

ADOPTION OF THE AGENDA**ROLL CALL****AGENDA STATEMENT**

"Citizens are encouraged to participate in City of Gainesville meetings. In general, speakers will be limited to 3 (three) minutes per agenda item. Additional time may be granted by the Mayor or by the City Commission as directed. The City of Gainesville encourages civility in public discourse and requests that speakers limit their comments to specific motions and direct their comments to the Chair. Signs or Props are not permitted in the meeting room. Citizens are encouraged to provide comments in writing to the Clerk of the Commission before meetings and/or during meetings for inclusion into the public record. Citizens may also provide input to individual commissioners via office visits, phone calls, letters and e-Mail, that will become public record. In some instances, i.e., Quasi-Judicial Hearings, these particular contacts may be prohibited.

140384.**Gainesville Regional Utilities Governance (B)**

Explanation: At their September 4, 2014 meeting, the City Commission voted to refer the issue of GRU governance to the General Policy committee for further discussion, with focus on certification and training of board members and communication between the board and staff, and between the board and the community.

Fiscal Note: None.

140384 FMEA Governance Presentation 2014.10.21140384 Governance Chart 2014.10.21140384 GRU Governance and APPA Workshop 2014.10.21140384 GRU Governance Memorandum 2014.10.21**ADJOURNMENT**

ADOPTION OF THE AGENDA

The meeting was called to order at 5:05PM.

Tom Bussing and Donald Shepherd spoke under adoption of the agenda.

A motion was made by Commissioner Hinson-Rawls, seconded by Commissioner Wells, that this Matter be Adopted. The motion carried by the following vote:

Aye: 7 - Mayor Braddy, Commissioner Poe, Commissioner Warren, Commissioner Hinson-Rawls, Commissioner Chase, Commissioner Carter, and Commissioner Wells

ROLL CALL**AGENDA STATEMENT**

140384.

Gainesville Regional Utilities Governance (B)

Motion: Comm LP moved and Comm RW seconded to place an item on a regular City Commission meeting to refer the issue of a Citizen Rate Advisory Committee to a standing committee. Motion carried 7-0.

Jim Konish and Donald Shepherd spoke to the matter.

Approved, as shown above

ADJOURNMENT-8:00PM

Kurt Lannon, Clerk of the Commission

140384

General Policy Committee

10/21/14

Electric Utility Governance Options

**Barry Moline, Executive Director
Florida Municipal Electric Association**

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www.publicpower.com

Governance Options

1. City Council
2. Commission/Customer Committee Hybrid
3. Dependent Utility Authority
4. Independent Utility Authority
5. Customer Advisory Committee
6. Public Service Commission

City Commission

(27 cities)

- ♦ Elected by city voters
- ♦ No direct representation of outside customers
- ♦ Rarely distinguish between city or county
 - Never heard a single complaint about different service
- ♦ But... direct voter representation missing
- ♦ Attention be pulled in many directions
 - Utilities, planning & zoning, etc.

Commission/Customer Committee Hybrid A (Lakeland)

- ♦ **City Commission elected by city voters**
 - Mayor, 6 Commissioners
- ♦ **City Commission appoints remainder of customer Utility Committee**
 - Customers apply (6 chosen)
 - 1 City residential; 1 County residential
 - 1 employee of an industrial customer
 - 1 employee of a commercial customer
 - 2 residential City or County customers
- ♦ **13 total on committee**

Commission/Customer Committee Hybrid A (Lakeland)

- ♦ **24 meetings per year (considering 12)**
 - Separate from City Commission meetings
 - Consider & vote on all utility issues, including rates & budget
- ♦ **City Commission then takes up same issues and votes in their meeting**
 - Rarely overturns a vote of Hybrid Committee, but has done so twice
- ♦ **Reasonable transition**
 - Done by City ordinance

Commission/Customer Committee Hybrid B (Idea)

- ♦ **City Commission elected by city voters**
 - Mayor, 6 Commissioners
- ♦ **City Commission appoints remainder of customer Utility Committee**
 - Customers apply (6 chosen)
 - Commission chooses make-up... residential, commercial, industrial, experts
- ♦ **13 total on committee**
 - But could be different number of seats

Commission/Customer Committee Hybrid B (Idea)

- ♦ **12 meetings per year (flexible)**
 - Separate from City Commission meetings
 - Consider & vote on all utility issues, including budget
- ♦ **Reasonable transition**
 - Done by City ordinance

Dependent Utility Authority

(Ft. Pierce, Jacksonville, Orlando, Kissimmee, New Smyrna Beach)

- ♦ **Appointed by mayor or city commission**
- ♦ **Some have county representation; most have flexibility to seek best candidate**
 - County reps on all current UAs
 - Mayor sits ex-officio
- ♦ **12 meetings per year**
 - Generally business background
 - Fixed transfer to general fund
 - Fiduciarly responsible, hear, vote on all issues, including budget
 - City sometimes requires budget approval



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Dependent Utility Authority

(Ft. Pierce, Jacksonville, Orlando, Kissimmee, New Smyrna Beach)

- ♦ **Tend to be more professionally governed**
 - Governing board members attend industry conferences, read industry publications, have greater focus with limited agenda
- ♦ **Lake Worth dropped their UA because of claims it was too independent (returned governance to Commission)**
- ♦ **Requires local ordinance or state local bill**
 - Creates new business entity separate from city

Independent Utility Authority

(Key West)

- ♦ **Elected by city customers**
- ♦ **No county representation**
 - Has citizens advisory committee with city & county representatives
- ♦ **24 meetings per year**
 - Wide variety of backgrounds
- ♦ **Highly engaged, well known in community**
 - Governing board members attend industry conferences, have greater focus with limited agenda
- ♦ **Requires local ordinance or state local bill**
 - Creates new business entity separate from city



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Customer Advisory Committee

(Many)

- ♦ **Appointed by city manager**
 - Sometimes input from governing board
- ♦ **County representation**
 - Broad community-wide background
- ♦ **12 meetings per year**
 - Discuss most utility issues
 - Not fiduciarily responsible
 - Recommendations only
- ♦ **Mildly engaged, not well known in community**
 - Rarely attend industry conferences

Public Service Commission

(Investor-owned utilities)

- ♦ **Appointed by governor**
 - No local input
- ♦ **Representation argument:**
 - Governor elected by voters, and Governor appoints PSC
 - Therefore, PSC represents “all people”
 - However... (2.6 million votes of 5 million voters
 - 14 million eligible adults – just 5 million people voted)
- ♦ **Many meetings, regulate many utilities**
 - Meet in Tallahassee
 - Judicial format
 - Balance utility profits against consumer concerns
- ♦ **Commissioners less known; rules restricting communications**
- ♦ **No perfect model**

Local Boards vs IOU Boards

(Investor-Owned vs. Public Power Utilities)

- ♦ **IOU boards – privately appointed by investors**
 - Consumers, PSC, elected officials have no input
 - Minimal local input, no local decision-making
 - Generally act only through regulation or best interest of shareholders
- ♦ **Public power utilities**
 - 100% local, only accountable to local community and not distant shareholders
 - City/County representation issue exists for some
 - Many public meetings, public input
 - Highly reflective of local interests

What is the goal?

- ♦ **County customer representation?**
 - Other munis have this issue, some have addressed
- ♦ **Decisions reflecting all customers?**
- ♦ **Decisions made by owners?**
- ♦ **Continue local control of rates, policy decisions, budget, transfer?**
- ♦ **Understand your goal first**

Elephant in the Room

- ♦ **Unfavorable Legislative proposal, battle**
 - Local election on governance
 - Contentious, divisive & expensive
- ♦ **Compromise?**
 - Who ever wants to compromise?
- ♦ **Is there a reasonable option?**
 - You can control the outcome
- ♦ **Difficult choice**
 - Action = Leadership**



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Governance Models

Working Draft 2/4/14

CITY	GOVERNANCE	HOW WAS THE GOVERNING BODY CREATED?	HOW DOES REVENUE FLOW FROM UTILITY TO CITY?	IS THERE AN ADVISORY COMMITTEE SIMILAR TO RUC?	WHAT IS THE COMPOSITION OF THE BOARD?	IS SERVICE PROVIDED OUTSIDE THE CITY LIMITS?	DOES THE CITY OR UTILITY PAY THE EMPLOYEES?	WHAT IS THE TOTAL NUMBER OF RESIDENTIAL (R) & COMMERCIAL (C) ACCOUNTS?	PERCENTAGE OF POWER PURCHASED
FORT PIERCE	FORT PIERCE UTILITIES AUTHORITY (Charter states: The Authority shall operate as a separate unit of the city government...and shall be free from the jurisdiction, direction, and control of other city officers and of the city commission.)	By Special Act	Utility pays 6% of gross revenues derived from the utility operations from the preceding year.	No	5 members comprised of the Mayor and 4 citizens appointed by the City Commission.	Yes Electric 5.4% Water 5.3% W/W 9.9%	All Utility staff (including Utilities Attorney) are employees of, and paid by the Authority	Electric 19,287 (R) 4,171 (C) Water 12,435 (R) 2,915 (C) WW 11,040 (R) 2,320 (C)	Purchases 100% of its power from FMPA.
JACKSONVILLE	JACKSONVILLE ENERGY AUTHORITY (JEA)	By Special Act	City Council has the power to appropriate up to 30% of estimated gross revenues from JEA for uses and purposes of the City.	No	7 members appointed by Mayor, confirmed by the City Council. Each member must be a resident and elector of the City for at least 6 months.	Yes	<ul style="list-style-type: none"> Uses the City's central services on a cost account basis Legal services provided by City Attorney City pays utilities employees 	Electric 371,242 (R) 47,164 (C) Water 249,895 (R) 23,336 (C) WW 217,948 (R) 17,338 (C)	Percentage of Energy Purchased: 2011 12.7% 2012 12.9% 2013 9.4%
LAKELAND	LAKELAND UTILITIES Governing body is the City Commission. City Manager controls and directly supervises the Utility.	Lakeland Electric was established in 1904 when it was purchased from a private owner, documented by Resolution.	With Finance Director approval, City Commission may transfer any part of an appropriation to a purpose or object for which the appropriation of the current year has proved insufficient.	Yes	13 members: • Mayor • 6 City Commissioners • 4 citizen members appointed by Mayor (1 city resident from residential rate class; 1 non-resident from outside city in the residential rate class; 1 citizen member whose company/ employer is in the industrial	Yes Electric 52%	The City pays utility employees.	Electric 100,505 (R) 20,832 (C) Water 46,049 (R) 6,358 (C)	

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					rate class; 1 citizen resident whose company/ employer is in the commercial rate class) • 2 citizen members who are customers in the residential rate class residing in Lakeland service area.				
LEESBURG	CITY COMMISSION City Manager operates the utility.	By ordinance		No	The City Commission	Yes	The City pays utility employees.		Purchases 100% of its power.
NEW SMYRNA BEACH	UTILITIES COMMISSION Manages, operates and controls all of the City's utilities.	By Special Act	Utilities Commission pays the City 6% of gross revenues.	No	5 members appointed by City Commission (members shall be qualified electors of the city).	Yes Electric 21% Water 17% W/W 11%	All Utility staff (including Utilities Attorney) are employees of, and paid by the Commission.	Electric 23,347 (R) 2,591 (C) Water 22,881 (R) 1,570 (C) W/W 18,700 (R) 961 (C)	Purchase 17% of power from St. Lucie plant; 14% from Duke; and the remainder is spot market wholesale.
ORLANDO	ORLANDO UTILITIES COMMISSION (OUC) (Special Act states: OUC is hereby given the full power and authority to prescribe rates, rules and regulations governing the sale and use of electricity, power and water in said city and to change the same at its pleasure.)	By Special Act	OUC pays the City a revenue-based payment and an income-based dividend payment. 2012 – Revenue Based – \$29.6M 2012 – Income Based – \$47.2M. On the 15 th day of each month, OUC provides monthly financial statements to Orlando City	No	OUC is comprised of 5 members, all of whom must be qualified electors of Orlando. The Mayor of Orlando shall be ex officio member of OUC. The nominating board for the City of Orlando shall submit 3 persons for consideration to OUC who will then	Yes	All Utility staff (including Utilities Attorney) are employees of, and paid by the Commission.	Electric 190,000 (R) Water 110,000 (R)	

Governance Models

Working Draft 2/4/14

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			Council. On July 1 of each calendar year, OUC provides Orlando City Council a complete detailed report of all financial transactions for the previous year.		nominate 1 of the 3 persons to the City Council or reject all 3 nominees. The City Council shall then elect or reject the OUC's nominees to serve a 4 yr term. Every member shall be both a customer and a qualified elector residing within OUC service area.				
TALLAHASSEE	CITY COMMISSION		Last year changed from 6.99% to a base amount with annual CPI increase.	Yes, serves in advisory capacity to City Manager which is made up of 15 members appointed by the city Manager. Selection is based on the member's qualifications. All 15 members shall be the City's utility customers with same % of committee members who reside in the City and unincorporated	Yes, serves in advisory capacity to City Manager which is made up of 15 members appointed by the city Manager. Selection is based on the member's qualifications. All 15 members shall be the City's utility customers with same % of committee members who reside in the City and unincorporated	Yes Electric 17% Gas 6% Water 8%	The City pays utility employees.	Electric 95,617 (R) 15,305 (C) Water 73,674 (R) 8,254 (C) Gas 27,341 (R) 1,797 (C)	(In kWht) Total Net Generation 2,660,414,338 Total Purchases 98,298,000 Total Off-System Sales 76,583,000 Net Energy Load 2,682,129,338 System Use and Losses 136,752,755 Total Retail Sales 2,545,376,583

Governance Models

Working Draft 2/4/14

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VERO BEACH	CITY COUNCIL (pending sale to FPL)	By ordinance	6% paid to City in FY13	Yes areas.	All members appointed by City Council: ▪ 1 member from Town of Indian River ▪ 5 regular voting members ▪ 2 alternates ▪ 1 member from Town of Indian Shores	Yes	The City pays all employees.	Electric: 28,328 (R) 5,596 (C)	Purchases 98% of power because only 1 plant is currently operating.
GAINESVILLE REGIONAL AIRPORT	GAINESVILLE-ALACHUA COUNTY REGIONAL AIRPORT AUTHORITY	By Special Act	N/A (Note: The City of Gainesville owns the land upon which the airport is located.)	No	9 members: ▪ 3 appointed by Governor ▪ 1 appointed by County Commission ▪ 5 appointed by City Commission	N/A	The Authority pays members and employees.		
ALACHUA COUNTY LIBRARY DISTRICT	ALACHUA COUNTY LIBRARY DISTRICT (Independent Special Taxing District)	By Special Act		Yes. The Board of Trustees is composed of 7 members: ▪ 3 are selected from a group of 5 persons nominated by the County commission ▪ 3 are selected from a group of 5 persons nominated by	5 members: ▪ 3 Alachua County commissioners ▪ 2 Gainesville city commissioners	Yes	The Library District pays its employees.		

Governance Models

Working Draft 2/4/14

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				the City commission • 1 is selected from a group of 3 persons nominated by the organization representing the other municipalities of Alachua County.					

10/21/14

From: Viehe, Kathy E
Sent: Friday, March 14, 2014 11:32 AM
To: citycomm
Cc: Jones, Nona C; Walton, J. Lewis; Blackburn, Russ D.
Subject: GRU Governance and APPA Workshop

Mayor and Commissioners,

Given the upcoming topic of governance at the March 20 City Commission meeting, I wanted to provide you with an update of our research into a speaker from American Public Power Association (APPA) as requested by the Commission. Staff contacted the APPA to provide a resource on public power governance at a future workshop. APPA offers extensive training and facilitation that can span several days at a base cost of \$4,000 per day. Recognizing the challenge of both time and expense, we have developed an outline for your consideration. Our recommendation is a one-day (4-8 hour) session with APPA's Executive Consultant Dr. Jeff Tarbert.

Dr. Tarbert served as senior vice president for the last 12 years. He has bachelors, masters and doctoral degrees in political science and higher education administration from Wittenberg University, Springfield, Ohio and George Washington University, Washington, D.C., where he previously served as an adjunct professor in the Graduate School of Education. Dr. Tarbert is the former mayor of the City of Falls Church, Virginia, and previously served two terms as chairman of the Falls Church School Board. He also served as chair of the board of the Northern Virginia Community College.

Draft Outline

- The evolution and definition of governance
- The fiduciary duties and policy responsibilities of public power governing bodies
- Characteristics of high performance governing boards
- Key indicators and metrics for evaluating the governing board itself
- Steps necessary to assure the board's plan and actions are mission focused, customer driven and address the value of community ownership of the utility
- Areas for consideration and options for the utility's future: operations/reliability, competitiveness, delivering value to customers, and the business and governance models most likely to achieve success
- An examination of the current governance needs and challenges facing the utility industry, the major issues that are likely to impact the utility and its governing body in the next 3-5 years, and the various options for the most effective structure of GRU's governance
- An in-depth discussion of the various authorities that are exercised through public power governance, as well as the types of governance structures (city commission or council, independent board or authority, municipal corporation, a hybrid model or other) that are most likely to result in the successful, long-term operation of GRU

Alternatively, depending on the March 20 discussions, you could skip the outline above and simply have Dr. Tarbert serve as a facilitator to help in your future deliberations on governance.

Once you determine what you would like to do, we will work with Mr. Tarbert to schedule. As always, please let me know if you have any questions.

Best Regards and Happy Friday.

Kathy

Kathy E. Viehe
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MEMORANDUM
Office of the City Attorney

140384

General Policy Committee 10-21-14

Phone: 334-5011/Fax 334-2229

Box 46

TO: Mayor and City Commissioners

DATE: March 31, 2014

FROM: Nicolle Shalley, City Attorney *nms*
Lisa Bennett, Assistant City Attorney *LB*

SUBJECT: GRU Governance

At its March 20, 2014 meeting, the City Commission approved a motion (attached as ATTACHMENT A) directing this Office to draft an ordinance shifting many aspects of governance of the Gainesville Regional Utilities (GRU) to a separate governing board. A copy of this draft ordinance is attached as ATTACHMENT B.

As this Office worked to draft an ordinance based on the City Commission's direction, we realized there are several legal concerns and also some significant policy considerations that should be addressed in any ordinance that is ultimately adopted by the City Commission to change the governance structure of GRU. We also looked at other recent governance proposals that have been prepared by the Chamber of Commerce (attached as ATTACHMENT C) and contained in legislation sponsored by Representative Keith Perry (attached as ATTACHMENT D) and found that some or all of the legal concerns and policy considerations exist in each proposal.

Most notably, any ordinance adopted by the Commission will need to include policies to guide a GRU governing board, will need to create a board that does not violate the Constitutional prohibition against dual office holding, and will need to either avoid governance changes that require City charter amendments or will need to include proposed charter amendments. While these legal and policy issues can be addressed, they will require considerable deliberation and direction from the City Commission.

To illustrate the types of direction the City must provide, a copy of the City of Jacksonville Charter is attached as ATTACHMENT F. Section 21.07 of that Charter includes extensive policies that provide direction to their utility governing board. Additionally, minutes from recent governing board meetings of both JEA and Orlando Utilities Commission are attached as ATTACHMENTS G-1, G-2, G-3 and G-4 to illustrate the types of business decisions that utility governing boards make.

As a result of our ordinance drafting effort, we developed an alternative ordinance (attached as ATTACHMENT E) for the Commission's consideration. This alternative ordinance is an intermediary solution that creates a board comprised of City Commissioners, GRU rate payers and experts that are given the authority to fully evaluate GRU governance issues and prepare recommended solution(s) to the City Commission by a specified date.

At your workshop on Tuesday, April 1, we will be prepared to discuss the legal and policy implications that must be considered when crafting changes to the governance of GRU.

ATTACHMENT A

It is moved:

1. The governing board of Gainesville Regional Utilities (GRU) shall be comprised of nine members. The membership of the board shall include:

From the Gainesville City Commission the Mayor, Mayor pro-tempore, two commissioners elected At-large and the most senior district commissioner (or second most senior district commissioner if most senior is serving as mayor pro-tem). The remaining two city commissioners may serve as non-voting ex-officio members of the board.

Three members appointed by a majority vote of the city commission from unincorporated Alachua County residing¹ with the GRU service territory and one member appointed at large from GRU's service territory.

2. Terms of appointed members will be the same as those of Gainesville City Commissioners, with the terms of the four members staggered. Members will be limited to two consecutive terms, consistent with the term limits of city commissioners. Terms of the first four appointees will be a staggered years to allow for the appointments to conform to the previous term definition.

3. The governing board will have all decision-making authority over the affairs of GRU except those in the Gainesville City Charter specifically granted to the city commission (such as role of the General Manager) and authorities constituting ownership of GRU (such as rate-setting, debt issuance, general fund transfer or surcharges). The board may make recommendations to the city commission on matters related to ownership issues.

4. GRU will develop and administer a comprehensive training program for all members of the board, as well as provide ongoing professional development opportunities for all members of the board.

5. The board will meet monthly, with additional meetings scheduled as needed. The board will be staffed by the Gainesville City Clerk's office with funding provided by GRU.

6. The Gainesville City Commission Regional Utilities Committee (RUC) shall be dissolved.

¹ Residing will be defined as a person living in a residence consistent with the address on their GRU bill, driver's license, voter registration and one other form of identification.

ATTACHMENT B

Section 1. Composition; compensation

There is hereby created the Gainesville Regional Utilities Board (the "GRU Board" or "Board") whose composition and membership shall be as set forth herein.

(a) The GRU Board shall consist of nine (9) members, as follows:

(1) Gainesville Mayor *ex-officio*

(2) Gainesville Mayor pro-tempore *ex officio*

(3) City Commissioner at large *ex officio*

(4) City Commissioner at large *ex officio*

(5) Senior (in terms of number of years of Commission service) district Commissioner not serving as Mayor pro-tempore *ex officio*

(6) Three (3) members, appointed by the City Commission, each of whom resides in the GRU service territory that is within the unincorporated Alachua County as demonstrated by the GRU bill, driver's license, voter registration, and one other form of identification; and

(7) One (1) at-large member appointed by the City Commission that resides in the GRU service territory as demonstrated by the GRU bill, driver's license, voter registration, and one other form of identification.

(b) The remaining two City Commission members may serve as non-voting members of GRU Board.

(c) Each appointed member shall serve a three year term, provided however the initial term will be staggered such that:

(1) One member appointed under paragraph 6 shall serve an initial term of one year, one shall serve an initial term of two years; and one shall serve an initial term of three

years; and

(2) The at-large member shall be appointed for a term of three years.

(d) Current or former City or GRU employees are ineligible for appointment to the Board. Appointed members will be limited to two consecutive terms. In the event an appointed member is unable to continue to serve, the vacancy will be filled by City Commission appointment. The new appointee must meet the qualifications of the vacant seat. The new appointee shall serve for the remainder of the unexpired term for the seat filled. An appointed member may be removed by majority vote of the City Commission.

(e) The GRU Board members shall not be deemed employees of the City of Gainesville, nor entitled to compensation, pension, or other retirement benefits on account of service on the GRU Board.

(d) The GRU Board and its members shall be subject to the provisions of Florida's Government in the Sunshine Law (section 286.012, Florida Statutes) Florida's Code of Ethics for Public Officers and Employees (Part III, Chapter 112, Florida Statutes) and Florida Public Record's Law (Chapter 119, Florida Statutes), all as may be amended from time to time.

Section 2. Powers and Duties of the GRU Board; Exceptions

(a) Except as described in (b) below, the GRU Board shall have all necessary powers to govern the operations and management of GRU, including but not limited to:

(1) Setting policy regarding development of GRU's infrastructure, revenue resources, sales, and purchases;

(2) To set and to review purchasing and other operating policies of GRU;

(3) To set policy regarding conservation, energy efficiency, service reliability, fuel volatility, renewable energy, rate mitigation, fuel levelization, demand side management

goals,

(5) To review the revenue and expenses of GRU on a monthly basis and to report to the City Commission if revenues and expenses appear to require adjustments in revenue requirements and changes in rates; and

(6) To review and approve, reject or modify the Utility Manager's recommendation on all measures necessary and expedient for the proper governance and management of the Utility System.

(b) The City Commission shall retain final decision-making authority on the following described matters:

- (1) approval of utility rates and surcharges;
- (2) general fund transfer;
- (3) issuance of bonds or other indebtedness;
- (4) the sale of GRU or its property or assets; and
- (5) employment of the General Manager for Utilities.

Section 3. Training

The City will provide a comprehensive training program for Board members. Board members will be provided the opportunity to attend ongoing utility educational opportunities including, but not limited to, those presented by the American Public Power Association, the Warrington School of Business's Public Utility Research Center, and National Association of Regulatory Utility Commissioners' Rate School. Board members will be reimbursed for expenses associated with traveling and attending Commission approved education and training programs. Reimbursement will be in accordance with the City's travel policy. GRU Board members are expected to attend the seminars and training sessions.

Section 4. Resources

- (a) The General Manager for Utilities or designee shall attend all GRU Board meetings.
- (b) At the direction of the General Manager for Utilities, GRU staff shall prepare such reports, analysis, and recommendations as the GRU Board deems necessary to remain fully informed and to carry out its responsibilities as set forth herein.
- (c) The City Attorney's Office shall act as legal advisor to the Board.
- (d) The Clerk of the Commission's Office shall serve as clerk to the Board. The Clerk shall publish the notice of meetings, shall prepare an agenda and shall record and keep minutes of each GRU Board meeting.

Section 5. GRU Board Meetings and Procedure

- (a) The GRU Board shall elect a chairperson and vice-chairperson each of whom shall serve for one year, or until such officer's successor is elected.
- (b) The GRU Board shall hold a minimum of one regular monthly public meeting within City Hall of the City of Gainesville. The Board may hold more frequent regular meetings and may call special meetings and workshops as needed and at such times and places as it may designate in accordance with Florida's Government in the Sunshine Law. Two or more Board members may request a Board meeting.
- (c) A quorum shall consist of a majority of the members of the Board; however, a smaller number may adjourn a meeting. Official action may be taken by vote of a majority of the quorum present.
- (d) Any Board member may request the Clerk coordinate with the Board Chairman to place an item on a Board agenda.
- (e) The Board shall adopt rules of procedure for the conduct of its meetings.

ATTACHMENT C



A GAINESVILLE SOLUTION

THE ENERGY COMPETITIVENESS REPORT

NOVEMBER 2013



Gainesville Area Chamber of Commerce
Council for Economic Outreach
300 East University Avenue, Suite 100
Gainesville, Florida 32601
www.GainesvilleChamber.com
www.GCEO.com

The FitchRatings U.S. Public Power Peer Study dated June 13, 2013 listed GRU and 26 other public utilities in the “AA-” Rated Senior Debt credit rating category. The median transfer payment indicated for this category was 5.8%. A GFT Target Cap calculated as 150% of the 5.8% median would equal 8.7%.

In the FitchRatings report, Tacoma Power in Washington had the highest transfer rate listed at 10.9% and GRU had the second highest transfer rate listed at 10.2% out of the 27 utilities listed in the “AA-” Rated Senior Debt credit rating category for FY 2012.

(Note: The GRU transfer percentage listed at 10.2% in the FitchRatings study is slightly different from the transfer percentage calculated utilizing 2011-2012 GRU annual report data. GRU’s total operating revenue was \$348.8 million and the transfer payment amount was \$36.0 million in FY 2012, which yielded a transfer percentage of 10.3%, according to annual report financial data. This 10.3% calculated from GRU data is 0.1% higher than the 10.2% indicated in the FitchRatings study. End Note).

Governance Recommendation: Create Appointed Utility Authority

Gainesville Regional Utility Authority (GRUA)

Gainesville Regional Utilities should be governed by an appointed utility authority appointed by elected officials called the Gainesville Regional Utility Authority (GRUA). The GRUA Board should have fiduciary responsibility but not the authority to sell GRU.

GRUA Board Structure

The GRUA Board should have nine (9) members appointed by the Gainesville City Commission and Alachua County Board of County Commissioners. The Gainesville City Commission should appoint 2/3 (two-thirds) of the GRUA Board, which would equal six (6) board members. The Alachua County Board of County Commissioners should appoint 1/3 (one-third) of the GRUA Board, which would equal three (3) board members. This ratio represents the current ratio of customers inside and outside the City.

Gainesville City Commission Appointees

The six (6) Gainesville City Commission GRUA Board appointees should be comprised of 2 (two) elected officials and four (4) private (non-elected) citizen members. The two (2) elected officials should be the Mayor of the City of Gainesville and the Mayor-Commissioner Pro-Tem or an At-Large Commissioner. The four (4) private (non-elected) citizen members should be as follows: Business Community Representative; Qualified Expert; Gainesville Energy Advisory Committee (GEAC) Representative; and a Qualified Current or Former Senior GRU Executive. Criteria for selecting and appointing private (non-elected) citizen members are defined below.

Alachua County Board of County Commissioners' Appointees

The three (3) Alachua County Board of County Commissioners' GRUA Board appointees should be comprised of 1 (one) elected official and 2 (two) private (non-elected) citizen members. The elected official should be an Alachua County Commissioner and the private (non-elected) citizen members should be as follows: Business Community Representative and Qualified Expert. Criteria for selecting and appointing private (non-elected) citizen members are defined below.

GRUA Citizen Board Member Appointment Criteria: Business Representative

The Business Community Representatives appointed by the City Commission and Board of County Commissioners must be GRU commercial or industrial retail class customers in the Electric - General Service Demand (50 KW > Demand < 1,000 KW) or Electric - Large Power Service (Demand > 1,000 KW) rate category. The individual representing the business entity may personally reside outside the GRU service area, but the business entity represented by the individual must be a GRU retail electric customer.

GRUA Citizen Board Member Appointment Criteria: Qualified Expert

The city or county appointed Qualified Expert must possess qualifications meeting one of the following minimum standards:

- Past member of the Florida Public Service Commission, or
- At least 15 years of experience working at a managerial level for a publicly, or privately operated utility, or
- At least 15 years of experience working at a managerial level for a supplier of wholesale energy, or
- At least 15 years of experience working at a brokerage house specializing in the trading of energy related commodities, or
- At least 15 years of relevant work experience.

GRUA Citizen Board Member Appointment Criteria: GEAC Representative

The Gainesville Energy Advisory Committee (GEAC) representative appointed by the City Commission shall be either the GEAC chairperson or a non-student GEAC member. While a City of Gainesville Ordinance (080365 – Revision 0-10-05) allows for a GEAC member to hold elected office, the GRUA Board GEAC representative shall not hold an elected position. Should a GEAC member appointed to the GRUA Board seek and obtain an elected office during their term on the GRUA Board, the City Commission shall appoint a new representative from GEAC to finish out the term of the position vacated by the elected GEAC member.

GRUA Citizen Board Member Appointment Criteria: Current/Former GRU Executive

The Qualified Current or Former Senior GRU Executive appointed by the City Commission shall be a current or former member of the GRU executive management team, as defined by GRU's website and organizational structure, or a current or former

GRU senior executive from one of the following GRU enterprise funds: Electric, Water, Wastewater, Gas, and Telecommunications (GRUCom).

Table 1.2: GRUA Board Members: Elected and Private (Non-Elected)

GRUA Board Membership: City and County Appointees	
1) Mayor of Gainesville (City)	6) Current/Formal GRU Executive (City)
2) Mayor Pro-Tem or At-Large (City)	7) County Commissioner (County)
3) Business Representative (City)	8) Business Representative (County)
4) Qualified Expert (City)	9) Qualified Expert (County)
5) GEAC Representative (City)	

GRUA Board Chair

The GRUA Board members should elect their own chair. A Qualified Current or Former Senior GRU Executive citizen member that is a current GRU employee should be prohibited from serving as Chair.

GRUA Board Member Terms

GRUA Board members who are elected officials should have their GRUA terms run simultaneously with their respective terms of office. GRUA Board members who are private (non-elected) citizen members should serve for a term of three (3) years except that the initial term for the citizen members should be as follows:

Business Community Representative – One (1) year

Gainesville Energy Advisory Committee (GEAC) Representative – One (1) year

Qualified Current or Former Senior GRU Executive – Two (2) years

Qualified Expert – Three (3) years

GRUA Board Member Term Limits

GRUA Board members who are elected officials should have their GRUA Board term limits be in accordance with applicable ordinances/statutes governing term limits for their particular elected office. GRUA Board members who are private (non-elected) citizen members should not have term limits.

GRUA Board Member Compensation

GRUA Board members should not receive compensation.

GRUA Board Member Conflict of Interest Policy

The GRUA Board should adopt a conflict of interest policy that includes, but is not limited to, clauses addressing financial interest, duty to disclose, recusal of self, determining whether a conflict of interest exists, procedures for addressing the conflict of interest, and violations of the conflict of interest policy. Each GRUA Board member should sign an Annual Conflict of Interest Statement.

GRUA Board Member Removal Policy

A GRUA Board member that is not an elected official should be able to be removed by a simple majority of the elected body that appointed that person to the Board.

GRUA Board Meetings Policy

GRUA Board meetings should be held in public and publicly noticed in compliance with Florida Sunshine statutes.

GRUA Board Rate Setting Policy

The GRUA Board should set utility rates in public meetings.

GRUA Rate Payer Advisory Committee (RAC)

A nine (9) member Rate Payer Advisory Committee should be established to provide non-binding guidance to GRUA. The RAC should have three (3) citizen members from each of the residential, commercial and industrial rate classes of customers. It should have members representing each geographic area of GRU's service territory.

Governance Recommendation: Create Appointed Utility Authority

Recommendation

Gainesville Regional Utilities should be governed by an appointed utility authority - appointed by elected officials - called the Gainesville Regional Utility Authority (GRUA). The GRUA Board should have fiduciary responsibility but not the authority to sell GRU.

Rationale: Expertise

As one of the largest public utilities in the United States with 92,461 electric customers and projected FY 2014 revenues of nearly \$400 million, GRU is a complicated and technical enterprise requiring a board with political, business, financial, and other skills to oversee its management and operations. An appointed utility authority board with elected officials and qualified private (non-elected) citizens could facilitate opportunities for professional expertise to inform deliberations and influence regulatory decisions.

Rationale: Efficiency

An appointed utility authority board with elected officials and qualified private (non-elected) citizens possessing professional expertise and business management experience could provide more robust oversight than a board with only elected officials. More robust oversight could be a bulwark against potential inefficient management in a cost-of-service regulatory model, which is the type of economic regulatory model employed by the Gainesville City Commission to oversee GRU.

In "Do Markets Reduce Costs? Assessing the Impact of Regulatory Restructuring on U.S. Electric Generation Efficiency," © 2004 by Kira Markiewicz, Nancy L. Rose, and Catherine Wolfram, the authors make the following observation:

"Under pure cost-of-service regulation, regulator approved costs are passed directly through to customers, and reductions in the cost of service yield at most short-term

profits until rates are revised to reflect the new lower costs at the next rate case. Given asymmetric information between regulators and firms, inefficient behavior by managers that raises operating costs above minimum cost levels generally would be reflected in increased rates and passed through to customers.”

Rationale: Modernization

The City of Gainesville owns and operates GRU and exercises economic regulatory authority over it by determining rates and services. This “City Commission” governance model is less common among large utilities with more than 50,000 customers and more common among small utilities with less than 5,000 customers. GRU had 92,461 electric customers in FY 2012.

In April 2010, the American Public Power Association conducted a “Governance Survey” and 68% of respondents with more than 50,000 customers indicated they are governed by an elected or appointed utility board. In the same survey, 72% of respondents with less than 5,000 customers indicated they are governed by the City Commission.

Table 1.3: Public Power Governance Structure (Utility Board and City Commission)

<u>Customer Size Class</u>	<u>Number of Responses</u>	<u>Elected or Appointed Utility Board</u>	<u>City Commission</u>
Greater than 50,000	34	68%	32%
Less than 5,000	408	28%	72%

Source: American Public Power Association, “2010 Governance Survey,” August 2010.

Rationale: More Business...Less Politics

It could be argued that the biggest strength of the City Commission governance model is that the public utility is only accountable to elected officials, who in-turn, are accountable to the public. However, it could also be argued that the biggest weakness of this model is

that the public utility is only accountable to elected officials, who in-turn, are accountable to the public.

A board with only elected officials could potentially result in oversight decisions being made in the public interest. Low customer rates, reliable service, and reasonable government fund transfers could be the top priorities. However, a board with only elected officials could also result in ideological political considerations dominating oversight decisions. High customer rates, unreliable service, and unreasonable government fund transfers could be the consequences. An appointed utility authority board with elected officials and qualified private (non-elected) citizens could result in business considerations, in concert with the public interest, mitigating - and perhaps overtaking - political considerations out-of-step with sound business judgment.

Rationale: Competitiveness

Cities in Florida with an appointed utility authority governance structure are more competitive than Gainesville in commercial and industrial customer class electricity costs. See Tables 1.4 – 1.7 below. Jacksonville (JEA), Orlando (OUC), Kissimmee (KUA), Fort Pierce (FPUA), and New Smyrna Beach each have an appointed utility authority.

The JEA Board has seven (7) members appointed by the Mayor subject to confirmation by the Council. The OUC Board has five (5) members. The Mayor-Commissioner is an ex-officio member and the Board appoints the other members from a pool of candidates identified by a city nominating committee. The KUA Board consists of six (6) members. The Mayor is a non-voting ex-officio member. The five (5) voting members are nominated by the Board and ratified by the City Commission. The FPUA Board consists of five (5) members. One member is the Mayor-Commissioner and the other four (4) members are appointed by the City Commission. The City Commission appoints members of the New Smyrna Beach Utilities Commission.

Table 1.4: Commercial Electric Rate Comparison - Select Florida Cities (January 2013)
Arranged by Price of Non-Demand - 750 KWH Service (Amounts in \$)

CITY	Non-Demand - 750 KWH			Non-Demand - 1,500 KWH		
	Base Rate	Fuel or Cost Adjustment	Total	Base Rate	Fuel or Cost Adjustment	Total
1 GAINESVILLE	\$86.00	\$38.25	\$124.25	\$146.00	\$76.50	\$222.50
2 FORT PIERCE*	98.89	1.50	100.39	191.93	3.00	194.93
3 KISSIMMEE*	111.80	20.74	91.06	212.52	41.48	171.04
4 ORLANDO*	60.47	30.02	90.49	110.69	60.05	170.74
5 JACKSONVILLE*	55.55	32.70	88.25	101.85	65.40	167.25
6 NEW SMYRNA BEACH*	61.92	18.72	80.64	117.80	37.44	155.24

Source: Florida Municipal Electric Association.

* Appointed Utility Authority in Florida.

N.B. Base rate includes customer charge.

In the Non-Demand – 1,500 KWH commercial rate category in January 2013, the total energy cost in Gainesville was higher than in Fort Pierce, Kissimmee, Orlando, Jacksonville, and New Smyrna Beach. Gainesville is at a competitive disadvantage to cities in Florida with an appointed utility authority. Table 1.5 below highlights the percentage by which Gainesville is higher than these cities in this commercial category.

Table 1.5: Gainesville Non-Demand – 1,500 KWH
Commercial Electric Rates in January 2013 Compared
to Cities in Florida with an Appointed Utility Authority (AUA)

Total Energy Costs Compared to Florida AUA Cities
Gainesville is 14.1% Higher than Fort Pierce
Gainesville is 30.1% Higher than Kissimmee
Gainesville is 30.3% Higher than Orlando
Gainesville is 33.0% Higher than Jacksonville
Gainesville is 43.3% Higher than New Smyrna Beach

Source: Florida Municipal Electric Association

Table 1.6: Commercial Electric Rate Comparison - Select Florida Cities (January 2013)
Arranged by Price of Demand - 150 KW - 30,000 KWH Service (Amounts in \$)

CITY	Demand - 150 KW - 30,000 KWH			Demand - 150 KW - 60,000 KWH		
	Base Rate	Fuel or Cost Adjustment	Total	Base Rate	Fuel or Cost Adjustment	Total
1 GAINESVILLE	\$2,990.10	\$1,530.00	\$4,520.10	\$4,342.50	\$3,060.00	\$7,402.50
2 FORT PIERCE*	3,828.60	60.00	3,888.60	6,602.40	120.00	6,722.40
3 NEW SMYRNA BEACH*	2,996.00	748.80	3,744.80	4,946.00	1,497.60	6,443.60
4 JACKSONVILLE*	2,370.10	1,308.00	3,678.10	3,895.20	2,616.00	6,511.20
5 KISSIMMEE*	4,432.54	829.50	5,262.04	7,476.04	1,659.00	9,135.04
6 ORLANDO*	2,084.10	1,200.90	3,285.00	2,938.20	2,401.80	5,340.00

Source: Florida Municipal Electric Association.

* Appointed Utility Authority in Florida.

N.B. Base rate includes customer charge.

In the Demand – 150 KW-60,000KWH commercial rate category in January 2013, the total energy cost in Gainesville was higher than in Fort Pierce, New Smyrna Beach, Jacksonville, Kissimmee, and Orlando. Gainesville is at a competitive disadvantage to cities in Florida with an appointed utility authority. Table 1.7 below highlights the percentage by which Gainesville is higher than these cities in this commercial category.

Table 1.7: Gainesville Demand – 150 KW - 60,000 KWH
Commercial Electric Rates in January 2013 Compared
to Cities in Florida with an Appointed Utility Authority (AUA)

Total Energy Costs Compared to Florida AUA Cities
Gainesville is 10.1% Higher than Fort Pierce
Gainesville is 14.9% Higher than New Smyrna Beach
Gainesville is 23.1% Higher than Jacksonville
Gainesville is 27.3% Higher than Kissimmee
Gainesville is 38.6% Higher than Orlando

Source: Florida Municipal Electric Association

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1 A bill to be entitled
2 An act relating to Gainesville Regional Utilities,
3 Alachua County; providing definitions; requiring a
4 proxy vote by mail ballot of the utility's account
5 holders to decide whether to establish the Gainesville
6 Regional Utility Authority and transfer the utility
7 from the City of Gainesville to the authority;
8 providing for establishment of the authority;
9 providing for appointment, qualifications, and terms
10 of the authority's governing board; authorizing the
11 authority to set utility service rates; establishing a
12 Ratepayer Advisory Committee to submit recommendations
13 to the authority; providing for transfer of
14 governance, management, and operation of the utility
15 from the city to the authority; requiring the utility
16 to provide the Legislature with a proposed charter for
17 the utility; providing an effective date.

18
19 Be It Enacted by the Legislature of the State of Florida:

20
21 Section 1. (1) DEFINITIONS.—As used in this act, the
22 term:

23 (a) "Account holder" means a customer receiving one or
24 more retail utility services from the utility.

25 (b) "Authority" means the Gainesville Regional Utility
26 Authority that, if approved by a majority of account holders

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voting in favor of independent governance as provided in paragraph (4) (a), is established by this act.

(c) "City commission" means the City Commission of the City of Gainesville.

(d) "County commission" means the Board of County Commissioners of Alachua County.

(e) "Retail utility services" means electric, gas, water, or wastewater services, or any combination thereof, provided by the utility.

(f) "Utility" means the municipal utility of the City of Gainesville operating under the fictitious name "Gainesville Regional Utilities."

(2) VOTE OF ACCOUNT HOLDERS.—

(a) The utility shall conduct a proxy vote by United States mail of all account holders of record as of July 1, 2014.

(b) On or before August 15, 2014, the utility shall mail to each account holder a proxy ballot containing the language provided in subsection (3). The proxy mailing for each account holder shall include the proxy ballot containing the account number and a postage-paid return envelope with the return address of the independent certified public accountant designated in paragraph (d) on the envelope.

(c) Each named account number is entitled to one proxy vote, which must be returned and received by October 1, 2014. The proxy ballot for an account held in the name of a business entity may be voted by any authorized corporate representative

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53 of such business entity. Proxy ballots for accounts held in the
54 name of city or county government shall be voted pro rata
55 reflecting the weighted vote of each elected official recorded
56 at a publicly noticed meeting.

57 (d) The proxy ballots shall be returned to and tallied by
58 an independent certified public accountant, as designated by the
59 city commission, and the certified results shall be provided to
60 the city commission, mayor, city attorney, and city clerk within
61 14 days after the October 1, 2014, deadline. The designated
62 certified public accountant shall exercise his or her sole
63 independent professional judgment as to validating, accepting,
64 or rejecting any proxy ballot cast.

65 (e) The utility shall provide each account holder with
66 notice of the certified proxy vote results in a monthly billing
67 insert as soon as practicable after the proxy vote results are
68 provided to the city commission.

69 (3) BALLOT STATEMENT.—The ballot for the proxy vote
70 required under subsection (2) shall contain a ballot statement
71 submitting the following question to the account holders: "Shall
72 an independent utility authority be created to manage and
73 operate the business of Gainesville Regional Utilities?" The
74 ballot statement shall be followed by the word "yes" next to a
75 check box and the word "no" next to a check box.

76 (4) ESTABLISHMENT OF AUTHORITY; GOVERNANCE OF UTILITY.—

77 (a) Governance structure.—Upon a majority of account
78 holders voting in favor of independent governance, the

79 Gainesville Regional Utility Authority is established to
80 independently govern, manage, and operate the utility. The
81 authority shall act in the capacity of trustee, having a
82 fiduciary responsibility to manage and operate the utility to
83 provide safe and reliable utility services at a fair, just, and
84 reasonable cost for its customers, while ensuring that the City
85 of Gainesville receives an annual return on its investment,
86 which shall not exceed 10 percent of prior year utility
87 revenues. The authority shall independently manage and operate
88 the utility but does not have authority to sell the utility.
89 Members of the authority's governing board shall be appointed as
90 provided in this subsection. The authority shall have the
91 ability to retire and issue debt in the name of the utility in
92 furtherance of managing and operating the utility. The authority
93 does not require the consent of the City of Gainesville for
94 action in furtherance of providing independent management and
95 oversight of the utility for the benefit of the customers that
96 it serves.

97 (b) Board composition.—The members of the governing board
98 of the authority shall be appointed as follows:

99 1. Four members shall be appointed by the city commission,
100 including the Mayor of the City of Gainesville, who shall serve
101 ex officio as a voting member of the board, and three private,
102 nonelected citizen members. The citizen members shall be as
103 follows: one business community representative, one qualified
104 expert, one representative of the Gainesville Energy Advisory

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Committee, and one qualified current or former senior executive of the utility. Citizen members shall be appointed according to the criteria provided in paragraphs (c)-(f).

2. Two private, nonelected citizen members shall be appointed by the county commission, including one business community representative and one qualified expert. Citizen members shall be appointed according to the criteria provided in paragraphs (c) and (d).

3. Three members shall be appointed by the Governor.

(c) Appointment of business community representatives.—The business community representatives appointed by the city commission and the county commission as citizen members of the authority's governing board must be commercial or industrial retail class customers of the utility in the:

1. Electric-General Service rate category, reflecting demand of more than 50 kilowatts but less than 1,000 kilowatts; or

2. Electric-Large Power Service rate category, reflecting demand of more than 1,000 kilowatts.

An individual representing a business entity may personally reside outside of the utility's service area, but the business entity represented by the individual must be a retail electric customer of the utility.

(d) Appointment of qualified experts.—The qualified experts appointed by the city commission and the county

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commission as citizen members of the authority's governing board
must meet at least one of the following minimum standards:

1. Be a past member of the Public Service Commission;
2. Have at least 15 years' experience working at a
managerial level for a publicly or privately operated utility;
3. Have at least 15 years' experience working at a
managerial level for a wholesale energy supplier;
4. Have at least 15 years' experience working at a
brokerage house specializing in the trading of energy-related
commodities; or
5. Have at least 15 years' relevant work experience in one
or more of the following disciplines: law, economics,
accounting, engineering, finance, natural resource conservation,
energy, or another field substantially related to the duties and
functions of the authority.

(e) Appointment of Gainesville Energy Advisory Committee
representative.—The representative of the Gainesville Energy
Advisory Committee appointed by the city commission as a citizen
member of the authority's governing board must be either the
chair or a nonstudent member of the Gainesville Energy Advisory
Committee. Even if an ordinance of the City of Gainesville
allows a member of the Gainesville Energy Advisory Committee to
simultaneously hold elected office, the representative appointed
to the authority's governing board must not hold an elected
office. If the representative of the Gainesville Energy Advisory
Committee serving on the authority's governing board is elected

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157 to another office during his or her term on the authority's
 158 governing board, the city commission shall appoint another
 159 representative of the Gainesville Energy Advisory Committee to
 160 complete the term vacated by the representative who was elected
 161 to another office.

162 (f) Appointment of qualified executive of the utility.—The
 163 qualified current or former senior executive of the utility
 164 appointed by the city commission as a citizen member of the
 165 authority's governing board must be a current or former member
 166 of the utility's executive management team, as defined by the
 167 utility's website and organizational structure, or a current or
 168 former senior executive of the utility from one of the following
 169 retail utility services provided by the utility: electric, gas,
 170 water, or wastewater.

171 (g) Board chair.—The members of the authority's governing
 172 board shall elect a chair, except that a current or former
 173 senior executive of the utility may not serve as chair.

174 (h) Terms of board members.—Members of the authority's
 175 governing board who are elected officials shall serve ex officio
 176 as voting members of the board, and the terms of the elected
 177 officials on the authority's governing board shall be
 178 coextensive with their respective terms as elected officials.
 179 Citizen members shall serve for terms of 4 years each, except
 180 that the initial term for a citizen member shall be as follows:

181 1. The business community representatives shall serve
 182 initial terms of 1 year each.

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183 2. The qualified experts shall serve initial terms of 4
184 years each.

185 3. The Gainesville Energy Advisory Committee
186 representative shall serve an initial term of 1 year.

187 4. The qualified current or former senior executive of the
188 utility shall serve an initial term of 2 years.

189 (i) Board member term limits.—No term limits apply to the
190 terms of citizen members of the authority's governing board. A
191 citizen member may be reappointed to the board upon expiration
192 of his or her term. Any term limit imposed by law or ordinance
193 that applies to the elected office of a member of the
194 authority's governing board who is an elected official applies
195 also to the member's term on the board. Upon vacating the
196 elected office for which the member serves ex officio as a
197 voting member of the board, he or she ceases to be a member of
198 the authority's governing board.

199 (j) Board member compensation.—Members of the authority's
200 governing board shall not receive compensation but are entitled
201 to reimbursement for reasonable travel expenses related to
202 attending utility meetings, conferences, and events.

203 (k) Conflict of interest policy.—The authority's governing
204 board shall adopt a conflict of interest policy that includes,
205 but is not limited to, provisions addressing financial
206 interests, duty to disclose, recusal of self, determinations as
207 to whether a conflict of interest exists, procedures for
208 addressing a conflict of interest, and violations of the

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conflict of interest policy. Each board member shall sign an annual conflict-of-interest statement.

(l) Removal of board members.—A member of the authority's governing board who is not an elected official may be removed for good cause by the Governor, if appointed by the Governor, or by a majority of the commission that appointed the board member, whether the city commission or the county commission.

(m) Board meetings.—Meetings of the authority's governing board shall be open to the public, and shall be publicly noticed, in accordance with state law.

(5) UTILITY SERVICE RATES.—The authority's governing board shall set utility service rates in public meetings after taking public comment from any account holders present.

(6) RATEPAYER ADVISORY COMMITTEE.—A nine-member Ratepayer Advisory Committee is established to provide nonbinding recommendations to the authority's governing board. The Ratepayer Advisory Committee shall be composed of three citizen members from each of the residential, commercial, and industrial rate classes of customers. The Ratepayer Advisory Committee shall include members representing each geographic area of the utility's service territory.

(7) CHARTER; TRANSFER OF GOVERNANCE, MANAGEMENT, AND OPERATION.—If a majority of the utility's account holders vote in favor of independent governance, the utility, by January 1, 2015, shall provide to each member of the Legislature whose district includes a portion of the utility's service territory a

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235 | proposed charter that transfers governance, management, and
 236 | operation of the utility to the authority's governing board as
 237 | specified in subsection (4). Upon favorable passage by a
 238 | majority of account holders, the approved governing structure
 239 | shall be fully implemented by July 1, 2015.
 240 | Section 2. This act shall take effect upon becoming a law.

ATTACHMENT E

Section 1. Intent. It is the intent of the City Commission to thoughtfully consider the most effective governance for the City of Gainesville's water, wastewater, electric, gas and telecommunication utilities which are operated under the fictitious name of Gainesville Regional Utilities ("GRU"). The City Commission believes a prudent first step in that process is to create an advisory board that will research and evaluate various models of utility governance in the State of Florida, develop policies to guide the governance and management of GRU, and ultimately recommend a governance structure and policies best suited for GRU. The City Commission recognizes that this important and deliberative process will take time. This ordinance creates the advisory board and outlines the structure, responsibilities and powers of the advisory board.

Section 2. Creation and Composition of the Governance Advisory Board; compensation

(a) The City Commission hereby establishes a Governance Advisory Board (the "Board") that consists of seven (7) members appointed by the City Commission, as follows:

- (1) Three members of the City Commission; and
- (2) One member who is a residential customer of GRU and lives in the unincorporated area of Alachua County; and
- (3) One member who owns a business that is a general service customer of GRU and is located in the unincorporated area of Alachua County; and
- (4) Two members who have significant professional expertise in the field of finance/investment, engineering, business administration, and/or construction. These

“expertise” members must be a residential customer of GRU or own or work for a business that is a commercial customer of GRU.

- (b) Current and former City or GRU employees are ineligible for appointment to the Board. Each appointed member will be asked to serve for the term of this Ordinance (set forth in Section 7 below). In the event an appointed member is unable to continue to serve, the vacancy will be filled by City Commission appointment. The new appointee must meet the qualifications of the vacant seat. The new appointee shall serve for the remainder of the unexpired term for the seat filled. An appointed member may be removed by majority vote of the City Commission.
- (c) The Board members shall not be deemed employees of the City of Gainesville, nor entitled to compensation, pension, or other retirement benefits on account of service on the Board.
- (d) The Board and its members shall be subject to the provisions of Florida’s Government in the Sunshine Law (section 286.012, Florida Statutes) Florida’s Code of Ethics for Public Officers and Employees (Part III, Chapter 112, Florida Statutes) and Florida Public Record’s Law (Chapter 119, Florida Statutes), all as may be amended from time to time.

Section 3. Responsibilities of the Governance Advisory Board

The Board’s primary responsibility is to study, evaluate and make a final recommendation to the City Commission concerning the long-term governance structure and governing policies that are best suited for GRU, prior to the sunset of the Board and repeal of this Ordinance as set forth in Section 7 below. The Board shall have such other responsibilities as are assigned by the City Commission.

In carrying out its responsibility, the Board shall foremost consider the need to operate GRU in a manner that provides safe and reliable utility services, at fair, just and reasonable rates (which includes a reasonable return on the City of Gainesville's investment).

The Board may request information and assistance from the GRU General Manager for Utilities and such other City Charter officers as the Board finds necessary. The Board shall conduct research, gather information and learn from the experiences of industry experts and board members from throughout the state in order to make an informed and independent recommendation to the City Commission. The Board may consider information from sources such as, but not limited to, the American Public Power Association, the Florida Municipal Power Association, the Warrington School of Business's Public Utility Research Center, National Association of Regulatory Utility Commissioners' Rate School and public utilities in the State of Florida. Board members will be reimbursed for expenses associated with research related traveling, if any is required. Reimbursement will be in accordance with the City's travel policy. Board members are expected to actively engage in the collection and evaluation of information.

Section 4. City Resources

- (a) At the direction of the Charter Officers of the City of Gainesville, City (including GRU) staff shall prepare such reports, analysis, and recommendations as the Board deems necessary to remain fully informed and to carry out its responsibilities as set forth in this ordinance.
- (c) The City Attorney's Office shall serve as legal advisor to Board.
- (d) The Clerk of the Commission's Office shall serve as clerk to the Board. The Clerk shall publish the notice of meetings, shall prepare an agenda and shall record and keep minutes of each Board meeting.

Section 5. Board Meetings and Procedure

- (a) The Board shall elect a chairperson and vice-chairperson.
- (b) The Board shall hold a minimum of one regular monthly public meeting within the City Hall of the City of Gainesville. The Board may hold more frequent regular meetings as needed and at such times and places as it may designate in accordance with Florida's Government in the Sunshine Law. Two or more Board members may request a Board meeting.
- (c) A quorum shall consist of a majority of the members of the Board; however, a smaller number may adjourn a meeting. Official action may be taken by vote of a majority of the quorum present.

Section 6. City Commission consideration of Board recommendations

Prior to the sunset of the Board and repeal of this Ordinance as set forth in Section 7 below, the recommendation from the Board concerning GRU governance will be placed on the Regular Agenda of the City Commission for discussion and action by the City Commission. The City Commission shall adopt a governance structure which the City Commission deems best suited for GRU. In making its determination, the City Commission will take into consideration the recommendation of the Board, other industry experts, as well as the seminars, information, and research that the City Commission has itself gathered and analyzed.

Section 7. Sunset and Repeal

This ordinance shall become effective immediately upon adoption; however, the Board shall not begin exercising its responsibilities described herein until such time as the full Board is appointed by the City Commission. This Ordinance shall be valid and effective until November 1, 2014, at which point the Board shall be deemed sunsetted and this Ordinance repealed, unless extended by ordinance of the City of Gainesville.

ATTACHMENT F

Jacksonville, Florida, Code of Ordinances >> - CHARTER AND RELATED LAWS >> **PART A - CHARTER LAWS CHARTER OF THE CITY OF JACKSONVILLE, FLORIDA >> ARTICLE 21. JEA >>**

ARTICLE 21. JEA

Section 21.01. JEA created and continued.

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Section 21.10. Execution of instruments; examination of claims; funding through revenue bonds or revenue certificates.

Section 21.11. Legislative authority of council.

Section 21.12. Severability.

Section 21.01. JEA created and continued.

There is hereby created and established a body politic and corporate to be known as JEA, which is authorized to own, manage and operate a utilities system within and without the City of Jacksonville. JEA is created for the express purpose of acquiring, constructing, operating, financing and otherwise having plenary authority with respect to electric, water, sewer, natural gas and such other utility systems as may be under its control now or in the future. Such utilities may be owned, operated or managed by JEA separately or in such combined or consolidated manner as JEA may determine and JEA may use such name or names in the conduct of its business in connection therewith as it may determine. It is the specific purpose of this article 21 to repose in JEA all powers with respect to electric, water, sewer, natural gas and such other utilities which are now, in the future could be, or could have been but for this article, exercised by the City of Jacksonville. JEA created and established by this article is the same Jacksonville Electric Authority previously created and established by chapter 67-1569, Laws of Florida, as amended, (including as added to Chapter 67-1320, Laws of Florida by Chapter 78-538, Laws of Florida and, as amended and readopted by Chapters 80-515, and 92-341, Laws of Florida) and, except as otherwise provided or authorized by this article, JEA shall continue to function under this article the same as it previously functioned under chapter 67-1569, Laws of Florida, as amended (including as added to Chapter 67-1320, Laws of Florida by Chapter 78-538, Laws of Florida and, as amended and readopted by Chapters 80-515 and 92-341, Laws of Florida).

(Laws of Fla., Ch. 78-538, § 1; Laws of Fla., Ch. 80-515, § 1; Ord. 84-1307-754, § 25; Laws of Fla., Ch. 92-341, § 1; Ord. 93-82-1385, § 1; Ord. 97-12-E, § 2; Ord. 98-253-E, § 1)

Section 21.02. Definitions.

In the interpretation of this article, unless the context otherwise requires:

(a)

The term "utilities systems" means the electric utility system and the water and sewer utility system now operated by JEA which shall include, except where inconsistent with Chapter 80-513, Laws of Florida, as amended, or where the context otherwise requires, any "system" or "project" authorized pursuant to the provisions of Chapter 80-513, Laws of Florida, as amended and any natural gas utility system to be operated in the future by JEA together with any other additional utility systems as may be hereafter designated as a part of the utilities systems operated by JEA as provided in section 21.04(w) herein.

- (b) The term "member" means a member of JEA.
- (c) The term "managing director" means the managing director of JEA.
- (d) The term "utility system" shall mean any of the separate utility systems operated by JEA such as its electric utility system, its water utility system, its wastewater utility system or its natural gas utility system.
- (e) The terms "sewer utility system" and "wastewater utility system" shall each have the same meaning as the other and these terms shall be interpreted as meaning the same.

(Laws of Fla., Ch. 78-538, § 1; Laws of Fla., Ch. 80-515, § 1; Ord. 84-1307-754, § 25; Laws of Fla., Ch. 92-341, § 1; Ord. 93-82-1385, § 1; Ord. 97-12-E, § 2; Ord. 98-253-E, § 1)

Section 21.03. Composition; compensation; officers; meetings.

- (a) The governing body of JEA shall consist of 7 members, appointed by the mayor, subject to confirmation by the council, for a term of 4 years or until such member's successor has been appointed and has qualified. Each member of JEA shall have been a resident and elector of the city for at least 6 consecutive months prior to such member's appointment. No member of JEA shall hold any other public office or position. If at any time during a member's tenure on JEA, such member shall cease to possess the qualifications required for membership on JEA, such member shall cease to be a member and a vacancy shall exist on JEA. Any vacancy on JEA, however created, shall be filled for the unexpired term in the same manner as the position was originally filled, and the person filling the vacancy shall have and retain all the qualifications prescribed for membership on JEA. Any member appointed to JEA for 2 consecutive full terms shall not be eligible for the succeeding term. The members may be removed by the mayor at any time with or without cause, but a removal must be approved by a two-thirds vote of the council.
- (b) The members of JEA shall not be entitled to compensation, pension, or other retirement benefits on account of service on JEA, but members and employees shall be entitled to payment of reasonable expenses as provided by the council. Members of JEA shall be subject to the provisions of s. 286.012, Florida Statutes, relating to voting at meetings of JEA, and to the provisions of ss. 112.311 through 112.3175, inclusive, Florida Statutes, as from time to time amended, relating to financial disclosure and conflicts of interest.
- (c) JEA shall elect a chairperson, vice-chairperson and secretary and may elect one or more assistant secretaries, each of whom shall serve for one year or until such officer's successor is chosen. JEA shall hold regular meetings at least monthly at such times and places as it may designate and may hold more frequent regular meetings. Special meetings may be held upon the call of the chairperson or any 3 members of JEA. A majority of the membership shall constitute a quorum for the purpose of meeting and transacting business. Each member of JEA shall have one vote. JEA may adopt bylaws and make rules and regulations not inconsistent with this article or general law.

(Laws of Fla., Ch. 75-538, § 1; Laws of Fla., Ch. 80-515, § 1; Ord. 83-693-582, § 1; Ord. 84-1307-754, § 25; Laws of Fla., Ch. 92-341, § 1; Ord. 93-82-1385, § 1; Ord. 98-253-E, § 1)

Section 21.04. Powers.

JEA shall have the following powers, in addition to powers otherwise conferred:

- (a) To construct, own, acquire, establish, improve, extend, enlarge, reconstruct, reequip, maintain, repair, finance, manage, operate and promote the utilities system.
- (b) To acquire for the use of the utilities system by grant, purchase, gift, devise, condemnation by eminent domain proceedings, exchange, lease or in any other manner, all property, real or personal, or any estate or interest therein, including without limitation, property used:
 - (1) In connection with the generation, transmission and distribution of electric power and energy,
 - (2) In connection with the collection, storage, treatment, processing, disposal, transmission and distribution of water and wastewater including, but not limited to, raw water, potable water, non-potable water, chilled water and reused water; however, JEA shall have no power or authority for the function of stormwater runoff and drainage management.
 - (3) In connection with the production, procurement, extraction, manufacture, transmission, transportation, distribution, and storage of natural gas.
 - (4) In connection with the production of steam, the mining, extraction, development, production, manufacture, procurement, transportation, handling, storage, processing or reprocessing of fuel of any kind, to likewise acquire any facility or rights with respect to the supply of water, any rights with respect to minerals, including but not limited to coal, petroleum coke, natural gas and oil and bio-mass facilities for the processing of by-products derived from the operation of the utilities system, solid waste disposal and environmental protection facilities, communication and computer facilities, and any other property, equipment, facilities or property rights whatsoever determined by JEA to be necessary or convenient in connection with the operation, promotion, financing, construction, management, improvement, extension, enlargement, reconstruction, re-equipment, maintenance, repair, decommissioning or disposal of the utilities system or any part thereof, and to sell, lease or otherwise transfer, with or without consideration, any such property when in JEA's discretion it is no longer needed or useful, or such sale, lease or transfer otherwise is in the best interest of JEA, all upon such terms and conditions as JEA shall by resolution fix and determine.

The right of eminent domain conferred herein shall be exercised by JEA in the manner provided by law. If JEA leases any real property to another agency, firm, corporation, or individual, it shall cause said lease or leases to be recorded with the clerk of the circuit court as a matter of public record. JEA shall not sell real property for less than the appraised value as recorded by the property appraiser for Duval County, unless approved by the council. If there is no recorded appraised value, then JEA shall request the property appraiser for Duval County to provide an appraisal prior to the sale of the real property.

- (c) To furnish electricity, water, sanitary sewer service, natural gas and other utility services as authorized herein to any person or entity, public or private, within or

without the city and for said purposes shall have the right to construct and maintain electric lines, pipelines, water and sewer mains, natural gas lines and related facilities in and along all public highways and streets within or without the city.

- (d) To sell power and energy, water, sanitary sewer service, natural gas and other utility services as authorized herein at wholesale and retail and/or to provide transmission or other services of any kind to any person or entity, public or private, within or without the State of Florida, directly by JEA, indirectly through other entities and jointly through associations with other utilities or entities engaged in these activities.
- (e) To enter into contracts with any person or entity, public or private, deemed necessary or desirable by JEA in connection with carrying out its powers and duties.
- (f) To fix, pledge to establish or establish, levy, regulate, impose and collect rates, assessments, fees and charges for the use or benefit of the utilities system and to alter and amend same from time to time, which rates, assessments, fees and charges shall result in JEA receiving or possessing an amount which, together with accumulated balances from prior years available therefore is not less than is required to operate and maintain a self-liquidating or self-sustaining utilities system. When establishing or altering rates, assessments, fees or charges for retail service, JEA shall first give notice of and hold a public hearing in the City of Jacksonville. The notice shall be published not less than one (1) week in advance in at least one (1) newspaper of general circulation in the city. Said notice shall be at least one-fourth page in size, inviting the public to be present and heard. JEA shall have the power to impose sanctions to enforce compliance with any rule or regulation which JEA may adopt in the management and operation of, or the sale or use of any utility service provided by JEA from the utilities system including, without limitation, electricity, water, sewer and natural gas services. The city and other public bodies shall be required to pay for any utility services provided by JEA upon the same basis as other users.
- (g) To sue and be sued, implead and be impleaded, complain and defend in all courts, to adopt and use a corporate seal, to apply for, hold and own patents and copyrights, to sell or license patents, copyrights, patented or copyrighted materials to other public or private entities. Prices or fees for such sales or licensing may be based upon market considerations. JEA may designate how proceeds from such sales or licensing shall be used. Prices or fees for the sale of copyrighted data processing software, as defined in section 119.083, Florida Statutes, shall be established pursuant to section 119.083, Florida Statutes.
- (h) To make or cause to be made such surveys, investigations, studies, borings, maps, drawings and estimates of cost and revenues as it may deem necessary, and to prepare and adopt a comprehensive plan or plans for the location, relocation, construction, improvement, revision and development of the utilities system.
- (i) (1) To issue revenue bonds or revenue certificates of JEA for the purpose of financing or refinancing the utilities system, including without limitation the financing of any one or more enlargements, expansions, developments, replacements, acquisitions or modernization of the utilities system, any expenses of the utilities system, any reserves deemed necessary or desirable by JEA and any other purpose not otherwise prohibited by law, and retiring any bond, note or revenue certificate issued under this article, or any bond, note or revenue certificate issued by or on behalf of the city to finance the water and sewer utilities previously owned or operated by the city, and for any combination of one or more such purposes in any single issue of revenue

bonds or revenue certificates. At the discretion of JEA, such bonds or revenue certificates may be issued for any one or more of the several utility systems of JEA (or any combination thereof).

- (2) The bonds or revenue certificates of each issue shall be authorized by resolution of JEA, which resolution shall contain such provisions relating to the protection and security of the holders of the bonds or revenue certificates, including their rights and remedies, and the rights, powers, privileges, duties and obligations of JEA with respect to the same. Such resolution may also contain provisions providing for the pledge of all or any part of the revenues of the utilities system, to which may, at JEA's discretion, be limited to the revenues of one or more of the several utility systems, to secure the payment of the bonds or revenue certificates of any issue and may provide for the pledge of other funds and accounts of JEA. Such resolution also shall determine the timing and manner of sale, which may be public or private; maturities; rate or rates of interest, which may be fixed or may vary at such time or times as provided or in accordance with a specified formula or method of determination (subject to any legal limitations on interest, as established by s. 215.84, Florida Statutes, or according to said section as it may from time to time be amended); and other terms and conditions of the bonds or revenue certificates, provided that JEA may delegate to the chairperson, managing director or other officer or employee of JEA designated by JEA the power to determine any such terms or conditions. However, the amounts and maturities of such bonds or revenue certificates and the interest rate or rates of such bonds or revenue certificates shall be within the limits prescribed by JEA and its resolution delegating to the chairperson, managing director or such other officer or employee of JEA the power to authorize the issuance and sale of such bonds or revenue certificates, and, in the case of the total aggregate amount of bonds or revenue certificates issued by JEA, within the limits prescribed by ordinance of the council. In case any officer whose signature or facsimile of whose signature shall appear on any bonds or revenue certificates shall cease to be such officer before the delivery of such bonds or revenue certificates, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery. All bonds and revenue certificates issued under the provisions of this article shall have and are hereby declared to have all the qualities and incidents of negotiable instruments under the negotiable instruments law of the state. The issuance of such bonds and revenue certificates shall not be subject to any limitations or conditions contained in any other law.
- (3) Bonds or revenue certificates and refunding bonds or refunding revenue certificates issued pursuant to this article if sold by bid shall be sold to the bidder whose bid produces the lowest true interest cost to JEA. JEA may restrict the bidders in any sale by pre-qualification or otherwise and may reserve the right to reject any or all bids. Prior to any sale by bid of bonds or revenue certificates JEA shall cause notice to be given in such manner and at such time as JEA shall determine. Said notice shall specify such matters relating to the bonds or revenue certificates offered for sale as JEA shall determine and shall state the manner in which bids shall be given. JEA may reserve the right to waive any informalities or irregularities if JEA determines

that such actions are in its best interest. In no event shall said bonds or revenue certificates be sold at a net interest cost to JEA in excess of the legal limit, as established by s. 215.84, Florida Statutes, or according to said section as it may from time to time be amended.

- (4) In no event shall general obligation bonds be issued hereunder.
 - (5) Bonds or revenue certificates may be issued by resolution of JEA, subject only to the approval by ordinance of the council of the aggregate principal amount of such bonds or revenue certificates.
- (j) To borrow money and to issue notes for any purpose or purposes for which bonds or revenue certificates may be issued under the provisions of this article, in accordance with the provisions of this article relating to the issuance of bonds or revenue certificates, and to refund the same and to issue notes in anticipation of the receipt of the proceeds of the sale of any such bonds or revenue certificates.
- (k) To borrow money from the city, for any period not to exceed one year, to provide JEA with working capital to meet routine or emergency cash requirements and to maintain adequate inventories, at such interest rates and upon such conditions concerning the method of borrowing, the time and manner of payment and the maximum amount that may be on loan at any time, as are determined by ordinance of the council; to lend money from one of its utilities operations to another of its utilities operations for such period, at such interest rates and upon such other conditions concerning the method of borrowing, the time and manner of payment and the maximum amount that may be on loan at any time, all as determined by JEA; and to borrow money from lending institutions, including borrowing as part of a commercial paper or other short-term note financing program which may include provision for payment upon demand by the purchaser or purchasers, as authorized by resolution of JEA. When authorized by resolution of JEA, such notes, including renewals, may be sold by officers of JEA at public or private sale and delivered by such officers to the purchaser or purchasers thereof within the limitations and restrictions contained in such resolution. Such loans between utility systems and such borrowings from lending institutions, or between one or more of the utility systems, including borrowing as part of a commercial paper or other short-term note financing program, will not require the approval of the council.
- (l) To enter into contracts determined by JEA to be necessary or desirable for the prudent management of JEA's funds, debt or fuels, and any and all other commodities used for the several utility systems including, without limitation, interest rate swaps, option contracts, futures contracts, contracts for the future delivery or price management of power, energy, natural gas or other related commodities, hedging contracts, other risk management techniques, securities lending agreements and forward purchase contracts.
- (m) To invest money of JEA not required for immediate use, including proceeds from the sale of any bonds, revenue certificates or notes, in such obligations, securities, and other investments as JEA shall deem prudent, subject to any agreement with bondholders, revenue certificate holders or note holders.
- (n) To enter into joint project agreements as provided by part II of chapter 361, Florida Statutes, for the purpose of implementing a project, as such term is defined in Part II of Chapter 361, Florida Statutes. A copy of all such joint project agreements shall be filed with the council and the mayor at least thirty days prior to the effective date of the agreement. Anything in this provision to the contrary notwithstanding, (i) any joint project agreement that involves a transfer of any function or operation that comprises more than ten percent of the total of the utilities system by sale, lease or otherwise to

any other utility, public or private, or (ii) any joint project agreement that involves the issuance of debt not previously authorized by s. 21.04(i)(2), shall require prior approval of the council.

- (o) To enter into agreements with one or more other electric utilities, public or private, and related contracts with respect to joint electric power projects as provided in section 2 of chapter 80-513, Laws of Florida, as amended. The provisions of said chapter 80-513 shall govern and control JEA in all respects in the carrying out of a joint electric power project authorized thereunder notwithstanding any provision of the charter or of the Ordinance Code of the City of Jacksonville which may be in conflict therewith.
- (p) To transfer, sell, finance, lease or otherwise provide services or products, or by-products, developed or used by JEA incident to the exercise of the powers conferred by this article, including but not limited to, energy performance contracting, water, sewer and natural gas (and any other utility service hereafter provided by JEA) contracting, power marketing services, the testing and maintenance of customer-owned facilities such as transformers, capacitors, lighting, HVAC systems, water cooling and heating systems, energy management systems, etc.; the temporary leasing of JEA facilities such as oil storage tanks; the supply of steam or other thermal energy; the provision of specially conditioned power on the premises of customers and the provision of services or products to build, transfer, lease, finance, operate or sell cogeneration facilities, small power production facilities, specially conditioned power, energy conservation, energy efficiency and dispersed generation to other electric utilities both within and without the state or to any wholesale or retail customers of JEA, upon such terms and conditions as JEA shall by resolution fix and determine; and to transfer, sell, finance, lease or otherwise provide services, products or by-products developed or used by JEA incident to the exercise of the powers conferred by this article, in the delivery of water, wastewater and natural gas services, including but not limited to the financing, testing, maintenance and operation of customer owned facilities used in water, wastewater and natural gas functions; provided, however, that JEA will not enter into any activity pursuant to this section in addition to those activities listed herein without first providing written notice of such activities to the council auditor no less than 30 days before the commencement of such activity. Nothing in this article shall authorize or be construed to authorize JEA to transfer any function or operation which comprises more than ten percent of the total of the utilities system by sale, lease or otherwise to any other utility, public or private without approval of the council. So long as there are outstanding any of the city's "Capital Project Revenue Bonds" as originally authorized pursuant to Ordinance 97-1054-E, the council may approve only such transfer which does not materially adversely affect future receipts of JEA contributions as defined therein.
- (q)
 - (1) To voluntarily collect from customers and ratepayers the sum of one dollar (\$1.00) or more per month to be deposited into an elderly and/or handicapped or low income customer emergency trust fund administered by JEA. The proceeds of such trust fund may be expended periodically by JEA for the purpose of providing financial assistance to elderly and/or handicapped or otherwise needy low income residents living within the service area of JEA for the payment of their utilities needs. The method of administration of such trust fund, including the collection and distribution thereof, shall be as provided by ordinance of the council.
 - (2) Upon the unanimous approval of the Board, and a two-thirds vote of the City Council, to collect the sum of one dollar (\$1.00) or more per month in voluntary

contributions from customers and ratepayers, for a charitable, scholastic, or public service community giving program. - Contributions from any such program shall be passed through to an appropriate non-profit entity for administration and distribution and shall not be administered by JEA. No additional programs shall be initiated except by future discontinuation of the program authorized in this item (2). The results of such giving program shall be reported annually each July 1st to the Council.

- (r) To jointly or separately plan, finance, operate, use, share costs of, sponsor, publicize or otherwise participate in projects, systems, programs or measures to promote or implement electric and natural gas energy, electrotechnologies, water, wastewater and natural gas conservation and efficiency, power conditioning and load management, including, but not limited to, energy, water and wastewater conservation, energy efficiency and conditioning or load reducing or load shaping modifications to the maintenance and operating procedures and facilities of a building or facility or in the installation therein; energy, water and wastewater conserving and energy efficiency modifications to windows and doors, pipes, pumps and motors; caulking and weatherstripping; insulation; automatic energy control systems; load management systems; hot water systems; replacements or modifications of lighting fixtures; and energy recovery and recycling systems; and research and development relating thereto within or without the state.
- (s) To delegate any act authorized pursuant to this article to any officer, employee or agent of JEA as it may deem necessary or desirable for the prudent management of JEA.
- (t) To do all acts and deeds necessary, convenient or desirable, incidental to the exercise and performance of the powers and duties granted to JEA in this article.
- (u) Express authority is given JEA to enter into any contracts, leases or other agreements with other governmental bodies (either local, state or federal) for the purpose of carrying out any of the provisions, powers or purposes of this article. JEA is expressly prohibited from appropriating or expending any of its funds for payments, contributions or transfer to any non-profit organization or any other group, association or entity other than those whose primary purpose directly involves the electric, water, wastewater and natural gas utility, (or any other utility which may, in the future, be operated by JEA) industries, or electric energy, water, wastewater and natural gas (or any other utility which may, in the future, be operated by JEA) related matters.
- (v) If JEA determines that it is necessary or appropriate for it to provide, operate or maintain any other utility system or function other than electric, water wastewater and natural gas, JEA shall by resolution identify such additional utility system or systems or function or functions and indicate its desire to provide such utility service or services or function or functions to the council. Upon the adoption and approval of this resolution by JEA and the council, voting as separate entities, JEA, with respect to the specified system or systems, shall be vested with all powers set forth herein or in general law that would, but for the provisions of this article, apply to such specified utility system or systems.
- (w) To exercise all powers granted to the city with regard to sewage collection and disposal and to water supply pursuant to chapters 170 and 180, Florida Statutes, including the issuance of bonds or notes in anticipation thereof payable from special assessments under said chapter 170, Florida Statutes.
- (x) To coordinate carefully with the Department of Public Works of the City of Jacksonville and the Jacksonville Transportation Authority the planning and execution of

engineering and construction projects involving underground work and streets and highways to seek to minimize the total cost of such projects and to reduce disruption to the citizens of the city to the maximum extent possible.

- (y) To expend JEA funds up to one and one-half (1.5) percent of the prior year's gross revenues to promote the efficient use of JEA's services through public education including exhibits, conferences, displays, tours and other events customary to the utilities industry and also to publicize, advertise and promote the objects of this article and to promote the objectives of JEA in the manner set forth by resolution of JEA. Accordingly, JEA may expend its funds to make known to the users, potential users and public in general the advantages, facilities, resources, products, attractions and attributes of the services provided by JEA and to further create a favorable climate of opinion concerning the activities and projects authorized and indicated by this article. JEA may also, to the extent permitted by the laws of the State of Florida, expend funds in cooperative efforts to and with other agencies, both public and private, in accomplishing the purposes enumerated and indicated by this article; and in furtherance thereof. JEA may also authorize expenditures for any and all of the purposes herein enumerated, including but not limited to, meals, hospitality and entertainment of persons in the interest of promoting and engendering good will toward the activities and projects herein authorized. Whenever an expenditure of funds for any of the foregoing purposes is made by a member or employee of JEA, JEA may reimburse such member or employee therefor, but only after such expenditures have been duly authorized by JEA or its managing director if so delegated to do so. JEA will provide a list of proposed promotional expenditures each year to the council auditors.
- (z) To allocate costs between the electric, water, sewer, natural gas and any other utility system operated now or in the future by JEA on a cost accounted basis.
- (aa) To assist the City of Jacksonville and any of its departments and independent agencies in the development of joint financing programs for the purpose of financing capital improvement programs for the City of Jacksonville and any of its departments and independent agencies.
- (bb) To enter into such interlocal agreements authorized by, and to become a member of such separate legal entity or entities created pursuant to chapter 163, Florida Statutes, as JEA shall determine by resolution are necessary or desirable to accomplish the purposes enumerated and indicated by this article; and, to the extent permitted by the laws of the State of Florida, to enter into such joint ventures, partnerships, joint ownership arrangements, or other similar arrangements with other persons or entities, public or private, as JEA shall determine by resolution are necessary or desirable to accomplish the purposes enumerated and indicated by this article.
- (cc) To allocate and allot the sums appropriated by the council in JEA's annual budget for more specific purposes and to transfer from time to time during the fiscal year, without further council approval, appropriated funds including capital outlay funds from one of the purposes for which funds are appropriated to another of such purposes, if, in the discretion of JEA, such transfer is necessary to carry out all of the purposes for which funds were appropriated, subject to applicable law; provided however, nothing in this section shall authorize JEA to transfer appropriated funds from its operating budget to its capital outlay budget or vice versa, without prior approval of the council. This includes the financing of power conditioning and energy conservation equipment for both residential and nonresidential customers providing that the receivables at any

point in time will not exceed ten (10) percent of the prior year's utilities system's revenues. A written summary of all budget transfers shall be provided to the council auditor at the end of each quarter.

- (dd) To the extent permitted by the laws of the State of Florida, to have ownership and membership in separate organization entities, including but not limited to corporations, to conduct utility related activities and functions. A copy of all such ownership agreements shall be filed with the council and the mayor at least thirty (30) days prior to the effective date of the agreement.
- (ee) (1) To shut off and discontinue the supplying of services of one utility system, to any and all users of the utilities system, for the nonpayment, when due, of the rates, assessments, fees or charges, for facilities or services of that particular utility system, or for facilities or services of any other utility system.
- (2) To deny any application for services of one utility system, to any and all users or potential users of the utilities system for the nonpayment, when due, of rates, assessments, fees or charges for facilities or services of that particular utility system, or for facilities or services of any other utility system.

(Laws of Fla., Ch. 78-538, § 1; Laws of Fla., Ch. 80-515, § 1; Laws of Fla., Ch. 82-312, § 15; Ord. 84-1307-754, § 25; Ord. 86-164-454, § 1; Ord. 86-1458-879, § 1; Laws of Fla., Ch. 92-341, § 1; Ord. 93-82-1385, § 1; Ord. 94-1268-757, § 1; Ord. 97-12-E, § 2; Ord. 98-253-E, § 1; Ord. 2005-1032, § 1)

Section 21.05. Construction.

The powers of JEA shall be construed liberally in favor of JEA. No listing of powers included in this article is intended to be exclusive or restrictive and the specific mention of, or failure to mention, particular powers in this article shall not be construed as limiting in any way the general powers of JEA as stated in Section 21.04. It is the intent of this article to grant to JEA full power and right to exercise all authority necessary for the effective operation and conduct of JEA. It is further intended that JEA should have all implied powers necessary or incidental to carrying out the expressed powers and the expressed purposes for which JEA is created. The fact that this article specifically states that JEA possesses a certain power does not mean that JEA must exercise such power unless this article specifically so requires. JEA's power to levy special assessments shall not be deemed to be the power to levy taxes.

(Ord. 93-82-1385, § 1; Ord. 97-12-E, § 2; Ord. 98-253-E, § 1)

Section 21.06. Bonds and revenue certificates eligible for legal investments.

Notwithstanding any provisions of any other law or laws to the contrary, all revenue bonds and revenue certificates including refunding bonds and refunding revenue certificates, issued pursuant to this article shall constitute legal investments for savings banks, trust companies, executors, administrators, trustees, guardians, and other fiduciaries, and for any board, body, agency or instrumentality of the State of Florida, or of any county, municipality, or other political subdivision of the State of Florida; and shall be eligible as security for deposits of state, county, municipal and other public funds.

(Laws of Fla., Ch. 78-538, § 1; Laws of Fla., Ch. 80-515, § 1; Ord. 84-1307-754, § 25; Ord. 93-82-1385, § 1)

Editor's note--

Former § 21.06, relative to transfer of property by the city, was deleted by § 1 of Ord. 93-82-1385, and former § 21.05 was subsequently renumbered as s. 21.06. The provisions of former §

21.06 derived from Laws of Fla., Ch. 78-538, § 1; Laws of Fla., Ch. 80-515, § 1; Ord. 84-1307-754, § 25 and Laws of Fla., Ch. 92-341, § 1.

Section 21.07. Fiscal and budgetary functions.

JEA shall have fiscal and budgetary functions, subject to the limitations herein expressed:

- (a) The fiscal year of JEA shall commence on October 1 of each year and end on the following September 30.
- (b) JEA shall prepare and submit its budget for the ensuing year to the city on or before July 1 of each year, setting forth its estimated gross revenues and other available funds, and estimated requirements for operations and maintenance expenses, capital outlay, debt service, and depreciation and reserve account. The council and the mayor shall approve or disapprove such budget in the manner provided in article 14 for budgets of independent agencies.
- (c) As consideration for the unique relationship between the City of Jacksonville and JEA, as a tax-exempt entity within the consolidated government, and in recognition of the shared attributes with the consolidated City of Jacksonville in connection with its electric, water, and sewer distribution systems, there shall be assessed upon JEA in each fiscal year, for the uses and purposes of the city, from the revenues of the electric system and the water and sewer system operated by JEA available after the payment of all costs and expenses incurred by JEA in connection with the operation of such electric system and water and sewer system (including, without limitation, all costs of operation and maintenance, debt service on all obligations issued by JEA in connection with such electric system and water and sewer system and required reserves therefore and the annual deposit to the depreciation and reserve account required pursuant to section 21.07(g)), an amount as provided herein. Effective October 1, 2008, consistent with the provisions of this section 21.07(c), JEA shall pay the city a combined assessment for the electric system and the water and sewer system. The combined assessment for the electric system and the water and sewer system shall equal, but not exceed the sum of (i) the amount calculated by multiplying 5.513 mills by the gross kilowatt-hours delivered by JEA to retail users of electricity in JEA's service area and to wholesale customers under firm contracts having an original term of more than one year (other than sales of energy to Florida Power and Light Company from JEA's St. Johns River Power Park System) during the twelve-month period ending on April 30 of the fiscal year immediately preceding the fiscal year for which such assessment is applicable plus (ii) the amount calculated by multiplying 2.149 mills by the number of cubic feet of potable water and cubic feet of sewer service, excluding reclaimed water service, provided to consumers during the twelve-month period ending on April 30 of the fiscal year immediately preceding the fiscal year for which such assessment is applicable. Notwithstanding the foregoing not-to-exceed amount for the combined assessment, JEA shall pay the city each fiscal year, from fiscal year 2008-2009 through fiscal year 2015-2016, an additional amount, if necessary, to ensure a minimum annual increase of \$ \$2,500,000, using the fiscal year 2007-2008 combined assessment of \$ \$94,187,538 as the base year.
- (d) The assessment calculations for the electric system and the water and sewer system shall be in effect until September 30, 2013, when the council may reconsider the assessment calculations. The council may reconsider the assessment calculations every fifth year thereafter. The council may change the assessment calculations by ordinance within the provisions of this section 21.07. Should the council not

reconsider the assessment calculations, the assessments shall be calculated using the existing formulas. If either federal or state laws are enacted or regulatory actions are taken that adversely impact JEA's financial position for the electric utility system or the water and sewer utility system, the council shall promptly consider enacting such changes to this section 21.07 as may be negotiated by JEA and the council to mitigate such adverse impact.

- (e) The council shall have the power to appropriate annually a portion of the available revenues of each utility system (other than the electric, water and sewer systems) operated by JEA for the uses and purposes of the city. This appropriation shall be based on a formula to be agreed upon by JEA and the council.
- (f) JEA shall pay over to the city (i) the amounts assessed upon JEA pursuant to section 21.07(c) and (ii) such portions of the funds actually appropriated by the council pursuant to section 21.07(e) at such time as the council may request, but not in advance of collection. Although the calculation for (i) the amounts assessed upon JEA pursuant to section 21.07(c) and (ii) the annual transfer of available revenue from JEA to the city pursuant to section 21.07(e) is based upon formulas that are applied specifically to the respective utility systems operated by JEA, JEA, in its sole discretion, may utilize any of its revenues regardless of source to satisfy its total annual obligation to the city mandated by said sections 21.07(c) and (e).
- (g) JEA shall be required to set aside each year in a depreciation and reserve account established for each utility system it operates, an amount equal to not less than 10 percent of its annual net revenues for the previous year attributable to each such system. For such purpose, "annual net revenue" shall mean annual gross revenues derived by JEA from the operation of such system reduced by expenses for operation and maintenance allocable to such system and debt service allocable to such system. Funds set aside in each such depreciation and reserve account shall be used exclusively for enlargements, extensions, improvements and replacements of capital assets of the utility system for which such account was established or to pay or provide for the payment of JEA's bonds, notes or revenue certificates relating specifically to such system; provided, however, that if JEA by resolution determines that it is in the best interests of JEA to use all or any portion of the funds set aside in the depreciation and reserve account established with respect to a particular utility system for the purposes of another utility system, then such funds may be so applied.
- (h) JEA shall not be required to utilize the personnel, motorpool, purchasing, communication or information systems services of the city. By mutual agreement of JEA and the city such services may be provided from one party to the other but only on a cost-accounted basis. JEA shall be required to use the legal services of the city on a cost-accounted basis except in those cases when the chief legal officer of the city determines that the city legal staff cannot or should not provide legal services in the required legal area. JEA shall appropriate the funds necessary to meet the obligations for outside legal services as determined by the chief legal officer of the city. Such chief legal officer shall consult with JEA before he or she selects outside counsel.
- (i) Unless otherwise determined by JEA, all revenues and service charges receivable by JEA as payment for the sale of utilities services shall be collected and received by the tax collector. The tax collector shall deposit to the account of or otherwise turn over to JEA such funds at such times and in such manner as JEA may from time to time designate by resolution. JEA may provide for the collection of such revenues and service charges directly by JEA, provided that the council auditor shall be notified in

writing of any proposed change from the current collection process utilizing the Tax Collector and that such change shall not take place until the next fiscal year after such notice is given.

- (j) JEA shall employ and fix the compensation of the managing director, who shall manage the affairs of the utilities system under the supervision of JEA. The entire working time of such managing director shall be devoted to the performance of the duties of such office and the managing director shall have no outside employment or business. The managing director shall be a graduate of an accredited college or university, or have at least ten years' managerial experience in a consumer-oriented industry or comparable enterprise. JEA may appoint and fix the compensation of 48 staff assistants to the managing director, to serve at the pleasure of JEA. JEA shall employ and fix the compensation of the department heads, deputy directors of departments, division chiefs and assistant division chiefs of the utilities system. JEA may adopt position titles different from those recited herein, consistent with utility industry practice. The managing director, department heads, deputy directors of departments, staff assistants, division chiefs and assistant division chiefs shall not be included within the civil service system of the city. JEA may employ such certified public accountants, consultants and other employees for special purposes, not within the civil service system, as it may require, and fix and pay their compensation. Whenever used in this s. 21.07(i), "compensation" shall mean both salary and benefits, exclusive of city pension benefits. All personnel appointed by JEA pursuant to this s. 21.07(i) shall participate in the City of Jacksonville pension plan in the same manner as other employees of JEA who participate in such plan. However JEA shall have the option to establish an employee deferred compensation program separate from the city's employee deferred compensation program.
- (k) JEA is authorized to pay over to other local governmental units outside the city annually a portion of available revenues derived from operations in such local governmental units' territories, for the uses and purposes of such local governmental units, an amount not to exceed that which would be calculated using the procedures in Sections 21.07(c) and (e), but only to the extent that JEA is able to, and does, include in the rates imposed only upon the customers in such local governmental units' territories the total amounts in respect of such payments.
- (l) In addition to all other sums paid by JEA to the City of Jacksonville, JEA shall pay to the City of Jacksonville a franchise fee in an amount equal to three percent (3%) of the revenues of the electric system and the water and sewer system as set forth in Section 21.07(c) herein. The franchise fee will commence for revenues derived effective April 1, 2008 and shall be paid monthly with the first payment payable on June 1, 2008. The franchise fee shall be limited to (1) revenues derived within Duval County not including Urban Service Districts 2-5, and (2) per customer, total water and sewer rate revenues, and (3) up to a per customer maximum of \$2,400,000 per fiscal year of electric rate revenues. The franchise fee shall be calculated each month by multiplying three percent (3%) by the sum of JEA's base rate electric revenues, fuel rate revenues, water rate revenues and sewer rate revenues for that month excluding unbilled revenues and uncollectible accounts. The franchise fee shall be calculated on revenues derived from the sale of gross kilowatt-hours and number of cubic feet of potable water and cubic feet of sewer service as set forth in Section 21.07(c). Notwithstanding the foregoing, no franchise fee shall be paid on franchise fees, state utility taxes, fuel related interchange sales, sales for resale, City of Jacksonville accounts, JEA accounts, investment income and other revenues. JEA

shall be authorized to pass-through the amount of the franchise fees set forth herein and associated charges resulting from the stated three percent (3%) franchise fee calculation on rate revenues notwithstanding the \$2,400,000 limit set forth herein to the customers of JEA, in accordance with the customers' proportionate share of rate revenues as calculated above. This franchise fee is in consideration of the administrative costs incurred by the City to coordinate functions and services with JEA, for the exclusive right to serve electric, water and sewer customers, for use by JEA of the public rights-of-way used by it in connection with its electric distribution system and its water and sewer distribution and collection system, and in further consideration of the unique relationship of JEA and the City, in which JEA is a wholly owned public utility, and such other good and valuable consideration that has been agreed to between JEA and the City of Jacksonville. The gross franchise fee and the amount of the pass-through set forth herein may be increased by ordinance, initiated by the Mayor and approved by two-thirds supermajority of the City Council, but the franchise fee shall not exceed six percent (6%) of the gross utility revenues as calculated above. The JEA and the City shall enter into a Franchise Fee Agreement for the administration of the Franchise Fee.

(Laws of Fla., Ch. 78-538, § 1; Laws of Fla., Ch. 80-515, § 1; Ord. 81-921-490, § 1; Ord. 84-1307-754, § 25; Ord. 89-1001-632, § 1; Laws of Fla., Ch. 92-341, § 1; Ord. 93-82-1385, § 1; Ord. 97-12-E, § 2; Ord. 98-253-E, § 1; Ord. 2003-1320-E, § 1; Ord. 2007-838-E, § 1; Ord. 2007-1132-E, § 1)

Section 21.08. Employees.

All employees of the utilities system shall be employees of JEA and shall be subject to articles 16 and 17 unless otherwise provided by the council, which shall be and continue to be the legislative body as provided in section 447.203(10), Florida Statutes. JEA shall be fully responsible for the administration and operation of all utility services as set out in this article and in order to meet its administrative and operational responsibilities, JEA shall have full and independent authority to hire, transfer, promote, discipline, terminate and evaluate employees engaged to provide any and all of the utilities services for which it is responsible and accordingly, consistent with the provisions of article 17, JEA may establish employment policies relating to hiring, promotion, discipline and termination, and other terms and conditions of employment, and enter into negotiations with employee organizations with respect to wages, hours and terms and conditions of employment and take such other employment related action as needed to assure effective and efficient administration and operation of the utilities system. In order to effectively implement the foregoing, JEA shall perform all functions with regard to its own employees that prior to the effective date of the consolidation and expansion of its utility function, were performed by the Personnel Division of the Department of Intra-Governmental Services of the city. JEA, at its expense, shall provide accidental death benefits for all employees engaged in hazardous duty as determined by JEA, in the amount of \$50,000 payable to the beneficiary named by the employee, or as otherwise provided, in the event said employee dies as a result of an accident occurring to any employee in the course of his/her employment. Nothing contained in this section 21.08 shall be construed to supersede or repeal any provision of section 12 of Chapter 80-513, Laws of Florida, as amended.

(Laws of Fla., Ch. 78-538, § 1; Laws of Fla., Ch. 80-515, § 1; Ord. 84-1307-754, § 25; Ord. 87-203-345, § 1; Laws of Fla., Ch. 92-341, § 1; Ord. 97-12-E, § 2; Ord. 98-253-E, § 1; Ord. 2011-732-E)

Editor's note—

Ordinance 2007-839-E, § 18, authorized updated department/division names pursuant to reorganization.

Section 21.09. Awards of contracts.

- (a) JEA shall not be subject to the provisions of Chapter 126, Ordinance Code of the City of Jacksonville, as the same may be amended from time to time, however, JEA in entering into any contracts relating to the construction, reconstruction, repair, operation or maintenance of the utilities system or the purchase of supplies, equipment, machinery and materials for the utilities system or the contracting or otherwise purchasing for any advisory, professional or any other services may establish such rules, regulations or procedures as it may deem desirable or necessary in connection therewith. In the absence of such specific authority, rules, regulations or procedures, JEA shall follow the provisions of Chapter 126 of the Ordinance Code of the City of Jacksonville, as the same may be amended from time to time. JEA shall have the right to reject any and all bids, in whole or in part, in the best interests of JEA. Nothing in this chapter shall be construed to limit the power of JEA to construct, repair, or improve the utilities system, or any part thereof, or any addition, betterment or extension thereto, directly by the officers, agents, and employees of JEA, or otherwise by contract. JEA is authorized to implement and to take all actions necessary to administer a purchasing and procurement program directed to Minority Business Enterprises including, but not limited to, prime contractors, subcontractors, consultants, subconsultants, and suppliers. Any such Minority Business Enterprise program shall be implemented by JEA to remedy discrimination or the present effects of past discrimination, if any, suffered by Minority Business Enterprises in the business community in the area served by JEA. For purposes of this chapter, the term "Minority Business Enterprise" shall be defined by JEA and shall include, at a minimum, those business entities that are legitimately owned, operated and controlled by persons who have been shown to have been discriminated against or who suffer from the present effects of past discriminations, if any, in the business community in the area served by JEA. Such program shall be used to redress and remedy discrimination or the present effects of past discrimination, if any, as may be determined by JEA, and which are shown to have been suffered by Minority Business Enterprises, in the business community in the area served by JEA.
- (b) No member of JEA or officer or employee thereof shall either directly or indirectly be a party to, or be in any manner interested in, any contract or agreement with JEA for any matter, cause or thing whatsoever in which such member shall have a financial interest or by reason whereof any liability or indebtedness shall in any way be created against JEA. If any contract or agreement shall be made in violation of the provisions of this section the same shall be null and void and no action shall be maintained thereon against JEA.

(Laws of Fla., Ch. 78-538, § 1; Laws of Fla., Ch. 80-515, § 1; Ord. 80-113-169, § 1; Ord. 81-921-490, § 2; Ord. 84-1307-754, § 25; Ord. 84-229-307, § 1; Ord. 86-1475-875, § 1; Ord. 88-989-705, § 1; Ord. 91-678-447, § 1; Laws of Fla., Ch. 92-341, § 1; Ord. 93-82-1385, § 1; Ord. 97-12-E, § 2; Ord. 98-253-E, § 1)

Section 21.10. Execution of instruments; examination of claims; funding through revenue bonds or revenue certificates.

All instruments in writing necessary to be signed by JEA shall be executed by the chairperson and secretary or assistant secretary, or by such officer, agent or employee of JEA as it may by resolution designate. JEA shall provide for the examination of all payrolls, bills, and other claims and demands against JEA to determine before the same are paid that they are duly authorized, in proper form, correctly computed, legally due and payable, and that JEA has funds on hand to make payment. Funds on hand to make payment shall be deemed to have been provided when revenue bonds or revenue certificates of JEA (or notes issued in anticipation thereof) to finance the acquisition and construction of plants and facilities for the production and/or

transmission of electricity, the production and transmission of water, the transmission and treatment of wastewater and the transmission of natural gas, costing in excess of \$10,000,000.00 have been duly authorized as provided in this article whereupon JEA may enter into instruments in writing for the acquisition and construction of such plants and facilities and may sell such revenue bonds or revenue certificates (or notes issued in anticipation thereof) in the manner provided in this article in installments to provide funds as obligations of JEA under such instruments in writing become due.

(Laws of Fla., Ch. 78-538, § 1; Laws of Fla., Ch. 80-515, § 1; Ord. 84-1307-754, § 25; Laws of Fla., Ch. 92-341, § 1; Ord. 93-82-1385, § 1; Ord. 97-12-E, § 2; Ord. 98-253-E, § 1)

Section 21.11. Legislative authority of council.

Notwithstanding any provision of this charter to the contrary, the council may repeal or amend any portion of this article, by two-thirds vote of the membership of the council. A public hearing on the adoption of the ordinance shall be advertised in substantially the same manner as the council is required to advertise its intention pursuant to s. 200.065, Florida Statutes, and held not earlier than 30 days after the introduction of the ordinance into the council. The council shall take final action on the ordinance only after the expiration of 60 days after the advertised public hearing, and no ordinance shall be enacted except by a two-thirds vote of the entire council. If the mayor disapproves the ordinance, the council may enact it notwithstanding such disapproval only by a four-fifths vote of the entire council.

(Laws of Fla., Ch. 78-538, § 1; Laws of Fla., Ch. 80-515, § 1; Ord. 84-1307-754, § 25; Laws of Fla., Ch. 92-341, § 1)

Section 21.12. Severability.

If any provisions of this article or the application thereof to any person or circumstance is held invalid by a court of competent jurisdiction, the invalidity shall not affect other provisions or applications of this article which can be given effect without the invalid provision or application, and to this end the provisions of this article are declared to be severable.

(Ord. 93-82-1385, § 1)

ATTACHMENT G-1

JEA BOARD MINUTES January 21, 2014

The JEA Board held a Pre-Board Meeting at 12:00 PM on Tuesday, January 21, 2014, in the Board Conference Room on the 8th Floor, 21 W. Church Street, Jacksonville, Florida. Present were Mike Hightower, Ron Townsend, Helen Albee, Peter Bower, Lisa Strange Weatherby, Wyman Winbush, Paul McElroy, and Bill Bishop, JEA City Council Liaison, Cindy Laquidara and Jody Brooks, Office of General Counsel and Nate Monroe, Florida Times-Union. Also present were JEA staff Brian Roche, Raynetta Marshall and Gerri Boyce. Cynthia Austin joined the meeting at 12:25 PM.

The Pre-Board Meeting consisted of the following:

1. The water/sewer availability issue was briefly discussed, including responsibility for the issue, JEA's role, researching historical records of prioritizing of the sewer system phase-out project and the JEA Charter.
2. The Joint Development Agreement between JEA and Semptra U.S. Gas and Power, a very preliminary look at due diligence.
3. Mr. McElroy brought to the Board's attention the St. Johns County/JEA Interlocal Agreement Settlement agenda item. This item would be discussed and voted on in the regular Board meeting.

With no action taken and no further business claiming the attention of the Board, the Pre-Board Meeting was adjourned at 1:00 PM. After a brief break, the Board moved to the 8th Floor Board Meeting Room for the regularly scheduled meeting.

The JEA Board met in regular session on Tuesday, January 21, 2014, in the 8th Floor Board Meeting Room, 21 W. Church Street, Jacksonville, Florida. Present were Mike Hightower, Cynthia Austin, Helen Albee, Ron Townsend, Lisa Strange Weatherby, Peter Bower and Wyman Winbush.

Agenda Item I – Welcome

- A. The meeting was called to order at 1:08 PM by Chair Hightower.
- B. A Moment of Reflection was observed by all.
- C. The Pledge of Allegiance was led by Mrs. Albee.
- D. Adoption of Agenda – The agenda was approved on motion by Mr. Hightower and second by Mrs. Austin.
- E. The Safety Briefing was given by Leah Greene, Manager Safety and Health Services.

Agenda Item II – Presentations and Comments

- A. **Plan for Zero** – Leah Greene, Manager Safety and Health Services, presented the JEA Safety Vision – JEA embraces a “Zero Incidents” philosophy where preventative safety is a way of life both on and off the job. Mrs. Greene described the fundamentals of the plan, including risks, triggers, controls and strategies for FY2014.
- B. **2013 Lineman Rodeo** – Michael Corbitt, C&M Working Foreman, was joined by Brian Gregg and Robert Hess to present the Board with a signed plaque from the JEA Line Maintainers, thanking the Board and staff for the support afforded them during the 30th Annual International Lineman's Rodeo. JEA Line Maintainers won top honors in Bonner Springs, Kansas, on Saturday, Oct. 19, 2013. One of the JEA Journeyman teams

won First Place Municipal Overall and First Place Overall World Champion Journeyman Team, beating teams from military, contractor, cooperatives and investor owned utilities like Duke Energy and Kansas City Power & Light. This year, JEA placed first and second over municipal teams from Sacramento, Salt River Project, Omaha and over 40 other teams. In addition, a JEA team won the entire competition – World Champion Journeyman Team, placing above all 200+ Journeyman teams for top honors.

C. Comments from the Public – none

- D. Council Liaison's Comments –** Councilman Bishop congratulated the Line Maintainers on their successes at the 30th Annual International Lineman's Rodeo. Councilman Bishop informed the Board of a resolution that has been approved and adopted by the City Council. The JEA Line Maintainers will be recognized before the City Council at a later date.

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 Mrs. Albce and second by Mr. Townsend, item 1 on the Consent Agenda was unanimously approved and items 2, 3, 4, 5, and 6 were received for information.
1. Approval of Board Meeting Minutes December 17, 2013 – approved
 2. Quarterly Customer Update – received for information
 3. Monthly JEA Operations Report – received for information
 4. Monthly JEA Financial Review – received for information
 5. Monthly FY14 Communications & Community Outreach Plan Update – received for information
 6. JEA FY14 Community Engagement Calendar – received for information
- B. Strategic Discussions/Action**
1. Sole Source & Emergency Procurement Report – John McCarthy, Director Supply Chain Management, presented a quarterly report. This report contains the summary information for all awards for the quarter ending December 31, 2013. A detailed listing for the Formal Sole Source and Emergency Awards was also provided. Detailed back-up information for all other awards is retained by the Chief Purchasing Officer, and is available upon request. This presentation was received for information.
 2. Real Estate Acquisition Status Report – Hamid Zahir, Director Shared Services, provided the Board with a status report of Real Estate Activities where use of Condemnation Authority has previously been granted. This report was received for information.
 3. Southside Property RFP Discussion – Nancy Kilgo, Director Government Affairs presented an Outline of Request for Proposal (RFP) for the sale of the former Southside Generating Station property. On motion by Mr. Townsend and second by Ms. Strange Weatherby, the Board unanimously approved issuance of a Request for Proposal (RFP), including quantitative and qualitative evaluation criteria. Once received and evaluated, any successful proposal would be presented to the Board for its approval before commencing negotiations. The RFP will contain a statement that

JEA reserves the right to make no award and to have flexibility in negotiating specific terms with a successful bidder.

4. Bi-Monthly Operations Presentation

- a. Mike Brost, Vice President/General Manager Electric Systems, reviewed the operations metrics results through December 31, 2013, relating to electric system reliability and revenue and FY2014 performance objectives.
 - b. Brian Roche, Vice President/General Manager Water/Wastewater Systems, reviewed the operations metrics through December 31, 2013, relating to safety metrics and Water and Wastewater System performance objectives, environmental compliance, and FY2014 financial forecast.
 - c. Monica Whiting, Chief Customer Officer, presented the "Wave II" results of the JD Power survey with JEA ranking 58th out of 138 utilities, with a JEA record high score of 671. JEA improved in all drivers of the survey, improving at total of 17 points. Mrs. Whiting also reviewed important indicators and metrics relating to earning customer loyalty and strategy implementation for continuous improvement. Some of these included customer solution participation, billing and payment solutions, first contact resolution, customer education, community service, service delivery costs and receivables. This presentation was received for information.
- 5. Joint Development Agreement between JEA and Sempra U.S. Gas and Power –** Melissa Dykes, Chief Financial Officer, presented the framework for a Joint Development Agreement between JEA and Sempra U.S. Gas and Power. The agreement will allow exploration of a new natural gas pipeline infrastructure development to facilitate increased use of natural gas, Liquefied Natural Gas (LNG), Compressed Natural Gas (CNG) and other infrastructure projects. This project could diversify revenue for JEA's electric systems and provide valuable backup fuel supply, helping maintain exceptional reliability, and keep rates stable for our customers. **On motion by Mr. Townsend and second by Ms. Strange Weatherby, the Board unanimously authorized the Managing Director/CEO to enter into the Joint Development Agreement for project development with Sempra U.S. Gas and Power.**
- 6. Rating Agency New Issue Reports Conjunction with the Upcoming Electric System Series Three 2014A and Sub 2014 Series A Refunding Bonds –** Melissa Dykes, Chief Financial Officer provided New Issue Reports outlining the utility's credit rating. This presentation was received for information.

C. Other New Business

- 1. St. Johns County/JEA Interlocal Agreement Settlement –** JEA and St. Johns County have reached a mutually agreed settlement to the three objections St. Johns County had with the \$12,175,152 Interlocal payment JEA made on January 11, 2012. The settlement agreement and the Third Addendum of the Interlocal Agreement include provisions which provide for a much simpler payment methodology performed annually on actual results, rather than current methodology based pre-payments and "true-ups". **On motion by Mr. Townsend and second by Mrs. Albee, the Board unanimously authorized the Managing Director/CEO to execute the Third addendum to the St. Johns County Interlocal Agreement and make the settlement payment of \$725,000.00 which settles all open items, past and future.**

D. Old Business – none

Mrs. Austin exited the Board Meeting at 2:57 PM and returned at 3:04 PM.

Agenda Item IV – Reports

- A. Managing Director/CEO's Report** – Mr. McElroy expressed his appreciation to Monica Whiting, Chief Customer Officer and staff for the impressive JD Power survey results. Mr. McElroy also commented on the employee Town Halls conducted January 7th through January 10th, 2014. Mr. McElroy also thanked the Board Members for their due diligence in saving the JEA customers a rate increase similar to the recent Gainesville Regional Utility increase.
- B. Chair's Report** – Chair Hightower reminded the Board Members of Cynthia Austin's term ending in February after serving the JEA Board for over 10 years. He expressed his appreciation to Mrs. Austin for the "difference she has made" to the JEA Board. Mrs. Austin was instrumental in implementing new processes such as team building, creating behavior norms and fiduciary responsibility by establishing the Finance and Audit Committee. The Nominating Committee will meet prior to the February 18, 2014 Board Meeting, consisting of Chair Hightower, Mrs. Austin and Mr. Townsend. The Chair also named Husein Cumber as Mayor Brown's nomination to the JEA Board. As the next step in the process, Mr. Cumber will go before the City Council Rules and Ethics Committee.

Agenda Item V – Closing Considerations

- A. Announcements – none**
- B. Adjournment**

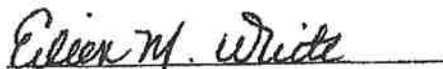
With no further business claiming the attention of the Board, Chair Hightower adjourned the regular meeting at 3:23 PM.

APPROVED BY:

SECRETARY

DATE: 2/18/2014

Board Meeting recorded by:



Eileen M. White
Executive Assistant

ATTACHMENT G-2

JEA BOARD MINUTES December 17, 2013

The JEA Board held a Pre-Board Meeting at 8:30 AM on Tuesday, December 17, 2013, in the Board Conference Room on the 8th Floor, 21 W. Church Street, Jacksonville, Florida. Present were Mike Hightower, Ron Townsend, Helen Albee, Peter Bower, Lisa Strange Weatherby, Wyman Winbush, Paul McElroy, and Bill Bishop, JEA City Council Liaison, and Gerri Boyce. Also present from the Mayor's Office, Mayor Alvin Brown, Mia Jones, Ronnie Belton, and Glenn Hansen. Cindy Laquidara and Jody Brooks, Office of General Counsel, Robert Campbell, Council Auditor's Office, Nate Monroe Florida Times-Union. Cynthia Austin was absent and excused.

Mayor Alvin Brown attended the Pre-Board Meeting and his discussions with the Board consisted of the following:

1. Chair Hightower thanked the Mayor for his appointment of the last four JEA Board Members and reminded that there will be three new members to be appointed within the next year.
2. Mr. Hightower asked Mayor Brown "How do you see the City of Jacksonville, JEA, and other authority Boards collaborating in the future?" What are the top priorities to be focused on? Mayor Alvin Brown touched on the following topics:
 - Downtown Renewal – expecting downtown to flourish and thrive.
 - Military Affairs – military growth in Jacksonville, 3000 new families all to be customers of JEA.
 - JAXPORT
 - Education/Schools – working towards 100% high school graduation rate and to increase college enrollment to more than the current rate of 25%.
 - Quality of Life – park systems, health of the St. John's River, and programs that encourage young people to take care of Jacksonville.
 - Infrastructure – major focus is on attracting new companies and economic development.
 - Pension/Retirement Reform – goal is fair to tax payers and fair to public employees.
 - Jacksonville Unemployment Rate
 - JEA's Relationship with the Community – ways to improve
3. The present Board Members each briefly reflected on their tenure on JEA's Board.
4. Councilman Bishop stated JEA is one of Jacksonville's best community assets.
5. Paul McElroy briefly discussed the focuses of JEA's Strategic Planning and the changes that have resulted so far.
6. Mr. Townsend suggested that this type of meeting between JEA Board and the Mayor's office occur on an annual basis.

With no action taken and no further business claiming the attention of the Board, the Pre-Board Briefing was adjourned at 9:37 AM. After a brief break, the Board moved to the 8th Floor Board Meeting Room for the regularly scheduled meeting.

The JEA Board met in regular session on Tuesday, December 17, 2013, in the 8th Floor Board Meeting Room, 21 W. Church Street, Jacksonville, Florida. Present were Mike Hightower, Helen Albee, Ron Townsend, Lisa Strange Weatherby, Peter Bower, and Wyman Winbush. Cynthia Austin was absent and excused.

Agenda Item I – Welcome

- A. The meeting was called to order at 10:04 AM by Chair Hightower.
- B. A Moment of Reflection was observed by all.
- C. The Pledge of Allegiance was led by Mrs. Albee.
- D. Adoption of Agenda – The agenda was approved on motion by Ms. Strange Weatherby and second by Mr. Winbush.
- E. The Safety Briefing was given by Larry Pinkstaff, Director Joint Owned Electrical Assets.

Agenda Item II– Presentations and Comments

- A. **Team Resistance** – Todd Lovelace, Electric Systems Engineer, presented the Stanton Engineering and Robotics Club/Team Resistance. Mr. Lovelace showed the video of the team's animation video entry and this year's competition. Since 1997, a number of JEA employees have donated thousands of hours of volunteer time each year to the Stanton Engineering and Robotics Club. These volunteers teach students technical and social skills necessary for future success. The team competes annually in a regional competition with a new robot built each year, solely by the students. Mr. Lovelace thanked the JEA Board, Management, and staff for their continued support of the robotics team for the past 16 years.
- B. **Junior Achievement Partnership** – Jane Upton, Director Communications & Community Outreach, was joined Steve St. Amand, Executive Director of Junior Achievement, for a presentation regarding JEA's partnership with Junior Achievement of North Florida. Junior Achievement teaches financial literacy and personal budgeting. This year, 7,000 Duval county school-aged children will benefit from this program with help from JEA volunteers.
- C. **Comments from the Public**
 - 1. Mr. Dennis R. Dix, Jr., 8620 Blarney Stone Court, Jacksonville, FL 32216, (904) 993-3409, addressed the Board and Mr. McElroy on the topic of Public Record Requests.
 - 2. Mr. Steve Johnson, 336 Foxtail Avenue, Middleburg, FL 32068, (904) 476-6969, addressed the Board and Mr. McElroy on the topic of EZBase.
- D. **Council Liaison's Comments** – Councilman Bishop wished the Board and JEA staff happy holidays. He commented that he has learned a lot in his first 6 months in his role as the JEA Council Liaison and was looking forward to the next six months of his term. Councilman Bishop stated Paul McElroy "took the utility to new heights" and congratulated him on a great 2013.

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 Ms. Strange Weatherby and second by Mr. Townsend, items 1 and 2 on the Consent Agenda was unanimously approved and items 3, 4, 5, 6, 7, 8 and 9 were received for information.
1. Approval of Board Meeting Minutes November 19, 2013 – approved
 2. FY2013 Operating Budget Line Item Transfers – approved
 3. FY2014 Annual Water Resource Master Plan Update – received for information
 4. FY2014 Annual Electric Transmission & Distribution Master Plan Update – received for information
 5. FY2014 Annual Electric Resource Master Plan Update – received for information
 6. Monthly JEA Operations Report – received for information
 7. Monthly JEA Financial Review – received for information
 8. Monthly FY14 Communications & Community Outreach Plan Update – received for information
 9. JEA FY14 Community Engagement Calendar – received for information
- B. Strategic Discussions/Action**
1. Significant Strategic Issues – Ted Hobson, Chief Compliance Officer, provided a presentation highlighting a list of some of the more significant corporate risks JEA will face over the next decade. The list will be the starting point for the Board to identify and prioritize the order of strategic issues to be discussed and addressed in the near future. This presentation was received for information.
 2. Bi-Monthly Financial Presentation – Melissa Dykes, Chief Financial Officer, reviewed the financial results ending November 30, 2013, supported by key metrics. The Electric year-to-date sales are currently 4% below budget, which equates to a budget shortfall of \$30 million. The Water year-to-date sales are currently 7.4% below prior year primarily due to lower irrigation demand. The Sewer year-to-date sales are currently 5.2% higher than FY2013. Total revenue is up \$8 million from prior year, yet down \$3 million from budget. This presentation was received for information.
- C. Other New Business**
1. CEO Scorecard Evaluation – CEO Paul McElroy was scored on the basis of four criteria chosen by the Board, including Customer Service, Managing Debt, Developing a Leadership Team, and a new Strategic Plan. With counsel from the Office of General Counsel, and with the ability to receive a salary increase in the range of 1-15%, the Board agreed upon an 11% increase to Mr. McElroy's salary. On motion by Chair Hightower and second by Mr. Townsend, the increase of 11% was unanimously approved. Each Board Member provided their congratulations on Mr. McElroy's performance and leadership.
- D. Old Business** – none

Agenda Item IV – Reports

- A. Finance and Audit Committee Report** – Committee Chair, Mr. Townsend reviewed the most recent Finance and Audit Committee Agenda, bringing items to the Board for action and information.
1. Approval of Minutes from the August 12, 2013 meeting – on motion by Chair Hightower and second by Mr. Winbush, the minutes were unanimously approved.
 2. Feedback on Rating Agency Presentations – received for information.
 3. Quarterly ERM/Audit Update – received for information.
 4. Finance & Audit Committee Self-Assessment Results Summary – received for information.
 5. Ethics Officer Quarterly Report – received for information.
 6. Annual Audit Report
 - a. E&Y 2013 Annual External Audit Report and Management Letter – received for information.
 7. JEA Fiscal Years 2014 and 2015 Fixed Rate Refunding Debt Parameter Resolutions for All Systems – on motion by Mrs. Albee and second by Mr. Bower, the Board unanimously approved Resolution numbers 2013-22, 2013-23, 2013-24, 2013-25, 2013-26, and 2013-27 establishing delegated parameters and authorizing the Managing Director/CEO to price and execute future fixed rate refunding bond issues, to be sold no later than December 31, 2014.
 8. Electric System and Water and Sewer System Reserve Fund Quarterly Report – received for information.
 9. Fuel Credit Discussion – received for information.
 10. JEA Energy Market Risk Management Policy – received for information.
 11. Office of General Counsel Report – received for information.
 12. Announcements
 - a. Next meeting, March 10, 2014, 8:00 AM
 13. Committee Discussion Sessions
 - a. The Committee met with Doris Champ, Director Audit Services.
 - b. The Committee met with Mike Pattillo and staff, Ernst & Young.
 - c. The Committee met with Mr. Robert Campbell, Council Auditor's Office.
- B. Managing Director/CEO's Report** – Mr. McElroy expressed his appreciation to staff for a good year. Mr. McElroy stated he looks at his evaluation as an evaluation of the entire organization and continues to look towards the future for continued improvement. Mr. McElroy thanked the Board Members for traveling to New York in early December to attend the Rating Agency meetings.
- C. Chair's Report** – Chair Hightower reminded the Board Members of the changes to Board meeting schedules. Starting in January, the Board meetings will have a start time of 12:00 PM with a Board Workshop, where January's subject of discussion will be Enterprise Risk Management. The Board is asked to bring their recommendations for

priority issues of 2014 to this meeting. Pre-Board meeting to commence at 1:00 PM and Board meeting to start at 2:00 PM.

Agenda Item V – Closing Considerations

A. Announcements – none

B. Adjournment

With no further business claiming the attention of the Board, Chair Hightower adjourned the regular meeting at 11:43 AM.

APPROVED BY: 

SECRETARY

DATE: 1/21/14

Board Meeting recorded by:



Eileen White

Executive Assistant

ATTACHMENT G-3

1/28/14

1

MINUTES ORLANDO UTILITIES COMMISSION January 28, 2014 2:00 P.M.

Present:

COMMISSIONERS:

Dan Kirby, President
Maylen Dominguez, Second Vice President
Gregory D. Lee, Commissioner (via telephone)
Buddy Dyer, Mayor

Kenneth P. Ksionek, General Manager & Chief Executive Officer
Jan Aspuru, Clint Bullock, Roseann Harrington, Byron Knibbs, Chip Merriam and
Rob Teegarden, Vice Presidents
Jerry Sullivan, Vice President & Chief Information Officer
John H. Hearn, Vice President & Chief Financial Officer
W. Christopher Browder, Vice President & General Counsel
Nanci Schwartz, Recording Secretary

President Kirby asked John Hearn to give the invocation, followed by the Pledge of Allegiance to the Flag. The Commission Meeting was called to order at 2:00 P.M.

* * *

On a motion by Commissioner Dominguez, seconded by Mayor Dyer and unanimously carried, the reading of the minutes of the December 10, 2013 Commission Meeting was waived and the minutes were approved.

On a motion by Mayor Dyer, seconded by Commissioner Dominguez and unanimously carried, the reading of the minutes of the December 17, 2013 Special Commission Meeting was waived and the minutes were approved.

* * *

President Kirby called for the election of officers to serve on the 2014 Commission. Mayor Dyer moved to nominate Dan Kirby as President, Linda Ferrone as First Vice President and Maylen Dominguez as Second Vice President. The motions carried unanimously.

* * *

Mayor Dyer moved to reappoint Ken Ksionek as General Manager & CEO and Secretary of the Commission and the motion carried unanimously.

* * *

Mr. Ksionek stated that, without objection, Commissioner Dominguez will serve as Chair of the Audit Committee with Commissioner Lee as a member. No objection was offered.

Mr. Ksionek stated that without objection, Commissioner Ferrone will serve as Chair of the Finance Committee with President Kirby as a member. No objection was offered.

Mr. Ksionek also provided proposed dates for the 2014 Audit and Finance Committee Meetings for review by the respective Commissioners.

Mr. Ksionek also recommended that John Hearn, Chris Browder and Beth Mason be appointed as Assistant Secretaries to the Commission. Commissioner Dominguez moved that Mr. Ksionek's recommendations be approved and the motion carried unanimously.

* * *

Commissioner Lee left the meeting at 2:05 P.M.

* * *

Roseann Harrington announced that the 2014 OUCares Workplace Giving Campaign was the largest employee donation in the company's history at \$160,956.52.

Ms. Harrington presented awards to OUC's Top 3 PROUD Volunteers of the Year for 2013: Michael Weiner (2,171 hours), Nioker White (1,104 hours) and Thomas Johnson (930 hours).

* * *

President Kirby presented the Affirmative Items for approval. On a motion by Commissioner Dominguez and seconded by Mayor Dyer, the Affirmative Items were approved as follows:

1. Ratification of the above fuel procurements to the low bidders in October 2013 in the aggregate amount \$17,345,092.13 as follows:

NATURAL GAS PURCHASES:

Oct. 2013	BP Energy	\$ 670,668.87
Oct. 2013	EDF Trading (Formerly Eagle Energy)	\$ 900,719.50

Oct. 2013	Enbridge Marketing, LP	\$ 549,305.46
Oct. 2013	Gavilon LLC	\$ 135,017.42
Oct. 2013	Macquarie Cook Energy, LLC	\$1,215,266.95
Oct. 2013	National Energy & Trade	\$1,391,124.84
Oct. 2013	NJR Energy Services	\$ 891,742.25
Oct. 2013	Sequent Energy Management	\$ 190,451.90
Oct. 2013	Shell Energy	\$1,682,295.76
Oct. 2013	Tenaska Marketing Ventures	\$ 106,696.36
Oct. 2013	Texla Energy Management, Inc.	\$2,291,683.19

COAL PURCHASES:

Oct. 2013	Alpha Coal Sales, LLC	\$1,289,951.08
Oct. 2013	Eastern Coal & Coke Co.	\$ 633,635.40
Oct. 2013	Foresight Coal Sales, LLC	\$ 507,505.95
Oct. 2013	Crimson Coal Corporation	\$1,731,875.86
Oct. 2013	JP Morgan	\$3,157,151.34

2. Approval of a sole source Purchase Order to General Electric International, Inc. to repair the Stanton Energy Center Unit B compressor stator and exhaust seals in the amount of \$267,661.17;
3. Approval of an OUC initiated scope change and conforming Change Order No. 1 to Dedicated Transport, LLC and T. Wayne Hill Trucking, Inc. for three-year contract extensions to provide lime slurry to the Stanton Energy Center in the amount of \$3,450,000, increasing the total Purchase Orders aggregate amount to \$15,450,000;
4. Approval of RFP #3540 - Contract award to Enertech Process Sensors, Inc., the most responsive and responsible vendor, to provide equipment, online monitoring systems and technical field assistance for the Stanton Energy Center Infrared Boiler Furnace Camera Project in the amount of \$181,072, pending final contract negotiations and OUC legal review;
5. Approval of RFP #3619 - Contract award to Aquilex SMS, LLC, the sole responsive and responsible vendor, to perform the Stanton Energy Center Units 1 & 2 and SEC B inspections and repair services required for the Air Heater Expansion Joints Replacement Project in the amount of \$2,766,450, subject to final contract negotiations and OUC legal review;
6. Approval of RFP #3615 - Contract award to Underwater Solutions, Inc., the lowest, most responsive and responsible vendor, to provide water storage tank inspection and cleaning services in the amount of \$110,115, pending final contract negotiations and OUC legal review. The contract term is three years with two one-year renewal options;

7. Approval of a Purchase Order to ABB, Inc., in accordance with the existing Purchasing Agreement, to provide power circuit breakers required for the Pershing to Stanton 115kV Transmission Line Upgrade Project in the amount of \$195,000;
8. Approval of Change Request No. 1 to the Transmission Capital Expenditure Estimate to complete the work required for the Access Pads, Roads & Compensating Storage Project required for the St. Cloud North to East Transmission Line in the amount of \$470,000, increasing the total project cost to \$4,910,000. Approval of additional funding in the amount of \$470,000 with conforming Change Order No.1 to Jimmy Hickman Excavating for the construction of access pads, roads and compensating storage areas, increasing the total Purchase Order amount to \$4,770,000;
9. Approval of additional funding in the amount of \$650,000 with conforming Change Order No. 1 to the Southeast Power Corporation Purchase Order to continue providing transmission line construction services, increasing the total Purchase Order amount to \$7,550,000;
10. Approval of a single source Purchase Order to AT&T Mobility to provide cellular voice and data services in the amount of \$1,500,000. The contract term is three years;
11. Approval of RFP #3598 - Contract award to Market Strategies International, the most responsive and responsible vendor, to perform customer transactional survey services in the amount of \$323,000, pending OUC legal review and approval of the contract. The contract term is three years with two one-year renewal options;
12. Approval of RFP #3621 - Contract award to Convergent Outsourcing, Inc., the most responsive and responsible vendor, to provide overflow call center services in the amount of \$460,000 for a one-year period, pending OUC legal review and approval of the contract. The contract term is three years with two one-year renewal options;
13. Approval of RFP #3604 - Contract award to Prosys Information Systems, the most responsive and responsible vendor, to provide the NICE workforce management software solution including installation, training and maintenance in the amount of \$109,230, pending final legal review and contract approval. The contract term is three years with two one-year renewal options;
14. Approval of an OUC initiated scope change and conforming Change Order No. 2 to K&M Machine Shop, Inc. in the amount of \$174,000 to

continue refurbishing and modifying water meter lids, increasing the total Purchase Order amount to \$263,800;

15. Approval of RFP #3518 - Contract award to MTM Recognition Corporation, the most responsive and responsible vendor, to provide gifts and administer the Employee Service Award and Recognition Program in the amount of \$225,000, pending final legal review and contract approval. The contract term is three years with two one-year renewal options; and
16. Authorization for the General Manager & CEO to execute the Release of Easement for Racetrac Petroleum, Inc. for property located west of Narcoossee Road and south of Tagore Place.

* * *

Commissioner Dominguez reported that the Audit Committee conducted its regular meeting on December 11, 2013. Internal Audit activities were presented to the Committee including an overview of three recently completed Internal Audit reports.

The annual review of the Purchasing Policy was conducted. Only minor administrative changes to the Policy were recommended. Changes in operational procedures were reviewed. The annual review of OUC's Diversity Program was also presented. OUC is continuing to look for innovative ways to enhance this program.

The results of the September 30, 2013 financial statement audit were presented, including the annual audited financial statements, the unmodified audit opinion and the ten-year financial and statistical report. Income before contributions for the year ended September 2013 was \$73.9 million and total assets were \$3.3 billion.

In addition to the unmodified opinion, Ernst & Young presented reports regarding internal controls and management letter comments, each with no findings. Ernst & Young also presented a summary of their audit procedures, including the manner in which risks were addressed.

* * *

Ms. Harrington recognized former OUC Commissioner Katie Porta in the audience and stated that Ms. Porta was recently recognized as *Orlando Sentinel's* 2013 Central Floridian of the Year. Ms. Harrington presented a short video highlighting Ms. Porta's achievements at Quest.

President Kirby read a Resolution of Appreciation for adoption to recognize Ms. Porta.

RESOLUTION OF APPRECIATION

Whereas, the Orlando Utilities Commission wishes to congratulate Katie Porta on being recognized as Orlando Sentinel's "2013 Central Floridian of the Year"; and

Whereas, for 32 years, Ms. Porta served as a committed and ethical leader, who fought with courage and perseverance for the rights and empowerment of a voiceless segment of the community; and

Whereas, Ms. Porta's vision transformed a small organization with a \$130,000 operating budget into what is known today as Quest, Inc., a \$30-million operation with more than 650 team members who provide premier services and improve the quality life of over 1,100 individuals each day; and

Whereas, with her passion, one-of-a-kind personality and strong voice, Ms. Porta raised awareness at the state and local levels of the impact that the business community can have on people with disabilities, helping them achieve their dreams of going to school, having a job and living independently; and

Whereas, under her leadership, Quest Inc. developed Project SEARCH, a one-year training program that changes corporate culture and adds diversity to the workforce by providing competitive employment opportunities to high school students with disabilities, allowing them to develop job skills for long-term success and giving employers access to a talented underutilized workforce; and

Whereas, Ms. Porta strengthened her influence by serving an eight-year tenure on the Orlando Utilities Commission (OUC) board, including three years as President, in which she led OUC through a period of exceptional challenges to the electric and water industry, promoted innovative renewable initiatives such as the approval of the first solar farm in Orange County and was the champion of affordable electricity and water for customers particularly those in some of the least efficient homes.

Now, Therefore, Be it Resolved, the Orlando Utilities Commission expresses its deepest gratitude to former Commissioner, President and friend Katie Porta, for her powerful impact to the Central Florida community and her passionate, loyal and able service as a member of this Commission.

Be It Further Resolved that the Orlando Utilities Commission recognizes Ms. Porta for her outstanding leadership and service by making this Resolution a part of the official Commission records and by presenting to her a testimonial copy as a symbol of the pride and esteem in which she is held by the Commission.

Dated this 28th day of January, 2014.

/s/ Dan Kirby
Commission President

/s/ Linda Ferrone
First Vice President

/s/ Maylen Dominguez
Second Vice President

/s/ Gregory D. Lee
Commissioner

/s/ Buddy Dyer
Mayor

/s/ Kenneth P. Ksionek
General Manager & CEO

Ms. Porta thanked the Board for their recognition.

* * *

John Hearn reported that OUC net income is approximately \$2.1 million ahead of budgeted net income for Fiscal Year 2014.

* * *

Mr. Ksionek asked Jerry Sullivan to provide an update on the Meter Data Management (MDM) Project. Mr. Sullivan stated that MDM Phase II went live successfully on January 20, 2014. The budget for the entire MDM Project was \$10.4 million and the Project came in under budget.

George Delacova, Solutions Architect for the Project, explained the decrease in payment center customer reconnection times with the new MDM system, as well as the overall benefit to customers. He also discussed typical real-time customer interactions under the new system.

Mr. Sullivan thanked Mr. Delacova, Ashish Smart and Project Manager Margaret James for their work on the Project.

President Kirby commented on the importance of conveying the message to customers regarding the increased speed of reconnecting service.

Commissioner Dominguez asked if customers at third-party payment centers are given an estimate for service times. Ms. Harrington replied that this is information OUC needs to personally communicate to its customers.

* * *

Mr. Ksionek asked Chip Merriam to provide an update on the proposed Minimum Flow Levels (MFL) rule development. Mr. Merriam explained the difficulties and challenges between the utilities and water management districts in Central Florida. He discussed guiding principles from 2006 as related to current regulatory goals and technical collaboration. OUC has done an exemplary job in conserving water usage, including utilizing reclaimed water.

Mr. Merriam discussed several concerns, including the difficulty in distinguishing groundwater impacts from other impacts, ignoring cost considerations while determining groundwater availability, and changing models and lack of error

quantification. He stressed the importance of OUC commenting to the water management districts regarding the rule development.

Commissioner Dominguez asked if these models are based on historical usage or other criteria. Mr. Merriam replied that every model uses different criteria.

* * *

Mr. Ksionek commented on two recent Power Purchase Agreements (PPA). The Lake Worth PPA went into effect on January 1, 2014, and represents approximately \$12 in total annual revenue. The Winter Park PPA went into effect on December 31, 2013, which has an expected annual revenue of \$5 million. He thanked Clint Bullock, Jan Aspuru and their teams for their hard work on these projects and stressed the importance of seeking out other PPAs.

Mr. Ksionek stated that OUC has sold excess energy in response to weather-related demands during the month of January, in the amount of approximately \$6.4 million. OUC's profits from these sales are approximately \$1.4 million. He thanked Claston Sunanon, Wally Whiting and Ed Bemis for their work marketing OUC's excess energy.

* * *

Commissioner Dominguez stated she was glad to see OUC in a strong financial position at the beginning of the year and stressed the importance of continuing to diversify the fuels portfolio, investing in infrastructure and finding new ways to increase revenue. She praised the Information Technology staff for the MDM Project and how it will make things easier for customers moving forward. She thanked Katie Porta for attending the meeting and OUC staff for continuing to make a difference in the community.

Mayor Dyer also thanked and congratulated Ms. Porta. He announced that the City of Orlando will begin renovation of the Citrus Bowl on January 29 and will conclude in October 2014.

President Kirby stressed the importance of OUC conducting itself with integrity. He commented on the success of the MDM project and stressed the importance of continuing to communicate with customers in regards to the third-party payment centers. He discussed OUC's role in being a good community steward and mentioned that he recently attended the One Orlando Summit with Roseann Harrington and Bobby Collins. He also thanked Ms. Porta for her service and congratulated her on her recent award.

* * *

President Kirby adjourned the meeting at 3:00 P.M.

President

Secretary

ATTACHMENT G-4

12/10/13

78

MINUTES ORLANDO UTILITIES COMMISSION December 10, 2013 2:00 P.M.

Present:

COMMISSIONERS:

Dan Kirby, President
Linda Ferrone, First Vice President
Maylen Dominguez, Second Vice President
Gregory D. Lee, Commissioner
Buddy Dyer, Mayor

Kenneth P. Ksionek, General Manager & Chief Executive Officer
Jan Aspuru, Clint Bullock, Roseann Harrington, Byron Knibbs, Chip Merriam and
Rob Teegarden, Vice Presidents
Jerry Sullivan, Vice President & Chief Information Officer
John H. Hearn, Vice President & Chief Financial Officer
W. Christopher Browder, Vice President & General Counsel
Nanci Schwartz, Recording Secretary

President Kirby asked Ron Toporek to give the invocation, followed by the Pledge of Allegiance to the Flag. The Commission Meeting was called to order at 2:06 P.M.

* * *

On a motion by Commissioner Ferrone, seconded by Mayor Dyer and unanimously carried, the reading of the minutes of the November 12, 2013 Commission Meeting was waived and the minutes were approved.

* * *

Roseann Harrington announced that OUC held its 14th Annual Half-Marathon on December 7, 2013. Approximately 3,800 runners participated in the Half-Marathon and approximately 1,800 runners participated in the 5K, including 62 OUC employees and family members.

* * *

Mr. Ksionek asked Jan Aspuru to give a presentation on Affirmative Item A-4 regarding the Renewable Energy Power Purchase Agreement (PPA) for 9 MW of Landfill Gas to Energy (LFGE). Mr. Aspuru explained that while OUC does not currently require new generation capacity, OUC continuously looks for

opportunities to expand its renewables portfolio. Because there are limited LFGE opportunities, OUC should take advantage of this market purchase. Mr. Aspuru stated that OUC's total current renewable capacity is 37 MW, with 25.8 MW generated from landfill gas. He discussed OUC's Strategic Initiative Number 4 regarding Sustainable Use of Electric and Water Resources, and related how this agreement will contribute to OUC's clean energy strategy. Mr. Aspuru provided an overview of the contract with Shaw Environmental, Inc. (Shaw). The term of the contract is 20 years effective Spring 2015, with an option to extend for up to five successive two-year periods. OUC will not contribute any capital investment, and will only pay for megawatt hours received. The remaining contractual conditions include the final transmission and distribution agreements, the interconnection agreement between Duke Energy (Duke) and Shaw, and final OUC legal review.

Commissioner Dominguez inquired about the distance to each of the current landfills that provide landfill gas to energy to OUC. Claston Sunanon responded that the Holopaw landfill is approximately 54 miles and the Port Charlotte landfill is 187 miles away. Mr. Aspuru added that the costs to wheel energy through transmission lines is calculated based on tariffs and infrastructure, not distance.

President Kirby asked about the distance the energy would be wheeled through Duke's transmission lines before connecting with OUC's distribution system. Mr. Aspuru responded that it would be approximately 25 miles and if Duke's transmission and wheeling costs rise substantially, OUC would consider the economics of building its own transmission/distribution line. Commissioner Lee inquired if the agreement would allow this and Mr. Aspuru stated that it is not officially addressed in the contract, but it would be allowed if it potentially benefitted both Shaw and OUC.

Commissioner Ferrone asked for clarification regarding OUC's call rights granted by the agreement. Mr. Aspuru responded that OUC would receive first call rights for any new generation up to 20 MW, and OUC would have to match the economics from other parties.

* * *

President Kirby announced a conflict of interest regarding Affirmative Item A-17. President Kirby presented the remaining Affirmative Items for approval. On a motion by Commissioner Dominguez and seconded by Commissioner Lee, the Affirmative Items, with the exception of Affirmative Item A-17, was approved as follows:

1. Ratification of the above fuel procurements to the low bidders in September 2013 in the aggregate amount \$12,317,945.63 as follows:

NATURAL GAS PURCHASES:

Sep. 2013	BP Energy	\$ 710,167.64
Sep. 2013	EDF Trading (Formerly Eagle Energy)	\$ 544,825.02

Sep. 2013	ETC Marketing, Ltd.	\$ 668,694.90
Sep. 2013	Gavilon LLC	\$ 670,719.84
Sep. 2013	Infinite Energy	\$3,053,604.20
Sep. 2013	Macquarie Cook Energy, LLC	\$ 425,763.00
Sep. 2013	National Energy & Trade	\$ 968,619.69
Sep. 2013	NJR Energy Services	\$ 597,786.60
Sep. 2013	Shell Energy	\$ 394,911.88
Sep. 2013	Southwestern Energy	\$ 675,074.89
Sep. 2013	Texia Energy Management, Inc	\$1,823,202.71

COAL PURCHASES:

Sep. 2013	Alpha Coal Sales, LLC	\$ 641,169.36
Sep. 2013	JP Morgan	\$1,143,405.90

2. Ratification of an OUC initiated scope change and conforming Change Order No. 1 to Aquilex SMS, LLC to provide repair services for the Stanton Energy Center Unit 2 steam generator in the amount of \$271,294.46, increasing the total Purchase Order amount to \$2,021,294.46;
3. Authorization for the General Manager & CEO to execute an Interchange Service Agreement between New Hope Power Company and OUC, pending final OUC legal review and approval;
4. Authorization for the General Manager & CEO to execute a Renewable Energy Power Purchase Agreement between Shaw Environmental Inc. and OUC to purchase energy for a twenty-year term in the amount of \$85,678,000, subject to final OUC legal review and approval;
5. Approval of Purchase Orders to Southern Company Rail Services, Inc.; City of Lakeland; Gainesville Regional Utilities; CSX Transportation; Tennessee Valley Authority; Alabama Power Company; Crimson Management; Duke Energy; Tampa Electric Company; Indiantown Cogeneration, L.P.; Progress Rail Leasing Corporation; South Carolina Public Service Authority; Trinity Industries Leasing Company; First Union Rail; GATX Corporation; JAIX Leasing Company; Mitsui Rail Capital and Vulcan Materials Company for short-term leases of coal unit trains based on availability and price through Fiscal Year 2016 in the aggregate amount not to exceed \$2,900,000;
6. Approval of RFP #3593 - Contract award to Lhoist North America of Alabama, LLC, the lowest, most responsive and responsible vendor, to provide hydrated lime for the Stanton Energy Center dry sorbent injection delivery system in the amount of \$6,579,120, pending final contract negotiations and OUC legal review. The contract term is three years with two one-year renewal options;

7. Approval of an OUC initiated scope change and conforming Change Order No. 2 to Brenntag Mid-South, Inc. in the amount of \$164,901 to continue supplying hydrofluosilicic acid through November 9, 2014, increasing the total Purchase Order amount to \$607,718.60;
8. Approval of an OUC initiated scope change with confirming Change Order No. 1 to Air Liquide Industrial U.S. LP in the amount of \$1,000,147 to continue supplying liquid oxygen to OUC's six Water Treatment Plants through September 30, 2014, increasing the total Purchase Order amount to \$2,900,147;
9. Approval of the Electric Distribution Construction Estimate for the underground electric distribution system at West Church Street and South Rio Grande Avenue to serve the Florida Citrus Bowl Reconstruction in the amount of \$686,930.64, with customer contributions in the amount of \$529,293;
10. Authorization for the General Manager & CEO to execute the Joint Participation Agreement with the City of Orlando for the GOAA Hangers 407 & 431 Fire Protection Source Water Conversion Project. Approval of the Water Distribution Construction Estimate for construction, administration and inspection costs for the GOAA Hangers 407 & 431 Fire Protection Source Water Conversion Project in the amount of \$2,030,065.72. Approval of a Purchase Order to the City of Orlando for reimbursement of construction costs related to the GOAA Hangers 407 & 431 Fire Protection Source Water Conversion Project in the amount of \$1,968,887.65;
11. Approval of RFP #3568 - Contract award to Energy Erectors, Inc., lowest, most responsive and responsible vendor, to perform substation construction services for the Holden to Southwood Transmission Line Upgrade Project in the amount of \$106,800 and for the Southwood Substation Transformer Project in the amount of \$607,000, for an aggregate amount of \$713,800;
12. Approval of RFP #3542 - Contract award to DocuSphere, the most responsive and responsible vendor, for software licenses and implementation services in the amount of \$441,000. The contract term includes five years of maintenance support;
13. Approval of Bid #3591 - Contract awards to Briggs Equipment, Inc., the lowest, most responsive and responsible bidder, for the purchase of three man lifts in the amount of \$324,938.46 and MacKinnon Equipment & Services, the lowest, most responsive and responsible

bidder, for the purchase of two material handlers in the amount of \$197,806.51, for an aggregate amount of \$522,744.97;

14. Approval of a RFP #3584 - Contract award to Florida Handling Systems, Inc., the most responsive and responsible vendor, for overhead crane and hoist maintenance and repair services in the amount of \$220,000. The contract term is three years with two one-year renewal options;
15. Approval of a single source Purchase Order to Aetna Life Insurance Company to provide limited scope services for Phase Two of the Wellness Program in the amount of \$300,000. The contract term extends from January 1, 2014 through December 31, 2016;
16. Authorization for the General Manager & CEO to execute the Partial Release of Easement, for property located south of Dowden Road and west of Narcoossee Road, originally granted under the terms of a Lighting Service Agreement;
17. Pulled for separate vote;
18. Approval of the 2014 Commission Meeting dates at 2:00 p.m. on the following dates: January 28, March 11, April 8, May 13, June 10, July 8, August 26, October 14, November 11 and December 9. No meetings will be held in February and September;
19. Approval of an OUC initiated scope change and conforming Change Order No. 3 to IBM Corporation in the amount of \$149,048.69 for annual software maintenance and support fees for the period of January 1 through December 31, 2014, increasing the total Purchase Order amount to \$566,530.58; and
20. Approval of an OUC initiated scope change with conforming Change Order No. 2 to Persistent Systems, Inc. in the amount of \$198,372 to continue providing support services for Secure Account Management through December 2014, increasing the total Purchase Order amount to \$463,372.

On a motion by Commissioner Ferrone, and seconded by Commissioner Lee, Affirmative Item A-17 was approved as follows:

17. Authorization for the General Manager & CEO to execute the Subordination of Utility Interests between the Florida Department of

Transportation and OUC for Parcel 209.5, located south of Fairway Woods Boulevard and west of Landstar Boulevard.

President Kirby previously announced a conflict of interest and abstained from the vote.

* * *

President Kirby asked if there were any comments for New Business Item 1 regarding the Commissioner nomination. The City of Orlando's Nominating Board submitted three candidates for consideration of the position currently held by President Dan Kirby, which expires December 31, 2013.

President Kirby announced a conflict of interest, inasmuch as this matter considers his own appointment. He stated that he will refrain from the discussion and vote on this item, per Florida State Statute, in that no member of a municipal council should vote on a motion regarding their right as a member.

Commissioner Dominguez moved to enable President Dan Kirby, an OUC customer and qualified elector, to succeed himself as a Commission member, as is allowed by the Charter of the Commission, and that his name be submitted for consideration as the Commission's nomination to the Orlando City Council for election to serve a term of four years, effective January 1, 2014. Commissioner Ferrone seconded the motion and it was approved on a vote of 4-0. President Kirby abstained from the vote.

* * *

President Kirby presented New Business Item 2 for approval. On a motion by Commissioner Ferrone and seconded by Mayor Dyer, NB-2 was approved as follows:

NB-2 Adoption of the proposed LED street light service rates of \$10.33 for 101-watt and \$13.49 for 168-watt to be effective December 10, 2013, pending Florida Public Service Commission review.

* * *

Commissioner Ferrone reported that the Finance Committee held its regular meeting on November 21, 2013. The Committee reviewed the annual Energy Risk Management Report and Treasury Report. The annual plan of finance, which includes the renewal of a liquidity facility and issuance of bonds to fund a portion of the capital plan, was discussed. Specific recommendations related to these transactions will be finalized early in 2014 and brought to the Board for approval.

The Committee completed its annual review of the Investment, Debt and Derivatives Policies. As part of the changes recommended, the three policies will

be combined into one Treasury Policy. Other changes are outlined in the agenda item.

The Committee also reviewed the Energy Risk Management Policy and proposes some clarifications. There are no substantive changes to the policy. The Finance Committee recommends approval of the new Treasury Policy and the revised Energy Risk Management Policy.

The Finance Committee discussed proposals received to provide financial advisory services. The Committee recommends that OUC retain PFM to provide financial advisory services for a three-year period, with two one-year renewal options.

On a motion by Commissioner Ferrone and seconded by Mayor Dyer, PRES-1a was approved as follows:

PRES-1a Adoption of the proposed Treasury Policy and revisions to the Energy Risk Management Policy as recommended by the Finance Committee.

On a motion by Commissioner Ferrone and seconded by Commissioner Lee, PRES-1b was approved as follows:

PRES-1b Approval of RFP #3558 -- Contract award to Public Financial Management, Inc., the most responsive and responsible vendor, to provide financial advisory services for Fiscal Year 2014 in the amount of \$250,000. The contract term is three years with two one-year renewal options.

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John Hearn reported that OUC is approximately \$2 million ahead of budget for the first two months of Fiscal Year 2014.

* * *

Mr. Ksionek asked Chip Merriam to provide a Legislative Update. Mr. Merriam described the current political landscape while also looking ahead to the 2014 United States Congressional elections. A bipartisan "supercommittee" was created after the government shutdown in order to develop a means to prevent future occurrences.

Mr. Merriam explained the Environmental Protection Agency's rulemaking efforts as a result of the President's memorandum to reduce greenhouse gas emissions by 17 percent from 2005 levels by 2020, and discussed the potential effects on OUC. The EPA is meeting the requirements of the President's directive by issuing proposed rules by June 1, 2014, with final guidelines by June 1, 2015. The states will submit plans by June 30, 2016.

Commissioner Dominguez inquired as to whether the EPA will determine whether the states' plans are satisfactory based on a rubric or set of standards, and Mr. Merriam replied negatively. The determinations of the EPA will be subjective.

Mr. Merriam discussed current policy discussions in the State of Florida that included corrections, ethics package, state economy, state lottery, voting reform, governance, minimum flows and levels, a guidance memorandum from the Governor and the Springs Protection Bill. He stated that because of OUC's size, there have been assertions that the Florida Public Service Commission should have some oversight over the organization.

President Kirby commented that OUC should be proactive about understanding how legislative issues will affect OUC's Integrated Resource Plan. He stated the importance about speaking with legislators in regards to the local governance legislation and requested an update from Mr. Merriam on these issues.

* * *

Commissioner Lee praised the OUC Half-Marathon and 5K event and stated he will endeavor to participate in 2014. He thanked Mr. Merriam for his in-depth update.

Commissioner Ferrone thanked John Hearn and the Financial & Support Services staff for taking the opportunity to modernize financial policies. She also stated her appreciation for the update on renewables.

Mayor Dyer announced the opening of See Art Orlando, in which OUC participated in providing solar energy to light several of the art pieces. Mayor Dyer commented on the Major League Soccer expansion team coming to Orlando in 2014. He wished everyone a Happy Holiday.

Commissioner Dominguez stated she was thrilled to hear the update on the Renewable Energy Power Purchase Agreement for the 9 MW Landfill Gas to Energy, and emphasized the importance on diversifying OUC's portfolio. She thanked Mayor Dyer for the new artwork.

President Kirby also praised Mayor Dyer for the new artwork. He stated that he recently represented OUC at the One Orlando Economic Development Commission Regional Summit, along with Roseann Harrington and Bobby Collins. He is excited about OUC's participation in the regional branding and economic development effort. He emphasized the importance of safe operations and expressed his wishes for a safe holiday season.

* * *

President Kirby adjourned the meeting at 3:03 P.M.

President

Secretary