorized representatives of each party.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representative as set forth below.

EMPLOYER  
FLORIDA KEYS AQUEDUCT  
AUTHORITY

ADMINISTRATOR  
BLUE CROSS AND BLUE SHIELD  
OF FLORIDA, INC.

By: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

BROKER  
GEHRING GROUP

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

## **EXHIBIT 1**

Administrator shall release confidential information to and Broker for cases which meet the following criteria:



**BlueCross BlueShield  
of Florida**  
An Independent Licensee of the  
Blue Cross and Blue Shield Association

**APPLICATION FOR EXCESS LOSS INDEMNITY INSURANCE**

Full Legal Policyholder Name: Florida Keys Aqueduct Authority

Principal Address of Policyholder: Key West, Florida 33040

Policy Number: BCFL1008

Policy Period: From 10/1/10 to 9/30/11  
Inception Date Expiration Date  
*(12:01 A.M. Standard Time at the*  
*Policyholder's Address)*

1. Nature of Business:  Corporation  Partnership  Proprietorship  Other: sic 9511

2. Policyholder's Appointed Claims Administrator: Blue Cross Blue Shield of Florida

3. Eligible Classes:

- |  |                                   |   |
|--|-----------------------------------|---|
| <input checked="" type="checkbox"/> Included | <input type="checkbox"/> Excluded | Active Employees working at least ____<br>hours per week, and their eligible Dependents |
| <input checked="" type="checkbox"/> Included | <input type="checkbox"/> Excluded | Retired Employees and their eligible Dependents   |
| <input checked="" type="checkbox"/> Included | <input type="checkbox"/> Excluded | COBRA Employees and their eligible<br>Dependents  |

4. Subsidiary or Affiliated Companies:

If employee benefit plans of subsidiary or affiliated companies (companies under common control through stock ownership, contract, otherwise) are to be included, list names and addresses of such companies and the nature of their business:

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5. Insurance applied for replaces prior coverage as follows:

Name of Prior Insurer: N/A  
 Type of Coverage: N/A  
 Termination Date of prior coverage: N/A

**APPLICATION FOR EXCESS LOSS INDEMNITY INSURANCE**  
**(Continued)**

**A. AGGREGATE EXCESS RISK INSURANCE**

**COVERED BENEFIT:**  Yes    No

1. Company Limit of Liability

- a. **100%** of paid Aggregate Losses which are in excess of the Aggregate Attachment Point, subject to a maximum limit of \$ **1,000,000**
- b. Maximum Amount per Covered Person Chargeable to Aggregate Losses **\$100,000.**

2. Aggregate Attachment Point:

- a. Monthly Attachment Factor: \$ **511.35** Single   **\$1285.19** Family
- b. Minimum Aggregate Attachment Point: **\$2,607,268**
- c. Maximum Run-In Limit: \$ **N/A**

3. Covered Aggregate Plan Benefits (Applicable only if an entry is specified herein):

Medical  
 Prescription Drug    Other (as indicated) \_\_\_\_\_

Only benefits for Covered Persons enrolled by the Policyholder to receive medical coverage under the Policyholder's plan of benefits currently filed with the Company through the BC/BS of Florida network(s) are covered under this Excess Loss Indemnity Policy.

4. Aggregate Corridor Basis: **125%**

5. Aggregate Claims Basis:

Paid during the Policy Period

Paid during the Policy Period; Incurred during the Policy Period

Paid during the Policy Period or, upon termination of the Policy, during the month period immediately thereafter; Incurred during the Policy Period

Paid during the Policy Period; Incurred during the Policy Period, or during the month period immediately prior thereto. Covered expenses Incurred during the month period immediately prior to the Policy Period that are eligible to apply toward the Aggregate Attachment Point are limited to N/A.

Other (as indicated): \_\_\_\_\_

**APPLICATION FOR EXCESS LOSS INDEMNITY INSURANCE  
(Continued)**

6. Loss Reduction for Insured Hospitals: **N/A**

If the Policyholder named herein is a licensed hospital, Domestic Charges payable under the Policyholder's plan of benefits currently filed with the Company for expenses Incurred as the result of services or supplies rendered to a Covered Person by the Policyholder shall be reduced by multiplying the charges by \_\_\_% when determining paid Aggregate Losses.

7. Aggregate Premium Rate: **\$5.50** X Per Employee per Month  
16,679 Annual Premium

**B. SPECIFIC EXCESS RISK INSURANCE**

**COVERED BENEFIT:**  Yes     No

1. Company Limit of Liability: **100%** of paid Specific Losses which are in excess of a Specific Deductible Amount of **\$100,000**, subject to a Maximum Annual Reimbursement of **\$ 2,900,000** and a Maximum Lifetime Reimbursement of **\$UNLIMITED**. A higher Specific Deductible Amount and/or a different claims basis (limited coverage arrangement) will apply to payments for covered expenses incurred by the following Covered Person(s):

<u>Claimant Name</u>	<u>Employee Name</u>	<u>Limited Coverage Arrangement</u>
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2. Monthly Specific Premium Rate:            **\$63.66** Single            **\$ 153.39** Family

3. Covered Specific Plan Benefits (Applicable only if an entry is specified herein):

Medical  
 Prescription Drug     Other (as indicated) \_\_\_\_\_

Only benefits for Covered Persons enrolled by the Policyholder to receive Medical coverage under the Policyholder's plan of benefits currently filed with the Company through the BC/BS of Florida network(s) are covered under this Excess Loss Indemnity Policy.

**APPLICATION FOR EXCESS LOSS INDEMNITY INSURANCE  
(Continued)**

4. Specific Claims Basis:

Paid during the Policy Period

Paid during the Policy Period; Incurred during the Policy Period

Paid during the Policy Period or, upon termination of the Policy, during the month period immediately thereafter; Incurred during the Policy Period

Paid during the Policy Period; Incurred during the Policy Period, or during the \_\_\_ month period immediately prior thereto. Covered expenses Incurred during the \_\_\_ month period immediately preceding the Policy Period cannot exceed \$ \_\_\_

Other (as indicated): \_\_\_\_\_

5. Loss Reduction for Insured Hospitals: N/A

If the Policyholder named herein is a licensed hospital, Domestic Charges payable under the Policyholder's plan of benefits currently filed with the Company for expenses Incurred as the result of services or supplies rendered to a Covered Person by the Policyholder shall be reduced by multiplying the charges by \_\_\_ % when determining paid Specific Losses.

**C. ENROLLMENT**

Estimated Initial Enrollment:	Active Employees	<u>161</u> Single <u>49</u> E/S <u>56</u> Family
	Covered Retirees	<u>10</u> Single <u>5</u> E/S <u>3</u> Family
	COBRA Employees	___ Single ___ E/S ___ Family

**OPTIONS**

- |                            |   |  |
|----------------------------|---|--|
| 1. Advanced Funding        | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No            |
| 2. Aggregate Accommodation | <input type="checkbox"/> Yes            | <input checked="" type="checkbox"/> No |
| 3. Aggregating Specific    | <input type="checkbox"/> Yes            | <input checked="" type="checkbox"/> No |
| 4. Extended Aggregate      | <input type="checkbox"/> Yes            | <input checked="" type="checkbox"/> No |
| 5. Extended Specific       | <input type="checkbox"/> Yes            | <input checked="" type="checkbox"/> No |

**APPLICATION FOR EXCESS LOSS INDEMNITY INSURANCE**  
**(Continued)**

**Any person who knowingly and with intent to injure, defraud, or deceive any insurer, files a statement of claim, or an application containing any false, incomplete, or misleading information, is guilty of a felony of the third degree.**

\_\_\_\_\_  
Authorized Policyholder Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title

\_\_\_\_\_  
Agent Name (Print)

\_\_\_\_\_  
Agent License Number

\_\_\_\_\_  
Agent Signature



**BlueCross BlueShield  
of Florida**

An Independent Licensee of the  
Blue Cross and Blue Shield Association

### **ADVANCED FUNDING OPTION AMENDMENT**

Name of Policyholder: Florida Keys Aqueduct Authority

Address of Policyholder: Key West, Florida 33040

Policy Number: BCFL1008

Policyholder's Claims Administrator: BlueCross BlueShield of Florida

With respect to the insurance identified by the Policy Number shown above, the Policyholder and Blue Cross and Blue Shield of Florida agree to the conditions stated below, which are to be effective as of October 1, 2010.

Although Your Excess Loss Indemnity insurance provides only for the reimbursement of Paid claims expenses in excess of the Specific Deductible Amount, Company hereby agrees to provide an administrative accommodation to You with respect to Your Specific Excess Risk Insurance whereby funding will be provided to You in advance for Catastrophic Claims (for the purpose of this Amendment, a "Catastrophic Claim" is considered to be only a claim that exceeds the Specific Deductible Amount payable under Your Specific Excess Risk Insurance), provided that all of the following conditions have been satisfied:

1. All expenses that are a part of the Catastrophic Claim in question are covered expenses Incurred and processed by Your Claims Administrator within the time limits required for being, respectively, Incurred and Paid in order to be reimbursable under the Specific Excess Risk Insurance identified by the above Policy Number;
2. You have fully funded the Specific Deductible Amount for the Catastrophic Claim. The Specific Deductible Amount will be that stated in Your Application for Excess Loss Indemnity Coverage and Your Schedule of Insurance with respect to the above Policy Number; and
3. Except as to any advance funding provided under this Agreement, You are then current in funding all claims under Your plan of benefits currently filed with the Company.

**ADVANCED FUNDING OPTION AMENDMENT (Continued)**

All provisions of the Policy remain unchanged except as expressly stated herein.

In the event of any inconsistencies between the provisions of this amendment and the provisions in the Policy, the provisions in this amendment shall control to the extent necessary to effectuate the intent of the Company as expressed herein.

**Blue Cross and Blue Shield of Florida, Inc.**

**Florida Keys Aqueduct Authority**

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

# BOARD OF DIRECTORS, FLORIDA KEYS AQUEDUCT AUTHORITY

## AGENDA ITEM SUMMARY

AGENDA ITEM # EO - 05

CONSENT:

REGULAR: X

Meeting Date: DECEMBER 23, 2009

Department: EXECUTIVE



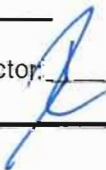
**AGENDA TITLE:** Consideration to Approve Renewal of Contract with the Furman Group for Professional Government Relations Consulting Services. **(\$72,000.00)**

**ITEM BACKGROUND:** The Furman Group is a consulting firm which specializes in consulting and governmental relations assistance. The Furman Group possesses a strong understanding of Florida water and environmental issues and they maintain close ties to the Florida Congressional delegation.

**PREVIOUS RELEVANT ACTION BY FCAA BOARD OF DIRECTORS: 12/17/09** The Board approved a contract with the Furman Group in the amount of \$78,000.00.

**STAFF RECOMMENDATION (MOTION):** It is recommended that the Board of Directors authorize Staff to retain The Furman Group to provide Governmental Relations Consulting Services in Washington, DC and authorize the Executive Director to execute a contract in the amount of \$72,000.00.

**SUPPLEMENTAL INFORMATION:** The retainer will be paid quarterly.

<b>DOCUMENTATION:</b>	Included: <b>X</b>	To-Follow:	Not Required:
<b>COST FCAA:</b>	\$ <u>72,000.00</u>	<b>BUDGETED:</b>	Yes      No
<b>COST/OTHERS:</b>	\$ _____		
<b>COST TOTAL:</b>	\$ <u>72,000.00</u>		
<b>DEPARTMENT DIRECTOR APPROVAL:</b> _____			
<b>Reviewed by:</b>	Internal Auditor: <u></u>	General Counsel: <u></u>	Executive Director: <u></u>

**BOARD ACTION:**

Approved:                      Tabled:                      Disapproved:                      Recommendation Revised:

Comments: \_\_\_\_\_

Date: \_\_\_\_\_

Recording Clerk: \_\_\_\_\_

December 10, 2010

## MEMORANDUM OF AGREEMENT

1. PARTIES. This Memorandum of Agreement (“Agreement”) is by and between The Furman Group, Inc. (hereinafter “TFG”) and the Florida Keys Aqueduct Authority (hereinafter “FKAA”).
2. PURPOSE. Pursuant to this Agreement, TFG will provide FKAA with federal government relations and other consulting services related to federal authorizations and appropriations for projects mutually identified by FKAA and TFG. Other tasks may also be undertaken, subject to mutual agreement by the parties in the future.
3. TERM. This Agreement shall commence on January 1, 2011 and terminate on December 31, 2011 unless modified, extended, or terminated pursuant to a mutual agreement by the parties.
4. FEES. In consideration for services to be rendered pursuant to this Agreement, FKAA shall pay to TFG an annual retainer fee of \$72,000 payable in advance in four (4) quarterly installments of \$18,000.
5. EXPENSES. TFG shall not invoice FKAA for normal and necessary out-of-pocket expenses which it may incur in its representation of FKAA. Extraordinary expenses above \$500 may be invoiced to FKAA, subject to prior approval by FKAA and the rules and guidelines of FKAA.
6. TERMINATION. This Agreement shall be terminated with or without cause by the Authority, through its Executive Director, or by TFG any time upon thirty (30) days written notice. In the event of termination, TFG shall be compensated for all representation requested prior to the Notice of Termination provided, however, the Authority may terminate this Agreement for breach by TFG with such notice as may be reasonable under the circumstances at any time. In the event of termination, with or without cause, TFG shall be compensated pro-rata for the provision of services provided hereunder through the date of termination.
7. INDEPENDENT CONTRACTOR STATUS. It is understood and agreed that TFG does at all times in performing services under this Agreement act as an independent contractor and is neither an employee or agent of FKAA.

8. ENTIRE AGREEMENT. This Agreement supersedes any and all other Agreements, either oral or written, between the parties hereto. No other agreement, statement or promise relating to the subject matter of this Agreement which is contained herein shall be valid or binding upon the parties hereto.
9. REPORTS. Providing a quarterly written report and/or presentation to the Board of Directors summarizing the results of work performed and initiatives accomplished.
10. GOVERNING LAW AND VENUE. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida, with venue in Monroe County, Florida.

This Agreement is entered into as of the date first above written.

AGREED:

  
\_\_\_\_\_

for The Furman Group, Inc.

AGREED:

\_\_\_\_\_

for Florida Keys Aqueduct Authority

DATE:

12/10/2010  
\_\_\_\_\_

DATE:

\_\_\_\_\_

# BOARD OF DIRECTORS, FLORIDA KEYS AQUEDUCT AUTHORITY

## AGENDA ITEM SUMMARY

AGENDA ITEM # OOC-01

CONSENT:                      REGULAR: XXX

Meeting Date: December 23, 2010

Department: OFFICE OF COUNSEL



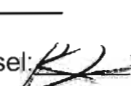

**AGENDA TITLE:** Consideration to Approve Resolution #11- a Resolution of the Board of Directors of the Florida Keys Aqueduct Authority Electing to Preserve the Right and Option to use the Uniform Method of Collecting Non-Ad Valorem Assessments Levied in Monroe County, Florida, including the area known as the Big Coppitt Wastewater Service District, Cudjoe Regional Wastewater Service District and the Monroe County Sub-district of the Layton Wastewater Service District; Providing for the Mailing of this Resolution; and Providing for an Effective Date.

**ITEM BACKGROUND:** This Resolution announces the intention of the Florida Keys Aqueduct Authority to preserve the right and option to use the uniform method of collecting certain non-ad valorem assessments levied in Monroe County, Florida.

**PREVIOUS RELEVANT ACTION BY FCAA BOARD OF DIRECTORS:** 9/24/2009 Approved Resolution #09-20 12/18/2008 Approved Resolution #09-02 2/23/2005 Approved Resolution #05-07 2/19/2004 Approved Resolution #04-10 12/19/2002 Approved Resolution #03-07 11/14/2001 Approved Resolution #02-03 2/16/2000 Approved Resolution #00-03 11/15/2000 Approved Resolution #00-24

**STAFF RECOMMENDATION (MOTION):** FCAA Board of Directors Approve resolution #11- a Resolution of the Board of Directors of the Florida Keys Aqueduct Authority Electing to Preserve the Right and Option to use the Uniform Method of Collecting Non-Ad Valorem Assessments Levied in Monroe County, Florida, including the area known as the Big Coppitt Wastewater Service District, Cudjoe Regional Wastewater Service District and the Monroe County Sub-District of the Layton Wastewater Service District; providing for the mailing of this Resolution; and providing for an effective date.

**SUPPLEMENTAL INFORMATION:** Resolution Attached

<b>DOCUMENTATION:</b>	Included: <b>XX</b>	To-Follow: <input type="checkbox"/>	Not Required: <input type="checkbox"/>
<b>COST FCAA:</b>	\$ _____	<b>BUDGETED:</b>	Yes <input type="checkbox"/> No
<b>COST/OTHERS:</b>	\$ _____		
<b>COST TOTAL:</b>	\$ _____		
<b>DEPARTMENT DIRECTOR APPROVAL:</b> 			
<b>Reviewed by:</b> Director Ex. Office: _____ Internal Auditor:  General Counsel:  Executive Director: 			

**BOARD ACTION:**

Approved:                       Tabled:                       Disapproved:                       Recommendation Revised:

Comments: \_\_\_\_\_

Date: \_\_\_\_\_

Recording Clerk: \_\_\_\_\_

## **FLORIDA KEYS AQUEDUCT AUTHORITY**

### **RESOLUTION 11-**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE FLORIDA KEYS AQUEDUCT AUTHORITY ELECTING TO PRESERVE THE RIGHT AND OPTION TO USE THE UNIFORM METHOD OF COLLECTING NON-AD VALOREM ASSESSMENTS LEVIED IN MONROE COUNTY, FLORIDA, INCLUDING THE AREA KNOWN AS THE BIG COPPITT WASTEWATER SERVICE DISTRICT, CUDJOE REGIONAL WASTEWATER SERVICE DISTRICT AND THE MONROE COUNTY SUB-DISTRICT OF THE LAYTON WASTEWATER SERVICE DISTRICT; PROVIDING FOR THE MAILING OF THIS RESOLUTION; AND PROVIDING FOR AN EFFECTIVE DATE.**

**WHEREAS**, pursuant to Chapter 76-411, Laws of Florida, as amended, the Board of Directors of the Florida Keys Aqueduct Authority (the “Authority”) has been assigned the exclusive jurisdiction over the administration, maintenance, development and provision of wastewater system services in Monroe County, Florida, with the exception of the City of Key West, the City of Key Colony Beach, the City of Layton, Islamorada, Village of Islands and the area of Key Largo served by the Key Largo Wastewater District unless such incorporated areas shall choose to grant the Authority such jurisdiction; and

**WHEREAS**, in order to fulfill its responsibility to develop such wastewater system services, the Authority is considering enacting resolutions which would require the owner of each affected parcel of property to pay a charge or assessment in the form of a non-ad valorem assessment for the cost of providing for (a) identification of parcels, development of one or more wastewater infrastructure and or service delivery plans, engineering and cost estimation and (b) acquisition, construction, administration and appurtenant costs of associated wastewater projects, including the upgrading of existing plants to meet 2015 wastewater standards; and

**WHEREAS**, the Board of Directors of the Authority desires to preserve the option and right to use the uniform method for collecting non-ad valorem assessments for the cost of providing for (a) identification of parcels, development of one or more wastewater and or service delivery plans, engineering and costs estimation and (b) acquisition, construction, administration and appurtenant costs of associated wastewater projects, including the upgrading of existing plants to meet 2015 wastewater standards; within both the incorporated and unincorporated area of Monroe County, including the area known as the Big Coppitt Wastewater Service District, Cudjoe Regional Wastewater Service District and the Monroe County Sub-district of the Layton Wastewater Service District (subject to and as provided by section 9 of Chapter 76-441, Laws of Florida, as amended) as authorized by Section 197.3632, Florida Statutes, as amended, because this

method will allow such charges or assessments to be collected annually commencing in January 2011, in the same manner as provided for ad valorem taxes; and

**WHEREAS**, the Board of Directors of the Authority held a duly advertised public hearing prior to the adoption of this Resolution, proof of publication of such hearing being attached hereto as **Exhibit A**.

**NOW, THEREFORE BE IT RESOLVED** by the Board of Directors of the Florida Keys Aqueduct Authority, as follows:

1. Commencing with the 2011 Fiscal Year and with the tax statement mailed for such Fiscal Year, the Authority hereby announces its intention to use the uniform method for collecting non-ad valorem assessments authorized in Section 197.3632, Florida Statutes, as amended, for collecting non-ad valorem assessments for the cost of providing for (a) identification of parcels, development of one or more wastewater infrastructure and or service delivery plans, engineering and cost estimation and (b) acquisition, construction, administration and appurtenant costs of associated wastewater projects, management services and facilities, including the upgrading of existing plants to meet 2015 wastewater standards. Such non-ad valorem assessments may be levied within all or a portion of both the incorporated and unincorporated areas of Monroe County, including the area known as the Big Coppitt Wastewater Service District, Cudjoe Regional Wastewater Service District and the Monroe County Sub-District of the Layton Wastewater Service District (subject to and as provided by section 9 of Chapter 76-441, Laws of Florida, as amended). A legal description of such areas subject to the contemplated charge or assessment is attached hereto as **Exhibit B** and incorporated by reference.

2. The Authority hereby determines that the levy of such charges or assessments is a potential and viable method to fund the cost of providing for (a) identification of parcels, development of one or more wastewater infrastructure and or service delivery plans, engineering and cost estimation and (b) acquisition, construction, administration and appurtenant costs of associated wastewater projects, management services and facilities, including the upgrading of existing plants to meet 2015 wastewater standards, to property within both the incorporated and unincorporated areas of Monroe County, including the area known as the Big Coppitt Wastewater Service District, Cudjoe Regional Wastewater Service District and the Monroe County Sub-District of the Layton Wastewater Service District (subject to and as provided by section 9 of Chapter 76-441, Laws of Florida, as amended).

3. Adoption of this Resolution is solely for the purpose of complying with the statutory requirements that the Authority publicly announce to the Florida Department of Revenue, the Monroe County Property Appraiser, and the Monroe County Tax Collector before January 1 that it may levy non-ad valorem assessments and use the uniform method of collection in the upcoming fiscal year. Adoption of this resolution shall not be deemed to commit or require the Authority to impose any charge or assessment and the adoption of any such charges or assessments will only be made after future consideration, notice and subsequent public hearing as provided by law.

4. Upon adoption, the Executive Director, or his designee, is hereby directed to send a copy of this Resolution by United States mail to the Florida Department of Revenue, the Monroe County Property Appraiser and the Monroe County Tax Collector by or before December 31, 2010.

5. This Resolution shall be effective upon adoption.

**DULY ADOPTED** this 23<sup>rd</sup> day of December, 2010.

**BOARD OF DIRECTORS  
FLORIDA KEYS AQUEDUCT AUTHORITY**

(SEAL)

\_\_\_\_\_  
David C. Ritz, Chairman

Attest:

\_\_\_\_\_  
Elvira Sawyer, Clerk of Record

**EXHIBIT A**  
**PROOF OF PUBLICATION**

## **EXHIBIT B**

### **BIG COPPITT WASTEWATER SERVICE DISTRICT**

The Big Coppitt Wastewater Service District is described as the geographic area generally bounded on the west by Boca Chica Channel on the east by Shark Channel, on the north by Florida Bay, and on the south by the Atlantic Ocean, (generally between Mile Marker 6 and Mile Marker 12) Monroe County, Florida.

### **CUDJOE REGIONAL WASTEWATER SERVICE DISTRICT**

The Cudjoe Regional Wastewater Service District is described as the geographic area generally bounded on the west by Lower Sugarloaf Channel, on the east by the geographic boundaries of the City of Marathon, on the north by Florida Bay, and on the south by the Atlantic Ocean, (generally between Mile Marker 16 and Mile Marker 46) Monroe County, Florida.

### **MONROE COUNTY SUB-DISTRICT OF THE LAYTON WASTEWATER SERVICE DISTRICT**

The Monroe County Sub-District of the Layton Wastewater Service District is described as part of the geographic area generally bounded on the west by Long Key Channel, on the east by Channel Five, on the north by Florida Bay, and on the south by the Atlantic Ocean (generally between Mile Marker 65 and Mile Marker 71) located within the geographic boundaries of unincorporated Monroe County, less and except the areas known as the City of Layton and Long Key State Recreational Area, Monroe County, Florida.

# BOARD OF DIRECTORS, FLORIDA KEYS AQUEDUCT AUTHORITY

## AGENDA ITEM SUMMARY

AGENDA ITEM # DOA-01

CONSENT:

REGULAR:

Meeting Date: December 23, 2010

Department: Administration

### Summary of financial information-October 2010 through November 2010

**ITEM BACKGROUND:**

**Financial highlights**

Percentage of fiscal year elapsed	16.66%
Percentage of budgeted revenue earned	14.40%
Percentage of operating budget expended	12.90%
Budget amendments year to date	1
Budget line item transfers year to date	2
Operating revenue increase (decrease) year over year	-3.20%
Operating expense increase (decrease) year over year	19.20%

**PREVIOUS RELEVANT ACTION BY FCAA BOARD OF DIRECTORS:**

**STAFF RECOMMENDATION (MOTION):** Informational only

**SUPPLEMENTAL INFORMATION:** Attached


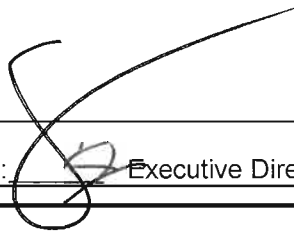

**DOCUMENTATION:**      Included:       To-Follow:       Not Required:

**COST FCAA:**      \$ \_\_\_\_\_      **BUDGETED:**      Yes       No

**COST/OTHERS:**      \$ \_\_\_\_\_

**COST TOTAL:**      \$ \_\_\_\_\_

**DEPARTMENT DIRECTOR APPROVAL:** \_\_\_\_\_

**Reviewed by:** Internal Auditor:       General Counsel:       Executive Director: 

**BOARD ACTION:**

Approved:       Tabled:       Disapproved:       Recommendation Revised:

Comments: \_\_\_\_\_

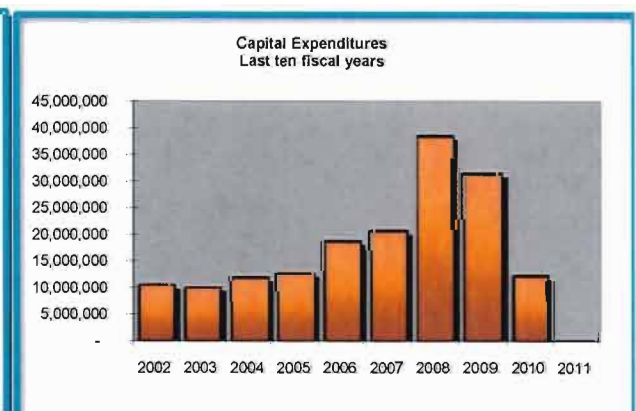
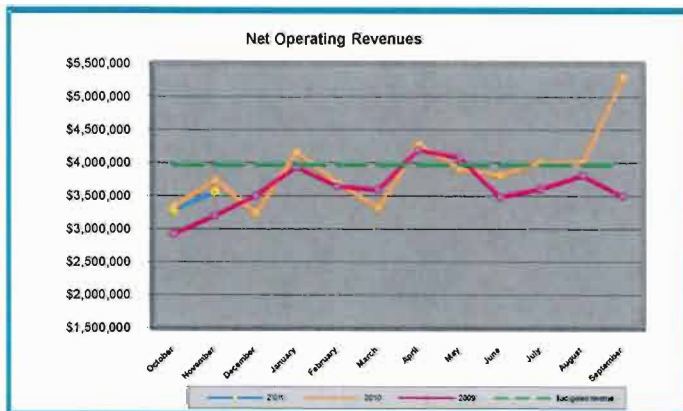
Date: \_\_\_\_\_

Recording Clerk: \_\_\_\_\_

**FINANCIAL ANALYSIS**  
November 30, 2010

<b>Balance sheet summary</b>			
	<b>Current month-end</b>	Increase (decrease) from last month	Increase (decrease) from last year-end
Cash, cash equivalents and investments	\$ 40,760,726	-0.3%	-2.2%
Capital assets, net of depreciation	277,877,510	-0.4%	-0.8%
Other assets	13,514,992	0.8%	-0.6%
<b>Total assets</b>	<b>332,153,228</b>	<b>-0.6%</b>	<b>-1.2%</b>
Long-term debt (including current portion)	149,938,031	-0.1%	-0.3%
Other liabilities	15,353,047	-6.7%	-24.5%
<b>Total liabilities</b>	<b>165,291,078</b>	<b>-0.5%</b>	<b>-1.8%</b>
<b>Net assets</b>	<b>\$ 166,862,150</b>	<b>-0.8%</b>	<b>-0.5%</b>

<b>Revenue and expense summary</b>				
	<b>Month-to-date</b>	Increase (decrease) from same month last year	<b>Year-to-date</b>	Increase (decrease) from year-to-date last year
Net operating revenues	\$ 3,558,619	-4.7%	\$ 6,848,116	-3.2%
Interest income	15,304	-64.2%	47,429	-45.9%
Other income	12,180	80.4%	18,394	-62.5%
<b>Total income</b>	<b>3,586,103</b>	<b>-21.3%</b>	<b>6,913,939</b>	<b>-12.5%</b>
Operating expenses	4,417,755	34.2%	7,048,003	19.2%
Interest expense	611,512	66.9%	876,998	16.5%
Other expenses	3,936	-67%	7,873	-66.2%
<b>Total expenses</b>	<b>5,033,203</b>	<b>37.3%</b>	<b>7,932,874</b>	<b>18.7%</b>
<b>Excess of revenues over expenses</b>	<b>(1,447,100)</b>		<b>(1,018,935)</b>	
System development fees and other contributions	180,779	-41.9%	211,467	-40.5%
<b>Change in net assets</b>	<b>\$ (1,266,321)</b>		<b>\$ (807,468)</b>	



<b>Financial indicators</b>			
	<b>Current month-end</b>	Last month-end	Last year-end
Unrestricted net assets	\$ 28,530,410	\$ 29,833,112	\$ 29,774,370
Current cash and investments to current liabilities	1.3	2.1	1.6
# months operating expenses in cash and investments	3.4	13.4	5.0
Working capital (current assets less current liabilities) to total assets	0.1	0.1	0.1
Net assets to total assets	0.5	0.5	0.5
Average rate of return on investments (year to date)	0.77%	0.86%	1.44%
% of total annual budgeted revenue earned (year to date)	14.4%	6.9%	92.9%
% of total annual budget expended (year to date)	12.9%	4.6%	97.8%
Total capital expenditures (year-to-date)	\$ 201,068	\$ 50,590	\$ 31,538,115
Total capital improvements commitments	\$ 2,363,674	\$ 2,662,747	\$ 4,803,612

**BALANCE SHEET**  
November 30, 2010

**ASSETS****Current assets**

Unrestricted current assets	
Cash and cash equivalents	\$ 10,388,345
Investments	11,000,000
Interest receivable	21,705
Accounts receivable - customers	3,264,942
Accounts receivable - Navy	194,349
Accounts receivable - other	1,475,712
Current portion of assessments receivable	139,907
Material and supplies	1,650,192
Prepaid expenses and other current assets	581,253
<b>Total unrestricted current assets</b>	<u>28,716,405</u>
<b>Restricted current assets</b>	
Cash and cash equivalents	9,342,379
Investments	3,935,240
Grant funds and other receivables	-
Construction advances	106,956
<b>Total restricted current assets</b>	<u>13,384,575</u>
<b>Total current assets</b>	<u>42,100,980</u>

**Noncurrent assets****Restricted noncurrent assets**

Cash and cash equivalents	5,987,806
Investments	-
<b>Total restricted noncurrent assets</b>	<u>5,987,806</u>

**Capital assets**

Capital assets in service	429,630,060
Construction in progress	8,949,688
Less accumulated depreciation	<u>(160,702,238)</u>

**Capital assets, net of accumulated depreciation** 277,877,510

Bond issue costs, net	2,893,660
Assessments receivable, net of current portion	3,874,525
<b>Total noncurrent assets</b>	<u>290,633,501</u>

**Total assets** \$ 332,734,481

**LIABILITIES AND EQUITY****Current liabilities****Current liabilities payable from unrestricted assets**

Accounts payable	\$ 360,293
Accounts payable capital	-
Other liabilities	641,024
Accrued wages and benefits	1,018,242
Compensated absences	2,040,961
<b>Total current liabilities payable from unrestricted assets</b>	<u>4,060,520</u>

**Current liabilities payable from restricted assets**

Deferred deposits	-
Customer deposits	5,987,806
Interest payable	995,449
Deferred receipts	851,393
Current portion of credit due to US government	601,436
Current portion of bonds payable	2,856,443
<b>Total current liabilities payable from restricted assets</b>	<u>11,292,527</u>

**Total current liabilities** 15,353,047

**Long-term liabilities**

Credit due to US government	15,926,621
Less current portion	(601,436)
Bonds payable, net of discount	137,469,289
Less current portion	<u>(2,856,443)</u>
<b>Total long-term liabilities</b>	<u>149,938,031</u>
<b>Total liabilities</b>	<u>165,291,078</u>

**Net assets**

Invested in capital assets, net of related debt	127,375,260
<b>Restricted:</b>	
Debt service	5,003,196
Capital projects	6,534,537
Other purposes	-
Unrestricted	28,530,410
<b>Total net assets</b>	<u>167,443,403</u>

**Total liabilities and equity** \$ 332,734,481

**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
For the two months ended November 30, 2010

	Month-to-date			Year-to-date		
	This year	Last year	Increase (decrease)	This year	Last year	Increase (decrease)
<b>Operating revenues</b>						
Metered revenue:						
Residential	\$ 1,392,326	\$ 2,214,413	\$ (822,087)	\$ 3,312,743	\$ 4,180,675	\$ (867,932)
Commercial	1,648,742	1,212,173	436,569	2,714,488	2,300,515	413,973
U. S. Navy	73,753	71,774	1,979	139,992	132,737	7,255
Other governmental	6,528	3,605	2,923	11,989	6,885	5,104
Senior citizens	34,854	24,372	10,482	58,248	45,525	12,723
<b>Total metered revenue</b>	<b>3,156,203</b>	<b>3,526,337</b>	<b>(370,134)</b>	<b>6,237,460</b>	<b>6,666,337</b>	<b>(428,877)</b>
Other operating revenue	439,173	243,926	195,247	671,471	465,770	205,701
<b>Total operating revenues</b>	<b>3,595,376</b>	<b>3,770,263</b>	<b>(174,887)</b>	<b>6,908,931</b>	<b>7,132,107</b>	<b>(223,176)</b>
Less: abatements	(36,757)	(34,198)	(2,559)	(60,815)	(59,668)	(1,147)
<b>Net operating revenues</b>	<b>3,558,619</b>	<b>3,736,065</b>	<b>(177,446)</b>	<b>6,848,116</b>	<b>7,072,439</b>	<b>(224,323)</b>
<b>Operating expenses</b>						
Source of supply	47,856	37,335	10,521	77,145	88,863	(11,718)
Water treatment	272,164	205,898	66,266	448,579	374,845	73,734
Transmission	439,090	414,996	24,094	650,556	642,330	8,226
Distribution	688,422	559,805	128,617	1,107,133	967,984	139,149
Customer accounts	325,854	326,273	(419)	545,500	538,259	7,241
General and administration	1,120,820	774,558	346,262	1,671,912	1,383,813	288,099
Wastewater treatment	60,242	41,237	19,005	83,227	69,670	13,557
Wastewater collection	78,868	70,205	8,663	135,603	124,492	11,111
Depreciation	1,384,439	861,656	522,783	2,328,348	1,723,312	605,036
<b>Total operating expenses</b>	<b>4,417,755</b>	<b>3,291,963</b>	<b>1,125,792</b>	<b>7,048,003</b>	<b>5,913,568</b>	<b>1,134,435</b>
<b>Utility operating income</b>	<b>(859,136)</b>	<b>444,102</b>	<b>(1,303,238)</b>	<b>(199,887)</b>	<b>1,158,871</b>	<b>(1,358,758)</b>
<b>Non-operating revenues (expenses)</b>						
Interest income	15,304	42,713	(27,409)	47,429	87,694	(40,265)
Other income	10,420	5,967	4,453	14,132	45,325	(31,193)
Grants from federal and state agencies	-	-	-	-	-	-
Gain (loss) on disposal of assets and inventory	1,760	(4,250)	6,010	4,262	(4,250)	8,512
Interest expense	(611,512)	(366,339)	(245,173)	(876,998)	(752,698)	(124,300)
Other financing fees	-	(88,422)	88,422	-	(88,422)	88,422
Amortization	(3,936)	(2,428)	(1,508)	(7,873)	(6,439)	(1,434)
<b>Total non-operating revenues (expenses)</b>	<b>(587,964)</b>	<b>(412,759)</b>	<b>(175,205)</b>	<b>(819,048)</b>	<b>(718,790)</b>	<b>(100,258)</b>
<b>Net income before contributions</b>	<b>(1,447,100)</b>	<b>31,343</b>	<b>(1,478,443)</b>	<b>(1,018,935)</b>	<b>440,081</b>	<b>(1,459,016)</b>
Capital contributions	180,779	311,223	(130,444)	211,467	355,215	(143,748)
<b>Change in net assets</b>	<b>(1,266,321)</b>	<b>\$ 342,566</b>	<b>\$ (1,608,887)</b>	<b>(807,468)</b>	<b>\$ 795,296</b>	<b>\$ (1,602,764)</b>
Net assets, beginning of period	168,709,724			168,250,871		
<b>Net assets, end of period</b>	<b>\$ 167,443,403</b>			<b>\$ 167,443,403</b>		

**SCHEDULE OF OPERATING EXPENSES**  
**For the two months ended November 30, 2010**

	Month-to-date			Year-to-date		
	This year	Last year	Increase (decrease)	This year	Last year	Increase (decrease)
Salaries	\$ 1,408,210	\$ 1,218,598	\$ 189,612	\$ 2,375,293	\$ 2,069,672	305,621
Salaries (capitalized)	-	-	\$ -	-	-	-
Overtime	-	29,465	(29,465)	-	61,722	(61,722)
Overtime (capitalized)	-	-	-	-	-	-
Retirement	141,104	128,162	12,942	279,541	258,426	21,115
Payroll taxes	104,003	91,716	12,287	175,616	157,816	17,800
Employee health insurance	253,627	1,430	252,197	299,199	152,760	146,439
Other benefits	764	2,718	(1,954)	4,763	3,383	1,380
Purchased power	224,433	251,693	(27,260)	350,879	374,162	(23,283)
Fuel for power production	4,736	4,304	432	11,282	9,959	1,323
Chemicals	97,500	86,217	11,283	187,755	178,725	9,030
Materials and supplies	135,358	89,856	45,502	168,748	126,019	42,729
Materials and supplies-construction	132,013	6,596	125,417	154,825	20,180	134,645
Contractual services-engineering	428	6,780	(6,352)	6,565	6,780	(215)
Contractual services-accounting	21,891	6,815	15,076	21,891	6,815	15,076
Contractual services-legal	161	14,889	(14,728)	161	14,889	(14,728)
Contractual services-other	73,316	128,003	(54,687)	86,816	136,490	(49,674)
Contractual services-outsourced	-	9,039	(9,039)	-	13,039	(13,039)
Sludge removal	5,335	6,422	(1,087)	5,685	9,915	(4,230)
Rental of real property	1,263	1,501	(238)	2,548	2,583	(35)
Rental of equipment	7,667	6,818	849	8,802	7,782	1,020
Transportation	28,996	32,956	(3,960)	68,448	74,513	(6,065)
Insurance-vehicle	12,757	7,961	4,796	12,757	15,922	(3,165)
Vehicle repairs (net of insurance reimbursements)	-	1,343	(1,343)	-	1,343	(1,343)
Insurance-general liabilities	12,903	8,323	4,580	12,903	16,645	(3,742)
General liability claims (net of insurance reimbursements)	-	60	(60)	-	2,560	(2,560)
Insurance-workers' compensation	28,291	18,468	9,823	28,291	36,935	(8,644)
Workers compensation (net of insurance reimbursements)	-	-	-	-	-	-
Insurance-other	152,422	74,943	77,479	152,422	149,547	2,875
Other claims and damages	-	-	-	-	-	-
Advertising	938	357	581	938	357	581
Bad debt expense	5,850	2,837	3,013	11,700	5,674	6,026
Office supplies	6,662	8,961	(2,299)	6,944	10,492	(3,548)
Bank charges	17,606	14,280	3,326	37,534	27,802	9,732
Cashiers over/short	-	-	-	(87)	-	(87)
Maintenance of general plant	87,239	92,772	(5,533)	125,469	134,245	(8,776)
Other utilities and technical services	47,708	22,269	25,439	75,338	27,887	47,451
Postage	1,398	21,253	(19,855)	1,931	21,659	(19,728)
Travel	5,171	10,786	(5,615)	5,509	12,051	(6,542)
Training	4,968	3,493	1,475	5,018	3,693	1,325
Miscellaneous	21,924	15,603	6,321	43,520	33,624	9,896
Community Relations	459	741	(282)	3,951	741	3,210
Water conservation and outreach	1,715	669	1,046	2,007	1,194	813
Misc. Freight	1,015	1,210	(195)	1,208	2,255	(1,047)
Less: administrative overhead (capitalized)	(16,515)	-	(16,515)	(16,515)	-	(16,515)
Total operating expenses before depreciation	3,033,316	2,430,307	603,009	4,719,655	4,190,256	529,399
Depreciation	1,384,439	861,656	522,783	2,328,348	1,723,312	605,035
<b>Total operating expenses</b>	<b>\$ 4,417,755</b>	<b>\$ 3,291,963</b>	<b>\$ 1,125,792</b>	<b>7,048,003</b>	<b>5,913,568</b>	<b>1,134,434</b>

**BUDGETARY COMPARISON SCHEDULE**  
**For the two months ended November 30, 2010**

	Budgeted expenditures		Actual expenditures		% of budget expended	Budget remaining
	Original	Adjusted	Month-to-date	Year-to-date		
<b>Capital expenditures:</b>						
Additions to capital assets	\$ 1,282,300	\$ 1,282,300	\$ 13,605	\$ 28,753	2.2%	\$ 1,253,547
Salaries (capitalized)	918,760	918,760	43,253	72,155	7.9%	846,605
Overtime (capitalized)	0	0	607	1,569	na	(1,569)
<b>Operating expenses:</b>						
Salaries	15,535,540	15,535,540	1,408,210	2,375,293	15.3%	13,160,247
Overtime	311,000	311,000	-	-	0.0%	311,000
Retirement	1,762,100	1,762,100	141,104	279,541	15.9%	1,482,559
Payroll taxes	1,282,700	1,282,700	104,003	175,616	13.7%	1,107,084
Employee health insurance	2,510,000	2,510,000	253,627	299,199	11.9%	2,210,801
Other benefits	137,400	137,400	764	4,763	3.5%	132,637
Purchased power	3,529,700	3,529,700	224,433	350,879	9.9%	3,178,821
Fuel for power production	87,600	87,600	4,736	11,282	12.9%	76,318
Chemicals	1,353,700	1,353,700	97,500	187,755	13.9%	1,165,945
Materials and supplies	1,235,400	1,229,400	135,358	168,748	13.7%	1,060,652
Materials and supplies-construction	-	-	132,013	154,825	na	(154,825)
Contractual services-engineering	290,000	290,000	428	6,565	2.3%	283,435
Contractual services-accounting	125,000	125,000	21,891	21,891	17.5%	103,109
Contractual services-legal	50,000	50,000	161	161	0.3%	49,839
Contractual services-outsourced	1,360,000	1,360,000	73,316	86,816	6.4%	1,273,184
Contractual services-other	398,600	398,600	-	-	0.0%	398,600
Sludge removal	183,700	183,700	5,335	5,685	3.1%	178,015
Rental of real property	28,200	28,200	1,263	2,548	9.0%	25,652
Rental of equipment	66,500	66,500	7,667	8,802	13.2%	57,698
Transportation	468,900	468,900	28,996	68,448	14.6%	400,452
Insurance-vehicles	118,200	118,200	12,757	12,757	10.8%	105,443
Vehicle repairs (net of insurance reimbursements)	-	-	-	-	na	-
Insurance-general liability	161,800	161,800	12,903	12,903	8.0%	148,897
General liability claims (net of insurance reimbursements)	-	-	-	-	na	-
Insurance-workers' compensation	232,700	232,700	28,291	28,291	12.2%	204,409
Workers compensation (net of insurance reimbursements)	-	-	-	-	na	-
Insurance-other	888,600	888,600	152,422	152,422	17.2%	736,178
Other claims and damages (net of insurance reimbursements)	-	-	-	-	na	-
Advertising	28,000	28,000	938	938	3.4%	27,062
Bad debt expense	84,000	84,000	5,850	11,700	13.9%	72,300
Office supplies	118,700	118,700	6,662	6,944	5.9%	111,756
Bank charges	200,000	200,000	17,606	37,534	18.8%	162,466
Cashiers over/short	-	-	-	(87)	na	87
Maintenance of general plant	1,689,500	1,685,500	87,239	125,469	7.4%	1,560,031
Other utilities and technical services	652,000	652,000	47,708	75,338	11.6%	576,662
Postage	38,900	38,900	1,398	1,931	5.0%	36,969
Travel	93,100	93,100	5,171	5,509	5.9%	87,591
Training	116,000	116,000	4,968	5,018	4.3%	110,982
Miscellaneous	196,000	196,000	21,924	43,520	22.2%	152,480
Community Relations	11,700	11,700	459	3,951	33.8%	7,749
Water conservation and outreach	64,500	64,500	1,715	2,007	3.1%	62,493
Misc. Freight	22,600	22,600	1,015	1,208	5.3%	21,392
<b>Total</b>	<b>\$ 37,633,400</b>	<b>\$ 37,623,400</b>	<b>3,107,296</b>	<b>4,838,647</b>	<b>12.9%</b>	<b>\$ 32,784,753</b>
Less: Capital expenditures			(57,465)	(102,477)		
Administrative overhead capitalized			(16,515)	(16,515)		
Add: Depreciation			1,384,439	2,328,348		
<b>Total actual operating expenses</b>			<b>\$ 4,417,755</b>	<b>\$ 7,048,003</b>		

Florida Keys Aqueduct Authority  
Cash summary  
November 30, 2010

	Total cash	Emergency reserve (3 months operating expenses)	Bond proceeds	Wastewater	Customer deposits	Insurance	Monroe County advances	SDCs	Navy R & R Fund	Contingency	Debt funds	Unrestricted
Iberiabank	\$ 5,581,240.66		2,347,942.00									\$ 3,233,298.66
Iberiabank Deposit	6,514,778.10				6,514,778.10							-
TIB Certificate of deposit	11,000,000.00	9,000,000.00								2,982,531.81		(982,531.81)
1st State repo 2007 debt service reserve	1,262,238.39										1,199,281.20	62,957.19
CIF repo	623,136.49								677,841.00			623,136.49
CIF	500,164.38											500,164.38
Deposit account (includes outstanding checks)	324,974.88											324,974.88
1st State utility repo #1	7,742,234.65			906,011.00	(505,554.00)							7,341,777.65
Wastewater SDCs and assessments	233,576.33							233,576.33				-
Wastewater CIF	1,247,419.81						1,247,419.81					-
Debt service fund bb&T	1,933,325.91										1,933,325.91	-
Debt service fund series 2008	306,232.89										306,232.89	-
Debt service fund series 2008 (reserve)	2,713,585.58										2,559,805.00	153,780.58
Insurance account	665,362.37					665,362.37						-
Petty cash	5,500.00											5,500.00
	<u>\$ 40,653,770.44</u>	<u>\$ 9,000,000.00</u>	<u>\$ 2,347,942.00</u>	<u>\$ 906,011.00</u>	<u>\$ 6,009,224.10</u>	<u>\$ 665,362.37</u>	<u>\$ 1,247,419.81</u>	<u>\$ 233,576.33</u>	<u>\$ 677,841.00</u>	<u>\$ 2,982,531.81</u>	<u>\$ 5,998,645.00</u>	<u>\$ 11,263,058.02</u>
												944,115.87
												<b>12,207,173.89</b>

Due from Monroe County Big Coppitt

**BUDGET AMENDMENTS AND TRANSFERS**  
**For the year ended September 30, 2011**

	Original budget	Amendments	Budget transfers	Adjusted budget
<b>Capital expenditures:</b>				
Utility plant in service	\$ 1,282,300		\$ 10,000	\$ 1,292,300
Salaries (capitalized)	918,760			918,760
Overtime (capitalized)	-		-	-
<b>Operating expenses:</b>				
Salaries	15,535,540		-	15,535,540
Overtime	311,000		-	311,000
Retirement	1,762,100		-	1,762,100
FICA	1,282,700		-	1,282,700
Insurance	2,510,000		-	2,510,000
Other	137,400		-	137,400
Purchased power	3,529,700		-	3,529,700
Fuel for power production	87,600		-	87,600
Chemicals	1,353,700		-	1,353,700
Materials and supplies	1,235,400		(6,000)	1,229,400
Contractual services - engineering	290,000		-	290,000
Contractual services - accounting	125,000		-	125,000
Contractual services - legal	50,000		-	50,000
Contractual services - outsourced ops	1,360,000		-	1,360,000
Contractual services - other	398,600		-	398,600
Sludge removal	183,700		-	183,700
Rent expense-building	28,200		-	28,200
Rent expense-equipment	66,500		-	66,500
Transportation expenses	468,900		-	468,900
Insurance - vehicle	118,200		-	118,200
Insurance - general liabilities	161,800		-	161,800
Insurance - workers' compensation	232,700		-	232,700
Insurance - other	888,600		-	888,600
Advertising	28,000		-	28,000
Bad debt expense	84,000		-	84,000
Office supplies	118,700		-	118,700
Bank charges	200,000		-	200,000
Maintenance of general plant	1,689,500	29,365	(4,000)	1,714,865
Telephone	652,000		-	652,000
Postage	38,900		-	38,900
Travel	93,100		-	93,100
Training	116,000		-	116,000
Miscellaneous other	196,000		-	196,000
Public relations	11,700		-	11,700
Water conservation and outreach	64,500		-	64,500
Miscellaneous-freight	22,600		-	22,600
	<u>\$ 37,633,400</u>	<u>\$ 29,365</u>	<u>\$ -</u>	<u>\$ 37,662,765</u>

**2010 BUDGET AMENDMENTS**  
**For the year ended September 30, 2011**

Amendment #	Date of Board Approval	Account	Description and justification	Amount
1	November 22, 2010	1-5010-67504-04	Increase budget amount for Rotary Drum Vacuum Filter	\$ 29,365
<b>Total amendments</b>				<b>\$ 29,365</b>





**BOARD OF DIRECTORS, FLORIDA KEYS AQUEDUCT AUTHORITY  
AGENDA ITEM SUMMARY**

AGENDA ITEM # DOE-01

CONSENT:

REGULAR:

Meeting Date: December 23, 2010

Department: Engineering

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**AGENDA TITLE:** Consideration to award the Piping Modifications for Stock Island RO WTP and Marathon RO WTP Contract to Harn R/O Systems, Inc. at a bid price of \$159,000.00.

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**ITEM BACKGROUND:** In order to improve reliability of the emergency WTPs and to extend the useful life of the Toyobo membranes utilized at the plants, a design, furnish and install bid package for upgrades to the piping systems at the Stock Island and Marathon RO WTPs was prepared.

FKAA received two bids from contractors on December 9, 2010 that are summarized on the attached Bid Summary. The low Total Lump Sum Bid Price of \$159,000.00 was submitted by Harn R/O Systems, Inc., Venice, Florida.

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**PREVIOUS RELEVANT ACTION BY FKAA BOARD OF DIRECTORS:** None

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**STAFF RECOMMENDATION (MOTION):** Award the Piping Modifications for Stock Island RO WTP and Marathon RO WTP contract to Harn R/O Systems, Inc. at a bid price of \$159,000.00.

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**SUPPLEMENTAL INFORMATION:** Attached Bid Tab

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**DOCUMENTATION:** Included:  To-Follow:  Not Required:

**COST FKAA:** \$159,000.00 BUDGETED: Yes  No

**COST/OTHERS:**

**COST TOTAL:** \$159,000.00

**DEPARTMENT DIRECTOR APPROVAL:** 

**Reviewed by:** Internal Auditor:  General Counsel:  Executive Director: 

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**BOARD ACTION:**

Approved:  Tabled:  Disapproved:  Recommendation Revised:

Comments:

Date: \_\_\_\_\_

Recording Clerk: \_\_\_\_\_

**Piping Modifications for Stock Island RO and Marathon RO**  
**December 9, 2010**  
**PROJECT BID # FKAA-IFB-0005-11**

**Bid Summary**

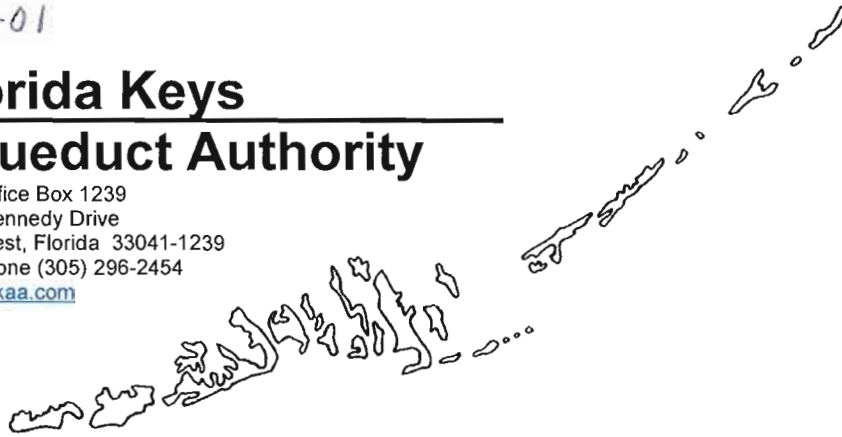
Requirement/Bidder	Harn R/O	Globaltech	
<b>Documents</b>			
Contractor's License	X	X	
Reference List	X	X	
Schedule	X	X	
Resumes	X	X	
Addendum No. 1	X	X	
Informalities Waived	Cover letter included but bid not signed		
<b>Bid Prices</b>			
Bid Item	Description	Lump Sum Bid	Lump Sum Bid
S-1	Engineering	\$16,500.00	\$6,200.00
S-2	SIDW Vacuum Breaker	\$11,000.00	\$9,500.00
S-3	RO Train Vacuum Breakers	\$12,000.00	\$15,500.00
S-4	Clearwell Pump Discharge Header Piping	\$15,000.00	\$26,500.00
S-5	Profile Panel	\$42,000.00	\$84,500.00
M-1	Engineering	\$16,500.00	\$5,700.00
M-2	SIDW Vacuum Breaker	\$8,000.00	\$7,900.00
M-3	Concentrate Vacuum Breaker	\$6,000.00	\$4,800.00
M-4	Profile Panel	\$30,000.00	\$46,000.00
A-1	Performance and Payment Bonds	\$2,000.00	\$4,123.00
<b>TOTAL LUMP SUM BID PRICE</b>		<b>\$159,000.00</b>	<b>\$210,723.00</b>



BOD-01

# Florida Keys Aqueduct Authority

Post Office Box 1239  
1100 Kennedy Drive  
Key West, Florida 33041-1239  
Telephone (305) 296-2454  
[www.fkaa.com](http://www.fkaa.com)



David C. Ritz  
Chairman  
Key Largo

Elena Z. Herrera  
Vice-Chairman  
Rockland Key

Rose M. Dell  
Secretary/Treasurer  
Big Pine Key

J. Robert Dean  
Key West

Antoinette Appell  
Marathon

James C. Reynolds  
Executive Director

## MEMORANDUM

TO: FCAA Board of Directors

FROM: Elvira Sawyer, Executive Office Coordinator *E.S.*

VIA: James Reynolds, Executive Director

DATE: December 23, 2010

SUBJECT: Board Follow-up Report/Write-off Report


This report will serve as an information document unless the Board requests specific action or discussion on any item. At meetings, the Board will make miscellaneous requests of Staff, the following items have been identified as matters which require follow-up information by Staff and possible follow-up action by the Board. The Board's directives are as follows:

### Board Meeting of November 22, 2010

- Resolved    Needs Follow-up     The Board directed Staff at the November, 2010 Board Meeting to include more focus on wellfield protection and on the future in the 2011 Strategic Plan. Assigned to: Jim Reynolds; Status: The Strategic Plan is on the December Agenda for adoption.
  
- Resolved    Needs Follow-up     The Board directed Staff at the November 22, 2010 Board Meeting to negotiate a contract with the Furman Group for 2011 at a lower amount. Assigned to: Jim Reynolds, Kirk Zuelch; Status: Agenda Item for the December Board Meeting at a lower amount.
  
- Resolved    Needs Follow-up     The Board directed Staff at the October 28, 2010 Board Meeting to meet with Venture Out and research the possibility of leasing their wastewater system. Assigned to: Jim Reynolds, Kirk Zuelch; Status: We have meeting scheduled for Thursday, December 16th

Monthly write off approval

Accounts final billed October 2010

Date written off 12/13/2010	Amount	Processed by:	Approved by:
Water/Wastewater Charges	\$6,101.89	Karla Hernandez	
Misc Charges	\$680.00	Karla Hernandez	
<b>Bad debt recovery</b>	<b>\$1,391.08</b>		

LocationID	CustomerNumber	CustomerName	ServiceAddress	OrigAmount
024441	543363	ALEXANDER PUPO	168 FIRST L13 B16 CT KEY LARGO FL 33037	\$33.35
201098	558502	ANGEL TORRES	325 CALUSA ST LOT 051 KEY LARGO FL 33037	\$35.50
013411	513435	AURELIA PENUNIA	26 RIVIERA DR BIG COPPITT FL 33040	\$153.92
016221	564318	BENJAMIN MOORE	920 EMMA ST APT A KEY WEST FL 33040	\$21.95
024404	568086	BONNIE KERN	329 SPICA LN GEIGER KEY FL 33040	\$112.56
008865	503617	BRUCE ADAMS	10730 1ST GULF AVE MARATHON FL 33050	\$65.19
032642	500984	BRYAN COMPROSKY	3 AVENUE F MARATHON FL 33050	\$90.21
026681	529110	CARLOS AQUINO	29560 CONSTITUTION AVE BIG PINE KEY FL 33043	\$8.49
030581	567676	CHAD BACON	171 MARS LANE GEIGER KEY FL 33040	\$244.90
045836	528959	CHRISTINA WILSON	188 OCEAN SHORES L4 DR KEY LARGO FL 33037	\$77.96
045583	554560	CHRISTOPHER COLARUSSO	70 BASS L4 B19 AVE KEY LARGO FL 33037	\$4.12
005471	536713	CONNIE SHOFF	3701 FLAGLER AVE KEY WEST FL 33040	\$163.03
046989	567913	CRAIG ROUX	1101 TRUMAN AVE APT A KEY WEST FL 33040	\$346.29
020376	563557	CRISTIAN MERCADO PAZ	480 22ND OC L6 BB ST MARATHON FL 33050	\$28.18
038130	510687	DANIEL SANTOR	98282 WINDWARD AVE KEY LARGO FL 33037	\$39.19
019159	539005	DEAN J FORD	305 LEE L11 B9 AVE KEY LARGO FL 33037	\$100.20

046053	561870	DONALD DYER	188 OCEANVIEW TR6 B1 KEY LARGO FL 33037	\$24.32
051524	562451	EDWARD HAMMETT	21650 OVERSEAS HWY UNIT 101 SUMMERLAND KEY FL	\$65.64
047415	522033	EDWARD M STAFFORD	5061 SUNSET VILLAGE DR MARATHON FL 33050	\$24.42
010465	514695	ELAINE MILLER	36 BEACH DR #9 BAY POINT FL 33040	\$42.12
047860	552475	ELESIA PERRY	1635 SCHOLTZ CT APT 1 KEY WEST FL 33040	\$81.42
039830	567594	ELIZABETH RUZAK	3910 ROOSEVELT BLVD APT N108 KEY WEST FL 33040	\$30.39
017566	555680	ERNESTO PEREZ-VELEZ	13 JANET L19 B13 FRONT- A PL KEY LARGO FL 33037	\$178.26
040462	551534	ESTEBAN VEJAR	3920 ROOSEVELT BLVD APT N210 KEY WEST FL 33040	\$26.68
046593	553436	FELIX GONZALEZ	65821 O/S HWY L164 LONG KEY FL 33001	\$195.98
009650	555665	FLOWER HEPBURN	10814 2ND GULF AVE MARATHON FL 33050	\$15.72
000974	540619	FRANCOIS MOTTE	1205 FLORIDA ST KEY WEST FL 33040	\$62.12
021637	529304	GEORGE H GOULD III	41 SUNSET TR B RD KEY LARGO FL 33037	\$1.51
037922	563716	GERALD FLETCHER JR	158 MARS L9/B12 LN BIG COPPITT FL 33040	\$11.47
017041	533323	HELEN LAPITSKY	27 CONCH KEY MARATHON FL 33050	\$421.85
018717	561507	HENRY RENIER	C38 10TH AVE STOCK ISLAND FL 33040	\$27.15
015029	567556	HOWIE SCHNEIDER	6415 2ND TERR APT 2 AKA B STOCK ISLAND FL 33040	\$36.84
020036	543824	JAMES SAUNDERS	121 GRASSY L18 B1 RD KEY LARGO FL 33037	\$1.83

022451	568275	JESSIE MITCHELL JR	172 MARS LANE GEIGER KEY FL 330406312	\$109.81
201453	563257	JESUS MACHADO	325 CALUSA ST LOT 385 KEY LARGO FL 33037	\$6.03
013802	567542	JOHN TIMOTHY	650 85TH OCEAN ST MARATHON FL 33050	\$34.03
022569	566084	JONATHYN WESTPHAL	95165 O/S HWY APT B KEY LARGO FL 33037	\$63.23
045750	538088	JOSE B VALENZUELA TELLEZ	489 63RD ST OCEAN #4 MARATHON FL 33050	\$17.01
049774	545564	JOSEPH ENGEL	1401 GRINNELL ST KEY WEST FL 33040	\$18.67
032835	503122	JOSHUA F LOWE	231 SHIPS WAY BIG PINE KEY FL 33043	\$42.71
021185	566259	JULIE SILVER	50 SANDS RD BIG PINE KEY FL 33043	\$14.40
049541	568127	KARI CLAYTON	31011 AVE C BIG PINE KEY FL 33043	\$56.49
006541	559055	KATHERINE MALKIN	101 PARKER P/TR 4 DR ISLAMORADA FL 33036	\$27.62
047882	516735	KELLY KNOWLES	1638 MORGAN CT APT 4 KEY WEST FL 33040	\$65.35
044330	556971	KELLY MILLER	152 APACHE L3 B3 ST TAVERNIER FL 33070	\$17.45
015593	559412	KENIA BOSQUE	5700 LAUREL AVE LOT 03 STOCK ISLAND FL 33040	\$373.06
039013	568614	KRISTIN HERBST	3333 DUCK AVE APT A108 KEY WEST FL 33040	\$34.03
018573	553438	L & E ENTERTAINMENT LLC	35 SOMBRERO BLVD MARATHON FL 33050	\$33.04
044298	533565	LAURA SMITH	18870 ROCKY RD SUGARLOAF SHORES FL 33042	\$217.98
023093	564137	LESLEY HOWE	150 DOVE LAKE L4 B2 DR TAVERNIER FL 33070	\$86.82

012403	552518	LORI ROBERTS	1 ED SWIFT RD BIG COPPITT FL 33040	\$415.03
011094	564333	LUIS REGUEIRA	61 ED SWIFT RD BIG COPPITT FL 33040	\$138.14
048968	557847	MAES MASA MORALES	1621 SPAULDING CT APT 6 KEY WEST FL 33040	\$21.02
035913	552541	MARIANA ANCONA GARCIA	15 KYLE EAST WAY MARATHON FL 33050	\$75.12
020763	552286	MARK JESTTES	10806 4TH GULF AVE MARATHON FL 33050	\$61.77
011116	562922	MARK NUCKELS	29 ED SWIFT RD BIG COPPITT FL 33040	\$114.58
040483	567261	MATEO SALAZAR	3920 ROOSEVELT BLVD APT N405 KEY WEST FL 33040	\$10.22
037267	566140	MICHELLE DODD	2 MERIDIAN L2 B11 AVE KEY LARGO FL 33037	\$139.55
046987	502335	MICHELLE YACQUES	3408 DUCK AVE KEY WEST FL 33040	\$7.65
201148	558570	MIGUEL DURAN	325 CALUSA ST LOT 201 KEY LARGO FL 33037	\$36.04
030760	514655	NANCY SMITH	61 DORSETT DR MARATHON FL 33050	\$77.26
050930	567098	NICOLE JONES	325 25TH ST OCEAN MARATHON FL 33050	\$31.71
038682	541667	PERRY SELTZ	125 SAN MARCO L7 B16 DR ISLAMORADA FL 33036	\$451.13
017435	556727	ROBERTO SANCHEZ GUZMAN	6 TERN LANE APT B BIG COPPITT KEY FL 33040	\$365.17
007464	537407	ROSEMARY TOWNSLEY	3213 EAGLE AVE #58 KEY WEST FL 33040	\$12.40
006841	513282	SABRINA BORN	145 HARBOR L16 B2 DR KEY LARGO FL 33037	\$109.80
Q30322	512222	SARAH L NEAL	220 41ST GULF APT 1- ST MARATHON FL 33050	\$95.36

009629	532525	SONIA VALDES	10722 2ND GULF AVE MARATHON FL 33050	\$50.11
003490	568436	TATIANA KOSHELEV	1401 UNITED ST APT B KEY WEST FL 33040	\$81.57
028606	523874	THOMAS A JR VANA	301 SOMBRERO BEACH RD MARATHON FL 33050	\$16.37
020558	565415	UMBALDINA JIMENEZ	224 ORCHID L6 S2 ST TAVERNIER FL 33070	\$39.95
047854	557725	VANESSA GONZALEZ	1656 REORDAN CT APT 1 KEY WEST FL 33040	\$23.02
008374	553373	WILLIAM SCHEPLER	710 WINDSOR LN APT REAR KEY WEST FL 33040	\$23.10
038909	556624	WILLIAM STABENOW	29051 BEGONIA DR BIG PINE KEY FL 33043	\$105.41
026227	555661	YARLEM RUIZ	177 NORMANDY L24 B4 DR TAVERNIER FL 33070	\$175.59
019092	506741	YUNEIDYS CAMEJO	G32 MIRIAM ST STOCK ISLAND FL 33040	\$114.33
			Total	\$6,781.89