

**JEA**  
**BOARD MINUTES**  
June 19, 2018

**The JEA Board met in regular session on Tuesday, June 19, 2018, on the 19<sup>th</sup> Floor, 21 W. Church Street, Jacksonville, Florida. Present were Alan Howard, Husein Cumber, Kelly Flanagan and April Green. Frederick Newbill attended telephonically.**

**Agenda Item I – Welcome**

- A.** The meeting was **called to order** at 1:13 PM by Chair Howard.
- B.** A **Moment of Reflection** was observed by all.
- C.** The **Pledge of Allegiance** was led by Chair Howard.
- D.** **Adoption of Agenda** – The agenda was approved on **motion** by Vice Chair Cumber and second by Ms. Green.
- E.** The **Safety Briefing** was given by Aaron Zahn, Interim Managing Director/Chief Executive Officer.
- F.** **Sunshine Law/Public Records Statement** – Jody Brooks, Office of General Counsel (OGC), stated this Board Meeting is being held in compliance with Florida’s Government in the Sunshine Law, §286.011. The complete statement can be found in section I. F. of the Board package.

**Agenda Item II – Presentations and Comments**

- A. Comments from the Public –**
  - 1. David Bruderly addressed the Board on the future planning for JEA.
- B. Council Liaison’s Comments** – Due to a scheduling conflict, the Honorable Matt Schellenberg provided comments during the Board Workshop held at noon.
- C. Office of the Mayor Liaison’s Comment** – Dr. Johnny Gaffney was not in attendance.
- D. Arbor Day** – Ms. Kim Wheeler, Manager, T&D Preventative Maintenance, presented in an effort to raise customer awareness regarding trees, JEA began the designated Tree Line USA program which has been maintained since 2012. Out of the 34 Florida utilities that maintain the program, only four have maintained the designation. Ms. Wheeler introduced Joe Anderson, Forester. Mr. Anderson thanked staff who were present for their hard work. Mr. Anderson stated the Tree Line USA designation is received from the Arbor Day Foundation and the National Association of State Foresters. There are five core standards that JEA follows including: provide quality tree care, demonstrate that JEA provides quality training to staff, be involved in tree planting and public education and show that JEA has a tree-based energy conservation program, as well as JEA takes part in the Arbor Day celebration which was held on March 24, 2018. Mr. Anderson stated JEA has partnered with Greenscape of Jacksonville and formed a partnership called Green Releaf. Through Greenscape, JEA partnered with the City of Jacksonville, Duval County Cooperative Extension, Florida Urban Forestry Council and Florida Forest Service to plant over 600 trees in Jacksonville. This presentation – was received for information.

**Agenda Item III – Operations (Discussion / Action)**

- A. Consent Agenda** – used for items that require no explanation, discussion or presentation and are approved by one motion and vote. On **motion** by Ms. Flanagan and second by Vice Chair Cumber, Appendix A was unanimously approved and Appendix B and C were received for information.

Appendix A: Board Meeting Minutes May 15, 2018 – approved

Appendix B: Monthly Financial Statements – received for information

Appendix C: Monthly FY18 Communications & Engagement Calendar and Plan Update – received for information.

- B. Monthly Operational & Financial Review** – Melissa Dykes, President/COO and Ryan Wannemacher, Interim Chief Financial Officer, presented the monthly review of JEA’s operational and financial metrics for electric and water/wastewater services. This item was received for information.

- C. Proposed FY2019 Operating and Capital Budgets** – Ryan Wannemacher, Interim Chief Financial Officer, stated the FY2019 Operating and Capital Budgets were reviewed at the May 15, 2018 Board Meeting, as well as the March 12 and May 7, 2018 Finance & Audit Committee Meetings. Upon approval of the budget by the Board, staff will submit the budget to City Council by July 1, 2018. Mr. Wannemacher reviewed key highlights of the budget focusing on strategic issues, and how those issues are addressed within the budget. Mr. Wannemacher advised that under the proposed budget, JEA would accumulate no new debt and have no planned rate changes for FY2019. On **motion** by Secretary Newbill and second by Mr. Cumber, Board Members held discussions and the Board unanimously approved the proposed operating and capital budgets and authorized staff to transmit the recommended budget to the Jacksonville City Council for final action and transmit the Five-Year Capital Improvement Program as required by the Jacksonville City Planning Department. On **motion** by Ms. Flanagan and second by Ms. Green, Board Members held discussions and unanimously approved JEA’s share of the SJRPP and Plant Scherer operating and capital budgets. On **motion** by Ms. Green and second by Secretary Newbill, the Board unanimously authorized the Interim Managing Director/CEO to adjust the budget approved by the Board of Directors and submitted to Council, if necessary, within the total approved budget amounts for each system. Chair Howard recognized Kristina Quarterman and Laure Whitmer for their efforts in the completion and submission of the budget, as well as Finance & Audit Committee Chair Flanagan and the Committee for their hard work.

- D. Appointment of Wayne McGovern to Civil Service Board** – Jody Brooks, Vice President & Chief Legal Officer, presented a candidate for the Civil Service Board - JEA makes two appointments to the nine-member Civil Service Board. Mr. Wayne McGovern is eligible for appointment and has agreed to serve. If approved, Mr. McGovern will replace the incumbent Helen Kehrt, whose term ends June 30, 2018. On **motion** by Ms. Flanagan and second by Ms. Green, Board Members held discussions and unanimously approved the appointment of Mr. McGovern to serve an initial three-year term on the Civil Service Board. Vice Chair Cumber suggested Human Resources be more aggressive in reaching out to former employees to serve on this important board.

- E. St. Johns River Power Park Systems Employees' Retirement Plan – Amendment #2 to the Restated Plan Document** – Angie Hiers, Vice President and Chief Human Resources Officer, presented in order to maintain any retirement plan's tax-qualified status, it is necessary or advisable to amend the retirement plan's written plan documents to reflect updates in the law, plan design changes, and/or compliance terms. Due to the shutdown of the St. Johns River Power Park (SJRPP), the retirement plan as it was has been closed. A compliance amendment (Compliance Amendment #2) has been drafted to reflect the administration of the Plan, as a result of the plant shutdown. Ms. Hiers provided a summary of the amendment terms including: accelerated vesting, no new participation in the Plan after the plant shutdown, terms related to future benefit accruals. This presentation is for information only. Chair Howard directed staff to place this item on the July Board Meeting agenda for action.
- F. Compliance Amendment to JEA 457 Deferred Compensation Plan Document** – Angie Hiers, Vice Present and Chief Human Resources Officer, presented all governing documents of the plan are periodically updated to reflect changes in the Internal Revenue Service Code and to ensure consistency with the operation of the plan. As a result of the St. Johns River Power Park (SJRPP) shutdown on January 5, 2018, the terms of the governing Plan were reviewed. A Compliance Amendment has been drafted to conform the governing Plan document to past collective bargaining terms and actual operations. Ms. Hiers stated this presentation is being provided for information only. Chair Howard directed staff to place this item on the July Board Meeting agenda.
- G. Electric System – Ten Year Site Plan** – Steve McInall, Director, Electric Production Resource Planning presented the Ten Year Site Plan, which is required to be submitted annually by April 1 to the Florida Public Service Commission (PSC). The PSC uses this information to ensure that the state has sufficient generation to meet the needs of the state. Mr. McInall provided a brief overview of the topics covered in the Ten Year Site Plan including: existing and committed facilities, forecasts and planning assumptions, and future resource needs. Mr. McInall stated this year's resource plan includes the SJRPP sales suspension and decommissioning, the upgrade to the Brandy Branch Combined Cycle Unit, and the nuclear power purchase agreement with the Municipal Electric Authority of Georgia for JEA's portion of the new Plant Vogtle Units 3 and 4 currently under construction. Mr. McInall added that included in this plan is 27 MW of solar photovoltaic (PV) for solar arrays fulfilling the Board's 2014 Solar Policy. Board Members were provided a hard copy of the Ten Year Site Plan. This presentation is provided for information.

#### **Agenda Item IV – Strategy (Discussion Only)**

- A. Shareholder Framework** – Aaron Zahn, Interim Managing Director/CEO presented the first draft of the Shareholder Framework. The Shareholder Framework is a concept shared with the Board in April, which included a process and mechanism for ensuring alignment of JEA with City Council and the Mayor's Office relative to financial, operational and community expectations of JEA. Mr. Zahn stated since April, he has walked through this process with each City Council Member individually. Mr. Zahn reviewed the draft resolution Section One, which illustrates City Council as both a Shareholder Trustee and Customer Advocate and Section Two, which covers the Shareholder Framework intended for City Council to be invested in the financial and operational success of JEA. Section Three – Customer Advocate Framework for Electric Services and Section Four Customer Advocate Framework for Water and Wastewater Services. Mr. Zahn expressed it is his hope the Shareholder Framework

will be a collaborative effort between JEA management, Board of Directors, City Council and the Mayor's office to create a measuring stick around a clear consensus upon which to develop, implement and execute a corporate strategic plan through 2028. Board Chair Howard called upon Council Liaison Matt Schellenberg to provide comments. Council Liaison Schellenberg suggested JEA work towards creating a better relationship with each Council Member in lieu of submitting the resolution. Board Chair Howard commended Mr. Zahn for meeting with individual Board Members last month. Vice Chair Cumber suggested the Board share their collective thoughts on the Shareholder Framework and meet individually with Council Members, and bring back their feedback to the Board Meeting. Mr. Zahn will redraft the resolution in the form of a letter and bring back to the Board at the July Board Meeting for additional feedback. This presentation is provided for information.

- B. **Governance – Delegation of Authority** – Aaron Zahn, Interim Managing Director/CEO stated the draft Delegation of Authority incorporates all the historical delegations, but also includes elements of succession planning. Mr. Zahn asked Board Members to review the proposed plan and provide recommendations prior to bringing back to the Board for approval at the July Board Meeting. This presentation was received for information.
- C. **Transition Update** – Aaron Zahn, Interim Managing Director/CEO provided the Board with an update of the transition period that was previously presented on April 17, 2018. Mr. Zahn stated over the last 8 weeks, JEA has transitioned into a phase of stability. JEA is now framing the Shareholder Framework, as well as setting the foundation for the permanent CEO, which includes strategic planning and execution. JEA has launched a Management Listening Tour beginning June 8 and concluding on October 1, 2018. JEA is engaging major stakeholder groups including employees/customers, JEA Board, City Council and the Office of the Mayor. Mr. Zahn stated the purpose of the meeting is to solicit ideas from employees and to hear their feedback. Mr. Zahn stated an update will be provided to the Board in September/October. This presentation was received for information.
- D. **Southside Capital Allocation** – At the request of Board Chair Howard, this item was deferred to the July Board Meeting.

#### **Agenda Item V – Subject Matter Exploration (Opportunities & Risks – Presentation)**

- A. **JEA Hurricane Readiness & Communication** – Melissa Dykes, President/Chief Operating Officer introduced Ed Dendor, Director Emergency Preparedness & Business Continuity. Ms. Dykes and Mr. Dendor provided the Board with a summary of JEA's hurricane readiness and communication process in preparation for the 2018 storm season. Ms. Dykes stated during Hurricane Irma, JEA restored power faster than any other major city in Florida. The lessons learned from hurricanes Matthew, Irma, and continuous improvements JEA is implementing today will allow JEA to provide better response going forward. Topics covered include: Continuous preparations before the storm in electric system improvements, water and sewer upgrades, storm restoration training, and comprehensive communications plan; during the storm activities including monitoring the weather, assessing the impact on our facilities, and deploying linemen once conditions are safe; and after the storm including JEA's new Restoration 1-2-3 campaign, community outreach and aid, news media and public relations, and enhanced customer communications; and hurricane preparations. Due to

business continuity, Chair Howard stated the Board will conduct a deep dive or workshop on the subject of real estate options at a future meeting. This presentation was received for information.

### **Agenda Item VII – Other Business**

- A. Old Business – None**
- B. Other New Business – None**
- C. Open Discussion** – Secretary Newbill thanked Mike Hightower, Chief Public & Shareholder Affairs Officer, for hosting the Pastor’s luncheon where Mr. Zahn and Ms. Dykes were able to meet with pastors and hear their community feedback. Secretary Newbill also thanked John McCarthy, VP & Chief Supply Chain Officer, Rita Scott, Manager, Jax Small Emerging Business Programs, and team for hosting a workshop on Jacksonville Small and Emerging Business (JSEB) program at the First Timothy Baptist Church. Secretary Newbill stated he feels JEA should hold firm to the recommendation from Mr. Zahn for the use of the proceeds from the sale of the Southside property on septic tanks phase-out. Chair Howard stated the issue of the Southside allocation will be brought to the Board at the July Board Meeting.
- D. Interim Managing Director/CEO’s Report** – Mr. Zahn, Interim Managing Director/CEO stated management met with the rating agencies who commended JEA on navigating through a difficult process and emerging with a structured transition. Mr. Zahn thanked the Board for their patience today and requested a few revisions to upcoming Board packages to include: the inclusion of an operations/finance dashboard every other month, as well as the full report every other month. This would allow the Board additional time on subject matter exploration. Mr. Zahn proposed moving Board Meetings back one additional week, which would allow staff additional needed time to prepare materials. Mr. Zahn also offered an option to move Board packages to an electronic format. Chair Howard clarified that the Board would receive financials every month; however, the Operations report will be provided every other month in the form of a dashboard. Board Members held discussions regarding the possibility of a Board Meeting date change. Board Chair Howard recognized potential incoming Board Members John Champion and Camille Jones. Board Members agreed to move the next Board Meeting to July 30, 2018. Mr. Zahn provided information regarding the upcoming subject matter exploration topic of Distributed Power Generation and Storage Market.
- E. Chair’s Report** – Chair Howard appointed a CEO Search Committee to include April Green, Husein Cumber, an incoming Board Member, and himself. Chair Howard thanked Mike Hightower, Larry Pinkstaff and Gina Kyle and others on the retirement event for the St. Johns River Power Park. Chair Howard recognized Scott Bednarz, Wastewater Operator Maintainer for his interview on First Coast News.

### **Agenda Item VIII – Closing Considerations**

- A. Announcements** – Next Board Meeting – July 30, 2018
- B. Adjournment**

*With no further business claiming the attention of the Board, Chair Howard adjourned the meeting at 3:23 PM.*

APPROVED BY:

\_\_\_\_\_  
SECRETARY

DATE: \_\_\_\_\_

Board Meeting recorded by:

\_\_\_\_\_  
Melissa M. Charleroy  
Executive Assistant