

JEA FINANCE & OPERATIONS COMMITTEE MINUTES
September 9, 2022

The Finance & Operations Committee of JEA met at 9:00 am on Friday, September 9, 2022 on the 8th Floor, 21 W. Church Street, Jacksonville, Florida. The meeting was properly noticed, and the public was invited to attend this meeting in-person at the physical location and virtually via WebEx.

WELCOME

Meeting Called to Order – Committee Chair General Joseph DiSalvo called the meeting to order at 9:00 am. Committee members Marty Lanahan and Rick Morales, being present for the meeting constituted a quorum. Board member John Baker was also in attendance in-person.

Others in attendance in-person were Jay Stowe, Managing Director/CEO; Jody Brooks, Chief Administrative Officer; Ted Phillips, Chief Financial Officer; Raynetta Curry Marshall, Chief Operating Officer; Laura Schepis, Chief External Affairs Officer; Joe Orfano, Vice President, Financial Services; Paul Mitchell, Vice President, Economic Development; Brad Krol, Chief Information Officer; and Regina Ross, Chief Legal Officer, Office of General Counsel.

Laura Dutton, Chief Strategy Officer; Kurtis Wilson, Vice President, Government Relations; Jordan Pope, Vice President, Corporate Strategy; Alan McElroy, Vice President, Supply Chain and Operations Support; Mark Stultz, Vice President, Communications; Ricky Erixton, Vice President, Electric Systems; and Hai Vu, Vice President, Water/Wastewater Systems attended virtually.

Adoption of the Agenda – On *motion* by Marty Lanahan and seconded by Rick Morales, the agenda was approved.

Approval of Minutes – On *motion* by Marty Lanahan and seconded by Rick Morales, the May 23, 2022 Finance and Operations Committee meeting minutes were approved.

Safety Briefing and Moment – Randall Barnes, Treasurer, noted the safety protocol is outlined in the materials and provided a Values Moment on integrity.

Comments from the Public – There were no in-person, virtual, or emailed public comments.

FOR COMMITTEE CONSIDERATION

Reliable and Resilient Infrastructure Update – Laura Dutton, Chief Strategy Officer, provided an update on JEA’s reliable and resilient infrastructure beyond storm events including the overhead to underground utilities study, communications plan for extreme weather events, finalizing the mapping system to alert for telecommunications issues, grid modernization, addition of new Manager of Emergency Preparedness, and refinement of the Incident Command Structure. This presentation was received for information.

Authorization for Property Acquisition – Nocatee South Water Facility – Michael Corbitt, Director, Real Estate, presented as a result of the growth in Northeast Florida and to ensure JEA has reliable and resilient infrastructure, JEA is seeking to purchase 3.76 acres of land for a new water facility in the Nocatee South area with the appraised value of \$1,435,000. Mr. Corbitt provided a review of the benefits of the new water facility and the terms of the purchase agreement. Board members held discussions.

On *motion* by Rick Morales and seconded by Marty Lanahan, the Finance and Operations Committee unanimously approved and adopted Resolution 2022-21 to delegate authority to negotiate and execute a purchase agreement to the Managing Director/CEO and to approve the purchase agreement between Sonoc Company, LLC and JEA for the purposes of building the Nocatee South Water Facility.

Authorization for Eminent Domain Circuit 663 – Michael Corbitt, Director, Real Estate, presented an overview of the Circuit 663 Transmission Project Phase II. Mr. Corbitt provided a review of the benefits including creating redundancy between the Firestone and Hamilton substations which requires easement rights to four properties. Board members held discussions.

On *motion* by Marty Lanahan and seconded by Rick Morales, the Finance and Operations Committee unanimously approved and adopted Resolution 2022-22 for Condemnation to be filed with the Court to obtain easement rights to the property, should negotiations prove unsuccessful.

Electric Integrated Resource Plan Update – Raynetta Curry Marshall, Chief Operating Officer, provided an update on the Electric Integrated Resource Plan (IRP) highlighting the variables for identifying future generation resources and demand side measures necessary to meet system load growth, reliability standards, and environmental considerations, six proposed scenarios, capacity expansion and operation modeling, goals for stakeholder engagement, and upcoming activities. Board members held discussions. This presentation was received for information.

Fuel Rate Volatility – Nancy Reinker, Manager, Fuels Management Services, presented a historical review and causes of natural gas market price increases, causes of basis price increase in the Southeast, natural gas hedging activity, coal futures market, coal and petroleum coke spot market, limestone supply for Northside Generating Station, projected dispatch price of JEA's units, projected annual fuel expenses by forecast period, and projected FY22 and FY23 monthly fuel rates. Ms. Reinker extended appreciation to the JEA fuels team. Board members held discussions. This presentation was received for information.

Energy Market Risk Management Policy – Nancy Reinker, Manager, Fuels Management Services, presented the non-substantive changes to the Energy Market Risk Management Policy which are based on a review by JEA and The Energy Authority. Ms. Reinker noted the Board approved a change to the Energy Market Risk Management Policy at the August 8, 2022 JEA Board meeting to increase the Managing Director/CEO transaction authorization limit to \$100M.

On *motion* by Marty Lanahan and seconded by Rick Morales, the Finance and Operations Committee unanimously adopted Resolution 2022-23 to approve the JEA Energy Market Risk Management Policy and to direct the Board Services Manager to post the amended Delegation of Authority and Responsibility Policy and Energy Market Risk Management Policy on JEA's website in a conspicuous manner.

Technology, Tools, and Data – Brad Krol, Chief Information Officer, provided a review on the National Institute of Standards and Technology Cyber Security Framework, protection controls, vulnerability management lifecycle, security awareness, and assessments, Board Members held discussions. This presentation was received for information.

Pricing Policy Revisions – Victor Blackshear, Director, Financial Planning & Rates, provided a review of the purpose and goals of the Pricing Policy and three recommendations including the rate setting methodology, electric financial metrics, and stabilization funds and rates. Board members held discussions.

On *motion* by Marty Lanahan and seconded by Rick Morales, the Finance and Operations Committee unanimously approved and adopted Resolution 2022-28 authorizing the Managing Director/CEO to execute the revised Pricing Policy and take all steps necessary for its implementation.

ADDITIONAL INFORMATION

Appendix A: Investment Policy – Provided for information only

Appendix B: Debt Management Policy – Provided for information only

Appendix C: Electric System and Water & Sewer System Reserve Fund Report – Provided for information only

Appendix D: JEA Energy Risk Management Policy Report – Provided for information only

CLOSING CONSIDERATIONS

Inflation Reduction Act – At the request of Committee Chair General DiSalvo, Laura Schepis, Chief External Affairs Officer and Joe Orfano, Vice President, Financial Services, provided a review of the benefit of renewable financing.

Announcements – Next Meeting December 16, 2022

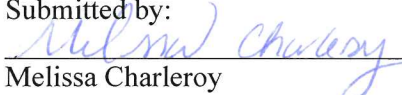
Adjournment – With no further business coming before the Committee, General DiSalvo declared the meeting adjourned at 10:45 am.

APPROVED BY:



Joseph DiSalvo, Committee Chair

Date: 1/24/2023

Submitted by:


Melissa Charleroy
Board Services Manager