

FINANCE & OPERATIONS COMMITTEE MEETING MINUTES
September 15, 2023

The Finance & Operations Committee of JEA met at 9:00 am on Friday, September 15, 2023 on the 1st Floor, 225 North Pearl 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. Finance & Operations Committee members Marty Lanahan and Rick Morales being present for the meeting constituted a quorum. Board member John Baker was also in attendance.

Others in attendance were Ted Phillips, Chief Financial Officer; Raynetta Curry Marshall, Chief Operating Officer; Laura Schepis, Chief External Affairs Officer; Ricky Erixton, Vice President, Electric Systems; Pedro Melendez, Vice President, Planning, Engineering & Construction; Joe Orfano, Vice President, Financial Services. Regina Ross, Chief Legal Officer, Office of General Counsel; and Rebecca Lavie, Attorney, Office of General Counsel.

Attending online were Laura Dutton, Chief Strategy Officer; Brad Krol, Chief Information Officer; Jordan Pope, Vice President, Corporate Strategy; Kurtis Wilson, Vice President, Government Relations; Mark Stultz, Vice President, Communications; Hai Vu, Vice President, Water/Wastewater Systems; Wayne Young, Vice President, Environmental Services; Stephen Datz, Vice President, IT Infrastructure and Operations; and Helen Materazzi, Vice President, Organizational Effectiveness.

Adoption of the Agenda – On *motion* by Marty Lanahan and seconded by John Baker, the agenda was approved. Marty Lanahan expressed appreciation for the Jacksonville Small and Emerging Business program.

Approval of Finance & Operations Committee Minutes – On *motion* by John Baker and seconded by Marty Lanahan, the June 23, 2023 Finance & Operations Committee meeting minutes were approved.

Values Moment – Shannon Tremain, Financial Analyst, noted the safety protocol is included in the materials and provided a values moment on safety.

Comments from the Public

In-Person Public Comments:

Dr. Lucy Sonnenberg presented an alternative resolution to the committee on clean energy beyond 2030.

Bud Para spoke to the committee about the proposed resolution and the Electric Integrated Resource Plan.

Marty Lanahan extended appreciation to Dr. Sonnenberg and Mr. Para for their engagement.

Online Public Comments:

Mark Zimmerman spoke to the committee about renewable energy and transparency in monthly billings for the city contribution rates.

FOR COMMITTEE CONSIDERATION

Pricing Policy – Victor Blackshear, Director, Financial Planning & Rates, provided an overview of the pricing policy revisions being proposed to include the purpose and goals of the policy. Mr. Blackshear laid out the recommendations to the committee including the removal of the legacy charges, updates to the health insurance reserve, and other policy administrative items.

On *motion* by Marty Lanahan and seconded by Rick Morales, the committee held discussions surrounding potential legal ramifications, and the Finance and Operations Committee unanimously approved to recommend the proposed Pricing Policy revisions to the Board for approval.

Revenue Requirements Results / Rate Study Update – Victor Blackshear, Director, Financial Planning & Rates, presented to the committee the revenue requirements results and rate study updates to include FY2024 electric rate strategic goals consisting of achieving target revenue, improving rate structure, and revising tariff language where needed. Mr. Blackshear informed the committee that in order to achieve the FY2024 target revenue, an increase would need to be imposed on the Residential and Interruptible Serve Extra Large Demand (ISXLD) rate classes and rate redesigns to the Interruptible Service Rider (IS); and ISXLD to include the current status of the IS and the proposed changes, proposed new time-based industrial rate and exploring the replacement of ISXLD with General Service Extra Large Demand – Time of Use Rate (GSXLDT). Mr. Blackshear went on to provide the committee with the FY2024 electric rate restructuring path. Committee members held discussions concerning transparency for the customers that would be affected by these changes and advance communications with affected customers. A request was made to present this item to the full Board at the next meeting. This presentation was received for information.

Establishment of a Debt Ceiling – Randall Barnes, Treasurer, highlighted the current process of JEA requesting city council's authorization to issue debt. Mr. Barnes presented the proposed debt ceiling amounts in addition to the remaining City of Jacksonville authorization amount. Committee member Marty Lanahan extended appreciation for a proactive approach. Committee members held discussions on potential rating agency opinions, current debt-to-asset ratio, debt ceiling levels, and the approval process.

On *motion* by Marty Lanahan and seconded by Rick Morales, the Finance and Operations Committee unanimously approved to recommend the proposed debt ceiling amounts for the electric enterprise, water & sewer, and district energy systems to the Board for approval.

Delegation of Authority – Randall Barnes, Treasurer, highlighted the proposal for delegation of authority to include the proposed changes to the previously approved delegation which was on an as needed basis. Mr. Barnes stated the new proposal delegates authority to the Managing Director/CEO to refund existing debt, subject to the refunding parameter set forth in the Debt Management Policy, and to issue new debt as approved by the JEA Board to be paired with approval of the JEA budget. Committee members held discussions Board member involvement, variable rates, and a potential guest speaker at an upcoming meeting.

On *motion* by Marty Lanahan and seconded by Rick Morales, the Finance and Operations Committee unanimously approved to recommend the proposed Delegation of Authority to the Board for approval.

Debt Management Policy – A.J. Souto, Bond Compliance Specialist, presented the proposed Debt Management Policy revisions. Mr. Souto highlighted the purpose of the policy and the revisions to include updating reference to include JEA's procurement code; changes to the debt authorization process; adjusting the annual plan of finance to a three-year period; and various other minor edits to simplify the language and provide clarity.

On *motion* by Rick Morales and seconded by Marty Lanahan, the Finance and Operations Committee unanimously approved to recommend the Debt Management Policy to the Board for approval.

Due to technical difficulties, Chair DiSalvo reopened the public comment period and called upon Mark Zimmerman to make a virtual public comment. Comments are noted above.

Quarterly Financial Review – Russell Caffey, Controller, presented the third quarter FY2022-23 financial review to include electric and water sales, revenue and metrics, and an overview of fuel rate projections, This presentation was received for information.

Supplier Diversity Program – Rita Scott, Supplier Diversity Programs and Procurement Services, provided an update on the program which promotes inclusion of all vendors with a diverse certification. Ms. Scott informed the committee that the supplier diversity program is based on four focus areas; advocate, network, educate and report; the program initiatives include reporting and tracking diverse subcontracting spend, revised contracting language, and more detailed spend analysis. Ms. Scott presented the Supplier Diversity Metrics data as of July 31, 2023. This presentation was received for information.

FY24 Performance Scorecard – Stephanie Monroe, Director, Enterprise Analytics, presented the proposal for the FY24 Corporate Performance Scorecard. Ms. Monroe provided an overview of the changes to the scorecard to include more in-depth analysis of the metric categories which will be more active and allow for interactive engagement with this data for our internal members throughout the year. This presentation was received for information.

SUPPLEMENTAL INFORMATION (Received for Information)

Appendix A: Finance & Operations Committee Minutes – June 23, 2023

Appendix B: Pricing Policy

Appendix C: Establishment of a Debt Ceiling

Appendix D: Debt Management Policy

Appendix E: Jacksonville Small & Emerging Business Quarterly Report

Appendix F: Electric System and Water & Sewer System Fund Report

Appendix G: JEA Energy Market Risk Management Pricing Policy

Appendix H: Delegation of Authority

OTHER BUSINESS & CLOSING CONSIDERATIONS

Old & Other New Business / Open Discussion –

Announcements –

Adjournment – With no further business coming before the Committee, General DiSalvo declared the meeting adjourned at 10:27 am.

APPROVED BY:



Joseph DiSalvo, Committee Chair

Date: 29 NOV 2023

Submitted by:

Allison S Hickok

Allison S Hickok
Executive Staff Assistant