

JEA BOARD MINUTES
April 28, 2020

The JEA Board met in regular session on Tuesday April 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, Dr. Leon Haley, Marty Lanahan, Bobby Stein, and Tom VanOsdol. Also in attendance was Jody Brook, Office of General Counsel.

Agenda Item I – Welcome

- A. Jody Brooks opened the meeting at 9:02am. Shawn Eads, Chief Information Officer, provided WebEx instructions.
- B. **Introductions** of new board members were made by Jody Brooks.
- C. Jody Brooks walked the board through the Robert's Rules of Order to nominate a board chair. Bobby Stein and Zachary Faison nominated John Baker for Board Chair.

On *motion* by Marty Lanahan and seconded by Dr. Zachary Faison, John Baker was elected as Board Chair unanimously.

- D. Chair John Baker called the meeting to order at 9:11am.
- E. **Time of Reflection** was observed by all.
- F. **Adoption of Agenda** – The agenda was approved on **motion** by Dr. Leon Haley and seconded by Marty Lanahan.
- G. The **Safety Briefing** was given by Melissa Dykes.
- H. **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. H. of the Board package.
- I. **Adoption of Robert's Rules and Waiver of Bylaws for Election of Officers** was called by Chair Baker to elect the board officers.
- J. On *motion* by Dr. Zachary Faison and seconded by Marty Lanahan, Bobby Stein was unanimously elected Vice Chair.

On *motion* by Dr. Leon Haley and seconded by Zachary Faison, Marty Lanahan was unanimously elected Secretary.

- K. Chair Baker read an **Open Letter to JEA Employees**, from the Board of Directors, committing to work with JEA Leadership to ensure a financially stable future, selecting a CEO to lead the organization, and making sure that employees have the tools they need to perform the duties of their individual and collective jobs.

Agenda Item II – Comments / Presentations

- A. **Comments from the Public** – N/A
- B. **Comments from Council Liaison** – Council Member Becton thanked the new board for volunteering their services and wished them success in their service. CM Becton offered to provide council whenever needed.

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 Marty Lanahan the consent agenda was unanimously approved.

Appendix A: Board Meeting Minutes January 28, 2020 – approved

Appendix B: Special Board Meeting Minutes April 3, 2020 – approved

Appendix C: Monthly Financial Statements – information only

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

Agenda Item IV. For Board Consideration (some agenda items were deferred to be presented at a Special Board meeting)

- A. **Ethics Training** – Carla Miller, City of Jacksonville Ethics Officer, provided a brief update on ethics. She stated that she met with each board member separately and they have been provided with the Ethics guidelines.
- B. **Governance Training Resources: Webinar and Reference Materials** – Walette Stanford, Ethics Officer, stated what her role and responsibilities are at JEA. Ms. Stanford confirmed that all board members received the governance material.

This presentation was removed for information only.

- C. **Introduction to the JEA: the 2020 Rating Agency Presentation and Current Bond Market Opportunity** – Melissa Dykes, Interim Managing Director/CEO, opened the presentation stating that this information is being provided to the new Board as an overall introduction of JEA. Ms. Dykes began the presentation by highlighting the strong financial performance and how well positioned JEA is to take on future challenges. Ms. Dykes also reviewed the structure of independent authority, Board of Directors, JEA's Senior Leadership Team and an economic snapshot of JEA. Ms. Dykes introduced Kerri Stewart, Chief Customer Officer, whom reviewed the JEA Service Territory and the customer breakdowns for energy and water/wastewater systems. Caren Anders, VP/GM Energy, provided energy system highlights, the energy system infrastructure, and an energy system overview. Ms. Anders also reviewed the energy fuel mix, energy performance monitoring for T&D and generation, and capital needs funding. Steve McNall, Chief Energy & Water Planning, presented fleet optimization, solar expansion, an energy system summary, and an overview of Plant Vogtle.

Deryle Calhoun, VP/GM Water/Wastewater, opened part 4 of the presentation with water/wastewater highlights, infrastructure, and metrics. Mr. Calhoun also reviewed water/wastewater's resiliency framework as well as capital needs and funding sources.

Paul Steinbrecher, Chief Environmental Officer, highlighted the reduction in nitrogen to the St. Johns River, the water sustainability plan, the purified water project, and provided a water/wastewater summary.

Joe Orfano, Interim Chief Financial Officer, began part 5 of the presentation with a review of historical metrics. Additionally, Mr. Orfano provided key financial metrics, debt management, unit sales, average residential bills, residential bill projections, and financial projections for both the energy and water/wastewater systems. Herschel Vinyard, Chief Administrative Officer, started part 6 of the presentation with an overview of the Enterprise Risk Management program, the ERM heat map scoring and the current Top 12 risk for JEA. Shawn Eads, Chief Information Officer, covered part 7 of the presentation with an explanation of the strategic and holistic management of JEA assets and the Asset 360 Program. Ms. Stewart provided the impacts of COVID-19 on JEA in part 8 of the presentation. Ms. Dykes concluded the Rating Agency presentation by highlighting how JEA continues to demonstrate consistently superior financial and operational performance.

Mr. Orfano also added subject to prevailing market conditions, Staff expects to launch current refunding bond offerings for the Electric and Water and Sewer Systems.

This presentation was removed for information only.

D. Introduction to JEA Financial Statements – Deferred

E. JEA Disclosure Policies and Procedures – Training – Mike Watkins, Jean Wilson, and Melissa Rogers of Greenberg Traurig collaborated on a presentation introducing themselves to the new board and outlining their responsibilities as Disclosure Counsel. In addition, a brief primer in Federal Antifraud Laws and related matters was presented including, but not limited to: Provisions 10b-5 and Section 17(a)(2), how securities fraud differs from other kinds of fraud, definition of material, an explanation on what is counterintuitive about SEC enforcement actions, what strategies an issuer can use to manage liability under the antifraud provisions, and what strategies board members can use to manage liability under the antifraud provisions. Summaries of certain Federal Security Laws and Rules applicable to the issuance of municipal debt, U.S. Securities and Exchange Commission, selective disclosure concerns, public statements, and political influence, as well as disclosures policies and procedures were also presented by the Greenberg Traurig team.

This presentation was provided for information only.

F. Monthly Financials and Operations Dashboard: Introduction and Year-to-Date Performance – Deferred

G. Downtown Campus Update and Next Steps Value Engineering – Deferred

H. Call for Shade Meeting to Discuss Plant Vogtle Litigation Matter – Jody Brooks, Chief Legal Officer, stated that a Shade Meeting would be difficult to accomplish without the ability to meet in person. Ms. Brooks suggested that the meeting not be scheduled until a face to face meeting can be held. The board agreed to not call for a Shade Meeting at this time.

Agenda Item V – Board and Committee Reports

A. Establishment of Committees and Committee Assignments – The Board established the follow committee structures:

- **Finance and Audit:** Marty Lanahan (Chair), John Baker, Bobby Stein

- **Nominating:** Deferred to January 2021
 - **Compensation and CEO:** Per Chair Baker, this will be a committee of the whole and Bobby Stein will be the Committee Chair. Three board member will be chosen to complete the interviewing portion.
 - **Governance and Transparency:** Deferred
 - **Government and Real Estate:** Deferred
- B. Schedule of Future Board Meetings** – Chair Baker and the Board members chose to keep the remaining regular board meetings in 2020 as they are currently scheduled.
- C. Procurement of Executive Recruiting Firm – Managing Director/CEO Recruitment** – John McCarthy, Chief Supply Chain Officer provided an overview of the process and timeline of the procurement of a recruiting firm for the Managing Director/CEO recruitment. Mr. McCarthy reviewed the selection criteria and stated it could take estimated three weeks and that a board member should be part of the process. Chair Baker recommended that when the Board meets as a whole again they talk through the scoring before sending the request for proposals.

Agenda Item VI– Other Business

- A. Old Business** – N/A
- B. Other New Business** – N/A
- C. Open Discussion** – In open discussion, Joe DiSalvo asked if JEA has rejoined FMEA. Ms. Dykes informed him that JEA were provisional members until an official vote by the FMEA board members at their July Board meeting. Dr. Leon Haley recommended finding ways to engage employees in the CEO search and Chair Baker recommended that Board members take JEA Facility tours and meet with employees in formal and informal settings.

Chair Baker stated the Board needs to determine if Melissa Dykes should remain CEO. Ms. Dykes was President/COO of an administration filled with impropriety and it's been made worse by the grand jury investigation. Chair Baker also stated that the CEO is the face of the company and he does not think it is appropriate to keep Melissa Dykes as CEO. Bobby Stein stated he feels Melissa and Staff are fantastic, but agrees that the Board has to show the community that they are making a new start. Marty Lanahan stated that removing Ms. Dykes would be the most likely next step because the citizens deserve a statement of change. Joe DiSalvo stated that the Board owes it to the JEA team and citizens to identify new leadership. Dr. Leon Haley agreed that this would be the correct decision but questioned the timing, recruitment, and who would lead in the interim. Tom VanOsdol stated that finding an interim replacement would be a comprehensive process. Chair Baker stated, based on the board governance, the interim should be the head of Electric or the CFO. Chair Baker also stated that he has spoken to Paul McElroy and he is willing to serve as interim and would be great. Mr. Baker also asked the Board if they had any other recommendations.

Chair Baker reviewed Aaron Zahn's termination process and stated it was not appropriate in this case. Chair Baker recommended Ms. Dykes be terminated without cause and OGC review the consultant portion of her contract. Sean Granat, Office of General, stated if Ms. Dykes is terminated without cause her contract constitutes 30 day notice, 20 weeks

of salary, vested, and the six month retention agreement. Mr. Granat also explained the termination with cause provision.

On *motion* by Marty Lanahan and seconded by Dr. Zachary Faison, the motion to terminate Melissa Dykes passed unanimously. On *motion* by Bobby Stein and seconded by Marty Lanahan, the motion to give Chair Baker delegated authority to choose the interim passed unanimously.

Chair Baker appointed Caren Anders, VP/GM Energy, to serve as Interim Managing Director/CEO.

The meeting was opened for Public Comment but there were none provided.

D. Interim Managing Director/CEO’s Report – Melissa Dykes, Interim Managing Director/CEO stated she would have liked to work with the new Board and that she is grateful that the first action taken by board was focused on the employees and thanked employees for allowing her to lead them. Ms. Dykes highlighted the works of employees in several departments that have been providing excellent service during this time and JEA’s commitment to safety and proud to have led them to their historic safety achievement. Ms. Dykes also stated that while leading through this transition she has been fully cooperative with all investigations. Ms. Dykes wished all of her 2000 teammates the best in their future endeavors and stated that they all have much to be proud. Ms. Dykes concluded with thanking Chair Baker for allowing her to do her last CEO report.

Jody Brooks stated effective immediately Melissa Dykes would be on Administrative Leave for 30 days and Caren Anders will be Interim Managing Director/CEO until the next meeting.

E. Chair’s Report –.N/A

Agenda Item VIII – Closing Considerations

A. Announcements – Next Board Meeting – May 26, 2020

B. Adjournment

With no further business claiming the attention of the Board, Chair Baker adjourned the meeting at 12:50 p.m.

APPROVED BY:

SECRETARY
DATE: _____

Board Meeting recorded by:

Madricka L. Jones, Executive Staff Assistant