

JEA
BOARD MINUTES
November 28, 2017

The JEA Board met in regular session on Tuesday, November 28, 2017, on the 19th Floor, 21 W. Church Street, Jacksonville, Florida. Present were Alan Howard, Frederick Newbill, Tom Petway and Husein Cumber. Vice Chair Delores Kesler and Kelly Flanagan were absent and excused.

Agenda Item I – Welcome

- A.** The meeting was **called to order** at 12:01 PM by Chair Howard.
- B.** A **Moment of Reflection** was observed by all.
- C.** The **Pledge of Allegiance** was led by Chair Howard.
- D.** **Adoption of Agenda** – The agenda was approved on **motion** by Secretary Newbill and second by Mr. Petway.
- E.** The **Safety Briefing** was given by Paul McElroy, Managing Director/Chief Executive Officer.
- F.** **Sunshine Law/Public Records Statement** – Jody Brooks, Chief Legal Officer, stated this Board Meeting is being held in compliance with Florida’s Government in the Sunshine Law, §286.011. The complete statement can be found in section I. F. of the Board package.

Agenda Item II – Presentations and Comments

A. Comments from the Public –

- 1. Bonnie Malley, addressed the Board regarding solar.
- 2. Angela DeMonbreun, addressed the Board regarding solar.
- 3. George Cavros, addressed the Board regarding solar.
- 4. Tom Larson, addressed the Board regarding solar.
- 5. Warren Clark, addressed the Board regarding solar.

At this time, Chair Howard introduced April Green, the prospective new JEA Board Member.

- B. Council Liaison’s Comments** – Council Member Matt Schellenberg addressed the Board regarding the proposed extension of the real estate purchase and sale agreement for the Southside Generating Station (SGS) property. Mr. Schellenberg indicated that an extension should not be approved and that he would appreciate being involved in further negotiations.
- C. Office of the Mayor Liaison’s Comments** – Dr. Gaffney advised the Board that the Mayor wanted to acknowledge and welcome April Green and appreciates the service of the Board.
- D. MOSH Power Play Exhibit** – Kerri Stewart, Chief Customer Officer, introduced a video displaying JEA’s exhibit at the Museum of Science and History (MOSH).

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. On **motion** by Mr. Cumber and second by Secretary Newbill, items 1 and 2 on the Consent Agenda were unanimously approved and items 3 through 6 were received for information.

1. Approval of Board Workshop Minutes October 17, 2017 – approved
2. Approval of Board Meeting Minutes October 17, 2017 – approved
3. 2018 Proposed Board of Directors Meeting Schedule – received for information
4. Monthly JEA Financial Statements – received for information
5. Monthly JEA Operations Report – received for information
6. Monthly FY18 Communications & Engagement Calendar and Plan Update – received for information

B. Strategic Discussions/Action

1. St. Johns River Power Park System Employees' Retirement Plan Restatement – Amendment #1 to the Restated Plan Document – Angie Hiers, Chief Human Resources Officer, advised the Board of Amendment #1 to the St. Johns River Power Park Systems Employees' Retirement Plan Restatement, which was indicated by the Internal Revenue Service (IRS) as a contingency to approval of the Plan's restatement. Ms. Hiers advised that the amendment adds verbiage to the Plan, but has no other impact. On **motion** by Mr. Petway and second by Secretary Newbill, the Amendment was unanimously approved by the Board.
2. Fiscal Year 2017 Operating Budget Line Item Transfers – Melissa Dykes, Chief Financial Officer, presented to the Board a recommendation to ratify the FY2017 year-end budget line item transfers which consisted of the following:
 - \$40 million to Debt Service – Principal and \$26 million to Operating Capital Outlay from Debt Service – Bond Buyback, Operations and Maintenance, Non-Fuel Purchased Power, and Emergency Reserve in the Electric System Operating Budget; and
 - \$6 million to Capacity Fees expense and \$0.1 million to Debt Service – Bond Buyback from Debt Service – Interest, Operations and Maintenance, Emergency Reserve, Non-Fuel Uncollectibles & PSC Tax, and Operating Capital Outlay budget lines in the Water and Sewer Operating Budget.

Upon **motion** by Mr. Cumber and second by Mr. Petway, the Board unanimously approved the budget line item transfers.

3. Amendments to Prior Board Authorizations for Fixed Rate Debt Refundings for Electric System and Water and Sewer System – Melissa Dykes, Chief Financial Officer, advised the Board of Resolutions No. 2017-38, 2017-39, 2017-40 and 2017-41, which would increase the authorization levels for refunding bond transactions previously authorized by the Board under the December 2016 Resolutions. Ms. Dykes advised that the United States House of Representatives and Senate are working on tax reform legislation, which would eliminate the ability to issue tax-exempt advance

refunding bonds. Ms. Dykes indicated that the increase in authorization levels would allow staff to potentially refund debt at lower interest rates prior to December 31, 2017, avoiding any negative impacts by the legislation. Upon **motion** by Secretary Newbill and second by Mr. Petway, Resolutions No. 2017-38, 2017-39, 2017-40 and 2017-41 were unanimously approved by the Board.

4. Annual Financial and Operational Review with the Rating Agencies – Melissa Dykes, Chief Financial Officer, reviewed the agenda and the forecasts and projections to be shared with the ratings agencies at the annual meetings in New York on November 29, 2017. This item was presented for information.
 5. Fiscal Year 2017 Year-End Financial Results – Melissa Dykes, Chief Financial Officer, provided the Board with a review of the year-end financial results for FY2017, including key financial metrics, debt-to-asset ratios, outstanding debt and Florida utilities monthly bill comparisons. This item was received for information.
- C. Open Discussion** – Mr. Cumber inquired on further information related to communications issues during Hurricane Irma and was advised issues will be discussed at the January Board meeting.
- D. Other New Business** – none
- E. Old Business** – none

Agenda Item IV – Reports

- A. Compensation Committee** – with the absence of Committee Chair Kesler, the report was given by Jody Brooks, Chief Legal Officer.
1. Approval of Minutes – January 6, 2017 – On **motion** by Secretary Newbill and second by Mr. Cumber, the minutes were approved.
 2. Fiscal Year 2017 Pay for Performance – On **motion** by Mr. Petway and second by Secretary Newbill, the FY2017 Pay for Performance was approved.
 3. Fiscal Year 2017 CEO Performance – On **motion** by Mr. Petway and second by Secretary Newbill discussions were held and the FY2017 CEO Performance was unanimously approved by the Board.
 4. Fiscal Year 2018 and Beyond Employee Compensation Discussion – received for information
 5. Fiscal Year 2018 and Beyond CEO Contract Discussion – received for information
 6. Fiscal Year 2018 CEO Goals – was deferred to the December 2017 Board meeting.
 7. Announcements
 - a. Next Meeting, Schedule Next Meeting as Appropriate
- B. Government, Legal and Real Estate Committee** – Tom Petway, Committee Chair
Item 1 was presented out of order, but minutes will reflect the original agenda order.
1. Approval of Minutes – May 11, 2017 – On **motion** by Secretary Newbill and second by Committee Chair Petway, the minutes were approved.
 2. Real Estate Project Reports

- a. Real Estate Purchase & Sale Agreement for Southside Generating Station (SGS) Property – Update and Request for Third Time Extension – Paul McElroy, Managing Director/CEO, provided an overview of the extension request. On **motion** by Committee Chair Petway and second by Secretary Newbill, the Board held discussions and unanimously approved the extension of the Real Estate Purchase & Sale Agreement for SGS.
 - b. JEA Headquarters Building – this item was received for information
 3. Real Estate Easement Condemnation Resolution: Judith Avenue Force Main Improvement Project – Paul McElroy, Managing Director/CEO provided an overview of the project and the resolution. On **motion** by Committee Chair Petway and second by Mr. Cumber, the Board held discussions and unanimously approved Resolution 2017-37, authorizing JEA to acquire utility easement rights for water and sewer lines through condemnation.
 4. Real Estate Acquisition Status Report – received for information
 5. JEA Government Relations Local, State and Federal Update – received for information
 6. Litigation Update – received for information
 7. Other New Business – none
 8. Announcements
 - a. Next Meeting, Schedule Next Meeting as Appropriate
- C. Managing Director/CEO's Report** – Paul McElroy, Managing Director/CEO provided an update on the following items:
1. Mr. McElroy thanked the JEA Senior Leadership Team and others for the successes of the year and for always looking for ways to help JEA, its customers and stakeholders.
 2. Mr. McElroy stated all employees have returned from Puerto Rico. JEA equipment is due back on November 29, 2017. The team has received high marks from the people of Puerto Rico and the Puerto Rico Electric Power Authority (PREPA).
 3. The all-employee cascade meeting was launched in November, with employees focused on changes to keep JEA current for years to come.
 4. JEA underwent a North American Electric Reliability Corporation (NERC) audit on its Electric Systems with extremely fantastic results and one of the best, if not the best, exit report, JEA has ever received. Mr. McElroy congratulated Mike Brost, Ted Hobson and their teams.
- D. Chair's Report** – The Chair yielded his time to Mr. Petway. Mr. Petway announced that this meeting would be his last and shared thoughts on his time at JEA, indicating it has been one of the best experiences of his life. Mr. Petway offered observations and one recommendation for review. The observations are as follows:
1. JEA is at or very near peak performance.
 2. JEA has great assets, which are operated by exceptionally talented people.
 3. JEA has significantly improved the balance sheet over the last year.

- 4. JEA is one of the most valuable assets the City of Jacksonville owns.
- 5. The JEA success is built on the tremendous amount of capital invested by the citizens of Jacksonville.
- 6. The current marketplace for utility services is vastly different from when JEA was created in 1967. The majority of people in Florida, including most urban centers, are served in the private sector marketplace.
- 7. The private marketplace is competitive and well regulated by the Florida Public Service Commission.
- 8. The JEA Board should evaluate where JEA fits in this emerging private marketplace of utility companies.

Mr. Petway encouraged the Board to request from the CEO and the JEA team a report on JEA’s financial value in the marketplace. As a result, Mr. Petway indicated the Board would be prepared to consider “where does JEA fit” in the private marketplace.

Agenda Item V – Closing Considerations

- A. Announcements** – Next Board Meeting – December 12, 2017
- B. Adjournment**

With no further business claiming the attention of the Board, Chair Howard adjourned the meeting at 1:24 PM.

APPROVED BY:

SECRETARY

DATE: _____

Board Meeting recorded by:

Cheryl W. Mock
Executive Assistant