

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