

JEA
BOARD MINUTES
December 12, 2017

The JEA Board met in regular session on Tuesday, December 12, 2017, on the 19th Floor, 21 W. Church Street, Jacksonville, Florida. Present were Alan Howard, Husein Cumber, Kelly Flanagan, Frederick Newbill and April Green. Vice Chair Delores Kesler and Tom Petway were absent and excused.

Agenda Item I – Welcome

- A.** The meeting was **called to order** at 12:01 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 Secretary Newbill and second by Mr. Cumber.
- E.** The **Safety Briefing** was given by Paul McElroy, Managing Director/Chief Executive Officer.
- F.** **Sunshine Law/Public Records Statement** – Jody Brooks, Chief Legal Officer, 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. Dave Brudderly addressed the board regarding distributed energy
- B. Council Liaison’s Comments** – Council Member Matt Schellenberg wished a Happy Hannukah, Merry Christmas and Happy New Year to all the members of JEA.
- C. Office of the Mayor Liaison’s Comments** – Dr. Gaffney indicated that the Mayor wishes everyone a happy and safe holiday season. Jessica Laird, Director of Boards and Commissions, indicated she is happy to be working with the Board.

The Chair recognized new Board Member, April Green and welcomed her to the 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. Cumber and second by Secretary Newbill, item 1 was unanimously approved and items 2 through 4 were received for information.
 - 1. Approval of Board Meeting Minutes November 28, 2017 – approved
 - 2. Monthly JEA Financial Review & Statements – received for information
 - 3. Monthly JEA Operations Report – received for information
 - 4. Monthly FY18 Communications & Engagement Calendar and Plan Update – received for information

At the discretion of the Chair, the Strategic Discussions/Action Items were heard out of order, but will be reflected in the minutes in the original agenda.

B. Strategic Discussions/Action

1. JEA Board Policy Manual: Executive Limitation – Compensation and Benefits – Angie Hiers, Chief Human Resources Officer presented to the Board the affirmed Board Policy Manual item providing authority to the CEO to establish total compensation philosophy in accordance with Board policy, as recommended by the JEA Board of Directors Compensation Committee at their November 27, 2017 meeting. Upon **motion** by Mr. Cumber and second by Ms. Flanagan, the Board approved the affirmation of authority of the CEO to establish total compensation philosophy in accordance with JEA Board Policy 2.7.3.
2. CEO Contract Modification and Extension – Jody Brooks, Chief Legal Officer – At the request of the Chair, this item was deferred to the January Board Meeting.
3. Amendments to Prior Board Authorizations for Fixed Rate Debt Refundings for Electric System and Water and Sewer System – Melissa Dykes, Chief Financial Officer, advised staff is requesting Board approval of modifications to authority delegated to the Managing Director/Chief Executive Officer to price and execute fixed rate debt refunding transactions for the Electric and Water systems, which were approved and modified by the Board at the December 13, 2016 and the November 28, 2017 meetings. Upon **motion** by Mr. Cumber and second by Ms. Flanagan, Resolutions No. 2017-42, 2017-43, 2017-44 and 2017-45 were unanimously approved by the Board.
4. Monthly Operational and Financial Review – Melissa Dykes, Chief Financial Officer, indicated that there were rating agency reports at each Board Member seat and advised that all rating agencies had affirmed JEA's strong credit ratings, although Moody's had changed JEA's electric system rating outlook to negative. Ms. Dykes also provided the Board with a review of the operating and financial results for November, including key operating statistics, safety performance and financial metrics. This item was received for information.

C. Open Discussion – The Board discussed privatization and its impact on a new headquarters.

D. Other New Business – none

E. Old Business – none

Agenda Item IV – Reports

A. Finance & Audit Committee – Kelly Flanagan, Committee Chair

1. Approval of Minutes – August 7, 2017 – On **motion** by Mr. Cumber and second by Ms. Flanagan, the minutes were approved.
2. Audit Services – Quarterly ERM/Audit Update – received for information
3. Ethics Officer Quarterly Report – received for information
4. Electric System and Water and Sewer System Reserve Fund Quarterly Report – received for information
5. JEA Energy Market Risk Management Policy Report – received for information
6. Ernst & Young FY2017 External Audit Report – received for information
7. Announcements
 - a. Next Meeting, March 12, 2018, 8:00 – 10:00 AM

- 8. Committee Discussion Sessions
 - a. Ernst & Young – information
 - b. Director, Audit Services – information
 - c. Council Auditor’s Office – Council Auditor’s representative was not in attendance

B. Managing Director/CEO’s Report – Paul McElroy, Managing Director/CEO wished those in attendance Happy Hannukah, Merry Christmas and a happy and safe holiday season and then provided an update on the following items:

- 1. The ratings results were a confirmation of past ratings and outstanding results in light of flat and/or lowered sales, JEA’s ability to maintain reserves and liquidity, record results in employee engagement, leading the state in the business sector, proactive management, an engaged Board and a strong relationship with the city and its council. JEA will be sharing information in the coming months to obtain a change in the negative outlook received from Moody’s.
- 2. Privatization - JEA will be bringing in external resources, such as regulatory agencies and legal advisors and will provide a report in 60 days.
- 3. Mr. McElroy thanked Mr. Brudderly for his comments on the North Florida Transportation Planning Organization (TPO) and indicated that energy has made great strides and JEA will continue work in the area of lowering CO² emissions. Mr. McElroy advised that JEA partnered with TPO to obtain a \$300k grant for solar charging stations.

C. Chair’s Report – The Chair expressed an appreciation of the presentations provided to the ratings agencies and reiterated that JEA disagrees with the outlook provided by Moody’s and indicated that JEA can justify why. The Chair further discussed the issue of privatization and the need for its examination without taking away from the work being done by JEA.

Agenda Item V – Closing Considerations

A. Announcements – Next Board Meeting – January 16, 2018

B. Adjournment

With no further business claiming the attention of the Board, Chair Howard adjourned the meeting at 12:40 PM.

APPROVED BY:

SECRETARY

DATE: _____

Board Meeting recorded by:

Cheryl W. Mock
Executive Assistant