

**JEA  
BOARD AGENDA**

**DATE:** February 17, 2009

**TIME:** 10:00 AM

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

**I. OPENING CONSIDERATIONS**

- A. Call to Order
- B. Invocation
- C. Pledge to Flag
- D. Safety Briefing – James Chansler, Chief Operating Officer  
Meeting participants are asked to turn their cell phones off.
- E. Adoption of Agenda
- F. Approval of Minutes
  - 1. Regular meeting held January 20, 2009

**II. PRESENTATIONS & COMMENTS**

- A. FMEA Community Service Award – Teala Milton, Chief Public Affairs Officer
- B. Comments from the Public
- C. Council Liaison's Comments – Stephen Joost

**III. FOR BOARD CONSIDERATION**

- A. New Business
  - 1. North Jax Force Main – Busch Drive to Cedar Bay – action required
  - 2. St. Johns River Power Park (SJRPP) Pension Plan Amendment and Resolution – action required
  - 3. Amended Electric Advance Agreement with TEA – action required

4. JEA Water and Sewer System Revenue Bonds, 2009 Series A and 2009 Series B – presentation (Helen Kehrt) – action required
  5. JEA Electric System Revenue Bonds, Series Three 2009 A and Electric System Subordinated Revenue Bonds, 2009 Series B – presentation (Helen Kehrt) – action required
  6. Water and Sewer Cost of Service and Rate Structure Study – presentation (Paul McElroy) – information only
  7. Monthly Financial Update — information only
  8. Monthly Operations Report – information only
  9. Other New Business
- B. Old Business – none

#### **IV. REPORTS & COMMENTS**

- A. Committee Reports
- B. Managing Director's Report
- C. Chair's Report

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

- A. Announcements
- B. Adjournment

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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.

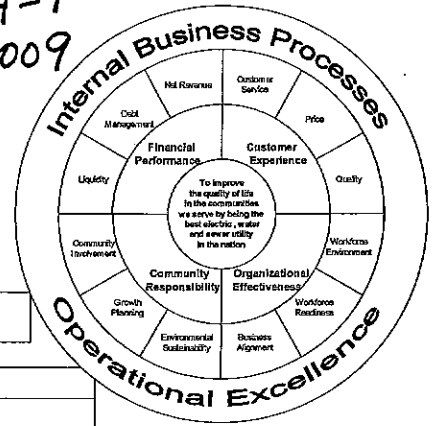
B. If a person decides to appeal any decision made by the JEA Board with respect to any matter considered at this meeting, that person will need a record of the proceedings, and, for such purpose needs to ensure that verbatim record of the proceedings is made, which record includes the evidence and testimony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



Building Community

### AGENDA ITEM SUMMARY

III-A-1  
2-17-2009



February 9, 2009

**SUBJECT:** NORTH JAX FORCE MAIN - BUSCH DR TO CEDAR BAY

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

**Issue:** Authorization to file condemnation lawsuit to acquire easement rights necessary to construct a sewer force main between Busch Drive and the Cedar Bay wastewater treatment plant.

**Significance:** Portion of a multi-year project to install a regional force main between the Cedar Bay plant and the future Dinsmore plant to ensure sufficient sewer service in North Jacksonville. Also, replaces aging sewer line in this area.

**Who/what is affected:** Sewer customers in North Jacksonville, present and future. The property owner: Imeson International Industrial Park, Inc.

**Background:** Negotiations are ongoing with the property owner, however, condemnation authority is necessary to ensure property rights are delivered in time to meet project schedule.

**Background Examples:** Easement rights must be secured by April 30, 2009 to meet project schedule.

**Cost to company/community:** The cost to acquire easement rights is anticipated to be within the normal range for real estate transactions, even when litigation costs are included. Any alternative route would be significantly longer and incur higher material and construction costs.

**Recommended course of action:** Continue negotiations with the property owner, but proceed with filing of condemnation lawsuit when necessary to avoid project delay.

**Why?** Ensure timely completion of force main project at lowest overall cost to JEA and the ratepayers.

**Recommended Board action:** Approve Resolution authorizing condemnation.

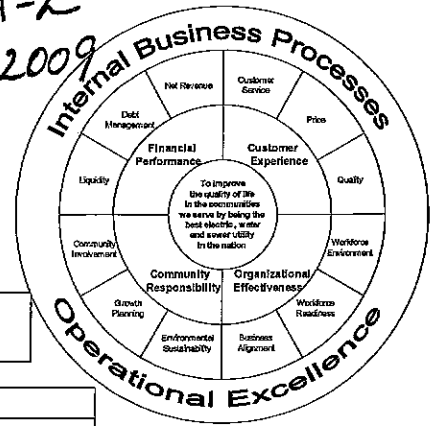
Submitted by: David Steinau *DS*



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### AGENDA ITEM SUMMARY

III-A-2  
2-17-2009



February 9, 2009

**SUBJECT:** ST. JOHNS RIVER POWER PARK (SJRPP) PENSION PLAN AMENDMENT AND RESOLUTION

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

**Issue:** The SJRPP Pension Committee recommends minor modifications to language in the SJRPP Plan to allow terminated Plan participants to repudiate benefit rights for refund of contributions without limits, and to clarify the definition of the discount rate used for calculating the lump sum option so that there is no cost to the Plan.

**Significance:** The elimination of the dollar limit which restricts refund of contribution to terminated employees will eliminate the payment of future annuity payments and will keep employer contributions in the Plan; the clarification of the discount rate supports the no cost intent of the lump sum option.

**Who/what is affected:** SJRPP employees and terminated SJRPP Plan participants.

**Background:** Due to the current economic market the lack of a clarified discount rate could result in a cost to the Plan; clarification will continue the no cost intent of the original option. The removal of the vesting limit will allow any vested terminated Plan participant to divest rights in the Plan and receive a refund of their contributions.

**Background Examples:** The current Plan language allows for the calculation of the lump sum amount at a rate different than that used for the Plan benefit which can result in an unintended cost to the Plan. Allowing terminated Plan participants to repudiate benefit rights reduces Plan liability at no cost to the Plan.

**Cost to company/community:** No cost to the JEA/SJRPP organization.

**Recommended course of action:** Approval of the Plan Amendment and the associated Resolution.

**Why?** The approval will limit the lump sum calculation to the same rate used to calculate Plan benefits while the expansion of the right to repudiate benefit rights reduces future Plan liabilities.

**Recommended Board action:** Approval of the Plan Amendment and Resolution reflecting clarification and revision of wording to maintain original intent of existing amendments.

Submitted by: grm

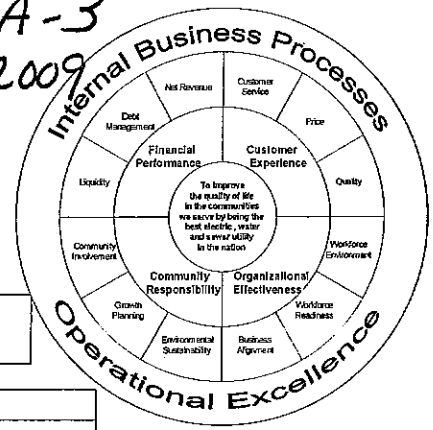


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### AGENDA ITEM SUMMARY

III-A-3  
2-17-2009

January 29, 2009



<b>SUBJECT:</b>	<b>AMENDED ELECTRIC ADVANCE AGREEMENT BETWEEN JEA AND THE ENERGY AUTHORITY (TEA)</b>
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Purpose	Circle of Excellence Impact	
<input type="checkbox"/> Information Only	<input checked="" type="checkbox"/> Financial Performance	Liquidity
<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:** Increase in credit support under the Amended Electric Advance Agreement with TEA

**Significance:** JEA guarantees TEA electric trading activity conducted for and on behalf of JEA.

**Who/what is affected:** JEA Fuels, JEA Treasury, TEA.

**Background:** JEA is a party to TEA's Restated and Amended Electric Advance Agreement dated as of January 1, 2005. This Agreement provides credit support to TEA for transactions on behalf of members and resource management partners for electric trading. In April 2001, the JEA Board approved an advance of \$28.9 million. JEA's new advance amount will be \$34.3 million.

**Background Examples:** JEA's share of the Electric Advance has not been increased since 2001.

**Cost to company/community:** Contingent obligation of \$34.3 million. Generally, JEA's guaranty obligations for electric trading would arise if TEA did not make the contractually required payment for energy, capacity or transmission which was delivered or made available or if TEA failed to deliver or provide energy, capacity, or transmission as required under a contract. To date, the guaranty has never been called upon.

**Recommended course of action:** It is recommended that the Board approve an Electric Advance amount of \$34.3 million and authorize the CEO and Managing Director to execute the First Amendment to the Restated and Amended Electric Advance Agreement and related documents.

**Why?** To facilitate electric trading activity conducted by TEA for and on behalf of JEA. The primary reasons for the increase in the advance are TEA's growth and an increase in power prices.

**Recommended Board action:** To Approve the First Amendment to the Restated and Amended Electric Advance Agreement increasing the Electric Advance with TEA to \$34.3 million and to authorize the CEO and Managing Director to execute the Agreement and related documents.

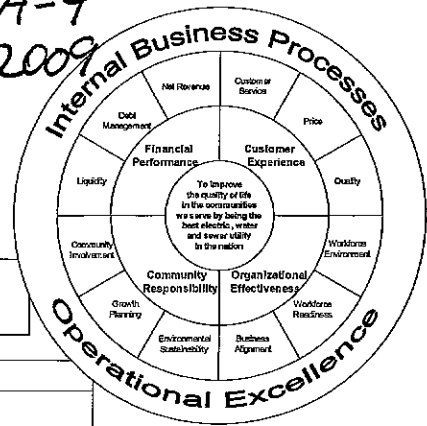
Submitted by: TPD



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### AGENDA ITEM SUMMARY

TII-A-4  
2-17-2009



February 6, 2009

**SUBJECT:** JEA Water and Sewer System Revenue Bonds, 2009 Series A and 2009 Series B

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	
<input type="checkbox"/> Advice/Direction	<input type="checkbox"/> Organizational Effectiveness	
	<input type="checkbox"/> Community Responsibility	

**Issue:** Staff recommendation to price approximately \$45.9 million of Water and Sewer System Revenue Bonds, 2009 Series A to finance a portion of FY09 capital projects and \$82.4 million of Water and Sewer System Revenue Bonds, 2009 Series B to refund outstanding Water and Sewer System Bonds.

**Significance:** High.

**Who/what is affected:** Available funding for our FY 2009 Water and Sewer System capital project and potential refunding opportunities.

**Background:** As of January 31, 2009, there were outstanding under the Water and Sewer System Resolution \$1,914,270,000 in aggregate principal amount of Water and Sewer System Bonds. JES's financing plan outlined the need to issue new debt to fund a portion of the Fiscal Year 2009 Capital Budget. In addition, JEA staff has been monitoring potential opportunities to issue debt to refund outstanding Water and Sewer System Bonds in order to realize debt service savings.

**Background Examples:** JEA utilizes debt as a source of funding for capital projects and actively monitors the market for refunding transactions.

**Cost to company/community:** Increased demand on JEA's cash liquidity if such capital projects had to be funded with JEA internal funds as opposed to the ability to fund such projects with proceeds of bonds. With today's market the refunding bonds will provide approximately \$4.76 million of present value savings.

**Recommended course of action:** JEA staff is requesting approval at this time to issue new money Water and Sewer System Revenue Bonds, 2009 Series A in an aggregate amount of approximately \$45.9 million in order to provide funding for capital expenditures to the Water and Sewer System and issue refunding Water and Sewer System Revenue Bonds, 2009 Series B in an aggregate amount of approximately \$82.4 million in order to realize debt service savings.

**Why?** To assist JEA in meeting its Fiscal Year 2009 capital expenditure funding needs and to realize debt service savings.

**Recommended Board action:** That the Board authorize and award the 2009 Series A and 2009 Series B Bonds by adopting the Authorizing Resolution and approving the financing documents.

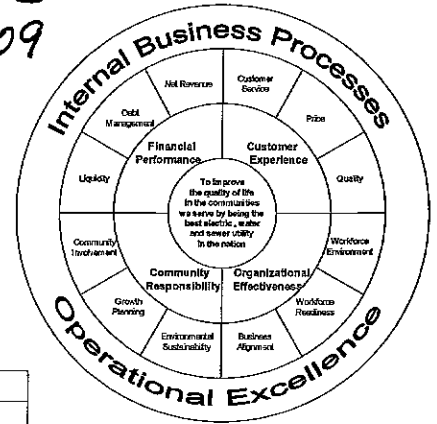
Submitted by: Pi Tao Hsu



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### AGENDA ITEM SUMMARY

III-A-5  
2-17-2009



February 6, 2009

**SUBJECT: JEA ELECTRIC SYSTEM REVENUE BONDS, SERIES THREE 2009A AND ELECTRIC SYSTEM SUBORDINATED REVENUE BONDS, 2009 SERIES B**

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	
<input type="checkbox"/> Advice/Direction	<input type="checkbox"/> Organizational Effectiveness	
	<input type="checkbox"/> Community Responsibility	

**Issue:** Due to the speed current credit market conditions change, JEA staff is requesting a delegation to the Managing Director/CEO to 1) determine the timing and terms and conditions for the sale of refunding 2009A and 2009 Series B Bonds (the "Bonds") and 2) execute the financing documents for the Bonds.

**Significance:** High.

**Who/what is affected:** Potential refunding opportunities and available funding for meeting debt service requirements.

**Background:** As of January 31, 2009 there were \$1,524,655,000 of senior lien Electric System Bonds outstanding under the senior lien Electric System Resolution and \$1,384,436,000 of subordinated bonds outstanding under the Subordinated Electric System Resolution. JEA staff has been monitoring potential opportunities to issue debt to refund outstanding Electric System bonds in order to realize debt service savings, extend amortization of upfront bullet maturities of outstanding Electric System bonds, provide funding for replacement of debt service reserve sureties, and if required, refund outstanding variable rate Electric System bonds.

**Background Examples:** JEA actively monitors the market and simultaneously strategize for refunding transactions.

**Cost to company/community:** To realized debt service savings from traditional economic refunding transactions, increased demand on JEA's cash liquidity if internal funds are required to replace downgraded debt service reserve sureties, and increased cost to JEA if refunding does not occur for the variable rate debt since the current liquidity bank will not renew the existing credit agreement.

**Recommended course of action:** JEA staff is requesting approval of the delegation resolution at this time to authorize the Managing Director/CEO to execute all the appropriate financings.

**Why?** To achieve debt service savings from economic refunding, to replace variable rate financing with fixed rate debt due for existing programs in which liquidity facilities cannot be extended or replaced and to provide funding for replacement of downgraded debt service reserve sureties.

**Recommended Board action:** That the Board authorize and approve the issuance of the Bonds by adopting the delegation resolution and authorize the Managing Director/CEO to execute the appropriate financing documents.

Submitted by: Pi Tao Hsu