

JEA SPECIAL BOARD MEETING AGENDA

May 21, 2020 • 3:30 p.m.

WebEx **No physical location will be provided for this meeting.**



I.	WELCOME	
	A.	Call to Order – Board Chair
	B.	Time of Reflection
	C.	Adoption of the Agenda – Action
D.	Sunshine Law/Public Records Statement – Jody Brooks, Office of General Counsel	

II.	COMMENTS / PRESENTATIONS	
	Item(s)	Speaker/Title
	A.	Comments from the Public Public
	B.	Council Liaison’s Comments Council Member Danny Becton

III.	FOR BOARD CONSIDERATION			
	Item(s)	Speaker/Title	Discussion Action/Information	
	A.	Adoption of Corporate Headquarters Committee Charter	Jody Brooks, Office of General Counsel	Action
	B.	Corporate Campus Project Review	Bobby Stein, Corporate Headquarters Committee Chair	Information
	C.	Direction	John Baker, Chair	Action
	D.	Adoption of Resolution 2020-05: Authorization of Second Amendment to the Lease Agreement	John Baker, Chair	Action
	E.	New Business		Information

IV.	OTHER BUSINESS	
	Item(s)	
	A.	Announcement – Next Board Meeting May 26, 2020
	B.	Adjournment

Board Calendar

Board Meetings: 9:00 a.m. – Fourth Tuesday of Every Month (exception(s): November 17, 2020 and December 15, 2020)

Committees: Finance & Audit Committee: May 18, 2020

Other Committee Meetings TBD

Florida's Government in the Sunshine Law
Office of General Counsel

This meeting is subject to Florida's Government in the Sunshine Law, §286.011, Florida Statutes, and shall be open to the public at all times.

JEA Corporate Headquarters Committee Charter

Role of the Corporate Headquarters Committee

The JEA Corporate Headquarters Committee (the “Committee”) is appointed by the Board Chair, and is a special committee of the JEA Board of Directors. The Committee’s primary function is to assist the Board in planning and development of a new corporate headquarters and related facilities. The Committee shall review and approve relevant agenda items, provide periodic reports and make recommendations to the JEA Board for final approval. The Committee will keep the full JEA Board apprised of its activities.

Membership

The Committee shall consist of three Board members, appointed by the Board Chair. The Board Chair shall appoint one of the Committee members as Chairperson. Nancy Kilgo Veasey, the Director of Special Projects, shall have direct access to Committee members.

Meetings

The Committee will meet on an as needed basis. The Committee may invite members of Management and/or others to attend meetings and provide pertinent information, as necessary. Meetings shall be subject to open meetings and public information laws.

Responsibilities

The Committee shall:

- Meet with JEA Management and staff, representatives from CBRE (Owner’s Representative) ASD | SKY (Program Consultant) and consultant TI design firm to assist with interior tenant improvements, and Ryan Companies US, Inc. regarding the project on an as needed basis and in accordance with Sunshine Laws
- Review and make recommendations regarding building programming elements and workplace standards
- Provide guidance on value engineering
- Review and comment on project plans and documents
- Oversee the construction and development of the new corporate headquarters and related facilities
- Report Committee summaries, actions and recommendations to the full Board



CORPORATE CAMPUS PROJECT REVIEW



MAY 2020

EXECUTIVE SUMMARY

PROJECT FOCUS

DIRECTION

- Employees
- JEA Culture
- Safety
- Security
- Project economics
- Business continuity

JEA

- Target HQ Square Footage
- Target HQ Parking Counts
- Resiliency
- Finalize project decisions

The current JEA HQ was built in 1962 and analysis in 2014 (internal) and 2016 (Fairlead/Haskell/ETM) showed that improvements needed on the current HQ would rival the cost of a new building.

PROGRAM RECOMMENDATION

JEA adopted new standards and approved them in January, 2020.

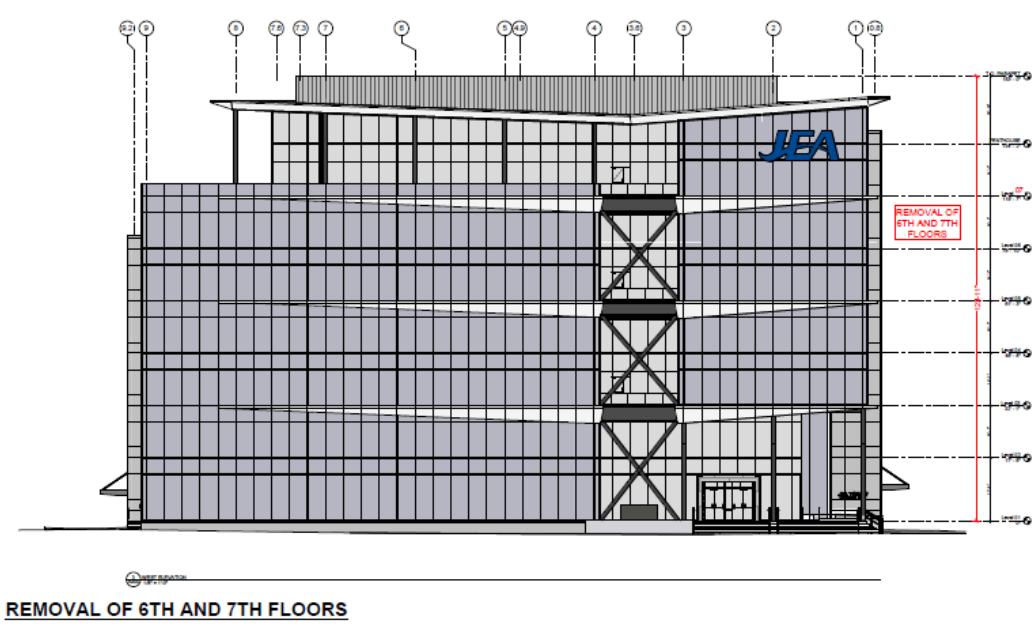
We are recommending reducing the HQ program by 42k sf +/-, or two floors, from the initial design to separate select functions into a hardened facility.

PROGRAM ADAPTATION, VALUE AND HARDENING

- Majority of functions remain in HQ
- Allows solution for Resiliency / Hardening
- Maintains a high value of reductions
- Avoids Significant Delay
- Protects Majority of Existing Approvals
- Offers highest savings given revisions to Program

Figures are not final. This report is conceptual in nature and will need further study, development and decisions to insure accuracy of all values and timelines.

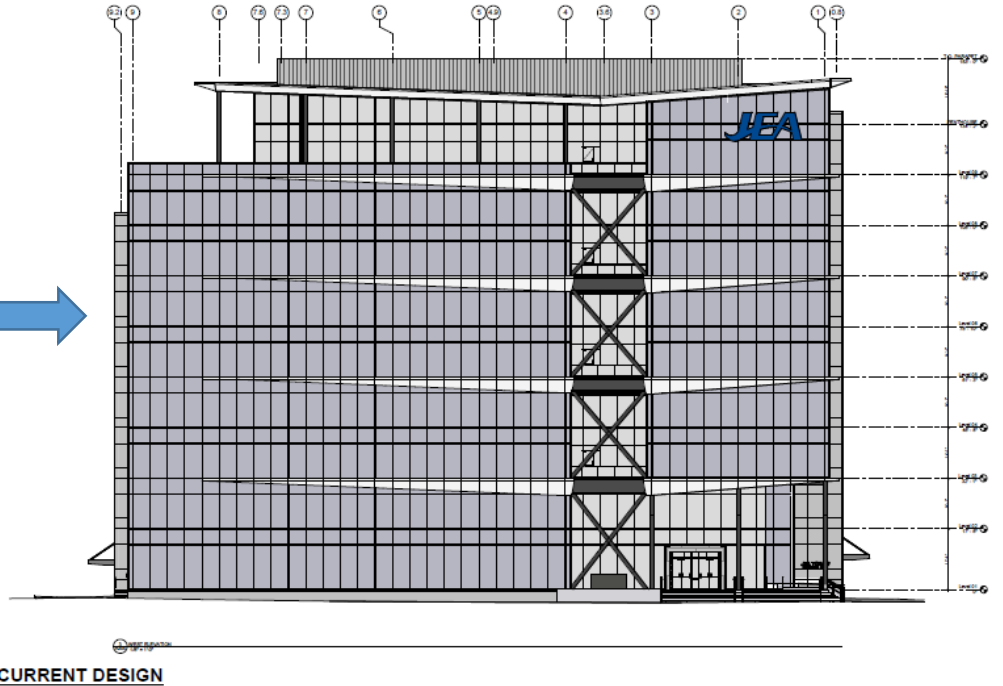
BUILDING VISUALS



- Reduction of 2 Floors
- Maintaining comfortable interior spacing (170SF/PPL)
- Maintains amenities ratios
- Approximately 220 FTE Relocated



▪ Prior Design (Jan., 2020) →



RANGE OF FINANCIAL IMPACTS

JEA adopted new standards and approved them in January, 2020.

We are recommending reducing the HQ program by 42k sf +/-, or two floors, from the initial design to separate select functions into a hardened facility.

PROGRAM ADAPTATION, VALUE AND HARDENING

- Gross Rent Reduction to HQ (Option I to Option III): **\$27M* +/-**
- Net impact between Option I and Option III **\$10M to \$14M +/-**
- Expected Savings in Operations (Existing HQ to Option III): **\$19M - \$35M +/-**

*Includes SF reductions, reductions from Vacancy & Workplace Standards and reduced TI Spend levels.

Figures are not final. This report is conceptual in nature and will need further study, development and decisions to insure accuracy of all values and timelines.

DIRECTION

Finalize project decisions

Recommendation – Option III:

- Target HQ Square Footage 153,000 +/- SF HQ
- Target HQ Parking Counts 650 +/- spaces
- Resiliency Separate 40,000 +/- SF hardened facility
- Additional considerations
 - Retain solar PV
 - Retain LEED Gold
 - Reduce size and count of terraces

DIRECTION

	Existing HQ	Recommended Option III Two Floor Reduction HQ
Employees	952	784*
SF of building	360,000	153,000 +/-
Parking (garages)	513 spaces	650 +/- spaces 2 floor reduction
Seating	1 to 1	1 to .85
SF per person	320 SF/P	170 SF/P
Workplace amenities		Maintain amenities ratios to size
Resiliency		Separate select hardened functions
Value engineering options		Retain PV Retain LEED gold Reduce terrace size & count Parking 8 floors

* Approximate count - mission critical functions 200+/-

Resolution 2020-05

A RESOLUTION AUTHORIZING A SECOND AMENDMENT TO THE LEASE AGREEMENT BETWEEN RYAN COMPANIES US, INC. AND JEA; AUTHORIZING THE INTERIM CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR, OR HIS DESIGNEE, TO NEGOTIATE AND FINALIZE A SECOND AMENDMENT AND ANY AND ALL OTHER NECESSARY DOCUMENTS IN CONNECTION WITH A SECOND AMENDMENT TO THE LEASE AGREEMENT; AUTHORIZING THE CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR TO MAKE CERTAIN CHANGES TO A SECOND AMENDMENT TO THE LEASE AGREEMENT; PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, JEA and Ryan Companies U.S., Inc. (“Ryan Companies”) entered into that certain Lease dated as of July 11, 2019 for the demise of certain property located in Duval County, Florida (“Lease”) for the new JEA headquarters building; and

WHEREAS, JEA and Ryan Companies entered into that certain First Amendment to Lease dated as of September 27, 2019 to extend the deadline for the delivery of the Notice to Proceed pursuant to Section 27.13 of the Lease; and

WHEREAS, in connection with the redesign the new JEA headquarters building, JEA and Ryan Companies desire to enter into a Second Amendment to the Lease to address the adjustment in the size of the building and update the Lease with respect to items which have arisen after the Lease signing; and

WHEREAS, the JEA Charter, Section 21.10, provides that the JEA Board may delegate the authority to an officer, agent or employee of JEA by resolution to execute documents.

BE IT RESOLVED by the JEA Board of Directors that:

1. The Board hereby authorizes the Interim Chief Executive Officer and Managing Director to negotiate and finalize a Second Amendment that incorporates all of the material terms and provisions as summarized on the attached Summary of Second Amendment to Lease for New Headquarters Building (“Summary”), attached hereto and incorporated herein, as **Exhibit A**.

2. The Board authorizes the Interim Chief Executive Officer and Managing Director or his designee to execute a Second Amendment that is in accordance with paragraph one herein, and any and all documents in connection with the Second Amendment.
3. The Board authorizes the Interim Chief Executive Officer and Managing Director, in consultation with the JEA Board Chair, and the Office of General Counsel, to negotiate with Ryan Companies and enter into certain other changes that are not detailed in the attached Summary, that will provide overall cost reductions and will not exceed the current maximum indebtedness under the Lease.
4. This Resolution shall be effective immediately upon its adoption.

Dated this ____ day of May, 2020.

JE A

By: _____
John D. Baker, II, Chair

Attest:

Marty Lanahan, Secretary

Approved as to form:

Jody L. Brooks, Chief Legal Counsel

EXHIBIT A

SUMMARY OF SECOND AMENDMENT TO LEASE FOR NEW HEADQUARTERS BUILDING

In connection with the redesign the new JEA headquarters building, it is planned that JEA and the Landlord will enter into a Second Amendment to the Lease (the "Amendment") to address the adjustment in the size of the building and update the Lease with respect to items which have arisen after the Lease signing. A draft Amendment has been circulating between the parties, and the following is a summary of the material provisions of the Amendment:

1. **Building/Parking Garage Size Adjustment** -- The Amendment will set forth the approximate final rentable square footage of the Building together with the number of parking spaces required in the Parking Garage. The proposal before the Board is a Building size of approximately 153,000 square feet and a parking garage with 650 spaces.
2. **Tenant Improvement Allowance** -- In lieu of funding the Tenant Improvement Allowance in cash and immediately incurring interest charges on the entire amount, the Amendment will provide the ability for JEA to enter into a tri-party agreement with the Landlord and lender in order to allow the direct funding of the tenant improvement allowance as needed so that interest charges on funded money will be reduced.
3. **Lease Milestones** -- A new schedule of milestones and deadlines under the Lease will be adopted and set forth on an exhibit to the Amendment. The new schedule reflects the initial project delay due to the redesign of the Building but maintains the original durations thereafter.
4. **Pro Forma Budget** – The Amendment will adopt a new budget for the Building to recognize the cost savings arising from the change in scope of the project.
5. **Tenant Improvement Contractor** -- As has been envisioned early in discussions regarding the project, the Amendment will appoint the Landlord as the Tenant Improvement Contractor with the goal of providing efficiencies and improved construction coordination in connection with the Building shell and Tenant Improvements construction.
6. **Initial Term** – In light of the changes to the scope of the project, the Landlord has requested that the initial Lease term of 15 years be extended for an additional five year period, for a total initial term of 20 years. Staff is seeking guidance from the Board regarding the inclusion of this extension in the final Amendment.
7. **Garage Tenant Improvements** – In part due to additional enclosed and retail space in the Parking Garage, the Amendment acknowledges that the tenant improvements for the Parking Garage will be addressed separately and not be governed by the Tenant Improvement provisions contained in the Lease. The Amendment will adopt a Development Responsibility Allocation (DRA) which is specifically for the Parking Garage and will delineate the division of responsibility between the Landlord and JEA.

8. **Updated Exhibits** – The Amendment will substitute additional updated exhibits for the Lease to reflect changes to the project. These exhibits include revised Development Responsibility Allocation (DRA) for the Building, Schematic Design, and Allowances. The exhibits will be consistent with the approved adjustments to the project and budget.

9. **Right of First Offer (ROFO)** – The Landlord previously provided a notice to JEA which triggered the JEA’s Right of First Offer (ROFO) purchase rights under the Lease. Based upon compelling economic analysis provided by consultants and staff, the decision was made to forego efforts to purchase the Building pursuant to the ROFO. In addition to acknowledging JEA’s rejection of the ROFO, the Amendment gives the Landlord an adjustment of the time for when the third party sale must be consummated due to the delay in timing of the project. However, in no event will such sale occur prior to the completion of the Building.

10. **Miscellaneous** – The Amendment will also address a few housekeeping matters, such as the effect of Covid-19 on project delays, clarification that real estate taxes are included in operating expenses, adjustments to the notice address, and a change of JEA’s designated representative to Paul McElroy.

The Amendment is not yet in final form; therefore, staff is seeking permission from the Board to finalize and execute the Amendment in accordance with this summary and the direction provided by the Board at the Board meeting.