

JEA BOARD OF DIRECTORS MEETING MINUTES
February 25, 2025

The JEA Board met in regular session at 10:30 am on Tuesday, February 25, 2025, on the 1st Floor, 225 North Pearl Street, Jacksonville, Florida. The meeting was properly noticed, and the public was invited to attend this meeting in-person at the physical location and virtually.

WELCOME

Meeting Called to Order – Board Chair General Joseph DiSalvo called the meeting to order at 10:30 am. Board members in attendance were Vice Chair Rick Morales, Secretary Kawanza Humphrey, John Baker, and MG Orender, and Arthur Adams.

Others in attendance were Vickie Cavey, Managing Director/CEO; Ted Phillips, Chief Financial Officer; Jody Brooks, Chief Administrative Officer (virtually); Joe Orfano, Deputy Chief Financial Officer and Treasurer; Ricky Erixton, Chief Electric Systems Officer; Rob Zammataro, Chief Water Systems Officer; Kurt Wilson, Chief of Staff; Brad Krol, Chief Information Officer; Dr. Charles Moreland, Chief Customer Experience Officer; Regina Ross, Chief Legal Officer, Office of General Counsel; Sheree Brown, Executive Assistant to the CEO; and Melissa Dalton, Manager, Board Services.

Time of Reflection – A moment of reflection was observed by all.

Adoption of the Agenda – On *motion* by Mr. Baker and seconded by Vice Chair Morales, the agenda was approved.

Safety Briefing / Values Moment – David Goldberg, Director Brand & Content, provided the safety briefing and a values moment on respect.

COMMENTS / PRESENTATIONS

Comments from the Public –

John Nooney spoke to the Board regarding the St. Johns River Accord and supporting public access to waterways.

Logan Cross was not present during the public comment period.

Theresa Parliato spoke to the Board regarding CEO pay and water main issues.

Council Liaison's Comments – Council Member Michael Boylan had no comments.

Managing Director / CEO Comments – Vickie Cavey, Managing Director/CEO, provided a review on the San Jose Boulevard water main replacement, to which Council Member Michael Boylan expressed his appreciation to team members for their work and communication to the community. Ms. Cavey highlighted the Greenland Water Reclamation Facility (WRF) was brought online in February and is the first WRF in Duval County in 48 years. Ms. Cavey ended her report highlighting JEA celebrated Black History Month and thanked Dr. Charles Moreland, Chief Customer Experience Officer for providing the keynote speech and to the team members that made this event possible.

JEA Performance Update

Corporate Scorecard – Juli Crawford, Director, Enterprise Planning & Analytics, provided updates through January 31, 2025, to include residential customer bills, total spend, O&M, capital

expense, and operational metrics to include: safety, clean energy composition, water and sewer reliability, sanitary sewer overflow, and technology availability. Board Vice Chair Morales inquired regarding sewer reliability. This presentation was received for information.

Financial Update – Ted Phillips, Chief Financial Officer, provided an update on the electric and water system revenue and expenditures; electric cost per MWh; electric and water system O&M actuals, capital budget; cash and investments; and financial metrics. Inquiries were made by Board members regarding fixed charge coverage, which were addressed by staff. This presentation was received for information.

RATE HEARING

Meeting Called to Order – Board Chair General DiSalvo recessed the regularly scheduled meeting and called the rate hearing to order at 11:00 am.

Comments from the Public on Rates:

Theresa Parliato spoke to the Board regarding the proposed rate increase.

Kelly Frazier, President, Northside Coalition of Jacksonville spoke on her late father, Mr. Ben Frazier, provided thoughts on the proposed rate increase and CEO salary.

Electric, Water, and Sewer Rate Review – Ted Phillips, Chief Financial Officer, provided a review of rate increase drivers as a follow-up item from the February 18, 2025 Finance, Governance, and Audit Committee meeting. Victor Blackshear, Director, Financial Planning & Rates, provided a review on rate strategic goals, electric, water and sewer system FY25/26 target revenue, rate restructuring recommendations, value of residential energy and water volume charges, comparison of how our proposed combined residential services will compare with other major Florida cities. Mr. Phillips provided a review of the rate recommendations timeline noting staff will request the Board to take action at the March 25, 2025 Board meeting. Board members held discussions regarding the last rate increase, anticipation of future rate increases, residential energy efficiency programs, JEA's weatherization efforts with the R3 Program, and a decrease in water bills for some customers. Chair General DiSalvo reiterated the Board will take action on the proposed rates at the March 25, 2025 Board meeting.

Chair DiSalvo adjourned the rate hearing and reconvened the regular Board meeting at 11:22 am.

BOARD AND COMMITTEE REPORTS AND ITEMS FOR CONSIDERATION

CONSENT AGENDA

The Consent Agenda consists of agenda items that require Board approval but are routine in nature or have been discussed in previous meetings of the Board.

On *motion* by Mr. Baker and seconded by Mr. Morales, all Consent Agenda items were approved.

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DELIVERING BUSINESS EXCELLENCE

Executive Committee Report – Committee Chair General DiSalvo provided an update on the February 18, 2025 meeting thanking Committee members Rick Morales, Kwanza Humphrey, and John Baker for attending, as well as Board member MG Orender. General DiSalvo provided the following recommendations for a new slate of Officers:

General Joseph DiSalvo, Board Chair
Rick Morales, Board Vice Chair
MG Orender, Board Secretary

On *motion* by John Baker and seconded by Kwanza Humphrey, the new slate of Officers were approved. General DiSalvo noted the new Officers will begin their role effective April 1, 2025 and thanked Board members for their service.

Compensation Committee Report – Committee Chair General DiSalvo provided a review of the February 18, 2025 meeting thanking Committee members Kwanza Humphrey and Rick Morales for attending, as well as Board members John Baker and MG Orender. General DiSalvo noted Diane Moser, Chief Human Resources Officer provided the Committee with a review of data from the American Public Power Association, Large Public Power Council, Towers Watson surveys, and 2024 CompData salary survey, and reviewed the proposed contract terms.

Board members held discussions on Ms. Cavey's excellent performance, comparison of salary to peers, employee satisfaction, and reiterated Ms. Cavey's proposed contract does not impact rates. General DiSalvo reviewed the proposed contract terms including: 3-year contract term, with two mutually agreed upon 1-year terms, base salary of \$700,000 annually, 3% increase in base salary per annum, no change in current vehicle and business allowance, and annual leave of 120 hours (front loaded) plus an annual accrual rate of 280 hours, which is consistent with JEA's Policy and Procedures.

On *motion* by Vice Chair Morales and seconded by Mr. Orender, the Board unanimously approved Ms. Cavey's contract as outlined.

Finance, Governance, and Audit Committee Report – Committee Chair MG Orender provided a review of the February 18, 2025 meeting thanking Committee members Kwanza Humphrey and Chair DiSalvo for attending, as well as Board members John Baker and Rick Morales. Committee Chair Orender provided a review of the following agenda items:

Amended and Restated Interagency Agreement – Committee Chair Orender provided information on the current expired Interagency Agreement, FY24 contribution to the City of Jacksonville, the Amended and Restated Interagency Agreement effective date of October 1, 2024 with the agreement expiring September 20, 2029, water quality credits provided to the City at no cost, as well as the FY25 and FY26 contribution terms.

On *motion* by Mr. Baker and seconded by Kwanza Humphrey, the Board unanimously approved the Amended and Restated Interagency Agreement.

457 Deferred Compensation Plan – Committee Chair Orender provided a review of this administrative item highlighting current regulations for employees who attains age 50 or older in a year, Secure Act 2.0 including existing and amended laws related to the Super Catch-Up Contribution limit.

On *motion* by Mr. Adams and seconded by Mr. Morales, the Board unanimously approved the Super Catch-Up Amendment.

Internal Audit Charter – Committee Chair Orender provided a review of the Internal Audit Charter updates due to significant changes to the Institute of Internal Auditors revision of its 2024 Global Audit Standards.

On ***motion*** by Vice Chair Morales and seconded by Secretary Humphrey, the Board unanimously approved the Internal Audit Charter.

Enterprise Risk Management Policy – Committee Chair Orender provided a review of the Enterprise Risk Management Roadmap noting the first step will include governance and culture. Committee Chair Orender highlighted responsibilities for this step to include the Board approving the Enterprise Risk Management Policy and establishing a Risk Committee.

On ***motion*** by Secretary Humphrey and seconded by Mr. Adams, the Board unanimously approved the Enterprise Risk Management Policy.

Warehouse Lease Extension – Committee Chair Orender provided a review of the Warehouse Lease extension highlighting the background of the sublease with AAR Government Services, Inc. which is holding current storm stock and construction project materials, lease expiration, and negotiated extension through March 2028 which includes an additional 23,000 square feet of warehouse space, and JEA's maximum indebtedness for the three-year term is \$3,836,215 which exceeds the \$2,000,000 threshold requiring Board approval for real estate transactions.

On ***motion*** by Mr. Baker and seconded by Vice Chair Morales, the Board unanimously approved the warehouse lease extension.

Additional topics covered included Internal Audit Update, Compliance with JEA's Disclosure Policy and Procedures, Annual Disclosure Reports, results of the Annual Board Evaluation, as well as the Electric, Water, and Sewer Rate Review which was heard earlier in today's meeting.

Capital Projects Committee Report – Committee Chair Rick Morales provided a review of the February 25, 2025 meeting thanking members John Baker and Arthur Adams for attending, as well as Board members General DiSalvo and MG Orender.

Arlington East Water Reclamation Facility (WRF) Phase 2 Expansion – Committee Chair Rick Morales provided a review of the Arlington East Water Reclamation Facility (WRF) Phase 2 Expansion noting this is JEA's second largest water reclamation facility, a review of the Phase 1 and 2 expansion.

On ***motion*** by John Baker seconded by Kawanza Humphrey, the Board unanimously voted to approve the recommendations.

Committee Chair Morales reviewed the second request to award the project to Wharton Smith. Committee Chair Morales reviewed the terms solicitation responses including the Phase 2 Expansion project will include all phases of construction at the price of \$99,117,000.

On ***motion*** by Committee Chair Morales and seconded by Mr. Baker, the Board unanimously voted to approve the award to Wharton-Smith for the construction of influent structure, aeration basin, primary clarifier, and blowers in the amount of \$99,117,000.

Fulton Cut Replacement – Committee Chair Morales reviewed the Jacksonville Port Authority's request to increase the height of JEA's transmission lines to improve conditions for the size and types of ships traversing the Fulton Cut Crossing, background on the conceptual study, Board approval in March 2023 to enter into a binding Interlocal Agreement to proceed with designs and explore alternatives, review of total project cost and funding sources, review of contractor and JEA responsibilities, and the cumulative project cost of \$117M.

On ***motion*** by Mr. Baker seconded by Committee Chair Morales, the Board unanimously approved the contract award to Quanta Infrastructure Solutions Group not to exceed the amount of \$90M.

Committee Chair Morales reviewed the three-party agreements between JAXPORT, JEA, and the City of Jacksonville, funding timelines and party amounts which equates to \$52M from the City and State and \$32.5M from JAXPORT and JEA and noted JEA will utilize one-time dollars from electric system revenues from FY24 budget year.

On ***motion*** by Mr. Adams and seconded by Mr. Baker, the Board unanimously approved the proposed Interlocal Agreement between JEA, Jacksonville Port Authority, and the City of Jacksonville for the funding and construction of the Fulton Cut Replacement Project.

For informational purposes, the Committee heard an update on the Combined Cycle Plant proposal.

Chair DiSalvo thanked Mr. Morales for the report and noted that there are external variables in regard to the combined cycle plant.

Rating Agency Presentation – Joe Orfano, Deputy Chief Financial Officer & Treasurer, acknowledged the hard work performed by the Treasury team who closed several bond deals within the past few months. Mr. Orfano and A.J. Souto, Manager, Debt Capital Markets, provided the Board with a preliminary view of the Rating Agency presentation including consolidated historical financial metrics, electric and water system debt management, financial results, unit sales, revenue requirements, capital funding sources and uses. Mr. Orfano provided the dates for the upcoming rating agency presentations and thanked General DiSalvo for attending these important meetings. This presentation was received for information.

Disclosure Training for Board Members – Elizabeth Columbo, Daniel Deaton, and Barry Rothchild with Nixon Peabody, LLP, provided a review on the responsibilities of the Board of Directors for JEA's bond disclosures. Topics included a review of the Securities and Exchange Commission, requirements for issuers, JEA staff requirements, Board member requirements and lessons learned. This presentation was received for information.

OTHER BUSINESS AND CLOSING CONSIDERATION

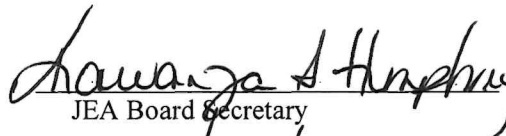
Old and Other New Business / Open Discussion – None

Chair's Report – Chair DiSalvo expressed appreciation to Ms. Cavey for her service.

Announcements – None

Adjournment – With no further business coming before the Board, Chair General DiSalvo declared the meeting adjourned at 12:50 pm.

APPROVED BY:


JEA Board Secretary
Date: 3/25/2025

Board Meeting Recorded by:



Sherree Brown
Board Services Manager