

**JEA BOARD MINUTES
June 23, 2020**

The JEA Board met in regular session on Tuesday June 23, 2020, via WebEx. Pursuant to State of Florida Executive Order 20-69 (Emergency Management-COVID-19-Local Government Public Meetings), this meeting is permitted to be conducted by communications media technology. In attendance were John Baker, Joe DiSalvo, Dr. Zachary Faison, Jr., Dr. Leon Haley, Marty Lanahan, Bobby Stein, and Tom VanOsdol. Also in attendance was Paul McElroy and Jody Brooks, Office of General Counsel.

Agenda Item I – Welcome

- A.** Chair John Baker called the meeting to order at 9:02 am.
- B.** **Time of Reflection** was observed by all.
- C.** **Introductions** – All board members were in attendance.
- D.** **Adoption of Agenda** – On *motion* by Marty Lanahan and seconded by Tom VanOsdol the agenda was approved.
- E.** The **Safety Briefing** – was given by Paul McElroy.
- 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. Landon Todd, Manager, IT Infrastructure & Collaboration Platforms, provided WebEx instructions.

Agenda Item II – Comments / Presentations

- A.** **Comments from the Public**
 - 1. Valerie Guitierrez – Address on File – Spoke to board members regarding the Neighbor-to-Neighbor Program.
 - 2. Zachariah Cosner – Address on File – Spoke to board members regarding the delinquent accounts disconnection date.
- B.** **Comments from Council Liaison** – Council Member Becton’s remarks can be found in Section VI. C. Open Discussion.

Agenda Item III. Consent Agenda

- A.** **Consent Agenda** – Used for items that require no explanation, discussion or presentation and are approved by one motion and vote. On *motion* by Bobby Stein and seconded by Tom VanOsdol, appendices A and B were unanimously approved and appendices C and D were received for information only.

Appendix A: Board Meeting Minutes May 26, 2020 – approved

Appendix B: Special Board Meeting Minutes May 21, 2020 – approved

Appendix C: Monthly FY20 Communications & Engagement Calendar and Plan Update – information only

Appendix D: Simplified Earnings Report – Monthly Financial Statements –
information only

Agenda Item IV. For Board Consideration

- A. Introduction of Senior Leaders** – Paul McElroy, Interim CEO, referring to materials previously provided to board members introduced each interim senior leader with a brief overview of their background and experience. Appreciative comments were offered by board members Bobby Stein and Dr. Zachary Faison.
- B. Monthly Operations and Financial Dashboard** – Joe Orfano, Treasurer, presented on the company’s monthly operations and year-to-date financial results for May 2020 versus May 2019. He reviewed operating revenues and expenses for Electric Enterprise and Water and Sewer, and he discussed all performance metrics relative to the company’s FY20 goals. He noted that May 2020 delivered a consistently stellar operating performance and the one environmental permit exceedance remained on-track relative to FY2020. Questions were asked and answered.
- C. Monthly Proposed FY2021 Operating and Capital Budgets with COVID-19 Impacts** – Joe Orfano, Treasurer, provided board members a thorough overview of the proposed FY2021 operating budget for both Energy and Water/Wastewater Systems. He reviewed unit sales growth, O&M expenses by category, capital program funding and government transfer history. Hearing all questions asked and answered, management asked the Board’s approval on all budget timeline actions as previously provided to board members in the board package. Following a comment by the board and response by Interim CEO Paul McElroy and upon a *motion* by Dr. Zachary Faison and seconded by Marty Lanahan, the motion was unanimously approved.

Item IV.G. was moved ahead on the Agenda

- D. Update on Bond Refunding Opportunities** – Joe Orfano, Treasurer, citing materials previously distributed to board members, gave a brief overview of the company’s current bond refunding opportunities. He noted the underwriter’s analysis of the company’s refunding transactions could result in a potential annual savings of approximately \$3.7 million to the company. This bond offering could be launched the week of July 6th. A question was asked and answered and there was no further discussion.
- E. Fuels and Generation Planning Update** – Ricky Erixton, Interim G.M. Electric Systems, gave a thorough fuels and generation planning update to board members. He reviewed customer demand forecast by class; energy system overview; fuel volume and fuel expense forecasting; fuel revenues; fuel and regional supply diversity; energy fuel mix; energy market risk management and hedge strategies. There were questions asked and answered. Next, Joanie Teofilo, CEO of The Energy Authority (TEA), gave a brief presentation of the services that TEA provides to JEA and its customers. Lastly, Mr. Erixton summarized the company’s Ten Year Site Plan which included its demand and energy forecast including actual and projected capacity factors. There was no further discussion.

- F. JEA/FPL Cooperation Agreement – Plant Scherer** – Paul McElroy, Interim CEO provided board members with a brief update of the Scherer discussions with management and asked board members to defer any action on this item until a later date. Board member Stein offered additional comments and board members took no action at this meeting.
- G. Pay for Performance Review** – Angie Hiers, Interim Chief of Human Resources, citing materials in the board package, presented on the company’s Pay-For-Performance Plan. She provided feedback received since the board’s May 29, 2020 compensation workshop. She reviewed strategic initiatives, key focus areas and the program provisions that would ensure appropriate financial controls and oversight. She also reviewed plan eligibility; plan cost; payout factors and plan financial impact. Following comments made and questions asked and answered and upon *motion* by Dr. Zachary Faison and seconded by Dr. Leon Haley the motion was unanimously approved.
- H. Hurricane Preparedness** – Alan McElroy, Interim Chief of Supply Chain, presented to the board on hurricane preparedness. He gave an overview of the 2019 season and what has been forecasted for the 2020 season. He outlined lessons learned; energy and water/wastewater resiliency programs; Covid-19 challenges and task force exercises; employee training; customer engagement action items; and the customer communication multimedia program (Restoration 1.2.3). Board members had no questions at this time.
- I. History of Water/Wastewater Expansion: Septic Phase-Out** – Hai Vu, Interim G.M. Water/Wastewater Systems, presented on the company’s Wastewater Collection Programs and Alternatives (WCPA). Along with Josefin Hirst, Project Manager of Hazen and Sawyer, they reviewed the four phases of the company’s Master Plan. The presentation contained a thorough overview of the current septic tank phase out project status including management strategies, funding sources, treatment technologies and institutional frameworks. Paul McElroy, Interim Managing Director/CEO, provided additional feedback with historical information on capital funding sources for the septic tank phase out. There were questions asked and answered and a brief discussion ensued.
- J. Board Policy Review**
- 1. Pricing Policy** – Joe Orfano, Treasurer, reviewed the company’s pricing policy. He also recognized Brian Roche, Interim CFO, and Juli Crawford, Director of Financial Planning and Analysis both instrumental in the history and management of the policy. In his review, he covered the history and major components of the pricing policy and its significance to the company’s financial reporting structure. He noted an overhaul of the policy was needed as it had not been updated since August 2019. Board members had no questions at this time.

Agenda Item V – Board and Committee Reports

- A. CEO Search Committee** – Committee Chair Bobby Stein updated board members on the committee’s progress and laid out the committee’s CEO search strategy going forward. Next, Angie Hiers, Interim Chief of Human Resources, provided a brief introduction and biography on Carl Mycoff, Managing Director and Founder of Mycoff Frye the winning search firm.

- 1. Mycoff Frye LLC – Discussion with Carl Mycoff** – Mr. Mycoff joined the meeting. He provided additional commentary on both his and the firm’s experience and record of successful CEO searches in Florida. Questions were asked and answered. Next, Chair Stein discussed having a subset of the CEO Search Committee that would work to present candidates to the full board. The subset committee members would be Bobby Stein (Chair), John Baker, Joe DiSalvo and Dr. Leon Haley. Additional questions were asked and answered. Lastly, Board Chair Baker expressed appreciative comments to Mr. Mycoff and noted the board is looking forward to working with his firm for the CEO search. There were no additional questions at this time.

- B. Corporate Headquarters and HQ2** – Board Member Bobby Stein opened the discussion with a very brief update on HQ2. He explained the search committee has found two viable sites and next step actions for HQ2. He then turned the discussion over to Jody Brooks, OGC, who led the discussion on HQ1.
 - 1. Resolution 2020-05 A1: Amendment to Resolution 2020-05** – Ms. Brooks citing materials provided in the board package summarized Resolution 2020-05 A1 which purpose is to substitute the Exhibit A that board members originally approved. The proposal would allow for an increase in maximum indebtedness and a five year increase in the lease term. Upon *motion* by Dr. Leon Haley and seconded by Tom VanOsdol, the motion was unanimously approved.

- C. Governance and Transparency Committee**
 - 1. Adoption of Governance and Transparency Committee Charter** – Committee Chair Joe DiSalvo opened the discussion noting the committee name was misstated. The name of the committee should be JEA Board Governance Committee. Next, he named the committee membership as himself and Dr. Zachary Faison, Dr. Leon Haley and Tom VanOsdol. Lastly, he outlined the three core principles of the committee as outlined in its Charter. There were no questions or comments. Upon *motion* made by Committee Chair DiSalvo and seconded by Marty Lanahan and the acceptance of Marty Lanahan as an additional member of the governance committee, the Charter was unanimously approved.

Agenda Item VI– Other Business

- A. Old Business** – None

- B. Other New Business** – None

- C. Open Discussion** – Council Member Danny Becton thanked board members and offered positive comments on JEA’s direction going forward. Chair Baker accepted Mr. Becton’s remarks.

In other open discussion Chair Baker remarked on the public comment regarding the upcoming disconnection date of service for delinquent accounts. He asked Councilman Becton and Mr. McElroy for feedback on how we are properly communicating to the public regarding this matter. CM Becton offered comments on how to get the word out once the disconnection date is established. Mr. McElroy offered additional commentary on this matter to which board member Bobby Stein suggested Mr. McElroy and Councilman Becton work together to formulate a

solution to this matter for the general public.

Lastly, Council Member Becton notified the board of a disconnection phone scam circulating the City that reached him personally. He provided management with a recording of the incident and asked that board members and the company be conscientious and aware of this matter.

- D. Interim Managing Director/CEO’s Report** – Paul McElroy, Interim Managing Director/CEO provided board members with updates on key external matters. He covered the rating agency discussions which are going very well; discussions with the editorial board of Times Union have been positive; engagements with Nassau County are going very well; and the full senior leadership team continues to meet daily on Covid-19 and are pushing for more safety and requirements for masking. Mr. McElroy also stated Staff will continue to engage Vogtle and are hoping for a shade meeting on the topic in the next 30 days to discuss the path going forward. Mr. McElroy noted progress on the SJRPP land matter and its economic development opportunities. Lastly, he thanked Joe Orfano for his work in the CFO role and again welcomed Brian Roche back to the team as Interim CFO.
- E. Chair’s Report** – Board Chair Baker offered closing comments and thanked Mr. McElroy and everyone for their efforts to the company in such a short period of time.

Agenda Item VII – Closing Considerations

- A. Announcements** – Next Board Meeting – July 28, 2020
- B. Adjournment**

Agenda Item IX – Upcoming Board Agenda Items

- A. Utility Rate Making**
- B. Board Policy Review**
 - 1. Investment Policy**
 - 2. Debt Management Policy**

With no further business claiming the attention of the Board, Chair John Baker adjourned the meeting at 12:12 p.m.

APPROVED BY:

SECRETARY
DATE: _____

Board Meeting recorded by:

DeLisa A. Johnigarn, Executive Assistant