

## **JEA BOARD AGENDA**

**DATE:** October 20, 2009

**TIME:** 9:30 AM

**PLACE:** JEA  
21 West Church Street  
8<sup>th</sup> Floor, Board Room

### **I. WELCOME**

- A. Call to Order
- B. Invocation
- C. Pledge to Flag
- D. Safety Briefing –Susan Hughes, Chief Human Resource Officer

**Meeting participants are asked to turn their cell phones completely off.**

### **II. PRESENTATIONS AND COMMENTS**

- A. Comments from the Public
- B. Council Liaison's Comments – Stephen Joost

### **III. FOR BOARD CONSIDERATION**

- A. Consent Agenda (all items approved by a single motion)
  - 1. Adoption of Agenda – action required
  - 2. Approval of the September 15, 2009 Meeting Minutes – action required
  - 3. JEA Fiscal Year 2010 Debt Financial Relating to Taxable Build America Bonds (BABs) for Electric System – action required
  - 4. Approval of Resolution: Budgetary Transfers– action required
  - 5. Amend Existing Authorization Resolution for State Revolving Fund Loan Program – action required
  - 6. Quarterly Sole Source and Emergency Procurement Report – information only

7. Update on Recent Congress and EPA Activity on Climate and Energy Issues – information only
  8. Year-End Operations Report – information only
  9. Year-End Financial Report – information only
  10. FY10 Communications & Community Outreach Plan, monthly update – information only
- B. Strategic Discussions/Action
1. FY2010 - 2014 Financial Projection Assumptions – presentation (Paul McElroy) – 20 minutes
- C. Other New Business – none
- D. Old Business – none

#### **IV. REPORTS**

- A. Committee – None
- B. Managing Director's Report
- C. Chair's Report

#### **V. CLOSING CONSIDERATIONS**

- A. Announcements
- B. Adjournment

*The Board will move to the conference room to continue Policy Governance discussions.*

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A. If you have a disability that requires reasonable accommodations to participate in the above meeting, please call **665-7550** by **8:30 AM** the day before the meeting and we will provide reasonable assistance for you.

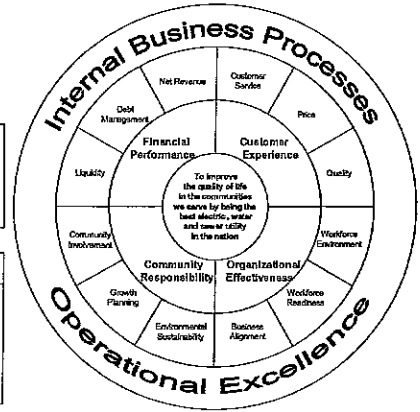
B. If a person decides to appeal any decision made by the JEA Board with respect to any matter considered at this meeting, that person will need a record of the proceedings, and, for such purpose needs to ensure that verbatim record of the proceedings is made, which record includes the evidence and testimony upon which the appeal is to be based.

TII-A-3  
10-20-2009



Building Community

**AGENDA ITEM SUMMARY**



October 8, 2009

**SUBJECT: JEA FISCAL YEAR 2010 DEBT FINANCINGS RELATING TO TAXABLE BUILD AMERICA BONDS (BABs) FOR ELECTRIC SYSTEM**

| Purpose   | Circle of Excellence Impact                               |
|---|---|
| <input type="checkbox"/> Information Only           | <input checked="" type="checkbox"/> Financial Performance |
| <input checked="" type="checkbox"/> Action Required | <input type="checkbox"/> Customer Experience              |
| <input type="checkbox"/> Advice/Direction           | <input type="checkbox"/> Organizational Effectiveness     |
|   | <input type="checkbox"/> Community Responsibility         |

**Issue:** Bond resolutions and parameters for any Build America Bonds (BABs) issued for the Electric System for FY2010 must be approved by the Board. (All resolutions and parameters are attached)

**Significance:** High. Addresses available funding for our FY2010 capital.

**Who/what is affected:** The new bond issuance delegation process makes better use of Board time and provides greater flexibility in meeting the fluctuating demands of the financial markets.

**Background:** At the September 15, 2009 Board meeting, the Board approved all of the bond legal documents necessary to finalize the bond issuance delegation process in which the Board delegates parameters to the Managing Director/CEO within which to price future fixed rate bond issues and staff reports back to the Board with the results at a subsequent Board meeting. The approved parameters were for fixed rate debt only and are consistent with the FY2010 Budget. As part of the approval of that process, it was determined that if additional debt structures such as Build America Bonds (BABs), Clean Renewable Energy Bonds (CREBs), or variable rate debt are identified as advantageous or if other relevant facts change, staff would come back to the Board for approval.

**Background Examples:** In the new bond issuance delegation process, the Board approves all resolutions for FY2010 at one time rather than approving each resolution separately throughout the year.

**Cost to company/community:** In the current market, debt issues with a taxable BABs (Build America Bonds) structure may provide an attractive all-in fixed cost of capital as compared to traditional tax-exempt bonds, taking into account the 35 percent federal subsidy for the interest on the taxable BABs that is available to JEA.

**Recommended course of action:** Approve additional Electric System bond financing documents for BABs bond issues that may be priced in FY2010.

**Why?** To meet FY2010 capital expenditure funding needs.

**Recommended Board action:** Approve the attached resolutions, 2009-40, 2009-41 and 2009-42 and parameters for BABs bond issues for Fiscal Year 2010.

Submitted by: Pi Tao Hsu



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### AGENDA ITEM SUMMARY

III-A-4  
10-20-09



October 1, 2009

**SUBJECT:** APPROVAL OF RESOLUTION: BUDGETARY TRANSFERS

| Purpose   | Circle of Excellence Impact  |
|---|--|
| <input type="checkbox"/> Information Only           | <input checked="" type="checkbox"/> Financial Performance      Net Revenue |
| <input checked="" type="checkbox"/> Action Required | <input type="checkbox"/> Customer Experience                               |
| <input type="checkbox"/> Advice/Direction           | <input type="checkbox"/> Organizational Effectiveness                      |
|   | <input type="checkbox"/> Community Responsibility                          |

**Issue:** Authorize the Managing Director to approve transfers not to exceed \$5.0 million between the accounts within JEA.

**Significance:** High. Delegates authority to Managing Director to approve budget transfers for FY2010.

**Who/what is affected:** FY2010 O & M and Capital Budgets.

**Background:** In the past, the Board has delegated to the Managing Director the authority to make transfers during the fiscal year (FY) within the budget accounts.

**Background Examples:** Resolution approved by Board for FY2009, FY2008, FY 2007, FY2006 and earlier.

**Cost to company/community:** n/a

**Recommended course of action:** That the Board approves the attached Resolution.

**Why?** Business continuity, administrative efficiency and budget effectiveness.

**Recommended Board action:** That the Board approves the attached Resolution 2009-43 which allows the Managing Director to process routine budget transfers.

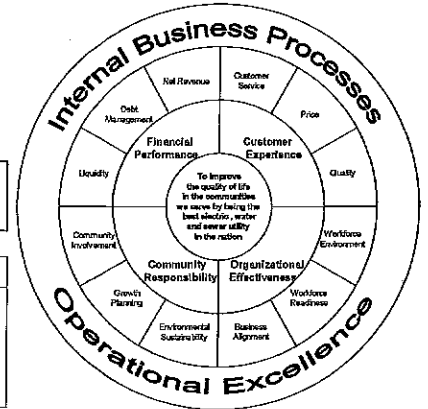
Submitted by: BJR/DRJ

III-A-5  
10-20-2009



Building Community  
**AGENDA ITEM SUMMARY**

October 8, 2009



**SUBJECT: AMEND EXISTING AUTHORIZATION RESOLUTION FOR STATE REVOLVING FUND LOAN PROGRAM**

| Purpose   | Circle of Excellence Impact                               |                                    |
|---|---|------------------------------------|
| <input type="checkbox"/> Information Only           | <input checked="" type="checkbox"/> Financial Performance | Debt Management                    |
| <input checked="" type="checkbox"/> Action Required | <input type="checkbox"/> Customer Experience              | Click for Focus Area or blank line |
| <input type="checkbox"/> Advice/Direction           | <input type="checkbox"/> Organizational Effectiveness     | Click for Focus Area or blank line |
|   | <input type="checkbox"/> Community Responsibility         | Click for Focus Area or blank line |

**Issue:** Existing Resolution that authorizes participation by JEA in the Florida Department of Environmental Protection's (FDEP) State Revolving Fund (SRF) Program has a stipulated cap of \$25,000,000.

**Significance:** JEA intends to continue pursuing funding through the FDEP's SRF Program to obtain favorable financing rates.

**Who/what is affected:** Water and Sewer System Capital Program; rate payers.

**Background:** The Board approved the use of SRF loans to be utilized to finance qualifying capital projects for water, wastewater and reclaimed water services.

**Background Examples:** The SRF loans have been used for Main Street Water Treatment facility and several JEA facilities in the Nocatee area.

**Cost to company/community:** An actual savings for the company/community by accessing funds at the most favorable interest rate.

**Recommended course of action:** To continue utilizing funds from FDEP's SRF Program by increasing the cap stated in the existing Resolution.

**Why?** To obtain the most favorable financing rate for qualified projects.

**Recommended Board action:** That the Board approves amending the SRF Loan Resolution to increase the not to exceed aggregate principal amount of SRF Loans to \$30 million per fiscal year.

Submitted by: Suzanne Goss

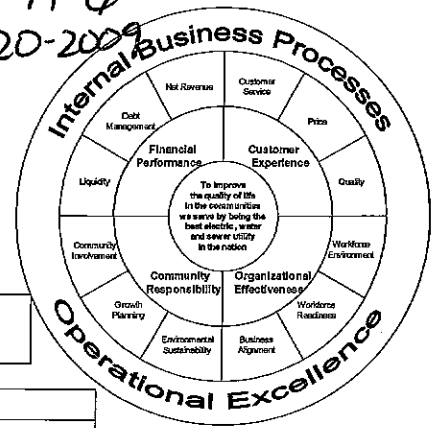


Building Community

### AGENDA ITEM SUMMARY

October 20, 2009

III-A-6  
10-20-2009



**SUBJECT:** **SOLE SOURCE & EMERGENCY PROCUREMENT REPORT**

| Purpose  | Circle of Excellence Impact                               |                                    |
|--|---|------------------------------------|
| <input checked="" type="checkbox"/> Information Only | <input checked="" type="checkbox"/> Financial Performance | Click for Focus Area or blank line |
| <input type="checkbox"/> Action Required             | <input type="checkbox"/> Customer Experience              | Click for Focus Area or blank line |
| <input type="checkbox"/> Advice/Direction            | <input type="checkbox"/> Organizational Effectiveness     | Click for Focus Area or blank line |
|  | <input type="checkbox"/> Community Responsibility         | Click for Focus Area or blank line |

**Issue:** Sole Source and Emergency Procurements are authorized by JEA's Purchasing Code under Articles 3-206 and 3-208; and a record of Procurement Actions taken under this authority is required to be maintained and reported to the JEA Board on a quarterly basis.

**Significance:** Full transparency of these procurement actions is necessary to maintain public confidence in JEA's bidding process and to ensure competition is achieved when in JEA's best interest.

**Who/what is affected:** JEA's Procurement department is responsible for maintaining these records and reporting to the JEA Board.

**Background:** This requirement has been in place since the JEA Purchasing Code was adopted in 1996.

**Background Examples:** Past Quarterly reports are on file in JEA's Procurement department.

**Cost to company/community:** Minimal

**Recommended course of action:** Continue reporting to the JEA board on a quarterly basis.

**Why?** To maintain public confidence in JEA's bidding process and ensure competition is achieved when in JEA's best interest.

**Recommended Board action:** Information only, no action required.

Submitted by: John McCarthy



Building Community

### AGENDA ITEM SUMMARY

III-A-7  
10-20-2009

October 8, 2009

**SUBJECT:** UPDATE ON RECENT CONGRESS AND EPA ACTIVITY ON CLIMATE AND ENERGY ISSUES

| Purpose  | Circle of Excellence Impact                                  |                 |
|--|--|-----------------|
| <input checked="" type="checkbox"/> Information Only | <input checked="" type="checkbox"/> Financial Performance    | Debt Management |
| <input type="checkbox"/> Action Required             | <input type="checkbox"/> Customer Experience                 |                 |
| <input type="checkbox"/> Advice/Direction            | <input type="checkbox"/> Organizational Effectiveness        |                 |
|  | <input checked="" type="checkbox"/> Community Responsibility |                 |



**Issue:** Congress and the Environmental Protection Agency (EPA) have proposed several initiatives to regulate the emissions of greenhouse gases, particularly carbon dioxide (CO<sub>2</sub>) emissions from the combustion of fossil fuels in the electric utility industry. JEA is actively engaged in the debate.

**Significance:** Any serious mandate to reduce the United States' total emissions of greenhouse gases will include regulation of CO<sub>2</sub> emissions and will significantly increase the cost to generate electricity.

**Who/what is affected:** Electric System Capital Program and O&M budgets; rate payers.

**Background:** At the July Board meeting, staff reported on the Waxman-Markey climate bill, the American Clean Energy & Security Act (HR 2454), which passed the House in June 2009 and on the energy bill which passed the Senate Energy & Natural Resources Committee in July. This item will update the Board on recent activity in the Senate and the EPA.

**Background Examples:** On September 30, 2009, Senator Boxer (D-CA) the Chair of the Environment & Public Works Committee and Senator Kerry (D-MA) the Chair of the Foreign Relations Committee released the first draft of their 821 page climate bill. On initial review the bill seems to parallel the Waxman-Markey bill (H.R. 2454) passed by the House in June. On the same day, the EPA announced its intention to regulate CO<sub>2</sub> emissions from large stationary sources under the existing Clean Air Act.

**Cost to company/community:** Staff analysis of the House passed HR 2454 finds that by 2038 JEA's electric rates would be 75% higher with the bill than without it.

**Recommended course of action:** Staff should continue to be actively involved with Congress and the EPA as these activities continue.

**Why?** JEA's participation may influence the actions of Congress and the EPA.

**Recommended Board action:** No Board action requested at this time.

III-B-1  
10-20-2009



Building Community  
**AGENDA ITEM SUMMARY**

October 8, 2009



**SUBJECT:** FY2010 - 2014 FINANCIAL PROJECTION ASSUMPTIONS

| Purpose   | Circle of Excellence Impact   |
|---|---|
| <input type="checkbox"/> Information Only<br><input type="checkbox"/> Action Required<br><input checked="" type="checkbox"/> Advice/Direction | <input checked="" type="checkbox"/> Financial Performance<br><input type="checkbox"/> Customer Experience<br><input type="checkbox"/> Organizational Effectiveness<br><input type="checkbox"/> Community Responsibility |
|   | Liquidity   |

**Issue:** Present the FY2010-2014 Financial Projection key assumptions for Board feedback and direction. The five year financial projection is the basis for the annual presentation to the Rating Agencies and also is the basis for the ensuing year's annual budget.

**Significance:** High. Key assumptions significantly impact the financial projection.

**Who/what is affected:** JEA's financial performance and resulting metrics.

**Background:** The Five Year Financial Projection has historically been presented to the Board of Directors at the November meeting and to the Rating Agencies in early December.

**Background Examples:** N/A

**Cost to company/community:** N/A

**Recommended course of action:** Provide feedback and direction regarding the key assumptions for the FY2010 - 2014 Financial Projections including growth, interest rates and financial metrics.

**Why?** Staff to receive Board feedback and direction of the key assumptions for the FY2010 - 2014 Financial Projection.

**Recommended Board action:** The Board receive the presentation for consideration and provide Staff feedback and direction regarding the key assumptions for the FY2010 - 2014 Financial Projection.

Submitted by: BJR/NCR