

**JEA BOARD MINUTES**  
**July 28, 2020**

The JEA Board met in regular session on Tuesday July 28, 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 9:00 am.
- B. **Time of Reflection** was observed by all in attendance.
- C. **Introductions** – All board members were in attendance for the meeting.
- D. **Adoption of Agenda** – On *motion* by Marty Lanahan and seconded by Dr. Leon Haley, the agenda was approved unanimously.
- 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 meeting package. Landon Todd, Manager IT Infrastructure, provided WebEx instructions for the meeting.

**Agenda Item II – Comments / Presentations**

- A. **Council Liaison’s Comments** – Jacksonville City Council Member Randy DeFoor provided a brief update to the Board on three key Council matters: 1) the Budget; 2) Council Leadership Update; and 3) the JEA Special Investigation Committee.
- B. **Comments from the Public**
  - 1. David E. Bruderly – Address on File – Spoke to board members regarding energy and pollution technologies for greenhouse gases and water pollution.
  - 2. Ron Gerdik – Address on File – Spoke to board members regarding the Cedar Bay Road Community industrial complex construction issues. Noted for the record, Mr. Gerdik presented a four-page document, on this matter, to Dr. Leon Haley.
- C. **Recognizing Lee Bradley’s Retirement** – Paul McElroy, Interim Chief Executive Officer and Managing Director, gave a special presentation on behalf of Lee Bradley, JEA employee, who was retiring from the company. In his presentation, Mr. McElroy provided a brief biography and highlighted interesting facts about Lee Bradley and his career which spanned 50 years of outstanding service to JEA. There were appreciative words from Lee Bradley and a show of gratitude by all meeting attendees.

**Agenda Item III. Consent Agenda**

- A. Consent Agenda** – Consent Agenda items require no explanation, discussion or presentation, and are approved by one motion and vote. On *motion* by Joe DiSalvo and seconded by Dr. Leon Haley, appendices A and B were approved unanimously, and appendices C through F were received for information only.

**Appendix A: Board Meeting Minutes June 23, 2020** – approved

**Appendix B: Special Board Meeting Minutes June 26, 2020** – approved

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

**Appendix D: Monthly Financial Statements** – information only

**Appendix E: Corporate Campus and HQ2 Update** – information only

**Appendix F: Sole Source & Emergency Procurement/Procurement Appeals Board Report** – information only

**Agenda Item IV. For Board Consideration**

- A. Monthly Operating and Financial Summary** – Brian Roche, Interim Chief Financial Officer, presented on the company’s monthly financial statements and year-to-date financial results. He highlighted key financial drivers and results for Safety; and Electric and Water/Wastewater Systems. He discussed revenues, expenses and debt ratios. Next, he also reviewed Key Financial Metrics and presented an Operations Scorecard for each business sector. Lastly, he discussed rate benchmarks for Florida utilities by highlighting monthly bill comparisons for Electric and Water/Wastewater. Questions were asked and answered.
- B. FY2021 Budget Adjustments to City Council** – Brian Roche, Interim Chief Financial Officer, presented on the company’s FY2021 operating and capital budget adjustments previously transmitted to City Council. He highlighted the additional adjustments made to the Operating and Maintenance and Capital portions of the budget by \$22 million and \$103 million respectively. There were questions asked and answered and a brief discussion ensued. Hearing no additional discussion, and upon motion made by Marty Lanahan and seconded by Bobby Stein, the budget adjustments as presented to City Council were approved.
- C. Electric and Water/Wastewater System Bond Transactions** – Joe Orfano, Treasurer, presented on the company’s bond offerings and results for Electric and Water and Sewer Systems. Mr. Orfano commented that the bond refunding offerings were extremely well received by investors and will result in significant annual debt service savings to the Company. There were no questions at this time.
- D. Board Policy Review**
- a. Debt Management Policy** – Joe Orfano, Treasurer, provided a brief historical overview of the Debt Management Policy. His review summarized key governing parameters of the policy; the policy’s main goals; significant policy parameters with respect to fixed and variable rate debt, interest rate strategy including interest rate

hedging, credit ratings, debt service reserves, bond insurance, compliance and reporting requirements and debt refunding. Questions and comments were asked and addressed.

**b. Investment Policy** – Joe Orfano, Treasurer, provided a brief overview of the Investment Policy. In his review, he summarized the policy’s governing parameters; the policy main objectives; and a timeline of substantive changes to the policy. Lastly, he reviewed the performance of the JEA debt and investment portfolio. There were no questions at this time.

- E. Utility Rate Making / APPA Webinar Series** – Brian Roche, Interim CFO, presented on the Board’s importance of being the rate making authority for JEA. He reaffirmed the Board’s decision making authority over establishing revenue requirements, cost of service allocations and pricing for proposed rate adjustments. Lastly, he updated the Board on three (3) American Public Power Association (APPA), to which JEA is a member, webinars available for their reference and to assist board members with utility ratemaking concepts. There were no questions at this time.
- F. Customer Relationship Update** – Bruce Dugan, Interim Chief Customer Officer, provided the customer relationship update. He reviewed JEA’s Disconnection Suspension Timeline which included highlights of the City’s Utility Assistance Funds and other financial assistance agencies and partnerships. Next, he covered customer payment extensions, to include late fees and certain deposits, through October 2020. Lastly, he reaffirmed JEA’s commitment to helping its customers achieve one goal – staying connected to its electric, water and wastewater services. Board members offered appreciative comments.
- G. Jacksonville Small and Emerging Business (JSEB) Programs Report** – Alan McElroy, Interim Chief Supply Chain Officer, presented JEA’s Third Quarter (Q3) FY20 results for the JSEB program. He highlighted the JSEB Scorecard including available project spend and a five year analysis of JSEB goals versus actual spend. Next, he gave an update on the JSEB Q3 Outreach Events. Lastly, he reviewed the JSEB Program Cost and What’s Next for the program. There were no questions at this time.
- H. ITN Invoices – Report and Recommendation** – Steve Tuten, Interim Chief Compliance Officer, reported on outstanding invoices from twenty-three (23) vendors, related to the Invitation to Negotiate (ITN) strategic alternatives. He noted all vendor invoices had been reviewed by the company’s Internal Audit team and subsequent discussions with the Office of General Counsel (OGC). Next, referring to materials contained in the board package and as amended through further discussions with OGC, he presented on management’s two recommendations for: 1) the payment of thirty-three (33) vendor invoices totaling \$1,504,283.52; and 2) the engagement of outside counsel to review the remaining seven (7) vendors and invoices totaling \$11,212,736.85. Hearing no questions on this matter, Chair Baker asked board members to present motions on management’s two recommendations. Upon motion made by Bobby Stein and seconded by Joe DiSalvo, the recommendation to pay the thirty-three vendor invoices totaling \$1,504,282.52 was approved unanimously.

Following this motion, there were a few comments presented and addressed. Lastly, the Board proceeded with management's second recommendation. Upon motion made by Marty Lanahan and seconded by Tom VanOsdol management's recommendation to refer the remaining seven vendors and invoices totaling \$11,212,736.85 to outside counsel was approved unanimously.

### **Agenda Item V – Board and Committee Reports**

- A. **CEO Search Committee** – Committee Chair Bobby Stein presented an update on the CEO search process. The Committee is in the process of reviewing candidates. It has been posted, and the Committee is working through candidates. Next steps are for the Committee to start reviewing and narrowing candidates and for the Special Committee's review. In addition, the Committee expects there to be movement on interviews in the next 30-60 days. Board members had no questions at this time.
- B. **Governance Committee** – Committee Chair Joe DiSalvo presented highlights from the Governance Committee's first meeting. Those highlights included: 1) No issues with the Committee's Charter which was previously passed by the Board at its June 23<sup>rd</sup> meeting; 2) a draft of the JEA Board Mission, Vision, Values, Goals and Objectives Paper which the committee hopes to implement, with comments from the full board, at its September board meeting; 3) the Board Policy Manual rewrite with first emphasis given to the CEO Evaluation Criteria and the JEA Board Evaluation Criteria. Lastly, he noted the committee will reconvene in August to finalize its Mission, Vision, Values, Goals and Objectives Paper and both evaluation criteria priorities. Board members had no questions at this time.

### **Agenda Item VI– Other Business**

- A. **Old Business** – None
- B. **Other New Business** – None
- C. **Open Discussion** – None
- D. **Managing Director/CEO's Report** – Paul McElroy, Interim Managing Director/CEO thanked the board for its support with the ITN Invoice and MEAG Litigation discussions. He then outlined a 60-day plan looking forward to include wrapping up operations for Electric System and Water/Wastewater supported by technology to include further refining the budget; and looking at cost structures and the ability to leverage technology solutions for future work as well as strategic pathways and opportunities for the next 6-12 months. In the area of Customer, the company will be doing some work on JD Power to assess survey results and utility-wide strategies and communication for our customer loyalty and satisfaction measurements. In the area of Finance, we will focus on the debt portfolio with emphasis on rate and pricing structures. In the area of Human Resources, we will continue Covid-19 operating strategies where we have had some success. In addition, we will also be picking up in the next 30-45 days our workforce planning efforts.

- E. Chair's Report** – Board Chair Baker summarized a list of accomplishments that have occurred since Paul McElroy came onboard. He also noted that the Board appreciates the quick progress made in a short amount of time.

### **Agenda Item VII – Attorney-Client Session**

- A. MEAG Litigation Strategy and Cost** – Chair Baker, with the assistance of Jody Brooks, announced that pursuant to Section 286.011(8) of the Florida Statutes the Board would be going into a Litigation Shade Meeting to consider settlement negotiations related to MEAG Litigation Strategy and Cost. The meeting commenced at 11:00 am with the following fourteen (14) individuals in attendance: Board Members: John Baker (Chair), Bobby Stein (Co-Chair), Marty Lanahan (Secretary), Joseph DiSalvo, Dr. Zachary Faison, Jr., Dr. Leon Haley, Jr., Tom VanOsdol; JEA Representatives: Paul McElroy (Interim Managing Director/Chief Executive Officer and Jody Brooks (Chief Legal Counsel); Office of General Counsel Representatives: Jason Gabriel and Tiffany Pinkstaff; Burr & Forman LLP Representative: Rik Tozzi; Smith, Hulsey & Busey LLC Representative: Stephen Busey; and Stephanie Powers (Court Reporter). All other board meeting attendees were excused from the Litigation Shade Meeting and placed in a virtual meeting lobby until allowed reentry to the board meeting.

*Chair Baker announced the reconvening of the general board meeting to move ahead with the next item on the board agenda.*

### **Agenda Item VIII – For Board Consideration**

- A. MEAG Purchase Power Agreement – Plant Vogtle Update** – Jody Brooks, Chief Legal Counsel, led this discussion with a brief overview of this agenda item. She noted the Board discussed the City of Jacksonville and JEA v. MEAG and MEAG v. JEA matter and proposed a settlement in its closed Litigation Shade Meeting. Next, she reviewed the staff's proposed recommendation that the Board provide guidance to pursue mutually beneficial business solutions to past legal disputes surrounding the MEAG Purchase Power Agreement. Paul McElroy expounded on the staff's second recommendation, to the Board, to thoroughly engage with MEAG to explore mutually beneficial ways to reduce costs as it relates to Plant Vogtle Units 3 and 4. Upon motion made by Bobby Stein and seconded by Marty Lanahan both staff recommendations were approved unanimously.

### **Agenda Item IX – Closing Considerations**

- A. Announcements** – Paul McElroy announced that a storm was brewing and coming our way. We are watching and will be prepared and will keep the Board updated.

Next Board Meeting August 25, 2020

- B. Adjournment**

### **Agenda Item X – Upcoming Board Agenda Items**

- A. Board Policy Review**

***With no further business claiming the attention of the Board, Chair John Baker adjourned the meeting at 12:21 p.m.***

APPROVED BY:

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SECRETARY

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

Board Meeting recorded by:

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DeLisa A. Johnigarn, Executive Assistant