

JEA BOARD AGENDA

DATE: March 18, 2014

TIME: 2:00 PM

PLACE: JEA
21 West Church Street
8th Floor, Board Room

I. WELCOME

- A. Call to Order
- B. Time of Reflection
- C. Pledge to Flag
- D. Adoption of the Agenda – action
- E. Safety Briefing – Joe Orfano, Treasurer

Meeting participants are asked to turn their cell phones completely off

II. PRESENTATIONS AND COMMENTS

- A. Nuclear Update-Plant Vogtle 3 & 4 – Steve McInall, Director Electric Production Resource Planning
- B. Comments from the Public
- C. Council Liaison's Comments – Bill Bishop

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.
 - 1. Approval of Board Meeting Minutes February 18, 2014 – action
 - 2. Monthly JEA Operations Report – information
 - 3. Monthly JEA Financial Review – information
 - 4. Monthly FY14 Communications & Community Engagement February/March Update Plan Update – information
 - 5. Monthly Community Engagement Calendar-March thru May 2014 – information

6. JEA FY2013 Annual Disclosure Reports-Drafts – information
7. Electric System-Ten Year Site Plan – information
8. APPA Publication: Payments and Contributions by Public Power Distribution Systems to State and Local Governments – information

B. Strategic Discussions/Action

1. Bi-Monthly Operations Presentation – Mike Brost, Vice President/General Manager Electric Systems, Deryle Calhoun, Director Water/Wastewater and Reuse Treatment, and Monica Whiting, Chief Customer Officer – 30 minutes – presentation/information

C. Other New Business

D. Old Business – none

IV. REPORTS

A. Finance and Audit Committee Report – Peter Bower, Committee Chair

1. Approval of Minutes from the March 10, 2014 meeting – action
2. JEA Board of Directors Annual Self-Assessment Survey – action
3. Audit Services – information
 - a. Quarterly ERM Update
 - b. Audit Update
4. Ethics Officer Quarterly Report – information
5. Resolution Determining the Sufficiency of Revenues - SJRPP – action
6. Recap of Recent JEA Electric System Bulk Power Supply System Fixed Rate Debt Refunding Delegated Transactions – information
7. Electric System and Water and Sewer System Reserve Fund Quarterly Report – information
8. Review of Work Plan in Response to Police and Fire Pension Fund Proposal – information
9. FY2015 Budget Assumptions – action
10. Financial Projections – information
11. JEA Energy Market Risk Management Policy – action

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.

12. Discuss SGS Property RFP & Evaluation Factors – information

13. Office of General Counsel Report – information

14. Announcements

a. Next Meeting, May 12, 2014, 8:00 AM

15. Committee Discussion Sessions

a. Director, Audit Services – information

b. Ernst & Young – information

c. Council Auditor's Office – information

B. Managing Director/CEO's Report

C. Chair's Report

V. CLOSING CONSIDERATIONS

A. Announcements

B. Adjournment

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

II-A
3-18-2014

March 7, 2014

SUBJECT: NUCLEAR UPDATE - PLANT VOGTLE 3 & 4

Purpose: ☒ Information Only ☐ Action Required ☐ Advice/Direction

Issue: In 2008, in response to concerns about climate change, the JEA Board passed a resolution calling for ten percent of JEA's energy to be provided by nuclear power by 2018. Nuclear power is the largest source of carbon-free energy in the United States. JEA has a 20 year Purchase Power Agreement (PPA) in place with the Municipal Electric Authority of Georgia to receive approximately 200 MW of capacity and energy from Plant Vogtle Units 3 and 4. This is expected to represent approximately 13 percent of our energy needs in 2018. Having a significant portion of our energy from carbon-free sources is an important step towards reducing our overall carbon footprint.

Significance: High. This is JEA's initial investment in nuclear power, which offers a zero-carbon emitting baseload energy source. Construction is proceeding well, with significant progress being made on a regular basis. The units are slated for completion for 4th Quarter 2017 and 2018. This update provides details on the construction progress, as well as the benefits of our nuclear involvement.

Effect: This update is provided for Board information only.

Cost or Benefit: Access to carbon-free emissions is an important part of JEA's preparation for proposed regulatory changes. Nuclear power is the only carbon-free, reliable base-load generation source for this area.

Recommended Board action: No action required.

For additional information, contact: Steve McInall, 665-4309

Submitted by: PEM/ MJB/ SGM



Commitments to Action

1. Earn Customer Loyalty
2. Deliver Business Excellence
3. Develop an Unbeatable Team



Building Community

AGENDA ITEM SUMMARY

III-A-4
3-18-2014

March 11, 2014

SUBJECT: JEA FY2013 ANNUAL DISCLOSURE REPORTS - DRAFTS

Purpose: ☒ Information Only ☐ Action Required ☐ Advice/Direction

Issue: At the March 18, 2014 Board meeting, JEA staff will provide the Board drafts of the Annual Disclosure Reports for the fiscal year ended September 30, 2013 for the (i) Electric Utility System and (ii) Water and Sewer System and District Energy System for comment prior to requesting authorization and approval of the reports at the April Board meeting. Such filing and use of the Annual Disclosure Reports is required in order to comply with JEA's continuing disclosure undertakings for its bonds and various credit agreements.

Significance: High. JEA, acting through its governing Board, is primarily responsible for the content of the Annual Disclosure Reports and is subject to the provisions of the federal securities laws prohibiting false and misleading information in its disclosure documents.

Effect: To fulfill the Board's responsibility under federal securities laws prohibiting false and misleading information in JEA's disclosure documents.

Cost or Benefit: To continue compliance with JEA's continuing disclosure agreements.

Recommended Board action: Information only. Board approval will be requested at the April 15, 2014 meeting.

For additional information, contact: Melissa Dykes, 665-7054

Submitted by: PEM/ MHD/ RLH

mhd

PEM



Commitments to Action

- 1 Earn Customer Loyalty
- 2 Deliver Business Excellence
- 3 Develop an Unbeatable Team



Building Community
AGENDA ITEM SUMMARY

III-A-7
3-18-2014

March 3, 2014

SUBJECT:	ELECTRIC SYSTEM - TEN YEAR SITE PLAN
Purpose:	<input checked="" type="checkbox"/> Information Only <input type="checkbox"/> Action Required <input type="checkbox"/> Advice/Direction
Issue: The Florida Public Service Commission (PSC) requires all Florida electric utilities to file an annual Ten Year Site Plan addressing their respective long term electric system generation plans.	
Significance: The PSC uses this information to ensure that the state has sufficient generation to meet native load, that utilities are prudently planning their systems, and that the state maintains an adequate reserve margin of generation to ensure the reliable supply of electricity.	
Effect: Continued, long term supply of reliable and affordable electricity to our customers is a primary goal of this planning effort. Electric System debt is required to fund capital expenditures for new generation projects recommended in the Ten Year Site Plan.	
Cost or Benefit: Included in the Capital Investment Plan.	
Recommended Board action: No action is required by the Board; this item is submitted for information.	
For additional information, contact: Steve McInall, 665-4309.	

Submitted by: PEM/ MJB/SGM

Handwritten signature and initials



Commitments to Action

- 1 Earn Customer Loyalty**
- 2 Deliver Business Excellence**
- 3 Develop an Unbeatable Team**



Building Community

AGENDA ITEM SUMMARY

III-A-8
3-18-2014

March 10, 2014

SUBJECT:

APPA PUBLICATION: PAYMENTS AND CONTRIBUTIONS BY PUBLIC POWER DISTRIBUTION SYSTEMS TO STATE AND LOCAL GOVERNMENTS

Purpose:

☒ Information Only

☐ Action Required

☐ Advice/Direction

Issue: American Public Power Association (APPA) publication released on March 10, 2014, analyzing city contributions by public power distribution systems.

Significance: Data shows that JEA is top decile nationally in government transfers.

Effect: JEA transfers constitute nearly one fourth of the City of Jacksonville's General Fund.

Cost or Benefit: JEA budgeted government transfers are \$291 million for FY2015.

Recommended Board action: Information only

For additional information, contact: Melissa Dykes, CFO, 665-7054.

Submitted by: PEM/ MHD/ jer

[Signature]

[Signature]



Commitments to Action

- 1 Earn Customer Loyalty
- 2 Deliver Business Excellence
- 3 Develop an Unbeatable Team

II-A
3-10-14
(F&AC)

JEA
Building Community
AGENDA ITEM SUMMARY

IV-A-2
3-18-2014

March 3, 2014

SUBJECT: JEA BOARD OF DIRECTORS ANNUAL SELF-ASSESSMENT SURVEY

Purpose: ☐ Information Only ☒ Action Required ☐ Advice/Direction

Issue: At the December 11, 2013 meeting, the Finance & Audit Committee (F&AC) Chair requested that JEA staff research self-assessments for the full Board and bring the results to the next meeting. The F&AC already conducts its own self-assessment on an annual basis.

Significance: Self-assessments are considered a best practice for Audit Committees and also for full Boards. Over 90% of the full Boards for publicly traded companies perform self-assessments.

Effect: To further enhance the effectiveness of the Board Members by raising awareness and consistency of Board best practices.

Cost or Benefit: No cost. See above for benefit.

Recommended Board action: JEA staff recommends the Board approve adoption of an annual self-assessment process using the attached form. Blank self-assessment forms will be distributed annually at the December meeting. Completed forms will be submitted to the Director, Audit Services by the end of January for compiling and summarization. Results will be reported at the February Pre-Board Meeting.

For additional information, contact: Doris Champ CIA, CISA, Director, Audit Services

Submitted by: PEM/ TEH/ DAC

PEM *TEH*



Energizing our
community through
high value energy
and water solutions



- Safety
- Service
- Growth
- Accountability
- Integrity

Commitments to Action

- 1 Earn Customer Loyalty
- 2 Deliver Business Excellence
- 3 Develop an Unbeatable Team

II-D
3-10-14
(Frac)



Building Community

AGENDA ITEM SUMMARY

IV-A-5
3-18-2014

February 20, 2014

SUBJECT: RESOLUTION DETERMINING THE SUFFICIENCY OF REVENUES - SJRPP

Purpose: ☐ Information Only ☒ Action Required ☐ Advice/Direction

Issue: An annual requirement under the St. Johns River Power Park Bond Resolution (the "Bond Resolution") for the JEA to determine that for the upcoming fiscal year the Electric System's revenues will be sufficient to make all required payments under the Bond Resolution.

Significance: High. The completion of this requirement is needed to be in compliance with the Bond Resolution.

Effect: The ability of the Electric System to make all required payments under the Bond Resolution.

Cost or Benefit: Failure to make the determination could result in revenues that are insufficient to meet all the requirements under the Bond Resolution, potentially affecting both JEA's credit ratings and reputation in the bond market.

Recommended Board action: Approve the attached Resolution No. 2014-1, determining that the estimated revenues for the Fiscal Year ending September 30, 2015 will be sufficient for their intended purposes.

For additional information, contact: Joe Orfano, Treasurer, 665-4541

Submitted by: PEM/MHD/JEO/LMB

mhd

BM



Energizing our
community through
high value energy
and water solutions



• Safety
• Quality
• Accountability
• Community

Commitments to Action

- 1 Earn Customer Loyalty
- 2 Deliver Business Excellence
- 3 Develop an Unbeatable Team

II-E
3-10-14
(FAC)



Building Community

AGENDA ITEM SUMMARY

IV-A-4
3-18-2014

February 26, 2014

SUBJECT:	RECAP OF RECENT JEA ELECTRIC SYSTEM AND BULK POWER SUPPLY SYSTEM FIXED RATE DEBT REFUNDING DELEGATED TRANSACTIONS
-----------------	--

Purpose: ☒ Information Only ☐ Action Required ☐ Advice/Direction

Issue: On December 17, 2013 the Board adopted Resolutions No. 2013-22 and 2013-23 related to the Electric System and Resolution No. 2013-27 relating to the Bulk Power Supply System.

Significance: The following resolutions provided the Managing Director/CEO the authorization to price and execute fixed rate refunding transactions within the stated parameters.

Effect: Pursuant to Resolutions No. 2013-22 and 2013-23, JEA staff priced approximately \$287.9 million fixed rate bonds on January 15, 2014. The Managing Director/CEO executed the bond purchase agreement for the Electric System Series Three 2014A and subordinated 2014 Series A bonds on January 16, 2014. Pursuant to Resolution No. 2013-27, JEA staff anticipates pricing approximately \$72.3 million fixed rate bonds on March 5, 2014. The Managing Director/CEO is expected to execute the bond purchase agreement for the Bulk Power Supply System Series 2014A bonds on March 6, 2014.

Cost or Benefit: The Electric System refunding produces over \$33.9 million of present value savings, generates approximately \$1.9 million of annual cash flow savings, and converted approximately \$65.0 million of variable debt to fixed rate bonds. The Bulk Power Supply system refunding is expected to produce \$14.5 million in present value savings generating approximately \$900,000 of annual cash flow savings.

Recommended Board action: No action is required by the Board.

For additional information, contact: Joe Orfano, Treasurer, 665-4541

Submitted by: PEM/ MHD / JEO / OCD

MHD *JEO*



Energizing our
community through
high value energy
and water solutions



Integrity
Service
Accountability
Community

Commitments to Action

- 1 Earn Customer Loyalty
- 2 Deliver Business Excellence
- 3 Develop an Unbeatable Team

II-F
3-10-14
(F&AC)

JEA
Building Community
AGENDA ITEM SUMMARY

IV-A-7
3-18-2014

February 25, 2014

SUBJECT: ELECTRIC SYSTEM AND WATER AND SEWER SYSTEM RESERVE FUND
QUARTERLY REPORT

Purpose: ☒ Information Only ☐ Action Required ☐ Advice/Direction

Issue: Electric System and Water and Sewer System Reserve Fund Quarterly Report as of December 31, 2013

Significance: Low

Effect: JEA Board

Cost or Benefit: None

Recommended Board action: None

For additional information, contact: Melissa Dykes

Submitted by: PEM/ MHD/JEA/BHG

MHD



Energizing our
community through
high value energy
and water solutions



Integrity
Service
Accountability
Sustainability

Commitments to Action

- 1** Earn Customer Loyalty
- 2** Deliver Business Excellence
- 3** Develop an Unbeatable Team

II-G
3-10-14
(F+AL)

JEA
Building Community
AGENDA ITEM SUMMARY

IV-A-8
3-18-2014

February 28, 2014

SUBJECT:

REVIEW OF WORK PLAN IN RESPONSE TO POLICE AND FIRE PENSION FUND PROPOSAL

Purpose:

☐ Information Only

☐ Action Required

☒ Advice/Direction

Issue: On February 17, 2014, JEA received a proposal from the office of the Mayor of the City of Jacksonville outlining a plan for JEA to contribute \$40 million per year to the City to fund its Police and Fire Pension Fund. It also discussed possible savings to JEA from assuming its share of the General Employees Pension Plan.

Significance: Impact of \$560 million additional contribution to the City of Jacksonville requires careful study. The financial, legal, and implementation issues surrounding assumption of JEA's share of the General Employees Pension Plan are complex. This work plan outlines steps required to analyze the potential financial and operational impact to JEA of that proposal.

Effect: Analysis of financial impact of separation from the General Employees Pension Plan is required to determine whether financial benefit would offset the additional potential liability to JEA of increasing contribution to fund a portion of Police and Fire Pension Fund contributions.

Cost or Benefit: Possible cost to JEA customers of \$560 million over 14 years. Based on information provided in the Mayor's proposal this is offset by \$74 million in savings over the same time period achieved through reforming JEA's share of the General Employees Pension Plan. Both issues require intensive further study.

Recommended Board action: Finance and Audit Committee to provide feedback on and approval of work plan presented.

For additional information, contact: Melissa Dykes (665-7054) or Angie Hiers (665-4747)

Submitted by: PEM/ MHD & ARH

gm

noted



Energizing our
community through
high value energy
and water solutions



Integrity
Excellence
Customer Focus
Teamwork

Commitments to Action

- 1** Earn Customer Loyalty
- 2** Deliver Business Excellence
- 3** Develop an Unbeatable Team

II-H
3-10-14
(F+AC)

JEA
Building Community
AGENDA ITEM SUMMARY

TV-A-9
3-18-2014

February 26, 2014

SUBJECT: FY2015 BUDGET ASSUMPTIONS

Purpose:

☐ Information Only

☐ Action Required

☒ Advice/Direction

Issue: Present the key strategic issues, risks, major challenges and assumptions for the FY2015 Budget, to the Finance and Audit Committee for feedback and direction.

Significance: High. Key strategic issues and risks, major challenges, and assumptions significantly impact the FY2015 Budget.

Effect: The budget process is integral to JEA's strategic planning, financial performance and resulting metrics.

Cost or Benefit: The Committee provide feedback and direction regarding the key strategic issues, risks, major challenges, and assumptions for the FY2015 Budget covering: Revenue; Fuel Revenue and expense; O&M expense levels; interest rates and the resulting financial metrics; Capital Expenditures and related financing plan.

Recommended Board action: JEA staff requests the Finance and Audit Committee and the Board of Directors to receive the presentation for consideration and provide staff feedback and direction regarding the FY2015 Budget.

For additional information, contact: Melissa Dykes, 665-7054

Submitted by: PEM/ MHD/ DRJ

mbd

pm



Energizing our community through high value energy and water solutions



- Safety
- Service
- Growth
- Accountability
- Integrity

Commitments to Action

1 Earn Customer Loyalty

2 Deliver Business Excellence

3 Develop an Unbeatable Team

II-I
3-10-14
(F+AC)



Building Community

AGENDA ITEM SUMMARY

IV-A-10
3-18-2014

February 28, 2014

SUBJECT: FINANCIAL PROJECTIONS

Purpose: ☒ Information Only ☐ Action Required ☐ Advice/Direction

Issue: During the October JEA Board of Directors meeting, Staff was tasked with presenting the financial projection details at a future Finance and Audit Committee meeting. The financial projections include required revenue to support the forecast of unit sales, projected fuel and purchased power costs, projected operating and maintenance costs, contribution to the City General Fund, renewal and replacement deposit, desired level of operating capital outlay, projected debt service cost, debt service coverage, liquidity, and debt to asset levels.

Significance: High. The projections address the status of the cost-based revenue requirements. Reviewing these requirements ensures fiduciary responsibility and encourages strategic planning.

Effect: The Finance and Audit Committee will be informed of the key drivers behind the JEA financial projections.

Cost or Benefit: Transparency of JEA's financial projections

Recommended Board action: This item is for information only; no action is required.

For additional information, contact: Melissa Dykes

Submitted by: PEM/ MHD/ RET

[Signature]

[Signature]



Commitments to Action

- 1 Earn Customer Loyalty
- 2 Deliver Business Excellence
- 3 Develop an Unbeatable Team

II-J
3-10-14
(F&AC)

JEA
Building Community
AGENDA ITEM SUMMARY

IV-A-11
3-18-2014

February 28, 2014

SUBJECT: JEA ENERGY MARKET RISK MANAGEMENT POLICY

Purpose: ☐ Information Only ☒ Action Required ☐ Advice/Direction

Issue: JEA staff has developed an Energy Market Risk Management Policy to codify its risk, governance, limits, and criteria in managing energy market exposure and to comply with requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Significance: High. The Policy governs JEA's wholesale energy market risk management and allows JEA to execute certain physical and financial transactions.

Effect: The Policy institutes limits and establishes authority for entering into energy related transactions. The proposed policy was initially submitted to the Finance and Audit Committee and the JEA Board at their December 2013 meetings for review and comment.

Cost or Benefit: No cost. This Policy is required to execute certain financial and physical transactions, and provides framework to manage risk associated with the wholesale energy markets.

Recommended Board action: JEA staff recommends that the Finance and Audit Committee and the JEA Board approve JEA's Energy Market Risk Management Policy.

For additional information, contact: Jim Myers, 665-6224.

Submitted by: PEM/ MTB/ MHD/ RER

Wood *PM*



Energizing our
community through
high value energy
and water solutions



Building Community

Commitments to Action

- 1** Earn Customer Loyalty
- 2** Deliver Business Excellence
- 3** Develop an Unbeatable Team

II-K
3-10-14
(F+AC)



Building Community

AGENDA ITEM SUMMARY

IV-A-12
3-18-2014

March 3, 2014

SUBJECT: DISCUSS SGS PROPERTY RFP & EVALUATION FACTORS

Purpose: ☐ Information Only ☐ Action Required ☒ Advice/Direction

Issue: Request for Proposals and Evaluation Factors for the Purchase/Development of JEA's Southside Generating Station property. The evaluation methodology will attempt to provide a net present value and evaluate the qualitative factors of each proposal and project. Staff will evaluate the proposals with the results to be presented to the Board for final selection.

Significance: Seeking proposals for purchase and development of the SGS property given recent interest from developers, investors and real estate professionals as outlined at the January 21, 2014 JEA Board meeting.

Effect: Competitive offering of the property has the potential to impact the community (economic growth and development, job and capital investment creation, southbank redevelopment) and JEA financial considerations (financial statement carry of demolition and clean up costs)

Cost or Benefit: A successful project may bring value to the community and JEA through the growth and development of the southbank property. Balance between historical costs invested in the site decommissioning and proposed benefits of new development on the site.

Recommended Board action: Staff requests the Board of Directors provide input and direction on the proposal content and weighting of the evaluation factors.

For additional information, contact: Nancy Kilgo, 904-665-6439

Submitted by: PEM/ PGP/ NAK

OK



Energizing our community through high value energy and water solutions



- Safety
- Service
- Growth
- Accountability
- Integrity

Commitments to Action

- 1 Earn Customer Loyalty
- 2 Deliver Business Excellence
- 3 Develop an Unbeatable Team