

**JEA**  
**BOARD MINUTES**  
August 21, 2012

The JEA Board held a Pre-Board Briefing at 8:30 AM on Tuesday, August 21, 2012, in the Chair's Office on the 8<sup>th</sup> Floor, 21 W. Church Street, Jacksonville, Florida. Present were Ashton Hudson, Mike Hightower, Ron Townsend, Charlie Appleby, Lisa Strange Weatherby, Jim Dickenson, John Germany and Cindy Laquidara, Office of General Counsel. Cynthia Austin joined the Pre-Board Briefing via telephone at 8:37 AM, and joined the meeting at 8:50 AM.

The Pre-Board Briefing discussion consisted of the following:

1. Mr. Dickenson reviewed the scheduled for today's meetings.
2. Mr. Hudson and Ms. Laquidara provided an update on the new CEO contract negotiations.
3. Mr. Dickenson provided an overview of labor contracts and negotiations, including the recent International Brotherhood of Electrical Workers (IBEW) contract vote and the filing of an Unfair Labor Practice (ULP) lawsuit.
4. Mr. Dickenson shared information regarding the upcoming Emerging Issues Policy Forum (EIPF) 2012 Annual Energy Conference that will be held on October 7 – 9, 2012, at the Omni Amelia Island Plantation Resort in Amelia Island, Florida. No Board Members expressed interest in attending.
5. Mr. Dickenson provided a brief update on current issues related to EZBase product.

*With no action taken and no further business claiming the attention of the Board, the Pre-Board Briefing was adjourned at 9:35 AM; the Board took a short break and moved to the 8<sup>th</sup> Floor Board Meeting Room for its regularly scheduled meeting.*

The JEA Board met in regular session on Tuesday, March 20, 2012 in the 8<sup>th</sup> Floor Board Meeting Room, 21 W. Church Street, Jacksonville, Florida. Present were Ashton Hudson, Mike Hightower, Ron Townsend, Cynthia Austin, Lisa Strange Weatherby, and Charlie Appleby.

**Agenda Item I – Welcome**

- A. The meeting was **called to order** at 9:39 AM by Chair Hudson.
- B. The **Invocation** was given by Mr. Dickenson.
- C. The **Pledge of Allegiance** was led by Mr. Hightower.
- D. **Adoption of Agenda** – the agenda was adopted on **motion** by Mr. Hightower and second by Mr. Townsend.
- E. The **Safety Briefing** was given by Mr. Allen Putnam, Manager Electric Customer Service Response, and Ms. Diane Quarterman, Manager Helpdesk, Operations and PC Support.

**Agenda Item II – Presentations and Comments**

- A. **Presentation** – Arbor Day Award – Mr. Mike Brost, Vice President Electric Systems presented a brief overview and introduction of the Arbor Day recognition. Arbor Day Foundation has named JEA a 2012 Tree Line USA utility in honor of our commitment to proper pruning, planting, and care of the trees in Jacksonville. Only a handful of Florida utilities have achieved this national designation. Tree Line USA, a partnership between the Arbor Day Foundation and the National Association of State Foresters,

recognizes public and private utilities for pursuing practices that protect and enhance America's urban trees. Tree Line USA promotes the dual goals of delivering safe and reliable electricity while maintaining healthy community forests. Mr. Brost introduced Mr. Mike Robinson and Mr. Scott Souder, Foresters. Mr. Scott Souder provided a brief overview and background of the Arbor Day Foundation, Tree Line USA, Tree City USA, and Tree Campus USA. Mr. Souder presented the Board Members with the plaque awarded to JEA. Mr. Mike Robinson outlined the specific requirements to receive the recognition of Tree Line USA. Mr. Robinson and Mr. Souder presented each Board Member with a commemorative hat in honor of the 2012 Tree Line USA recognition.

- B. Presentation – Line Worker Appreciation Award –** As part of the introduction for the Arbor Day recognition, Mr. Mike Brost, Vice President Electric Systems provided a brief overview and introduction of the Line Worker Appreciation Award and introduced Mr. Matthew Stafford, Construction and Maintenance Working Foreman. Mr. Stafford thanked the Board in conjunction with the Florida House of Representatives and the Jacksonville City Council in recognizing the 114,000 Florida Line Workers in designating August 26, 2012, as Line Worker Appreciation Day. This day of appreciation is in honor of City of Lakeland lineman, Marc Moore, who died on the job on August 26, 2002. JEA sent several line workers to Tallahassee in March 2012, and many were recognized at the August 2012 Jacksonville City Council meeting. A video was shown to the Board of the City Council recognition provided by former Council Member Mia Jones, with words of appreciation provided by Council Member Stephen Joost. Mr. Stafford recognized Mr. Bert Sparks, C&M Working Foreman; Robert Simmons, Line Maintainer; Cleve Mitchell, Line Maintainer; Dean Hilton, Network & Cable Splicing Technician; and Kenneth Lockwood, Electric Troubleshooter for keeping the power on for our community's homes and businesses.

Mr. Stafford presented the Board Members with the awarded plaque and distributed hats commemorating the recognition. Mrs. Austin and Mr. Hightower echoed their appreciation for the hard work of the JEA Line Workers.

**C. Comments from the Public**

1. Mr. Steve Johnson, 336 Foxtail Road, Middleburg, FL 32068, (904) 476-6969, addressed the Board and Mr. Dickenson on the topic of EZBase product.
2. Mr. Dennis R. Dix, Jr., 8620 Blarney Stone Court, Jacksonville, FL 32216, (904) 309-1682, addressed the Board and Mr. Dickenson in support of Mr. Steve Johnson on the topic of EZBase product.

- D. Council Liaison's Comments –** Council Member Stephen Joost congratulated the Line Workers of JEA for their accomplishments and added that their attendance at the August 2012 City Council Meeting put a new face on JEA. Council Member Joost stated "seeing employees of JEA allows Council Members to understand that their decisions affect more than just upper management." Council Member Joost encouraged JEA employees to attend future City Council meetings.

**Agenda Item III – For Board Consideration**

- A. Consent Agenda –** used for items that require no explanation, discussion or presentation and are approved by one motion and vote. Upon **motion** by Mr. Hightower and second by Mrs. Austin, items 1, 2, and 3 on the Consent Agenda were unanimously approved and items 4, 5, 6, and 7 were received for information.

1. Approval of Board Meeting Minutes July 17, 2012 – approved.
2. Civil Service Board Appointment – Tisdale Resolution 2012-22 – approved.
3. SJRPP (St. Johns River Power Park) Retirement Plan Committee Assignment – approved.
4. Paul McElroy Testimony Before House Committee on Agriculture – received for information.
5. Monthly Operations Report – received for information.
6. Monthly JEA Financial Review – received for information.
7. Monthly FY12 Communications & Community Outreach Plan Update – received for information.

**B. Strategic Discussions/Action**

1. Bi-Monthly Financials Presentation – Janice Nelson, Director Accounting Services, provided a presentation highlighting key financial metrics and results of JEA's Electric, Water and Sewer Systems, which was received for information. Mr. Appleby requested staff to prepare a sensitivities analysis to show the effects if interest rates increased from the current rate to 8%, and remained at that level for a period of time. This analysis should include how many days/months can JEA utilize the Debt Management Strategy Fund, for debt service purposes prior to needing to increase rates. Mr. Paul McElroy, Chief Financial Officer agreed to prepare the additional details and provide the information to the Board.

*Mrs. Austin briefly departed at 10:35 AM and returned at 10:40 AM.*

2. Recap of Recent JEA Fixed Rate Debt Current Refunding Delegated Transactions – Helen Kehrt, Director Treasury Services presented bond sale data to the Board relating to delegated financing transactions, which was received for information. Documentation providing background information on the refunding transactions is on file.
3. St. Johns River Power Park (SJRPP) Refunding Bonds: Issue Two, Series Twenty-Five – Helen Kehrt, Director Treasury Services, provided a presentation highlighting important indicators regarding the refunding bonds. On **motion** by Mr. Hightower and second by Mrs. Austin, the Board unanimously authorized and awarded the Series 2-25 Revenue Bonds by adopting the supplemental resolution (Resolution No. 2012-23) and approved the financing documents for the SJRPP Series 2-25 Revenue Bonds.

Mrs. Kehrt recognized JEA Financial Services employees Ross Byers, Manager Debt; Michael Edwards (absent), Bond Compliance Specialist; Chris Cicero, Bond Compliance Specialist; Lori Boynton, Bond Compliance Specialist; Robert Hahn, Bond Administrators Specialist; Barry Greenleaf, Manager Treasury & Cash Operations, as well as, Elizabeth Columbo (present) Bond Counsel representing Nixon Peabody, LLC; Gayle Petrie, Jacksonville Office of General Counsel; Harris Kretsge and Paul Neuhedel, Underwriters with RBC Capital Markets; and Irv Weinstein, Underwriters Counsel with Rogers Towers.

Mr. Hudson recognized Mrs. Kehrt as a valuable employee to JEA who will be tremendously missed by the Board, finance staff, and Mr. Paul McElroy, Chief Financial Officer. On behalf of the Board, Mr. Hudson thanked Mrs. Kehrt for all she has done for JEA and that he hopes she will continue to be a friend to JEA.

Mrs. Austin provided that she has seen the respect and trust that Mrs. Kehrt receives and appreciates her professional interaction with the Board and the Bond Rating Agency.

4. Update on Water Supply Initiatives – Athena Mann, Vice President Environmental Services, provided a presentation on JEA’s Consumptive Use Permit (CUP) and water supply regulatory initiatives, which was received for information. On May 10, 2011, the St. Johns River Water Management District (SJRWMD) Governing Board approved issuance of JEA’s Consumptive Use Permit (CUP). This permit allows JEA to withdraw water from the Floridian aquifer to supply water to its customers for the next 20 years while ensuring protection of the natural resource. JEA anticipates meeting 33% of its future 2031 water demand, or 20.48 million gallons a day through additional conservation and reuse. Mrs. Mann stated that JEA works with Brand Management to provide conservation education to our customers. Mr. Dickenson said JEA is conducting a study with our Black Belts to identify potential incentives for our customers to use less water. Mrs. Mann stated that JEA is encouraging customers to install shallow wells, expanding the Lawn Smart program for irrigation, and will provide information on jea.com on how customers can manage their water usage. Mr. Hudson requested an update to the Board to provide data showing exactly where the per capita consumption is trending on an annual basis.

*Mrs. Austin departed the Board Meeting at 10:50 AM.*

5. JEA’s Enterprise Asset Management Program – James Chansler, Chief Operating Officer and Scott Kelly, Vice President Water and Wastewater Systems, provided a presentation on the implementation of Enterprise Asset Management (EAM) at JEA, which was received for information. Mr. Chansler stated Enterprise Asset Management promotes efficiency and innovation in the operation of our systems, and provides direction for investing the right amount of money, at the right place, and at the right time. Mr. Scott Kelly provided background information and an update on the Water and Wastewater Enterprise Asset Management implementation. JEA services four counties, which includes 900 square miles of service territory. JEA’s large asset inventory consists of 4,001 locations and 51,082 assets. Mr. Kelly concluded that a well run electric, water, and wastewater utility infrastructure is essential for the public health, safety, and economic well being of our customers. JEA operational performance trends continue in a positive direction, which validates budget decisions.

**C. Other New Business – None**

**D. Old Business - None**

#### **Agenda Item IV – Reports**

- A. **Finance and Audit Committee Report** – Committee Chair Ron Townsend reviewed the most recent F&A Committee Agenda, bringing items to the Board for action and information. The F&A Committee recommended a future rate hearing to remove the \$2.00 branch fee payment, presented by James Chansler, Chief Operating Officer, and was received for information. The F&A Committee agreed to recommend to the Board to hold the rate hearing before the end of calendar year 2012. The committee agreed to extend the allotted time to two hours.

1. Approval of the minutes from the May 7, 2012 meeting – Upon **motion** by Mr. Hightower and second by Ms. Strange Weatherby, the minutes were unanimously approved.
2. Audit Reports
  - a. Schedule of Expenditures of Federal Awards was received for information.
3. Annual Audit Plans
  - a. Approval of FY2013 Annual Internal Audit Plan – Upon **motion** by Mr. Hightower and second by Ms. Strange Weatherby, the Board approved the Fiscal Year 2013 Annual Internal Audit Plan.
  - b. FY2012 E&Y Financial Statements Audit Plan was received for information.
4. Treasury
  - a. Electric System and Water and Sewer System Reserve Funds Quarter Report was received for information.
  - b. Reserve/Liquidity Comments and Recent Rating Agency Reports was received for information.
  - c. Increase in Line of Credit for Operational/Capital Purposes – This item was deferred until additional information could be provided by the Finance and Audit Committee.
5. Audit/ERM Quarterly Update & Approvals
  - a. Annual Approval of Audit Services' Charter – Upon **motion** by Mr. Hightower and second by Ms. Strange Weatherby, the Board approved the Audit Services' Charter as is for 2012.
  - b. Adoption of Changes to the Finance and Audit Committee Policy – Upon **motion** by Mr. Hightower and second by Ms. Strange Weatherby, the Board approved the Revised JEA Finance and Audit Committee Operating Policy.
  - c. Adoption of Finance and Audit Committee Self-Assessment Process – Upon **motion** by Mr. Hightower and second by Ms. Strange Weatherby, the Board approved and adopted the Self-Assessment Questionnaire, as amended with space for comments.
  - d. Quarterly Update was received for information.
6. Reviews and Approvals
  - a. Future Rate Hearing – Remove the \$2.00 Branch Payment Fee was received for information. The Board agreed with the Finance & Audit Committee to hold the rate hearing before the end of the year to eliminate the fee.
7. Calendar
  - a. Rating Agency Presentation Dates was received for information
  - b. Next Meeting – December 12, 2012, 8:00 AM was received for information
8. Committee Discussion Sessions
  - a. The Committee met with Ms. Doris Champ, Director, Audit Services.
  - b. The Committee met with Mr. Mike Pattillo and Ms. Paula Yeomans, Ernst & Young.

- c. Council Auditor's Office – Representatives were not present.

**B. Managing Director's Report**

1. Mr. Dickenson acknowledged that supplying products to our customers is the most important thing we do. We continue to fight for our customers' interests on water supply initiatives and we are actively involved in pushing for what our customers need.
2. Mr. Dickenson recognized the importance of Enterprise Asset Management as we move into a new era with a new CEO. It is important for JEA and our customers to know where we have brought the company.
3. Mr. Dickenson recognized Mrs. Helen Kehrt for her years of service and for the fine work of the Treasury department. Mr. Dickenson stated because of the work of the Treasury department, we were able to eliminate the fourth year increase in water and sewer rates.
4. Mr. Dickenson recognized Board Member Ms. Lisa Strange Weatherby for being selected as one of the Top 20 Women of Influence by the Jacksonville Business Journal. Ms. Strange Weatherby will be honored at a breakfast on September 6, 2012, at the University of North Florida University Center.
5. Mr. Dickenson acknowledged Mr. Paul McElroy, Chief Financial Officer for being selected by the Jacksonville Business Journal as an Ultimate CFO. Mr. Dickenson thanked Mr. McElroy for his work on our financial business.

- C. Chair's Report** – Mr. Hudson echoed the recognition of Mr. Dickenson and thanked the Finance Department for their proactive approach to our finances. Mr. Hudson stated, "those activities create a value for our rate payers." Mr. Hudson recognized Cindy Laquidara and John Germany, Office of General Counsel for the great work they do for JEA.

**Agenda Item V – Closing Considerations**

**A. Announcements** – None

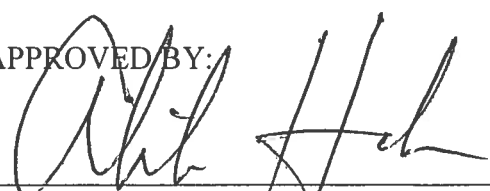
**B. Adjournment**

*With no further business claiming the attention of the Board, the meeting was adjourned at 11:42 AM.*

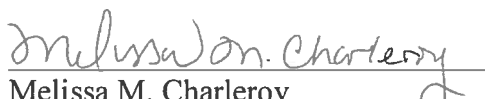
APPROVED BY:

SECRETARY

DATE:

  
10/17/2012

Board Meeting recorded by:

  
Melissa M. Charleroy  
Executive Assistant