

JEA
BOARD MINUTES
February 17, 2009

The JEA Board held its Pre-Board Briefing on Tuesday, February 17, 2009, at 8:30 AM in the Chair's office on the 8th Floor, 21 West Church Street, Jacksonville, Florida. Present were Cathy Whatley, Ashton Hudson, Jay Fant, Jim Gilmore, Ron Townsend, and Jim Dickenson. In addition, Debra Braga from the Office of General Counsel, Councilman Stephen Joost, Billie Tucker of CEO Service Bureau, and David Hunt of the Florida Times Union were in attendance. Cynthia Austin and Michael Hightower were absent and excused.

The Pre-Board Briefing discussion consisted of the following:

1. JEA Branch Closure Issues – the Board was provided a copy of a letter addressed to Council President Ronnie Fussell from Congress Member Corrine Brown and School Board Member Betty Burney objecting to JEA's decision to close its branches. The Board was also provided a copy of the letter to Council President Ronnie Fussell from Jim Dickenson regarding JEA's decision to not close the branches at this time and to charge customers utilizing the branches a \$2.00 service fee while educating customers about the alternate and expanded means to pay their utility bills.
2. City Storm Water Fee and Solid Waste Fee Billing Issues – the Board was provided a "white paper" of the joint City/JEA study of the City Fee Billing which indicates the most cost effective method for billing and collecting of the fees is through the Tax Collector's Office on the annual tax bill.
3. School Board Desire to Receive Funds from JEA – the Board was provided a handout indicating the contributions JEA provides to the City verses if JEA was required to pay property taxes. JEA would pay much less if required to pay property taxes.
4. Greenland Energy Center Update – PSC need for power certification approval, local land use and zoning pending approval, and all other approvals on schedule with no known issues.
5. Renewable Power – Jim Dickenson believes there will be both a state and a federal mandate that will go to legislature this year for renewable energy with the standard of 20% renewable energy by the year 2020. Practically every renewable comes at a premium with the exception of renewable landfill gas. JEA has a total of 80 megawatts of renewable capacity currently which is about 1% renewable by energy. Jim feels we should move forward with more renewable energy now before the mandates come. He is pursuing two projects:
 - a. 15MW Solar Photovoltaic Project (about the same as 6000 residential roof tops). It would currently be the largest in the southeast, 9-12 months to construct, a 25 year purchase power agreement, built on JEA preservation property near Brandy Branch, and will produce approximately 21,300 mwhs per year. It would be about 20 cents per mwh premium today.
 - b. 50MW Biopower Project – 3.1% of our energy total, a 25 purchase power agreement, which will produce approximately 400,000 mwhs per year. It would be about a \$2 per mwh premium today.

Final agreements for these two projects could come to fruition in the next several months.

6. Current Water and Sewer Finances – this year JEA continues to fall short on sales – a 7-8% reduction realized for the first 4 months of FY09. Considerations and plans of action include:

- a. Reduce expenses by about four million dollars.
- b. Currently on negative outlook and watch with Fitch rating agency; other rating agencies remained unchanged.
- c. Review O&M expenses; however, current structure is tight. Reductions would be in labor and material costs.
- d. Review the expense allocation methodology between the electric and water/sewer business.
- e. Strive for no rate adjustment this fiscal year but stay on target for rate adjustments for FY10.
- f. Focus on current cost of study – conservation sales going down and expenses going up.

A report of the above considerations and plans of action will be reported to the Board in March 2009.

7. The Board was reminded of their upcoming planning session slated to occur March 16, 2009.
8. Notice given that the TEA Governing Board Meeting is scheduled for March 31, 2009, at 3:00 PM in the old Bellsouth building. Board Members are invited to attend. Councilman Stephen Joost is also invited to attend.

The Board encouraged Mr. Dickenson to begin working on the two renewable projects discussed – the 15MW Solar Photovoltaic Project and the 50MW Biopower Project.

With no further business claiming the attention of the Board, the Pre-Board Briefing was adjourned at 9:50 AM; the Board took a short break and moved to the Board meeting room for its regularly scheduled meeting.

The JEA Board met in regular session on Tuesday, February 17, 2009, in the 8th floor Board meeting room, JEA Tower, 21 West Church Street, Jacksonville, Florida, with Cathy Whatley, Ashton Hudson, Jay Fant, Jim Gilmore, Ron Townsend, and Debra Braga, Office of General Counsel (OGC). Cynthia Austin and Michael Hightower were absent and excused.

The meeting was **called to order** at 10:08 AM by Vice Chair Cathy Whatley.

The **Invocation** was given by Mr. Hudson.

Mr. Gilmore led the **Pledge of Allegiance**.

The **Safety Briefing** was given by James Chansler, Chief Operating Officer.

The **Agenda** was unanimously adopted as published.

On motion from Mr. Townsend and Mr. Hudson's second, the Board unanimously approved **Minutes** of the regular Board Meeting held January 20, 2009.

Agenda Item II – Presentations & Comments

- A. FMEA Community Service Award – Teala Milton, JEA Chief Public Affairs Officer, presented the award received from Florida Municipal Electric Association (FMEA) to JEA on November 12, 2008. The award was presented to JEA in recognition of the outstanding programs and services they provide to their community, and to their advancement of the goals and ideals of public power. Ms. Milton recognized members of the JEA Brand Management team – Jane

Upton, Director Brand Management, Gerri Boyce, Media Relations Coordinator, and Joy Gutos, Manager, Employee & Retiree Communications.

B. Comments from the Public

- a. Mr. Ken Johnson, representing the office of Congress Member Corrine Brown, expressed their appreciation to JEA leadership for listening to the concerns from the community at large in regards to JEA branch closures, and for making decisions in a positive manner.
- b. Mr. Thomas Thomas, 5353 Arlington Expressway, discussed concerns he had addressed in recent letters to State Attorney Angela Corey regarding General Service Demand Rider rates charged to commercial customers.
- c. Ms. Lauren Kiely, 2572 Spreading Oaks Lane, expressed concerns regarding the available options for the septic and sewer transfer in the Mandarin area.

- C. Council Liaison's Comments** – Councilman Joost, on the JEA branch closure issues, commented that during previous branch closures discussions he was unaware of the 90+ 3rd party payment locations, stated that additional payment locations will serve as a convenience factor and a safety factor for many customers, and that the information of such needs proactive dissemination to the public. Councilman Joost stated he will notify other Council Members about the decision made to keep the branches open.

Agenda Item III – For Board Consideration

A. New Business

1. North Jax Force Main – Busch Drive to Cedar Bay – On motion from Mr. Fant and Mr. Townsend's second, the Board approved a Resolution for Condemnation to be filed with the Court in order to obtain easements to the property should negotiations prove unsuccessful. Further, the Board approved pre-suit mediation as allowed by Chapter 73.015(3), Florida Statutes, and delegated mediation settlement authority to the Managing Director/CEO or his designee. Lastly, the Board approved continuing negotiations with the property owners until and after any Order of Taking in order to expedite the process, control costs and provide a fair settlement between parties.
2. St. Johns River Power Park (SJRPP) Pension Plan Amendment and Resolution – On motion by Mr. Townsend and Mr. Fant's second, the Board approved Plan Amendment No. 4 and its associated Resolution reflecting clarification and revision of wording to maintain original intent of existing amendments.
3. Amended Electric Advance Agreement Between JEA and The Energy Authority (TEA) – On motion by Mr. Townsend and Mr. Hudson's second, the Board approved the First Amendment to the Restated and Amended Electric Advance Agreement and authorized the Managing Director/CEO to execute the Agreement and related documents.
4. JEA Water and Sewer System Revenue Bonds, 2009 Series A and 2009 Series B – Presentation by Helen Kehrt, Director Treasury Services – Following presentation, on motion by Mr. Fant and Mr. Gilmore's second, the Board authorized and awarded the 2009 Series A Bonds and 2009 Series B Bonds by adopting the Authorizing Resolution and approving the financing documents.

5. JEA Electric System Revenue Bonds, Series Three 2009 A and Electric System Subordinated Revenue Bonds, 2009 Series B – Presentation by Helen Kehrt, Director Treasury Services – Following presentation, on motion by Mr. Gilmore and Mr. Townsend's second, the Board (a) authorized the Bonds and approved the issuance thereof by adopting the Authorizing Resolution and approved the financing documents and the execution and delivery thereof, subject to the limitations set forth herein and therein and (b) authorized the Managing Director/CEO to execute the appropriate financing documents within the stated parameters.
6. Water and Sewer Cost of Service and Rate Structure Study – Presentation by Paul McElroy, Chief Financial Officer – for information only.

Note: With no additional agenda items requiring Board approval, Mr. Townsend was excused and exited the meeting at 10:45 AM.

7. Monthly Financial Update – January 2009 – received for information only.
8. Monthly Operations Report – January 2009 – received for information only.

B. Old Business – none

Agenda Item IV – Reports & Comments

A. Committee Reports – none

B. Managing Director's Report – Jim Dickenson

1. Mr. Dickenson reminded the Board of the upcoming March 9 Finance and Audit Committee Meeting.
2. Mr. Dickenson addressed Ms. Kiely's (guest) concerns. Major points relayed:
 - i. Public funds were utilized to put sewer lines in place in the determined failing septic tank areas
 - ii. Better Jacksonville Plan deferral option for correctly operating systems in the determined failing areas – City Council decision
 - iii. State Law mandates
 - iv. JEA has no power to exempt its customers from State Law
 - v. The JEA Board has no authority in the matter
3. Mr. Dickenson relayed that Mr. Thomas' (guest) comments made actually relate to JEA's multiple account rider options that are given to large commercial customers. The options do contain a higher up-front cost; however, they are best for those commercial customers with multiple accounts. JEA's Account Executives service large commercial customers; the customer makes the decision to accept a rider option or to not.
4. Mr. Dickenson shared his experience of attending a recent LPPC CEO Meeting, that time was spent with legislators affecting the utility business, and how that time will assist our legislators to better understand utility dynamics.
5. Mr. Dickenson stated he will attend an APPA Legislative Rally the week of February 23, 2009, to share JEA's position – protecting public power.

C. Chair's Report – Vice Chair Cathy Whatley in Chair Austin's Absence

1. Vice Chair Whatley thanked Mr. Johnson and Congress Woman Brown's office for addressing the Board, stating many vitally important issues come before Congress and to JEA and its Board for attention and direction.
2. Vice Chair Whatley thanked the Board Members for their involvement in terms of planning – the next scheduled planning session for the Board is slated to occur March 16, 2009.
3. Vice Chair Whatley expressed thanks to JEA as a whole; JEA customers have high expectations and JEA personnel continue to exceed them.

Agenda Item V – Closing Considerations

- A. Announcements - none

With no further business claiming the attention of the Board, the meeting was adjourned at 11:25 AM.

APPROVED BY:



SECRETARY

DATE: 3-17-09

Board meeting recorded by:



Nancy S. NesSmith

JEA Process Support Associate (PSA)