

JEA
BOARD MINUTES
February 17, 2015

The JEA Board held a Pre-Board Meeting at 12:03PM on Tuesday, February 17, 2015, in the Conference Room on the 8th Floor, 21 W. Church Street, Jacksonville, Florida. Present were Lisa Weatherby, Helen Albee, Peter Bower, Ron Townsend, Wyman Winbush, Husein Cumber, John Hirabayashi, Paul McElroy, Jody Brooks, Office of General Counsel, Robert Campbell, Council Auditors Office, Cindy Laquidara, Ackerman, LLC, and Nate Monroe, Florida Times-Union. Also present were JEA staff Angie Hiers and Gerri Boyce. *Council Member Bill Bishop entered the room at 12:24PM. Jim Piggott of WJXT4 entered the room at 12:26PM and left at 12:28PM.*

The Pre-Board discussion consisted of the following topics:

1. FY2015 CEO Goals – Mr. McElroy provided Board Members with a review of the draft FY2015 CEO goals. Consistent with prior years, the FY2015 CEO goals are primarily focused on executing JEA's strategic plan.
2. CEO Employment Contract Information – Angie Hiers, Chief Human Resources Officer, provided the Board with market analysis information that the Board may wish to consider in contract development.

After announcing the CEO Employment Contract topic, Mr. McElroy left the room at 12:33PM and returned at 12:49PM. Mr. Thomas Thomas entered the room at 12:33PM and left at 12:48PM.

3. Board Retreat – Mr. McElroy reviewed potential topics for the 2015 JEA Board Retreat.
4. Rating Agency Presentation Dates – Mr. McElroy informed the Board that current plans for the Rating Agency presentations call for travel on December 9, 2015, with presentations on December 10-11, 2015.
5. APPA National Conference – Mr. McElroy encouraged the Board Members to attend the upcoming American Public Power Association National Conference, which will be held June 5-10, 2015 in Minneapolis, MN.
6. Today's Meeting – Mr. McElroy provided the Board Members with a schedule of today's presentations and future meetings.

With no action taken and no further business claiming the attention of the Board, the Pre-Board Meeting was adjourned at 12:57 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, February 17, 2015, in the 8th Floor Board Meeting Room, 21 W. Church Street, Jacksonville, Florida. Present were Lisa Weatherby, Helen Albee, Peter Bower, Ron Townsend, Wyman Winbush, Husein Cumber, and John Hirabayashi.

Agenda Item I – Welcome

- A.** The meeting was **called to order** at 1:01 PM by Vice Chair Weatherby.

- B. A **Moment of Reflection** was observed by all.
- C. The **Pledge of Allegiance** was led by Mr. Townsend.
- D. **Adoption of Agenda** – The agenda was approved on **motion** by Secretary Albee and second by Mr. Winbush.
- E. The **Safety Briefing** was given by Christopher Jackson, Manager Business Support Center

Agenda Item II – Presentations and Comments

- A. **American Association of Blacks in Energy (AABE)** – Melissa Fulmore-Hardwick, Director Change Management and Berdell Knowles, Legislative Affairs Specialist – Ms. Fulmore-Hardwick and Mr. Knowles provided a presentation on the American Association of Blacks in Energy. Founded in the mid 1970's, the national organization serves as a resource to promote science, technology, engineering and mathematics (STEM). Over the last four years, membership in the Northeast Florida chapter of AABE has grown three-fold, and now includes a record 40 JEA staff members. A primary focus has been a partnership with Edward Waters College that includes mentoring and workshops geared towards increasing energy industry awareness. JEA AABE members have also been instrumental in providing scholarships with monies raised through various fundraising activities.
- B. **Comments from the Public** –
 - 1. Thomas Thomas Jr., 5201 Atlantic Blvd., #119, Jacksonville, FL 32207-2461 shared with the Board a letter addressed to the office of Mayor Alvin Brown.
- C. **Council Liaison's Comments** – Council Member Bishop had no comments.

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. Albee and second by Mr. Winbush, item 1 on the Consent Agenda was unanimously approved and items 2, 3, 4, and 5 were received for information.
 - 1. Approval of Board Meeting Minutes January 20, 2015 – approved.
 - 2. Monthly JEA Operations Report – received for information.
 - 3. Monthly JEA Financial Review & Statements – received for information.
 - 4. FY15 Communications & Community Engagement Update – received for information.
 - 5. JEA Community Engagement Calendar – received for information.
- B. **Strategic Discussions/Action**
 - 1. JEA's Purchasing Code Revision Update – John McCarthy, Director Supply Chain Management – Mr. McCarthy reviewed revisions to the current JEA Purchasing code, effective March 1, 2015. According to Mr. McCarthy, the last significant revision to the policy document was made in 2004. The revisions are designed to update bidding thresholds and procurement best practices that have developed within the last 10 years. As a result of the changes, Mr. McCarthy noted that the process

has been streamlined to improve the ability to make procurement decisions in the best interest of JEA customers. Also included is a new solicitation process to provide for more competitive negotiations during the bidding process, as well as more emphasis on contract management and vendor compliance.

2. Annual Report on JEA's Jacksonville Small and Emerging Business (JSEB) Program – John McCarthy, Director Supply Chain Management – Mr. McCarthy provided the Board with an annual report on the program's performance, as required by City of Jacksonville Ordinance. The JSEB program allows for set-asides in spend categories where JEA has developed a sufficient number of qualified vendors. The information provided by Mr. McCarthy includes spend percentages for each JSEB category by race and gender, and indicates that JEA consistently exceeds the required 20% spend percentage goal. Mr. McCarthy also provided the Board with an update on a Supplier Diversity Joint Agency Task Force initiative that has been developed among the Jacksonville city agencies. The primary focus of the Task Force is the utilization of local women and minority businesses in government contracting.
3. Sole Source & Emergency Procurement Report – John McCarthy, Director Supply Chain Management – Mr. McCarthy presented to the Board the quarterly Sole Source and Emergency Procurement Report for the quarter ending December 31, 2014. The report included aggregated data for all formal and informal Sole Source awards during the current and previous year, with detailed information for each formal award over the past year. Mr. McCarthy reported a combined Sole Source/Emergency Procurement award percentage of 1.22% during FY15 Q1 alone, while also reporting that JEA's 2% over time award percentage compares very favorably to other public utilities.
4. Water Supply Management and Reclaimed Water Objectives – Brian Roche, Vice President/General Manager Water/Wastewater Systems – Mr. Roche presented a review of water supply sustainability milestones since 1998, including the consolidated Consumptive Use Permit (CUP) issued effective May, 2011. Mr. Roche outlined the stipulations included in the CUP which must be met by 2030, and updates to existing JEA reclaimed water guidance documents that are necessary if JEA is to meet those requirements. Mr. Roche stated that the changes include requirements and criteria, where feasible, for new developments in designated areas to connect to JEA's reclaimed water system as a condition for new water connections.
5. Bi-Monthly Finance Presentation – Melissa Dykes, Chief Financial Officer – Ms. Dykes provided a presentation highlighting key financial metrics and results of JEA's Electric and Water and Sewer Systems ending January 31, 2015.

C. Other New Business – none

D. Old Business – none

Agenda Item IV – Reports

- A. **Finance and Audit Committee Report** – Committee Chair, Peter Bower announced that the Finance and Audit Committee held a special meeting on January 20, 2015 to discuss the Interlocal Agreement and Charter Amendments now being brought to the

Board for action. One additional item, IV.A.3. was brought to the Board for information.

1. Approval of Minutes from the January 20, 2015 Special Meeting – On **motion** by Mr. Winbush and second by Ms. Albee, the minutes were unanimously approved.
2. Interlocal Agreement and Charter Amendments – As a point of introduction, Paul McElroy provided an overview of the conditions taken into account in developing the proposed agreement. Mr. McElroy reiterated the JEA mission to provide highly reliable, low cost service to the community, while also maximizing the value for the City of Jacksonville's general fund. Mr. McElroy noted that there has been open dialogue with the City Council over the last few years about the changing JEA business model, including falling sales, higher costs and a change in the way customers utilize JEA service, all of which are a factor in making current levels of contributions unsustainable. Mr. Bower called upon Melissa Dykes to outline the proposed agreement that will be submitted. Ms. Dykes advised the Board that the proposed agreement provides for declining contributions over time to get back to a millage based contribution formula afforded by sales levels. The agreement provides JEA the right and not the obligation to take control of the JEA portion of the Employee Pension Plan. Ms. Dykes noted that the proposed plan also provides for support for economic development and for JEA in-house counsel. Ms. Dykes noted that the proposed agreement provides for a one-time payment from JEA to the City of Jacksonville that would not be specifically tied to any project, but used by the City as it deems necessary. Changes in the agreement since originally presented to the Finance and Audit Committee included a change in a definition on page 4 of the document, and a small change on page 7 related to funding sources. Mr. Bower stated that the agreement continues until JEA's contribution matches the formula set forth in the original City of Jacksonville documents, after which City Council can review the documents every five years. Mr. Bower also stated that a five year plateau was included, and advised the Board that the proposal regarding Civil Service is not included at this time. On **motion** by Mr. Cumber and second by Vice Chair Weatherby, the Board unanimously approved the Interlocal Agreement and Charter Amendments. Mr. Townsend commended the Committee for a job well done.
3. Accounting Changes for Regulatory Accounting – Mr. Bower called upon Ms. Dykes, who provided information regarding Accounting Changes for Regulatory Accounting. This item will be brought for action at the March 9, 2015 meeting.
4. Announcements
 - a. Next Meeting, March 9, 2015, 8:00 – 10:00AM

B. EPA Committee Report – Lisa Weatherby – Committee Chair, Lisa Weatherby brought items before the Board for action and information.

1. Approval of Minutes from the November 13, 2014 committee meeting – On **motion** by Mr. Winbush and second by Mr. Townsend, the minutes were unanimously approved.
2. Clean Power Plan for Existing Power Plants – Supplemental Proposal – received for information.
3. The “Arizona Solution” – received for information.

4. Upcoming Milestones – received for information.
 5. The next meeting will be scheduled as appropriate.
- C. **Nominating Committee Report – Ron Townsend** – Committee Chair, Ron Townsend reported that the Nominating Committee met prior to the Pre-Board Meeting to deliberate on a new slate of Officers. The Nominating Committee recommended the following slate of Officers:

Helen Albee, Chair
Peter Bower, Vice Chair
N. Wyman Winbush II, Secretary
Peter Bower, Chair, Finance & Audit Committee
N. Wyman Winbush, Chair, Workforce Committee
Husein Cumber, Chair, EPA Committee

Upon **motion** by Vice Chair Weatherby and second by Mr. Winbush, the Board unanimously approved the aforementioned slate of officers.

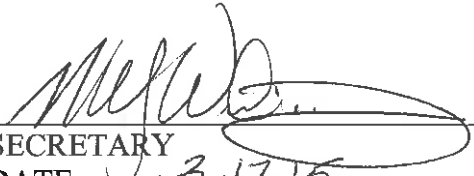
- D. **Managing Director/CEO's Report** – Mr. McElroy wished Ms. Albee a Happy Birthday, and offered congratulations to the incoming officers. Mr. McElroy acknowledged the positive comments from the community received in response to JEA's role in helping to restore power to those affected by the Liberty Street bridge collapse. He then called on JEA employee Greg Corcoran, Manager, Community Involvement and Project Impact, to provide a high level presentation on the restoration efforts that included a transformer delivery via helicopter and a project team of approximately 100 JEA employees.
- E. **Chair's Report** – Vice Chair Weatherby welcomed Mr. John Hirabayashi to the Board. She also thanked Mr. Townsend for his leadership and advised the Board that although Mr. Townsend's term has expired, he will continue to serve until the Mayor has appointed his successor.

Agenda Item V – Closing Considerations

- A. Announcements
- B. Adjournment


With no further business claiming the attention of the Board, Vice Chair Weatherby adjourned the meeting at 2:49 PM.

APPROVED BY:



SECRETARY
DATE: 3-17-15

Board Meeting recorded by:



Gina A. Kyle
Executive Assistant