

**JEA
BOARD AGENDA**

DATE: December 16, 2008

TIME: 9:30 AM

PLACE: JEA
21 West Church Street
8th Floor Meeting Room

I. OPENING CONSIDERATIONS

- A. Call to Order
- B. Invocation
- C. Pledge to Flag
- D. Safety Briefing – Scott Kelly, Vice President, Water/Wastewater Systems
Meeting participants are asked to turn their cell phones off.
- E. Adoption of Agenda
- F. Approval of Minutes
 - 1. Regular meeting held November 17, 2008

II. PRESENTATIONS & COMMENTS

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

III. FOR BOARD CONSIDERATION

- A. New Business
 - 1. Liquidity Facility For JEA Variable Rate Water And Sewer System Subordinated Revenue Bonds And District Energy System Revenue Bonds – action required (Helen Kehrt will address, 3 minutes)
 - 2. Annual Report on JEA's JSEB Program – information only (Greg Perrine will address, 5 minutes)
 - 3. Consideration of PURPA Standards in 2007 Energy Act – information only (Jim Dickenson will address, 3 minutes)

4. Credit Market Conditions, Revenue Analysis and Annual Financial Projections – presentation – information only (Paul McElroy will address, 20 minutes)
5. Operations Report – November 2008 – information only
6. Monthly Financial Statements – November 2008 – information only
7. Other New Business

B. Old Business – none

IV. REPORTS & COMMENTS

A. Finance and Audit Committee Report

1. Minutes from December 9, 2008 meeting
2. JEA Finance Plan/Calendar for FY 2009 – information only
3. Resolution Authorizing the Issuance of Additional SJRPP New Money and Refunding Debt – **requires Board action**
4. Delegated Authority for Budget Transfers – **requires Board action**
5. FY 09 Internal Audit Summary – information only
6. Enterprise Risk Management Summary - information only
7. Ethics Quarterly Report – information only
8. Liquidity Discussion – information only
9. Ernst & Young 2008 Audit Results – information only
10. Committee met with Director Internal Audit
11. Committee met with Ernst & Young

B. Managing Director's Report

C. Chair's Report

V. CLOSING CONSIDERATIONS

A. Announcements

B. Adjournment

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

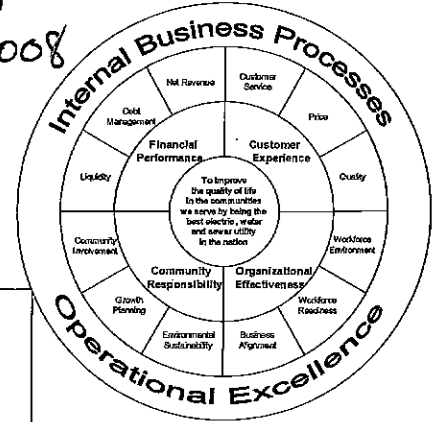
B. If a person decides to appeal any decision made by the JEA Board with respect to any matter considered at this meeting, that person will need a record of the proceedings, and, for such purpose needs to ensure that verbatim record of the proceedings is made, which record includes the evidence and testimony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

III-A-1
12-16-2008



Building Community

AGENDA ITEM SUMMARY



December 1, 2008

SUBJECT: LIQUIDITY FACILITY FOR JEA VARIABLE RATE WATER AND SEWER SYSTEM SUBORDINATED REVENUE BONDS AND DISTRICT ENERGY SYSTEM REVENUE BONDS

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

Issue: Liquidity facilities relating to certain JEA variable rate demand obligation (VRDO) programs and commercial paper (CP) programs that are approaching their termination date require term extension or renewal / substitution of the liquidity facilities.

Significance: High. JEA wants to minimize any impact on the termination of the existing liquidity facility of the variable rate demand obligation programs.

Who/what is affected: Variable Rate Demand Obligation debt service expense.

Background: JEA has eighteen VRDO programs and two CP programs that require JEA to have liquidity agreements in place in order to provide funds in the event the remarketing agent cannot find buyers for the debt obligations.

Background Examples: N/A

Cost to company/community: Currently, there is uncertainty of renewing or procuring a substitute liquidity facility for JEA to receive the lowest possible interest costs and to continue its VRDO and CP programs with stable liquidity facility providers.

Recommended course of action: Approve the two attached resolutions to authorize the Managing Director/CEO to extend the term of the liquidity facility, amend other terms in the agreement or to procure a substitute liquidity facility.

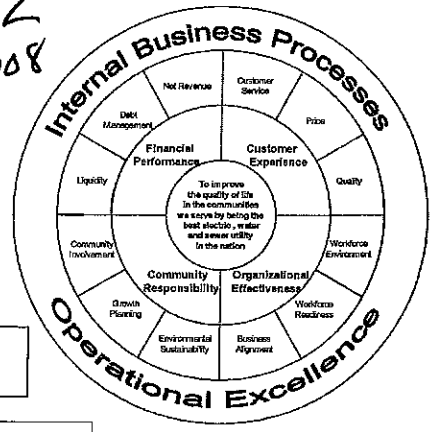
Why? To provide a technical amendment to the resolutions for Variable Rate Water and Sewer System Subordinated Revenue Bonds, 2008 Series A-1 / A-2 and District Energy System Revenue Bonds, 2004 Series A, as to conform the language for the program to the other VRDO and CP programs that JEA has currently outstanding.

Recommended Board action: That the Board approve the attached resolutions.

III-A-2
12-16-2008



Building Community
AGENDA ITEM SUMMARY



SUBJECT: ANNUAL REPORT ON JEA'S JACKSONVILLE SMALL & EMERGING BUSINESS (JSEB) SPEND

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

Issue: JEA has adopted, through its Purchasing Code, the City of Jacksonville's JSEB program. An annual report on the program's performance is required by the ordinance.

Significance: Full transparency of these procurement actions is necessary to maintain public confidence in JEA's bidding process and to ensure program goals are achieved.

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

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

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

Cost to company/community: Minimal

Recommended course of action: Continue reporting to the JEA board on an annual basis.

Why? To maintain public confidence in JEA's bidding process and to ensure JSEB program goals are achieved.

Recommended Board action: Information only, no action required.

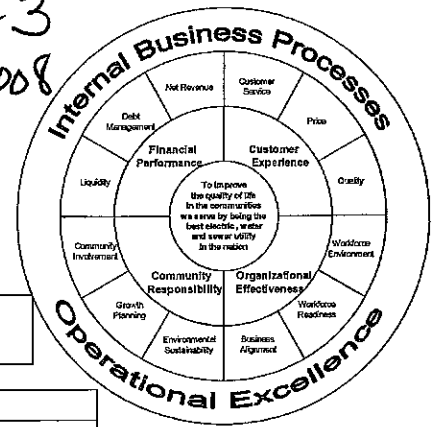
Submitted by: John McCarthy



Building Community

AGENDA ITEM SUMMARY

III-A-3
12-16-2008



December 2, 2008

SUBJECT:	CONSIDERATION OF PURPA STANDARDS IN 2007 ENERGY ACT
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Purpose	Circle of Excellence Impact
<input checked="" type="checkbox"/> Information Only	<input type="checkbox"/> Financial Performance
<input type="checkbox"/> Action Required	<input type="checkbox"/> Customer Experience
<input type="checkbox"/> Advice/Direction	<input type="checkbox"/> Organizational Effectiveness
	<input checked="" type="checkbox"/> Community Responsibility Environmental Sustainability

Issue: The Energy Independence and Security Act of 2007 (the Act), requires the JEA to consider adopting three Standards under the Public Utilities Regulatory Policies Act (PURPA).

Significance: JEA is required to begin consideration of these Standards by December 19, 2008, and complete consideration and make a determination by December 19, 2009.

Who/what is affected: The JEA Board must consider the Standards for JEA and make the determination as to whether to implement each.

Background: Among its provisions, PURPA requires each state regulatory authority (with respect to each electric utility for which it has ratemaking authority) and each nonregulated utility to consider certain Standards aimed at energy conservation, efficient use of facilities and resources, and equitable rates.

Background Examples: The Act added four additional Standards to PURPA: Integrated Resource Planning; Rate Design to Promote Energy Efficiency Investments; Smart Grid Information; and Smart Grid Investments. JEA is required to consider the first three of these Standards. The Smart Grid Investments Standard applies only to investor owned utilities.

Cost to company/community: No unbudgeted costs.

Recommended course of action: Staff has already begun the process of consideration of the Standards and will bring recommendations to the Board within the time frames required.

Why?

Recommended Board action: No action required at this time.

Submitted by: PGP

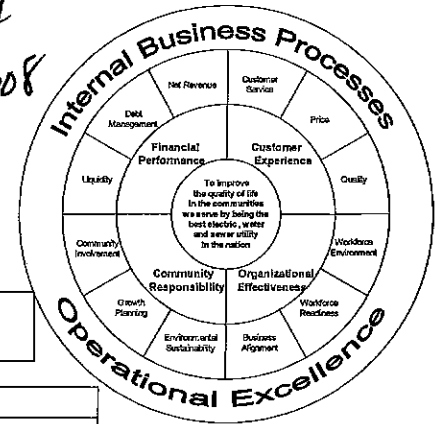


III-A-4
12-16-2008

Building Community

AGENDA ITEM SUMMARY

December 9, 2008



SUBJECT:	CREDIT MARKET CONDITIONS, REVENUE ANALYSIS AND ANNUAL FINANCIAL PROJECTIONS
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Purpose	Circle of Excellence Impact
<input checked="" type="checkbox"/> Information Only <input type="checkbox"/> Action Required <input type="checkbox"/> Advice/Direction	<input checked="" type="checkbox"/> Financial Performance Liquidity <input type="checkbox"/> Customer Experience <input type="checkbox"/> Organizational Effectiveness <input type="checkbox"/> Community Responsibility

Issue: Present to the Board an eassessment of credit market conditions, revenue analysis and annual financial projections

Significance: High. Impact of the subject on JEA's financial status

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

Background: Events in the domestic and global markets necessitate market updates to the Board

Background Examples:

Cost to company/community:

Recommended course of action: That the Board receive the presentation

Why? Update the Board

Recommended Board action: The Board receive the presentation

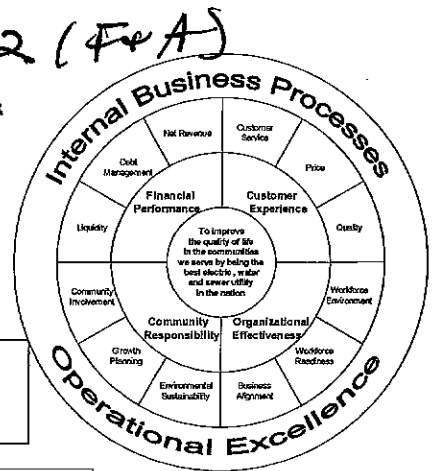
Submitted by: PGP



Building Community

AGENDA ITEM SUMMARY

II A-2 (FrA)
12-9-08



November 25, 2008

SUBJECT:	RESOLUTION AUTHORIZING THE ISSUANCE OF ADDITIONAL SJRPP NEW MONEY AND REFUNDING DEBT
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Purpose	Circle of Excellence Impact
<input type="checkbox"/> Information Only	<input checked="" type="checkbox"/> Financial Performance Debt Management
<input checked="" type="checkbox"/> Action Required	<input type="checkbox"/> Customer Experience
<input type="checkbox"/> Advice/Direction	<input type="checkbox"/> Organizational Effectiveness
	<input type="checkbox"/> Community Responsibility

IVA-3
12-16-2008

Issue: Unless specifically excluded from the JEA Charter, no bonds or revenue certificates may be issued unless the total aggregate amount of such bonds or revenue certificates shall have been previously approved by ordinance of the City Council.

Significance: The approval of this resolution is needed in order to secure the additional new money and refunding bond authorization from City Council as required under the Charter.

Who/what is affected: Electric System customers.

Background: As needed, JEA has requested additional authorization from City Council for all of its various systems for the purpose of having adequate bonding capacity to issue debt.

Background Examples: In 2006, \$275,000,000 of new money SJRPP bond authorization was requested and granted. Such authorization was essential in JEA's ability to fund, what was at that time, federally mandated environmental improvements at SJRPP.

Cost to company/community: JEA has been advised of its projected share of SJRPP capital expenditures over the next few years. Staff feels that JEA's flexibility in financing such expenditures in the most optimal manner would be greatly reduced without the option of being able to fund a portion or all of such expenditures using external funding sources.

Recommended course of action: Approve the attached resolution.

Why? To assist JEA in meeting in funding its required share of the SJRPP capital expenditures, including the Fiscal Year 2009 capital expenditure funding needs.

Recommended Board action: Approve the attached resolution. *ME*

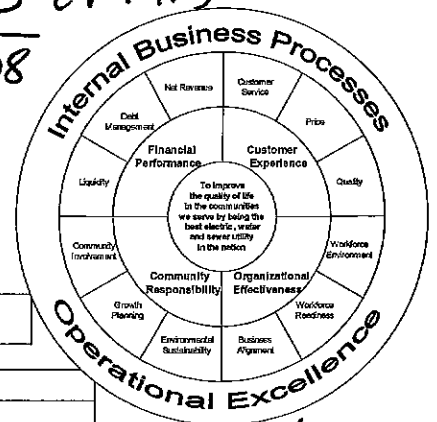
Submitted by: Michael Edwards



Building Community

AGENDA ITEM SUMMARY

II-A3 (F+A)
12-9-08



IV-A-4
12-16-2008

December 2, 2008

SUBJECT: DELEGATED AUTHORITY FOR BUDGET TRANSFERS

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

Issue: Authorization for the Managing Director to approve transfers between the accounts within JEA.

Significance: High. Delegation of authority to Managing Director to approve budget transfers.

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

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

Background Examples: Resolution approved by Board for FY2008, FY2007, FY 2006, FY2005 and earlier.

Cost to company/community: N/A

Recommended course of action: That the Finance and Audit Committee accept Staff's recommendation.

Why? Business continuity, administrative efficiency and budget effectiveness.

Recommended Board action: The Committee approve Staff's recommendation to limit the Managing Director's delegated authority for budget transfers to \$5.0 million per transfer and delagate the authority to approve budget transfers exceeding \$5.0 in the event of an emergency.

Submitted by: Nanette Rund