

JEA
BOARD MINUTES
April 21, 2009

The JEA Board met in regular session on Tuesday, April 21, 2009, in the 8th floor Board meeting room, JEA Tower, 21 West Church Street, Jacksonville, Florida, with Chair Cynthia Austin, Cathy Whatley, Ashton Hudson, Jay Fant, Jim Gilmore, Michael Hightower, Ron Townsend, and Jeff Smith, Office of General Counsel (OGC) in attendance. No Pre Board or Post Board meetings were held this date.

Agenda Item I – Opening Considerations

The meeting was called to order at 9:36 AM by Chair Austin.

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

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

The **Safety Briefing** was given by Wanyonyi Kendrick, Chief Information Officer.

Chair Austin recognized guest, Kirby Green, Executive Director, St. Johns River Water Management District (SJRWMD).

Agenda Item II – Presentations & Comments

A. Jacksonville Environmental Protection Board Award in Recognition of JEA's Compact Florescent Lighting Program was presented by Athena Mann, Vice President Environmental Services. Mrs. Mann provided information about the project including positive impact of dollar savings to customers as well as the ability to properly dispose of used bulbs at no cost, without damaging the environment. Mrs. Mann introduced Payson Tilden, Richard Vento, Brian Pippin, Jane Upton and Dan Parnell, members of the cross-functional team.

B. **Comments from the Public - None**

C. **Council Liaison's Comments**

1. Councilman Joost shared overview information he recently heard about a new wastewater treatment process that has been installed near Argyle in Clay County and stated he would provide contact information to JEA staff for further research.

Agenda Item III – For Board Consideration

A. **Consent Agenda** – Prior to consideration of items on the Consent Agenda, Mr. Dickenson reminded the Board that, at their direction and in an effort to be more efficient, this and future Board meetings would include a Consent Agenda for items that require no explanation, discussion or presentation and are approved by one motion and vote. When staff or Board Members wish to discuss an item on the Consent Agenda, it must be removed and addressed later in the meeting. With that direction, upon Mrs. Whatley's motion and Mr. Townsend's second, items 4 and 7 were pulled from the Consent Agenda and items 1, 2, 3, 5 and 6 were unanimously approved as described below:

1. Adoption of Agenda
2. Approval of minutes of the March 17, 2009 meeting
3. Revisions to Enterprise Compliance and Risk Management Policy, and Electric Compliance Policy – Revisions to the policies were approved.

4. Amendment and Restatement of Supplemental Resolution Authorizing Variable Rate Electric System Revenue Bonds, Series Three 2008B to permit use of a direct pay letter of credit to provide credit enhancement and liquidity support – was removed from the Consent Agenda and addressed as reported below.
5. Quarterly Sole Source Report – was received for information only.
6. Letter of Endorsement for Southeast Energy Alliance (SEEA) Grant – The letter accompanying the application for the SEEA Grant was approved with Board support.
7. Purchase Power Agreement with Municipal Electric Authority of Georgia (MEAG) – was removed from the Consent Agenda and addressed as reported below.

B. Strategic Discussions/Action

Before addressing items already on the Strategic Discussions/Action Agenda, the Board took action on the two items removed from the Consent Agenda, as noted below.

III-A-4 – Amendment and Restatement of Supplemental Resolution Authorizing Variable Rate Electric System Revenue Bonds, Series Three 2008B to permit use of a direct pay letter of credit to provide credit enhancement and liquidity support – upon motion by Mr. Hudson and Mr. Gilmore's second, was unanimously approved. Prior to consideration, Mr. Dickenson provided an updated agenda item with resolutions which included new language as recommended by the rating agencies as well as an overview of changes made.

III-A-7 – Purchase Power Agreement (PPA) with Municipal Electric Authority of Georgia (MEAG) – upon motion by Mr. Townsend and Mrs. Whatley's second was unanimously approved, authorizing the CEO to make such amendments as appropriate to enable the project including, but not limited to, amendments to access the Department of Energy (DOE) Loan Guarantee and any other governmental programs which may enhance the value of the Vogtle project, and to inform the Board of any significant changes made or to be made to the PPA. Prior to consideration, Paul McElroy, Chief Financial Officer, provided the following information to the Board:

- a. The Board approved the MEAG PPA a year ago, and since that time, the DOE has established a Loan Guarantee program to cover up to 80% of the cost of the units. The primary event driving this request is the initial financing Bond Anticipation Note (BAN) for approximately \$200 million which will be needed to bridge the capital needs from May 2009 to the date the DOE loan guarantee becomes effective.
- b. Should the DOE financing not move forward, then the path will be for MEAG to access the long-term capital markets. If the capital markets are not available to MEAG then the Stand-by Bond Purchase – MEAG Trust – will provide financing and JEA will be responsible for repayment (10 equal semi-annual installments) with MEAG continuing to try to access the capital markets for permanent financing. Finally, if all financing alternatives fail, JEA will be called upon to pay its portion of the initial BAN financing which will be approximately \$100 million.
- c. This will authorize the CEO to execute and deliver the amendment to the PPA.
- d. In connection with MEAG's issuance of the BAN, JEA will be asked to execute and deliver a Continuing Disclosure Agreement in customary form.
- e. MEAG's Official Statement will contain separate Appendices relating to JEA Disclosure and JEA Finance Information and such Appendices will be delivered to the purchasers of the BANs.

The Board then addressed items on the original III – B Strategic Discussions/Action Agenda.

1. Supplemental Resolution for SJRPP Issue Three, Series Three (new money issue) – on motion by Mr. Hudson and Mr. Townsend’s second, the Board unanimously adopted Supplemental Resolution 2009-17 to authorize and award Series Three Bonds and approved the financing documents and the execution and delivery thereof.
2. Delegation Resolution for SJRPP Issue Two, Series Twenty-Three (refunding issue) – on motion by Mr. Townsend and Mr. Hightower’s second, the Board unanimously adopted Supplemental Resolution 2009-19 to authorize and delegate the award of the Series Twenty-Three Bonds to the Managing Director/CEO and approved the finance documents.
- 2a. JEA Electric System Subordinated Revenue Bonds, 2009 Series D and Electric System Revenue Bonds, Series Three 2009B Refunding – on motion by Mr. Townsend and Mr. Hightower’s second, the Board unanimously approved the delegation of authority granted by the Board on March 17, 2009 pertaining to the sale and issuance of the 2009B Senior Bonds and the 2009 D Subordinated Bonds be extended to June 16, 2009.

At 10:05 AM, Chair Austin stepped out of the meeting and Mrs. Whatley assumed control of the meeting.

3. Florida Public Utilities (FPU) Base Rate Adjustment – on motion by Mr. Hightower and Mr. Townsend’s second, the Board unanimously approved the proposed FPU base rates schedule, effective May 1, 2009. Prior to taking action, Paul McElroy provided background information, including the history of the rate structure, a cost of service study performed by Black & Veatch, and reviewed by OGC which is equal throughout the JEA customer base, and as was used in contract negotiations with FPU. Mark Cutshaw, General Manager of Florida Power Utilities in Fernandina Beach then presented information that FPU wanted the Board to consider prior to taking action, including differences in methodology of determining cost of service and the impact these proposed rates, especially the retail fuel rates, will have on their customers.

At 10:35 AM, Mrs. Whatley turned the meeting over to Mr. Hudson as she departed the meeting.

4. Quarterly Operations Presentation – James Chansler, Chief Operating Officer, reviewed the Second Quarter Operations Report which was received for information only.
5. Quarterly Finance Presentation – Paul McElroy, Chief Financial Officer reviewed the Second Quarter Financial Summary which was received for information only.
6. Preliminary Agenda for May 19 Rate Hearing – Paul McElroy, Chief Financial Officer, presented the Agenda that is being developed for the May 19 Rate Hearing including Timing, Cost of Service and Rate Structure Study, and the Potential Risks. The Board received the presentation for information. On May 19, 2009, staff will conduct a public rate hearing for water, sewer and reclaim rates, adopt a revised water and sewer rate document and conduct a public rate hearing for service fees in the electric tariff documentation.
7. “A Sustainable Water Supply: The Challenges Ahead” – Athena Mann, Vice President of Environmental Services presented an overview on the challenges JEA and northeast Florida face in maintaining a sustainable water supply. Mrs. Mann indicated that the Draft 2008 Water Supply Assessment conducted by the SJRWMD has designated the entire northeast Florida region (JEA's service territory) as a Potential Priority Water Resource Caution Area (PWRCA), indicating that projected uses cannot be sustained by proposed water sources without unacceptable impacts to water resources and related natural systems. The SJRWMD will initiate the 2010 Water Supply Planning Process in June, 2009 to finalize the PWRCA designation and to identify water resource plans to prevent projected impacts. The upcoming Planning Process introduces additional uncertainty on the outcome of JEA's Consumptive Use Permit, which is expected to be issued by the SJRWMD by the end of this year. The implications could also result in the implementation of costly alternative water supply options (4 to 12 times more costly than current water supply) sooner than currently planned in JEA's Total Water Management Plan. JEA plans to participate with other utilities in NE Florida in

the Planning Process with the objectives to allow sound science to drive the right answer, protect and sustain our resources and provide cost-effective water supply options to our customers. Following Mrs. Mann's presentation, Mr. Kirby Green stepped to the podium and answered questions from the Board on issues that the SJRWMD and JEA are currently addressing, including the 2008 Draft Water Supply Assessment and the recent approval by the District for water withdrawal from the St. Johns River by Seminole County. Mr. Green explained key information that was considered during that decision making process. It included the current and projected sustainable levels of resources and the additional costs of alternative resources such as treatment of ground water and desalination of brackish water and seawater.

C. **Other New Business – none**

D. **Old Business – none**

Agenda Item IV – Reports & Comments

A. **Committee Reports – None**

B. **Managing Director's Report** – In lieu of a report, Mr. Dickenson moved to the podium to provide a presentation to the Board and audience on Policy Governance. Mr. Dickenson defined the four quadrants of developing a Governance Policy, including Governance Process, Board-Management Delegation, Executive Limitations and finally the Ends, which the Board will be identifying at the next Board retreat. The Board's Governance Policy is targeted to be finalized by the end of 2009, a result of the Board's focus and hard work over the last year.

C. **Chair's Report – none**

Agenda Item V – Closing Considerations

A. **Announcements**

Mr. Townsend reminded the Finance and Audit Committee of its next meeting on May 11, 2009, at 8:30 AM; Mr. Hudson congratulated Mr. Dickenson and staff for their continued generous support of United Way of Northeast Florida, especially in these difficult financial times; and Mr. Fant, on behalf of the Board, offered condolences and prayers to the surviving family and friends of Rocco Morabito, the Florida Times Union photographer who took the 1968 Pulitzer Prize winning photo of JEA employees as one lineman provided life saving actions to a fellow lineman.

With no further business claiming the attention of the Board, the meeting was adjourned at 11:54 AM.

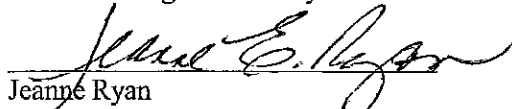
APPROVED BY:



SECRETARY

DATE: 5-19-09

Board meeting recorded by:



Jeanne Ryan

JEA Process Support Associate (PSA)