

JEA
BOARD MINUTES
March 18, 2014

The JEA Board held a Strategic Workshop and Pre-Board Meeting at 1:07 PM on Tuesday, March 18, 2014, in the Conference Room on the 8th Floor, 21 W. Church Street, Jacksonville, Florida. Present were Mike Hightower, Lisa Strange Weatherby, Helen Albee, Peter Bower, Ron Townsend, Wyman Winbush, and Husein Cumber, Paul McElroy, Bill Bishop, JEA City Council Liaison, Cindy Laquidara and Jody Brooks, Office General Counsel, Nate Monroe, Florida Times-Union, David Chapman, Financial News and Daily Record, and Jim Piggott, WJXT-Channel 4. Also present were JEA staff Angie Hiers, Melissa Dykes, Mike Brost, and Gerri Boyce.

A Strategic Workshop discussion on Workforce Readiness was led by Angie Hiers, Chief Human Resources Officer, and consisted of the following topics:

1. Workforce Readiness
 - a. The JEA Workforce
 - b. Turnover and Attrition Risk
 - c. Update on Actions Taken to Mitigate Attrition Risk
2. Key Considerations and Moving Forward
 - a. The Workforce in Transition
 - b. The Highly Technical Workforce
 - c. Strategy for Sustaining the Talent
 - d. Challenges Facing the “Unbeatable Team”

A Strategic Workshop discussion on Revenue and Expense Management was led by Melissa Dykes, Chief Financial Officer, and consisted of the following topics:

1. Sales Challenges (Average Annual Consumption by Customer)
2. Revenue Drivers

The Strategic Workshop adjourned at 1:47 PM; the Members remained in the Conference Room on the 8th Floor and moved immediately into the Pre-Board Meeting.

The Pre-Board Meeting discussions consisted of the following:

1. Consolidation Task Force Committee Recommendations
2. Mayor’s Pension Task Force
3. American Public Power Association (APPA) National Conference on June 13-18, 2014 - Denver, CO
4. Governing Boards Meeting hosted by The Energy Authority on April 29, 2014
5. Today’s Meetings – Mr. McElroy provided the Board Members with a schedule of today’s presentations.

With no action taken and no further business claiming the attention of the Board, the Pre-Board Meeting was adjourned at 1:58 PM and the Board moved to the 8th Floor Board Meeting Room for the regularly scheduled meeting.

The JEA Board met in regular session on Tuesday, March 18, 2014, in the 8th Floor Board Meeting Room, 21 W. Church Street, Jacksonville, Florida. Present were Mike Hightower, Lisa Strange Weatherby, Helen Albee, Peter Bower, Ron Townsend, Wyman Winbush, and Husein Cumber.

Agenda Item I – Welcome

- A. The meeting was **called to order** at 2:01 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 Ms. Strange Weatherby and second by Mrs. Albee.
- E. The **Safety Briefing** was given by Joe Orfano, Treasurer.

Agenda Item II – Presentations and Comments

- A. **Nuclear Update – Plant Vogtle 3 & 4** – Steve McNall, Director Electric Production Resource Planning provided an update on Plant Vogtle units 3 and 4. In 2008 in response to concerns about climate change, the JEA Board passed a resolution calling for ten percent of JEA's energy to be provided by nuclear power by 2018. Nuclear power is the largest source of carbon-free energy in the United States. JEA has a 20-year Purchase Power Agreement in place with the Municipal Electric Authority of Georgia to receive approximately 200 MWs of capacity and energy from Plant Vogtle units 3 and 4. The agreement is expected to represent approximately 13 percent of JEA's energy needs in 2018. Having a significant portion of energy from carbon-free sources is an important step towards reducing JEA's overall carbon footprint. Mr. McNall stated that there is significant progress being made on construction, and units are slated for completion in the fourth quarter of 2017 and 2018. This presentation was received for information.
- B. **Comments from the Public** – none
- C. **Council Liaison's Comments** – Council Member Bill Bishop was not in attendance.

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 Mr. Townsend and second by Ms. Strange Weatherby, item 1 on the Consent Agenda was unanimously approved and items 2, 3, 4, 5, 6, 7, and 8 were received for information.
 - 1. Approval of Board Meeting Minutes February 18, 2014 – approved as amended.
 - 2. Monthly JEA Operations Report – received for information.
 - 3. Monthly JEA Financial Review – received for information.
 - 4. Monthly FY14 Communications & Community Engagement February/March Update – received for information.
 - 5. Monthly Community Engagement Calendar – March thru May 2014 – received for information.
 - 6. JEA FY2013 Annual Disclosure Reports-Drafts – received for information.

7. Electric System-Ten Year Site Plan – received for information.
8. APPA Publication: Payments and Contributions by Public Power Distribution Systems to State and Local Governments – received for information.

In the interest of time, Chair Hightower reordered various agenda items; however the minutes reflect the original order of the agenda.

B. Strategic Discussions/Action

1. Bi-Monthly Operations Presentation – Mike Brost, Vice President/General Manager Electric Systems, Deryle Calhoun, Director Water/Wastewater and Reuse Treatment, and Monica Whiting, Chief Customer Officer – Mr. Calhoun reviewed safety metrics and Water and Wastewater performance objective results through February 28, 2014. Mr. Brost provided an update on the operations metrics results through February 28, 2014 relating to Electric System performance objectives. Mrs. Whiting presented metrics on the J.D. Power Customer Satisfaction Index and reviewed important indicators and metrics relating to earning customer loyalty and strategy implementation for continuous improvement. Some of these included customer solutions participation, billing and payment solutions, first contact resolution, community service, customer education, community service, service delivery costs and receivables, and economic statistics and customer assistance programs within the JEA territory. This presentation was received for information.

C. Other New Business – none

D. Old Business – none

Agenda Item IV – Reports

A. Finance and Audit Committee Report – Committee Chair, Peter Bower reviewed the most recent Finance and Audit Committee Agenda, bringing items to the Board for action and information.

1. Approval of Minutes from the March 10, 2014 Meeting – **On motion** by Mr. Townsend and second by Mrs. Albee, the minutes were unanimously approved.
2. JEA Board of Directors Annual Self-Assessment Survey – Mr. McElroy provided a summary of the JEA Board of Directors Annual Self-Assessment Survey. Self-assessment forms will be distributed annually at the December meeting. Completed forms will be submitted to the Director, Audit Services by the end of January for compiling and summarization. Results will be reported at the February Pre-Board Meeting. **On motion** by Mr. Townsend and second by Mr. Winbush, the Board unanimously approved adoption of an annual self-assessment process.

Committee Chair, Peter Bower reviewed agenda items IV. A – 3-4 and was received for information.

3. Audit Services

- a. Quarterly ERM Update – received for information.
- b. Audit Update – received for information.

4. Ethics Officer Quarterly Report – received for information.

5. Resolution Determining the Sufficiency of Revenues – SJRPP – Mr. McElroy provided an overview of the Resolution Determining the Sufficiency of Revenues – SJRPP. As an annual requirement under the St. Johns River Power Park Bond

Resolution, JEA will determine the Electric System's revenues will be sufficient to make all required payments under the Bond Resolution for the upcoming fiscal year. On **motion** by Mrs. Albee and second by Mr. Bower, the Board unanimously approved and adopted Resolution No. 2014-1, determining that the estimated revenues for the Fiscal Year ending September 30, 2015 will be sufficient for their intended purposes.

Melissa Dykes, Chief Financial Officer provided an overview of agenda items IV. A – 6-10 and was received for information.

6. Recap of Recent JEA Electric System Bulk Power Supply System Fixed Rate Debt Refunding Delegated Transactions – received for information.
7. Electric System and Water and Sewer System Reserve Fund Quarterly Report – received for information.
8. Review of Work Plan in Response to Police and Fire Pension Fund Proposal – received for information.
9. FY2015 Budget Assumptions – received for information.

Agenda item IV. A-9 was incorrectly noted on the agenda as action.

10. Financial Projections – received for information.
11. JEA Energy Market Risk Management Policy – Mr. McElroy provided an overview of the JEA Energy Market Risk Management Policy. JEA staff has developed an Energy Market Risk Management Policy to codify its risk, governance, limits, and criteria in managing energy market exposure and to comply with requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act. The policy institutes limits and establishes authority for entering into energy related transactions. The proposed policy was initially submitted to the Finance and Audit Committee and the JEA Board at the December 2013 meeting for review and comment. On **motion** by Mr. Cumber and second by Mrs. Albee, the Board unanimously approved JEA's Energy Market Risk Management Policy.
12. Discuss SGS Property RFP & Evaluation Factors – Mr. McElroy stated JEA staff is requesting proposals and evaluation factors for the purchase and development of JEA's Southside Generating Station property. The evaluation methodology will attempt to provide a net present value and evaluate the qualitative factors of each proposal and project. Staff will evaluate the proposals with the results to be presented to the Board for final selection at the May 20, 2014 Board Meeting. Mr. McElroy provided the Board opportunity for input and direction on the proposal content and weighting of the evaluation factors. This presentation was received for information.

Committee Chair, Peter Bower reviewed agenda items IV. A – 13-15 and was received for information.

13. Office of General Counsel Report – received for information.
14. Announcements
 - a. Next Meeting, May 12, 2014, 8:00 AM
15. Committee Discussion Sessions
 - a. The Committee met with Linda Schlager, Manager Audit Services.
 - b. The Committee met with Mike Pattillo, Ernst & Young.

- c. Council Auditor's Office representatives were not present to meet with the Committee.

- B. Managing Director/CEO Report** – Mr. McElroy thanked Board Members for their time and for the great dialogue. He provided appreciation to Steve McNall, Joe Orfano, and Deryle Calhoun for supporting the Senior Leadership Team. Mr. McElroy shared that 30 commercial customers were recently provided a tour of the Northside Generating Facility. Additional tours will be provided in the near future. Mr. McElroy encouraged Board Members to tour the St. Johns River Power Park during the outage period, allowing Board Members a view of all of the inner workings of the turbines. As a follow-up to Melissa Dykes' presentation, and while there have been favorable reports on Electric and Water/Wastewater business compared to the prior year, it should be noted Electric System revenues are down \$25 million and Water and Wastewater revenues are down \$6 million. JEA is offsetting the revenue decline by reducing O&M expenses. We have learned in five years that sales reduction is systemic in nature and customers have adopted lower efficiency.
- C. Chair's Report** – Chair Hightower welcomed new Board Member Husein Cumber. He congratulated new Finance & Audit Committee Chair Peter Bower on the success of his first meeting. Chair Hightower announced the Board has formed a new sub-committee related to Workforce Readiness to be chaired by Board Vice Chair Lisa Strange Weatherby. Vice Chair Strange Weatherby will provide a report at the June 17, 2014 Board Meeting. Chair Hightower stated upon review of the CEO Goals and Objectives, Board Members will provide comments to the Office of General Counsel. A report will be provided at the Pre-Board Meeting in April. Chair Hightower thanked Mr. Townsend for taking the lead on this process.

Agenda Item V – Closing Considerations

A. Announcements – none

B. Adjournment

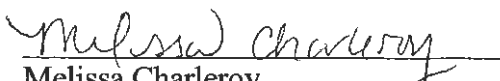
With no further business claiming the attention of the Board, Chair Hightower adjourned the meeting at 3:32 PM.

APPROVED BY:



SECRETARYDATE: 4/15/2014

Board Meeting recorded by:



Melissa Charleroy
Executive Assistant