

JEA
BOARD MINUTES
October 30, 2015

The JEA Board met in regular session on Friday, October 30, 2015, in the 8th Floor Board Conference Room, 21 W. Church Street, Jacksonville, Florida. Present were Husein Cumber, Robert Heekin, Tom Petway, and Delores Kesler. Kelly Flanagan attended in observance.

Agenda Item I – Welcome

A. The meeting was **called to order** at 11:03 AM by Chair Pro Tem Cumber.

B. A **Moment of Reflection** was observed by all.

C. The **Pledge of Allegiance** was led by Ms. Kesler.

At the direction of Jody Brooks, Office of General Counsel, Chair Pro Tem Cumber called for a motion to appoint the Secretary Pro Tem for today's meeting. On motion by Mr. Petway and second by Mr. Heekin, the Board unanimously approved Ms. Kesler as the Secretary Pro Tem for the October 30, 2015 Board Meeting.

D. **Adoption of Agenda** – The agenda was approved on **motion** by Mr. Heekin and second by Ms. Kesler. Chair Pro Tem Cumber motioned for the agenda to be amended to include two new Board agenda items regarding the CEO Scorecard and the CEO Scorecard Process. Chair Pro Tem Cumber requested the Board to hold discussions regarding these topics, which will be placed on the November 2015 Board Meeting agenda for approval. Following the **motion** by Chair Pro Tem Cumber and second by Mr. Heekin, the Board unanimously approved the amended agenda.

E. The **Safety Briefing** was given by Ted Hobson, Chief Compliance Officer.

Agenda Item II – Presentations and Comments

A. **Comments from the Public** – Mr. Wayne Dunn, 3730 Harbor Acres Lane, Jacksonville, FL 32257 addressed the Board with a request for a report outlining JEA's performance efficiency and parasitic losses.

B. **Council Liaison's Comments** – The Honorable Bill Gulliford was not in attendance.

C. **Office of the Mayor Liaison's Comments** – Dr. Johnny Gaffney stated that he is honored to be in attendance representing Mayor Curry. As Board Liaison, Dr. Gaffney stated he will ensure the concerns of Boards and its members are heard. Dr. Gaffney conveyed Mayor Curry's interest for the JEA Board.

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. Petway and second by Ms. Kesler, item 1 on the Consent Agenda was unanimously approved and items 2 through 7 were received for information.

1. Approval of Board Meeting Minutes September 15, 2015 – approved
2. Directors' & Officers' Liability Insurance – received for information
3. Real Estate Acquisition Status Report – received for information
4. Customer Escalation Summary – received for information

5. Monthly JEA Operations Report – received for information
6. Monthly JEA Financial Statements – received for information
7. Monthly FY15/16 Communications & Engagement Calendar and Plan Update – received for information

B. Strategic Discussions/Action

1. Appointment of Steven V. Tuten, Director, Audit Services – Ted Hobson, Chief Compliance Officer – Board Chair Pro Tem Cumber stated that the appointment of the Director, Audit Services is normally brought before the Finance & Audit Committee for approval. Due to the December 1, 2015 retirement of Ms. Doris Champ, it was necessary to bring this appointment before the Board for review and approval. Mr. Hobson stated the recruiting process began in February 2015. After an extensive search and interview process, JEA staff selected and recommends Mr. Steven V. Tuten, CIA, CMA, CTP to the position of Director, Audit Services. On **motion** by Mr. Heekin and second by Ms. Kesler, the Board unanimously approved to discharge this item out of the Finance and Audit Committee and approve the appointment of Mr. Steven V. Tuten to the position of Director, Audit Services.
2. Approval of Resolution: FY2016 Budgetary Transfers – Melissa Dykes, Chief Financial Officer, presented that the Board, in the past, has delegated to the Managing Director the authority to make transfers during the fiscal year between budget line items. In December 2008, a modification was made to require Board authorization for line item transfers greater than \$5.0 million. The proposed Resolution 2015-05 authorizes the Managing Director to approve transfers between approved budget line items within the JEA budget for Fiscal Year 2016. Ms. Dykes stated the authorization is limited to \$5.0 million per transfer; however, in the event of an emergency or for year-end adjustments, budget transfers exceeding \$5.0 million will be brought back to the Board for ratification. This item was received for information and will be brought to the Board at the November 2015 meeting for approval.
3. Revolving Credit Facility for Operational/Capital Purposes and Liquidity – Melissa Dykes, Chief Financial Officer, presented that JEA has two revolving credit agreements (revolvers) totaling \$300 million with two banks to provide additional funds, as may be needed, to supplement the Debt Management Subaccounts of the Rate Stabilization Fund and to mitigate various potential risks in JEA's debt portfolio. Ms. Dykes stated JEA has not made any borrowings under the two revolvers and does not anticipate a need to do so. Staff has notified the banks of JEA's desire to request an extension beyond the current revolver expiration dates, as well as issued a Request for Information (RFI) in order to determine if it would be advantageous for JEA to enter into new revolvers with possibly one or more new banks or financial institutions. This item was received for information and will be presented to the Board at the November 2015 meeting for approval.
4. JEA Early Debt Retirement Update – Melissa Dykes, Chief Financial Officer, presented that JEA completed early debt retirement transactions in the amount of \$169,370,000 for fiscal year 2015. Ms. Dykes stated retiring debt early advances JEA's objective to improve its balance sheet position, which provides for greater flexibility in dealing with future challenges. This item was received for information.
5. JEA Five-Year Financial Assumptions and Projections FY2016-FY2020 – Melissa Dykes, Chief Financial Officer, provided a presentation on the FY2016-FY2020

Financial Assumptions and Projections including unit sales, base rates, capital funding, and debt. The Board received this presentation for consideration and agreed to provide staff feedback and direction regarding the FY2016-FY2020 Financial Assumptions and Projections.

6. Bi-Monthly Finance Presentation – Melissa Dykes, Chief Financial Officer, provided a presentation highlighting key financial metrics and results of JEA's Electric and Water and Sewer systems ending September 30, 2015.
 7. Sole Source & Emergency Procurement Report – John McCarthy, Director, Supply Chain Management – In the interest of time, this presentation was deferred to the November 2015 Board Meeting.
 8. FY16 Organizational Performance Goals – Paul McElroy, Chief Executive Officer presented an overview of the FY16 Organizational Performance Goals highlighting the five key metrics: Customer Satisfaction, Safety, Cost per Unit of Electricity delivered (Kwh), Cost per Unit of Water delivered (Kgal), and Cost per Unit of Wastewater delivered (Kgal). This presentation was provided for consideration, feedback, and direction. Recommendations provided by Board Members will be incorporated into a final document and will be submitted at the November 2015 Board Meeting for approval.
 9. FY16 CEO Goals – Paul McElroy, Chief Executive Officer presented Board Members with a draft of the FY16 CEO Goals. This item was received for information. Recommendations provided by Board Members will be incorporated into the final document and will be presented at the November 2015 Board Meeting for approval.
 10. FY15 CEO Scorecard – Paul McElroy, Chief Executive Officer stated Board Members were provided a draft scorecard several months ago. A final scorecard will be provided to Board Members in the November Board Meeting package.
 11. FY15 CEO Scorecard Evaluation Process – Paul McElroy, Chief Executive Officer provided Board Members with the process for submitting the FY15 CEO Scorecard results. Board Members will be provided the final FY15 CEO Scorecard in the November 2015 Board Meeting package. Board Members will conduct an individual evaluation and submit that information, in confidence, to Jody Brooks, OGC. Ms. Brooks will combine the scores and provide at the November Board Meeting for discussion. Ms. Brooks provided Board Members with guidance related to the Sunshine laws regarding communication among Board Members.
- C. **Other New Business** – At the request of Mr. Petway, Jody Brooks, OGC, provided the Board with the process for the election of Officers. Ms. Brooks presented that the Bylaws state when there is a vacancy of an Officer position, that position may be filled at the next Board Meeting. From a process perspective, Ms. Brooks stated the Board may either vote to elect a new slate of Officers or postpone to the next Board Meeting and continue appointing a Pro Tem Chair and Secretary for each meeting. Ms. Brooks suggested Board Members wait until the November 2015 Board Meeting to elect Officers when there will be potentially five Board Members seated. Mr. Petway stated it is imperative to appoint a slate of Officers prior to the December Rating Agency presentations. Ms. Brooks stated a Nominating Committee will not select the slate of Officers; nominations will be taken from the floor.

D. **Old Business** – None

Agenda Item IV – Reports

- A.** Managing Director/CEO's Report – Mr. McElroy thanked Ms. Kesler and Mr. Petway for joining the JEA Board and Ms. Flanagan for attending today's meeting. Mr. McElroy stated JEA will work hard to exceed the Board's expectation and will look to them for direction. Mr. McElroy stated the next Board Meeting will begin with a presentation from two experts in the electric and water and wastewater industry. Board Members will be provided with an overview of the industry, trends, and the future outlook for the electric, water, and wastewater industry. Mr. McElroy thanked Dr. Gaffney for attending the meeting and stated he looked forward to working with him.
- B.** Chair's Report – Pro Tem Chair Cumber welcomed Ms. Kesler and Mr. Petway to the Board, and to Ms. Flanagan for joining the meeting. Mr. Cumber recognized the five Board Members that have recently transitioned off of the Board and thanked them for their service. Mr. Cumber requested guidance from OGC regarding the January 6, 2016 Finance and Audit Committee Meeting. Ms. Brooks stated the Finance and Audit Committee Operating Policy requires the Committee to meet four times per year. The requirement for 2015 has been met; therefore, it is acceptable to postpone the regularly scheduled December meeting to January 6, 2016.

Agenda Item V – Closing Considerations

- A.** Announcements – none
- B.** Adjournment

With no further business claiming the attention of the Board, Chair Albee adjourned the meeting at 12:41 PM.

APPROVED BY:

SECRETARY

DATE: _____

Board Meeting recorded by:

Melissa M. Charleroy
Executive Assistant