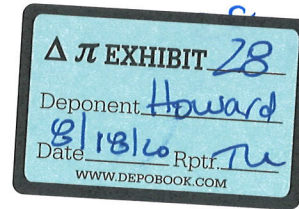


JEA
BOARD MINUTES
April 17, 2018



The JEA Board met in regular session on Tuesday, April 17, 2018, on the 19th Floor, 21 W. Church Street, Jacksonville, Florida. Present were Alan Howard, Husein Cumber, Frederick Newbill and Kelly Flanagan. April Green attended telephonically.

Agenda Item I – Welcome

- A. The meeting was **called to order** at 12:02 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 Ms. Flanagan and second by Secretary Newbill.
- E. The **Safety Briefing** was given by Melissa Dykes, 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. Andy Johnson addressed the Board regarding the potential sale of JEA.
 - 2. Randy Hilton addressed the Board regarding the potential sale of JEA and the Interim Managing Director/CEO selection.
 - 3. Jason Baber addressed the Board regarding the potential sale of JEA.
 - 4. Lisa Weatherby addressed the Board regarding the potential sale of JEA and the Interim Managing Director/CEO selection.
 - 5. Wayne Dunn addressed the Board regarding the potential sale of JEA.
- B. **Council Liaison’s Comments** – The Honorable Matt Schellenberg recognized former Council Liaison and current Council Member Greg Anderson.
- C. **Office of the Mayor Liaison’s Comment** – Dr. Johnny Gaffney was not in attendance.
- D. **Recognition of JEA Employees** – Ms. Dykes recognized Andy Yeager, Manager Electric Systems Construction & Maintenance. Mr. Yeager presented a video highlighting activities from the Florida Municipal Electric Association’s 18th Annual Florida Lineman Competition March 9-10, 2018. Mr. Yeager recognized Team 1, consisting of Robert Hess, Brian Gregg and Greg Johnson, who finished first place in all five events including best overall lineman team and 3rd place in the Hurtman Rescue. Team 2, consisting of Cody Stokes, Davey Hicken and Myles Hendrix, placed 2nd in the Hurtman Rescue. At the end of April, the team will compete in the national American Public Power Association (APPA) in Raleigh/Wake Forest, North Carolina. Mr. Yeager also presented on Saturday, March 10, 2018 the FMEA bestowed its annual “Restoring Communities Awards” on JEA for restoration efforts in Florida and Puerto Rico following hurricanes Irma and Maria. This presentation was received for information.

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 Ms. Flanagan and second by Secretary Newbill, items 1 through 3 on the Consent Agenda were unanimously approved and items 4 through 8 were received for information.
1. Approval of Board Meeting Minutes March 20, 2018 – approved
 2. Approval of Workshop Minutes March 20, 2018 – approved
 3. Approval of Nominating Committee Minutes March 12, 2018 – approved
 4. March 20, 2018 Board Workshop Response – information
 - a. JEA Board Roles and Responsibilities Related to the Potential Sale of JEA
 - b. Jacksonville Small & Emerging Business (JSEB) Program
 - c. Utility Services Provided by Sources Other Than JEA
 - d. Water Products and Services Horizon Chart
 - e. Water Price to Earnings Chart
 - f. Forecast Methodology
 - g. Annual Budget Process
 - h. Possible Privatization Structure Term Sheet
 - i. Plant Vogtle and Power Purchases
 5. Sole Source and Emergency Procurement/Procurement Appeals Board Report - information
 6. Monthly JEA Financial Review & Statements – information
 7. Monthly JEA Operations Report – information
 8. Monthly FY18 Communications & Engagement Calendar and Plan Update – received for information
- B. Strategic Discussions/Action**
1. JEA FY2017 Annual Disclosure Reports – As a follow-up item to the March 20, 2018 Board Meeting, Melissa Dykes, Chief Financial Officer, advised the Board that amended draft annual disclosure reports are available for their review and comment. Updates relate to personnel changes including the resignation of Paul McElroy, Managing Director/CEO and Mr. Aaron Zahn’s resignation from the JEA Board of Directors. Additionally, updated interest swap valuation numbers and costs related to hurricane Irma are included. Additional revisions will be made prior to the submission to investors related to the outcome of the Board’s vote today on the matters of the Interim Managing Director/Chief Executive Officer. On **motion** by Ms. Flanagan and second by Secretary Newbill, Board Members held discussions related to language on Plant Vogtle. On **motion** by Ms. Flanagan and second by Secretary Newbill, the motion to approve the Annual Disclosure Reports was withdrawn. Staff will circulate the language related to Plant Vogtle and bring this item before the Board at the May 15, 2018 meeting.

2. Monthly Operational and Financial Review – Melissa Dykes, 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. Old Business** – Board Chair Alan Howard requested the status of the dark fiber resolution going through City Council.
- D. Other New Business** –
1. CEO Search Firm – Angie Hiers, Chief Human Resources Officer stated at the direction of the Board, staff has commenced the exploration of a CEO search firm to assist in the search of a CEO. Firms contacted include firms JEA has conducted prior business with, recommended firms, and firms with whom Ms. Hiers has personally conducted prior business within her 30-year career in Human Resources. Ms. Hiers stated consistent concerns for the Board to consider: concern to provide quality candidates given the sensitivity regarding the subject of privatization conversations, type of CEO we will be seeking, whether JEA needs a CEO to lead a transition, or a CEO to build a long term strategy at JEA. JEA currently has a contract with executive search firm ZRG. Upon Board approval, staff can begin the process for the CEO search at the cost of approximately \$80,000. Upon **motion** by Ms. Flanagan and second by Secretary Newbill, Board Members held discussions regarding search firm ZRG, the role of search firms, timeline for hiring a CEO, and JEA’s procurement code. On **motion** by Ms. Flanagan and second by Secretary Newbill, the motion was withdrawn to engage the search firm ZRG. On **motion** by Secretary Newbill and second by Vice Chair Cumber, the Board unanimously approved staff to work with Compensation Committee Chair Flanagan and engage search firms for the purposes of submitting an expedited RFQ for the award of a professional services agreement to begin the search for the permanent Managing Director/Chief Executive Officer. Staff will report back to the Board at the May 15, 2018 Board Meeting with a list of the interested search firms. The Board also approved the procurement code for response times to be waived for the requirements to accelerate the ability to locate qualified applicants. Board Members also held discussions around the characteristics of the potential of CEO candidates. At the May 15, 2018 Board Meeting, the Board will take action to select a search firm, as well as define a job description.

In regard to the Interim Managing Director/CEO position, Chair Howard stated JEA is fortunate to have two very talented individuals who are interested in the position, Ms. Melissa Dykes and Mr. Aaron Zahn. Chair Howard provided the process for today’s selection. Chair Howard requested each candidate provide a brief presentation expressing their interest and qualifications in serving as Interim Managing Director/CEO as a basis for a decision by the Board. Because there is not a standard procedure within the JEA by-laws for a valid process, at the conclusion of the presentations, the Chair will request a motion for Ms. Dykes as the Interim Managing Director/CEO, which will require four votes for approval. If she fails to receive four votes for her candidacy, the Board will move to vote on Mr. Zahn for his candidacy. Ms. Dykes provided her presentation to the Board highlighting past experience in the utility sector, current roles as Chief Financial Officer, in JEA’s strategic planning and in hurricane preparedness. Mr. Zahn provided a handout on transition management: overview of process and outcomes. Mr. Zahn stated that he reached out to each Board Member individually to express interest in the role, provided his applicable experience, constructive observations of the current state of

affairs and a vision for JEA's future. Board Chair Howard allowed Board Members time for questions of Ms. Dykes and Mr. Zahn.

At 1:36 PM, the Board recessed the meeting and reconvened at 1:43 PM.

Chair Howard reviewed the procedure Board Members will take to vote. On **motion** by Secretary Newbill and second by Ms. Flanagan to engage Ms. Dykes as Interim MD/CEO, the Board took a roll call vote: Vice Chair Cumber – No, Ms. Flanagan – No, Ms. Green – No, Secretary Newbill – Yes, Chair – Yes. The vote failed to carry due to the lack of four votes. On **motion** by Secretary Newbill and second by Ms. Flanagan to engage Mr. Zahn as Interim MD/CEO, Ms. Flanagan requested to make a friendly amendment to the motion and a second was received by Secretary Newbill to engage Mr. Zahn as Interim MD/CEO and retain Ms. Dykes as the CFO. Mr. Cumber proposed to retain Ms. Dykes, under contract, in a position to be determined, with compensation and terms to be negotiated at the May 15, 2018 Board Meeting. The Board took a roll call vote: Vice Chair Cumber – Yes, Ms. Flanagan – Yes, Ms. Green – Yes, Secretary Newbill – Yes, Chair – Yes. The vote carried unanimously.

On **motion** by Vice Chair Cumber and second by Secretary Newbill, Resolution #2018-02 was unanimously approved clarifying the authority provided to the Interim Managing Director and Chief Executive Officer of JEA and providing an effective date of April 17, 2018.

Chair Howard adjourned the meeting at 1:57 PM and reopened the meeting at 1:57 PM.

Upon Mr. Zahn's request for order of authority, the Chair informed him his term begins immediately.

- E. **Open Discussion** – none
- F. **Other New Business** – none
- G. **Old Business** – none

Agenda Item IV – Reports

- A. **Managing Director/CEO's Report** – none
- B. **Chair's Report** – none

Agenda Item V – Closing Considerations

- A. **Announcements** – Next Board Meeting – May 15, 2018
- B. **Adjournment**

With no further business claiming the attention of the Board, Chair Howard adjourned the meeting at 1:58 PM.

APPROVED BY:

SECRETARY

DATE: _____

Board Meeting recorded by:

Melissa M. Charleroy
Executive Assistant