

JEA
BOARD MINUTES
November 18, 2014

The JEA Board held a Pre-Board Meeting and Strategic Workshop at 12:09 PM on Tuesday, November 18, 2014, in the Conference Room on the 8th Floor, 21 W. Church Street, Jacksonville, Florida. Present were Mike Hightower, Lisa Weatherby, Helen Albee, Peter Bower, Ron Townsend, Wyman Winbush, and Husein Cumber, Paul McElroy, Bill Bishop, JEA City Council Liaison, Jody Brooks, Office General Counsel, Cindy Laquidara, Ackerman, LLC, James Rizzo, Gabriel, Roeder Smith & Company, Nate Monroe, Florida Times-Union, and Ken Stafford. Also present were JEA staff Mike Brost, Monica Whiting, Nancy Kilgo, Steve McInall, and Gerri Boyce.

The Pre-Board discussion consisted of the following topics:

1. Rating Agency Logistics
2. Today's Meeting – Mr. McElroy provided the Board Members with a schedule of today's meetings and presentations.

The Strategic Workshop discussions were led by Mike Brost, Vice President/General Manager, Electric Systems and Steve McInall, Electric Production Resource Planning, and consisted of the following topics:

1. JEA's Past Success with Environmental Stewardship and Renewable Energy
2. Solar Photovoltaic, Net Metering, and Distributed Generation Policies
3. Potential Changes in the Use of the Grid
4. Renewable Energy – Wind and Solar Potential
5. Photovoltaic Trends and Existing JEA Resources
6. JEA Net Metering Customers
7. Solar Performance and Operational Challenges

With no action taken and no further business claiming the attention of the Board, the Pre-Board Meeting and Strategic Workshop was adjourned at 12:51 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, November 18, 2014, in the 8th Floor Board Meeting Room, 21 W. Church Street, Jacksonville, Florida. Present were Mike Hightower, Lisa Weatherby, Helen Albee, Peter Bower, Ron Townsend, Wyman Winbush, and Husein Cumber.

Agenda Item I – Welcome

- A. The meeting was **called to order** at 1:03 PM by Chair Hightower.
- B. A **Moment of Reflection** was observed by all.
- C. The **Pledge of Allegiance** was led by Secretary Albee.

- D. Adoption of Agenda** – The agenda was approved on **motion** by Secretary Albee and second by Vice Chair Weatherby.
- E. The Safety Briefing** was given by Sherry English, Manager, Community Engagement.

Agenda Item II – Presentations and Comments

A. Comments from the Public –

- 1. John Nooney, 8356 Bascom Road, Jacksonville, FL, 32216, addressed the Board regarding the clean-up of the public access area near the Southside Generating Station site.

- B. Council Liaison's Comments** – Council Member Bill Bishop extended appreciation to JEA for the restoration of power after the storm on November 17, 2014. Council Member Bishop stated that crews worked diligently throughout the evening and into the morning.

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. Melissa Dykes, Chief Financial Officer provided a brief overview of III. A. 4. – Fiscal Year 2014 Operating Budget Line Item Transfers. Upon **motion** by Vice Chair Weatherby and second by Mr. Townsend, items 1, 2, 3, and 4 on the Consent Agenda were unanimously approved and items 5, 6, 7, 8, 9, and 10 were received for information.

- 1. Approval of Board Meeting Minutes October 21, 2014 – approved.
- 2. 2015 JEA Board Meeting and Finance & Audit Committee Dates – approved.
- 3. Approval of Professional Employees Association Impasse Hearing Minutes and Resolution 2014-04 – approved.
- 4. Fiscal Year 2014 Operating Budget Line Item Transfers – approved.
- 5. JEA Solar Photovoltaic, Net Metering, and Distributed Generation Policies – received for information.
- 6. Monthly JEA Operations Report – received for information.
- 7. Monthly JEA Financial Review & Statements – received for information.
- 8. Customer Escalation Summary – received for information.
- 9. FY15 Communications & Community Engagement October/November Update – received for information.
- 10. JEA Community Engagement Calendar – October – December 2014 – received for information.

B. Strategic Discussions/Action

- 1. JEA Five-Year Financial Assumptions and Projections FY2015-FY2019 – Melissa Dykes, Chief Financial Officer – Ms. Dykes provided the FY2015 – FY2019

Financial Assumptions and Projections for Board feedback and direction. This item was received for information.

2. **Bi-Monthly Operations Presentation** – Brian Roche, Vice President/General Manager, Water/Wastewater Systems, Mike Brost, Vice President/General Manager, Electric Systems, and Monica Whiting, Chief Customer Officer – Mr. Roche reviewed safety metrics, water/wastewater performance objectives, water/wastewater capital expenditures, environmental compliance, financial performance, and water/wastewater rates in Florida. Mr. Brost reviewed electric systems performance objectives, FY2015 fuel revenue and expense, financial performance, and residential electric bill comparison information. Ms. Whiting presented the J.D. Power Customer Satisfaction Index, increased participation in key customer solutions, billing and payment solutions, first contact resolution, JEA corporate citizenship initiatives, including the new JEA Ambassador program, customer education, receivables – net write offs, and continuous improvement efforts. The presentation was provided 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 Finance and Audit Committee meeting held on the morning of November 18, 2014, bringing items to the Board for action and information.

Committee Chair Bower stated that at today's Finance and Audit Committee meeting, the Committee received a presentation and white paper from staff outlining JEA's response to the letter received on February 1, 2014, from the Office of the Mayor requesting an additional \$40 million in contribution from JEA. Staff engaged Gabriel, Roeder, Smith; Akerman LLP; Lewis, Longman & Walker, P.A.; and Public Financial Management. These experts, along with staff addressed JEA's most urgent challenges. The Finance & Audit Committee voted to accept the report as presented and advance to the full Board for consideration. Upon **motion** by Mr. Cumber and second by Mr. Winbush, the Board unanimously accepted the report and its conclusions. Mr. Bower stated that JEA staff has been engaged in conversations with several leaders in the community, with the support of the Mayor's Office, to explore a range of possible solutions to the City's current budget challenge. A comprehensive package of solutions was proposed, which would provide some immediate relief to the City's budget challenges and will: secure a sustainable long-term contribution agreement more closely tied to utility sales, secure control over JEA's portion of the General Employees' Pension Plan, support growth and economic development specifically related to utility services, address other governance and administrative matters, and provide a payment to the City to help with current budget challenges. The Finance and Audit Committee voted to authorize JEA staff to proceed with negotiating a definitive agreement on the proposed comprehensive package of solutions, including contribution, pension, and other matters discussed. The agreement shall not result in a rate increase or jeopardize JEA's credit rating. Staff will bring the final agreement to the full Board for approval. Upon **motion** by Mr. Cumber and second by Mr. Townsend, the Board unanimously approved the Finance & Audit Committee recommendation. Chair Hightower expressed

cautionary observations, requesting staff to proceed with due diligence, ensuring collaborative conversations with the Jacksonville City Council and the Administration. Chair Hightower expressed concern that issuance of this new debt would be contrary to current corporate strategy regarding no new debt. He also asked staff and the Board to remember that JEA's decisions impact the rate payers, City of Jacksonville, and the quality of life for all.

B. EPA Committee Report – Committee Chair Lisa Weatherby reviewed the most recent EPA Committee Agenda, bringing items to the Board for action and information.

1. Approval of Minutes from the October 10, 2014 meeting - Upon **motion** by Chair Hightower and second by Mr. Winbush, the minutes were unanimously approved.

Vice Chair Weatherby provided an update on JEA's final comments on the EPA Proposed Clean Power Plan and an update on recent EPA and JEA Activities, including five areas where the EPA has received major feedback including: the stringency of the interim goal, Building Block 2 – redispach of coal to natural gas, Building Block 3 – methodology for renewable energy, and using 2012 as the baseline for reduction goals. The EPA Committee will meet again in February 2015.

C. Report on Water Supply Planning Activities – Secretary Helen Albee met with staff on August 28 and November 7, 2014 and provided the Board with an update on current topics including the District Water Supply Plan, North Florida Regional Water Supply Planning Partnership, Reclaimed System Expansion, and a District Feasibility Study. Chair Hightower extended his appreciation to Secretary Albee and JEA staff for their due diligence for maintaining Florida's aquifer.

D. Managing Director/CEO's Report – Mr. McElroy wished everyone a Happy Thanksgiving.

E. Chair's Report – Chair Hightower provided an update on the upcoming Rating Agency presentations on December 3-5, 2014. He extended his appreciation for the work completed by the Senior Leadership Team and staff.

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 2:27 PM.

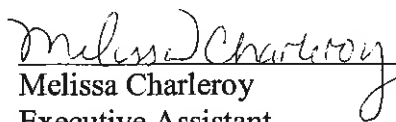
APPROVED BY:

SECRETARY

DATE:

12/16/2014

Board Meeting recorded by:


Melissa Charleroy
Executive Assistant