

JEA
Building Community
AGENDA ITEM SUMMARY

January 15, 2019

| | |
|-----------------|---|
| SUBJECT: | GOVERNANCE – BOARD-MANAGEMENT DELEGATION POLICY UPDATE |
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| | | | |
|-----------------|--|--|---|
| Purpose: | <input checked="" type="checkbox"/> Information Only | <input type="checkbox"/> Action Required | <input type="checkbox"/> Advice/Direction |
|-----------------|--|--|---|

Issue: The Board has the authority to delegate any act authorized by the JEA Charter to any officer, employee or agent of JEA as it may deem necessary or desirable for prudent management of JEA (JEA Charter, sect. 21.04(s)). Additionally, Policy 4.2 of the JEA Board Policy Manual indicates that the Board would establish a Board-Management Delegation Policy that would specify how JEA's enumerated Chartered powers are delegated. The Board has historically delegated certain powers and responsibilities to the Managing Director/CEO and other staff members through specified actions brought before the Board. The various delegated responsibilities have been captured in numerous management directives and Board documents, but have not been captured in one overall document or policy. The Chief Legal Officer is working with outside counsel and the Senior Leadership Team to capture all of the historic delegations in one policy document for Board review and approval. Attached is a draft of the Board-Management Delegation Policy and Board Governance Guidelines.

Significance: High.

Effect: Have one Board-Management Delegation Policy that specifies the delegated powers of the Board and the levels within the organization that has the delegated responsibility. Approves modifications to certain levels of delegated authorities adopted by previous actions of the Board. Replace, amend or convert other JEA Board governance documents through the adoption of the Board-Management Delegation Policy and Board Governance Guidelines.

Cost or Benefit: The Board-Management Delegation Policy and the Corporate Governance Guidelines will provide organizational clarity necessary for the day-to-day management of the organization and Board governance.

Recommended Board action: This item is to provide an update on the status of the Board-Management Delegation Policy and Board Governance Guidelines and no Board action is recommended.

For additional information, contact: Jody Brooks, 665-6383

Submitted by: *JLB*

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|---|--|---|
|  <p>MISSION</p> <p>energizing our community through high-value energy and water solutions</p> |  <p>VISION</p> <p>to be the most valued utility in the world</p> |  <p>VALUES</p> <ul style="list-style-type: none"> • Safety • Service • Growth • Accountability • Integrity |
|---|--|---|

Commitments to Action

- 1** Earn Customer Loyalty
- 2** Deliver Business Excellence
- 3** Develop an Unbeatable Team



Drafts of New Governance Documents

DRAFT PREPARED BY JLB
January 16, 2019



DELEGATION OF AUTHORITY POLICY

A. Purpose

Consistent with the Charter, the JEA Board Policy Manual, and the JEA Board Governance Guidelines, this JEA Delegation of Authority Policy (the “Policy”) has been established by the JEA Board of Directors (the “Board”) to:

- Indicate levels of delegated authority for certain categories of action;
- Set out matters specifically reserved for approval or concurrence by the Mayor, City Council, JEA Board, and those matters delegated to JEA senior leadership team; and
- Establish expense approval limits for each level.

The approval limitations set forth herein apply to any decision to renew, extend, amend, purchase or exercise any other form of delegated authority. No approval of an initial transaction shall in any way be deemed to grant approval over any subsequent decisions to renew, extend, amend, purchase or exercise any delegated authority.

At the time of the ratification of this Policy, the Board consists of seven (7) members, and the senior leadership team (the “SLT”) is comprised of:

- Managing Director and Chief Executive Officer (“MD/CEO”)
- President and Chief Operating Officer (“P/COO”)
- Chief Financial Officer (“CFO”)
- Chief Public and Shareholder Affairs Officer (“CPSAO”)
- Vice President and Chief Compliance Officer (“CCO”)
- Vice President and Chief Human Resources Officer (“CHRO”)
- Vice President and Chief Legal Officer (“CLO”)
- Vice President and Chief Supply Chain Officer
- Vice President/General Manager, Electric Systems
- Vice President/General Manager, Wastewater Systems
- Vice President and Chief Customer Officer

Nothing contained in this Policy creates or is intended to create an employment contract between the JEA and any of its employees. This Policy may be changed, deleted or discontinued by the Board, however, from time to time the SLT titles and positions may be modified by the MD/CEO and incorporated into the appropriate level of authority by the MD/CEO without the need of Board approval.

Policy effective 1 / 2019.

- Vice President and Chief Environmental Services Officer
- Vice President and Chief Information Officer (“CIO”)

B. General and Delegated Authority

Other than as expressly provided in this Policy, all matters not specifically reserved for the Board and necessary for the day-to-day management of the organization and implementation of JEA objectives are delegated to the senior leadership team and may be sub-delegated as appropriate. The following approval authority levels are established as follows:

| Level | Delegated Individual/Body |
|-------|-----------------------------------|
| 0 | Mayor City Council |
| 1 | Board |
| 2 | MD/CEO |
| 3 | P/COO CFO |
| 4 | CPSAO VP GM |
| 5 | Chief Procurement Officer (“CPO”) |
| 6 | Directors |
| 7 | Managers |
| 8 | Operational Procurement Officer |

In addition to matters specifically addressed in the related policies noted at the end of this Policy, the following table illustrates the various levels of authority provided to each individual or body. There are certain powers that are shared by individuals occupying different levels of authority, or that require approval from multiple individuals within the same level of authority. Please refer to the Notes section for specific delegated responsibilities within each delegated level of authority. Unless otherwise indicated in the Notes, any individual in an authority level may provide approval for that level.

Generally and unless otherwise specifically indicated in the Notes column, in circumstances where an individual or body is unavailable to authorize a certain action that would fall under their respective delegated authorities under this Policy, any individual or body occupying the higher level of authority may do so on behalf of the absent delegate, and such authorization shall have the same effect as it would had it been performed by the delegated individual or body.

| # | Level 0 | Level 1 | Level 2 | Level 3 | Level 4 | Level 5 | Level 6 | Level 7 | Level 8 | Notes |
|-------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-------|
| Ordinary Course Transactions | | | | | | | | | | |
| 1. | | | X | | | | | | | |
| 2. | | | X | | | | | | | |
| 3. | | | X | | | | | | | |
| 4. | | | X | | | | | | | |
| 5. | | X | | | | | | | | |
| 6. | | X | | | | | | | | |
| 7. | | X | | | | | | | | |
| 8. | | X | | | | | | | | |

¹ JEA Charter Sec. _____

| # | Level 0 | Level 1 | Level 2 | Level 3 | Level 4 | Level 5 | Level 6 | Level 7 | Level 8 | Notes |
|----------------|--|---------|---------|---------|---------|---------|---------|---------|---------|---|
| Finance | | | | | | | | | | |
| 9. | Approve lending or extend credit to private enterprise | X | | | | | | | | JEA must retain either ownership interest or have power to manage or control the project. According to Article VII, Section 10 of the Florida Constitution, a public agency such as JEA is not permitted to enter into financing agreements for the benefit of private corporations with no retention of power and/or joint ownership (Article VII, Section 10(d)). |
| 10. | Approve and enter into credit facilities | X | | | | | | | | Section 21.04(j) of the Charter of the City of Jacksonville requires City Council approval of the aggregate indebtedness of JEA in its consideration. |
| 11. | Approve and enter into joint financing agreements | X | | | | | | | | Section 8 of Chapter 80-514, Laws of Florida, requires that contracts entered into under Section 2(a) of Chapter 80-513 (i.e., an agreement to "jointly finance" a project) are invalid unless approved by two-thirds (2/3) of the membership of the City Council. |

| # | Level 0 | Level 1 | Level 2 | Level 3 | Level 4 | Level 5 | Level 6 | Level 7 | Level 8 | Notes |
|-----|---------|---------|---------|---------|---------|---------|---------|---------|---------|---|
| 12. | X | | | | | | | | | Pursuant to clauses (i) and (ii) of Section 21.04(n) of the Charter of the City of Jacksonville, City Council approval is required if the "joint project agreement" involves either the transfer of any function or operation that exceeds 10% of the total of the utility system, or the issuance of debt not previously authorized by Section 21.04(i)(2) of the Charter. |
| 13. | | | | X | | | | | | Level 3: CFO only |
| 14. | | | | X | | | | | | Level 3: CFO only |
| 15. | | | | X | | | | | | Level 3: CFO only |
| 16. | | | | X | | | | | | Level 3: P/COO and CFO |
| 17. | | | | X | | | | | | Level 3: CFO only |
| 18. | | | X | | | | | | | |
| 19. | | X | | | | | | | | |
| 20. | | X | | | | | | | | |

| # | Level 0 | Level 1 | Level 2 | Level 3 | Level 4 | Level 5 | Level 6 | Level 7 | Level 8 | Notes |
|------------------|--|---------|---------|---------|---------|---------|---------|---------|---------|--|
| Purchases | | | | | | | | | | |
| 22. | Approve and execute procurement actions, including but not limited to <ul style="list-style-type: none"> • Contracts • Requests for advertising • Purchase acquisitions • Requests for award • Requests for change orders, purchase orders, contracts, and agreements | | | | | | | | | Signature authorization shall be in accordance with JEA Procurement Code, Article 3 and the Procurement Operational Procedures. ² |
| 23. | Approve payment authorization for contracts | | | | | | | | | Payment authorizations must be reviewed and approved by the appointed manager responsible for administering the applicable contract. |
| 24. | Approve purchasing card statements | | | | | | | | | Purchasing card statements must be reviewed and approved by the cardholder's supervisor/manager. Level 6: Any Director |
| 25. | Approve check requests for business promotion expenses | | | | | | | | | |

² Confirm. For discussion.

| # | Level 0 | Level 1 | Level 2 | Level 3 | Level 4 | Level 5 | Level 6 | Level 7 | Level 8 | Notes |
|-----|---------|---------|---------|---------|---------|---------|---------|---------|---------|--|
| 26. | | | | | | X | | | | Approval must be reviewed in accordance with provisions specified in Procedure OS A0500 PS 520. ³ |
| 27. | | | | | X | | | | | Level 7: Any appointed manager may approve the payment of recruitment expenses for the initial recruitment trip. Department director or higher management level must authorize subsequent recruitment visits. ⁴ |
| 28. | | | | | | | [X] | [X] | | Level 7: Manager of Procurement Receipts and Accounts Payable OR Level 5: Director, Procurement Services ⁵ |
| 29. | | | | | | | X | | | Work orders must be reviewed in accordance with Financial Services Work Order Request and Capital Funds Transfer. Contact Budget Services for additional information. ⁶ |

³ Confirm.

⁴ Confirm. This delegation is in accordance with provisions specified in Managing Directive No. 119 (last revised February 2012).

⁵ Confirm. This delegation is in accordance with Procedure OS A0504 PS-AP 512 (last revised September 2004).

⁶ Confirm whether this process is still effective. For discussion.

| # | Level 0 | Level 1 | Level 2 | Level 3 | Level 4 | Level 5 | Level 6 | Level 7 | Level 8 | Notes |
|-----|---|---------|---------|---------|---------|---------|---------|---------|---------|---|
| 30. | Review and approve time-critical items in the absence of MD/CEO | | | | X | | | | | Chief Officers, Vice Presidents and General Managers are designated as authorized signatories for documents for which such VP or GM is process owner when the MD/CEO is absent. This particularly concerns items where delay, due to absence of MD/CEO, might adversely affect JEA and its daily operations. ⁷ Where the document in question involves expenditures that exceed \$[XX,XXX,XXX] of JEA funds, the MD/CEO must be contacted for approval or disapproval before any action is taken, unless the Chief Officer, Vice President or General Manager have been previously authorized, in writing, to approve/disapprove such documents. ⁸ |
| 31. | Approve purchasing, leasing, or acquiring any property or assets out of the ordinary course of business | X | | | | | | | | A "Capital Asset Request" form must be prepared and signed prior to purchase/lease for budgeted capital assets that exceed \$[XX,XXX,XXX]. |

⁷ Confirm. Please note that this delegation does not follow the general rule of the DoA that individuals/parties occupying higher levels of authority step into the shoes of the unavailable or absent individuals/parties occupying lower levels of authority.

⁸ Confirm. This language was derived from JEA's original draft DoA however it is inconsistent with another section of the same document which states that "Matters involving financial amounts above \$10M" are reserved for the Board (Row #3 of this DoA).

| # | Level 0 | Level 1 | Level 2 | Level 3 | Level 4 | Level 5 | Level 6 | Level 7 | Level 8 | Notes |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---|
| Personnel and Employment Matters | | | | | | | | | | |
| 32. | X | | | | | | | | | |
| 33. | | X | | | | | | | | |
| 34. | | | X | | | | | | | |
| 35. | | | | X | | | | | | Level 3: P/COO |
| 36. | | | | | X | | | | | Level 4: CHRO and "Level above hiring manager" ⁹ |
| 37. | | | X | | X | | | | | Level 4: CHRO |
| 38. | X | | | | | | | | | |
| 39. | | X | | | | | | | | |
| 40. | | | | | X | | | | | Level 4: CHRO |
| 41. | | | | X | X | | | | | Level 3: CFO Level 4: CLO |
| 42. | | | X | X | | | | | | Level 3: CFO |

⁹ Confirm: Who holds the title of "hiring manager"?

| # | Level 0 | Level 1 | Level 2 | Level 3 | Level 4 | Level 5 | Level 6 | Level 7 | Level 8 | Notes |
|-----|---------|---------|---------|---------|---------|---------|---------|---------|---------|--|
| 43. | | X | | | | | | | | |
| 44. | | | X | X | X | | | | | Level 3: CFO Level 4: CHRO |
| 45. | | X | | | | | | | | |
| 46. | | | X | | | | | | | |
| 47. | | X | | | | | | | | |
| 48. | | | X | X | | | | | | Level 3: P/COO and CFO |
| 49. | | | | | | | X | | | Level 6: Any Director consistent with COJ Ordinance |
| 50. | | | | | X | | | | | Level 4: Any VP or GM consistent with COJ Ordinance |

| # | Level 0 | Level 1 | Level 2 | Level 3 | Level 4 | Level 5 | Level 6 | Level 7 | Level 8 | Notes |
|-----|---------|---------|---------|---------|---------|---------|---------|---------|---------|--|
| 51. | | | X | X | | | | | | Level 3: P/COO and CFO consistent with COJ Ordinance |
| | | | | | | | | | | |
| 52. | | X | | | | | | | | There is no cap with the approval of the Board. |
| | | | | | | | | | | |
| 53. | | | X | X | X | | | | | Level 3: CFO Level 4: CLO All severance agreements shall be reviewed by the CLO. Unless otherwise authorized in writing, only the MD/CEO or CFO may execute a severance agreement binding JEA. Pursuant to Section 215.425 of the Florida Statutes, there is a limitation on severance |
| | | | | | | | | | | |
| 54. | | | | | | | X | | | Level 6: Any Director Travel authorization and reimbursement for travel expenses must be completed in accordance with Management Directive No. 120. ¹⁰ |

¹⁰ Confirm. This delegation is in accordance with provisions specified in Managing Directive No. 120 (last revised July 2011)

| # | Level 0 | Level 1 | Level 2 | Level 3 | Level 4 | Level 5 | Level 6 | Level 7 | Level 8 | Notes |
|-----|--|---------|---------|---------|---------|---------|---------|---------|---------|--|
| 55. | Approve travel and travel expense statements for staff from the Director level and below, and Civil Service personnel to a maximum of \$[XX,XXX] | | | | X | | | | | Level 4: Any Vp ¹¹ |
| 56. | Approve travel and travel expense statements for staff from the VP level and below, and Civil Service personnel to a maximum of \$[XX,XXX] | | | X | | | | | | Level 3: Any Chief Officer ¹² |
| 57. | Approve travel and travel expense statements for staff from the Chief Officer level and below, and Civil Service personnel, and travel for any JEA employee exceeding \$[XX,XXX] | | X | | | | | | | ¹³ |
| 58. | Approve travel and travel expense statements for the MD/CEO | X | | | | | | | | The Chair or Vice Chair of the Board ¹⁴ |
| 59. | Approve travel and travel expense statements for any Board member(s) | X | | | | | | | | A Quorum of the Board must approve. ¹⁵ |

¹¹ Confirm. Same as FN above.
¹² Confirm. Same as FN above.
¹³ Confirm. Same as FN above.
¹⁴ Confirm. Same as FN above.
¹⁵ Confirm. Same as FN above.

| # | Level 0 | Level 1 | Level 2 | Level 3 | Level 4 | Level 5 | Level 6 | Level 7 | Level 8 | Notes |
|-----|---------|---------|---------|---------|---------|---------|---------|---------|---------|--|
| 60. | | | | | | | | X | | Level 7: Contract managers responsible for administering the applicable contract. ¹⁶ |
| 61. | | [X] | [X] | | | | | | | Either the Board or the MD/CEO ¹⁷ |
| 62. | | | | | | | | X | | Time records must be approved at the managerial level or above, unless delegated by a member of the senior leadership team or a member of the Board. |
| 63. | | | | | | | X | | | The MD/CEO and any officer or VP may sign any time sheet. Level 4: CHRO ¹⁸ |
| 64. | | | | | | | X | | | Level 4: CHRO ¹⁹ |
| 65. | | | | | | | X | | | Level 4: CHRO ²⁰ |

¹⁶ Confirm. Same as FN above.

¹⁷ Confirm. Same as FN above.

¹⁸ Confirm. There is no office or committee designated to Employee Services listed on the JEA website.

¹⁹ Confirm. Based on the description of the role of the CHRO on the JEA website, this is covered.

²⁰ Confirm. Same as FN above.

| # | Level 0 | Level 1 | Level 2 | Level 3 | Level 4 | Level 5 | Level 6 | Level 7 | Level 8 | Notes |
|-----|---------|---------|---------|---------|---------|---------|---------|---------|---------|---|
| 66. | | | | | | | | [X] | | Meal allowance summaries and voucher requests may be approved by any supervisory appointed employee. |
| 67. | | | | | | | X | | | Level 6: Any Director ²¹ These working sessions should be at least 2 hours long in length and may be for: (a) Board members and employees, customers, vendors, or other stakeholders; or (b) Managers and employees, customers, vendors, or other stakeholders. |
| 68. | | | | | | X | | | | Level 6: Any Director ²² |
| 69. | | | | | | | | | | Any of MD/CEO, P/COO, or any Vp ²³ |

²¹ Confirm. This delegation is in accordance with provisions specified in Procedure OS A0000 181 (last revised December 2004).

²² Confirm. Same as FN above.

²³ Confirm. Same as FN above.

| # | Level 0 | Level 1 | Level 2 | Level 3 | Level 4 | Level 5 | Level 6 | Level 7 | Level 8 | Notes |
|---|---|---------|---------|---------|---------|---------|---------|---------|---------|--|
| 70. | Approve all regulatory and economic development related business expenditures | | | | | | | | | Any of MD/CEO, P/COO, or CCO ²⁴ |
| Legal Matters and Other Agreements | | | | | | | | | | |
| 71. | Approve standard confidentiality agreements | | X | | X | | | | | Level 4: CLO |
| 72. | Approve non-standard confidentiality agreements | | X | X | X | | | | | Level 3: P/COO Level 4: CLO |
| 73. | Approve outside counsel engagement agreements | | | | X | | | | | All outside counsel engagements require the approval of the General Counsel and the Level 4: CLO |
| 74. | Approve press releases | | X | | | | | | | Level 3: P/COO |
| 75. | Approve media/investor relations | | X | | | | | | | |
| 76. | Approve other external communications and release of information to the public (i.e. analysts, portfolio managers, reports, or other persons) | | X | | | | | | | Level 3: P/COO and CFO |
| 77. | Approve communications to governmental and regulatory agencies | | X | | X | | | | | |

²⁴ JEA to confirm. Same as FN above.

| # | Level 0 | Level 1 | Level 2 | Level 3 | Level 4 | Level 5 | Level 6 | Level 7 | Level 8 | Notes |
|-----|---|---------|---------|---------|---------|---------|---------|---------|---------|---|
| 78. | Review and approve settlement of any litigation claim or commercial dispute (including any administrative proceeding in front of a governmental/regulatory agency) below \$[X,XXX,XXX] ²⁵ | | X | | | | | | | |
| 79. | Review and approve settlement of any litigation claim or commercial dispute (including any administrative proceeding in front of a governmental/regulatory agency) that exceeds \$[X,XXX,XXX] ²⁶ | X | | | | | | | | |
| 80. | Review of all tort insurance claims and refunds | | | X | X | | | | | Level 3: CFO Level 4: CLO |
| 81. | Appoint, hire, or terminate services from external auditors | | | X | | | | | | Level 3: CFO All such engagements must be pre-approved by the Finance and Audit Committee of the Board |

²⁵ Currently \$150,000.

²⁶ Confirm. For discussion.

| # | Level 0 | Level 1 | Level 2 | Level 3 | Level 4 | Level 5 | Level 6 | Level 7 | Level 8 | Notes |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---|
| REAL ESTATE SERVICES PROCUREMENT DIRECTIVE (last revised [May 26, 2016]) - Please refer to this Directive for more complete instructions.²⁷ All documents to be executed on behalf of JEA pursuant to this Directive may be executed by the MD/CEO, or the Real Property Procurement Officer. | | | | | | | | | | |
| 82. | | X | | | | | | | | |
| 83. | | X | | | | | | | | Board: <i>The Government, Legal and Real Estate Affairs Committee must approve.</i> |
| 84. | | | | | | | | | X | Level 8: Real Property Procurement Officer (designated by the MD/CEO) |
| 85. | | | | | | | | | X | Level 8: Real Property Procurement Officer (designated by the MD/CEO) |
| 86. | | X | | | | | | | | |
| 87. | | | | | | | | | X | Level 8: Real Property Procurement Officer (designated by the MD/CEO) |
| 88. | | | | | | | | | X | Level 8: Real Property Procurement Officer (designated by the MD/CEO) |
| 89. | | | | | | | | | X | Level 8: Real Property Procurement Officer (designated by the MD/CEO) |

²⁷ Confirm whether the specific operational and procedural steps within this Directive will remain, or whether JEA envisions this DoA Policy will incorporate all detail from such Directive.

| # | Level 0 | Level 1 | Level 2 | Level 3 | Level 4 | Level 5 | Level 6 | Level 7 | Level 8 | Notes |
|-----|---|---------|---------|---------|---------|---------|---------|---------|---------|---|
| 90. | Approve selling of surplus real property the value of which is more than \$[XX,XXX] | X | | | | | | | | |
| 91. | Approve selling of surplus real property the value of which is between \$[XX,XXX – XXX,XXX] | X | | | | | | | | Board: <i>The Government, Legal and Real Estate Affairs Committee must approve.</i> |
| 92. | Approve selling of real property the value of which is \$[XX,XXX] or less | | | | | | | | X | Level 8: Real Property Procurement Officer (designated by the MD/CEO) |
| 93. | Approve easements and/or other right related to real property the value of which is more than \$[XXX,XXX] | X | | | | | | | | |
| 94. | Approve easements and/or other right relating to real property the value of which is between \$[XX,XXX – XXX,XXX] | X | | | | | | | | Board: <i>The Government, Legal and Real Estate Affairs Committee must approve.</i> |
| 95. | Approve easements and/or other right related to real property the value of which is \$[XX,XXX] or less | | | | | | | | X | Level 8: Real Property Procurement Officer (designated by the MD/CEO) |
| 96. | Approve donations of property rights to JEA | | | | | | | | X | Level 8: Real Property Procurement Officer (designated by the MD/CEO) |
| 97. | Approve real property leases of \$[X,XXX,XXX] or more in total value | | | X | X | | | | X | Level 3: CFO Level 4: CIO Level 8: Real Property Procurement Officer (designated by the MD/CEO) |

| # | Level 0 | Level 1 | Level 2 | Level 3 | Level 4 | Level 5 | Level 6 | Level 7 | Level 8 | Notes |
|-----|--|---------|---------|---------|---------|---------|---------|---------|---------|---|
| 98. | Approve real property leases of less than \$[X,XXX,XXX] in total value | | | | | | | | X | Level 8: Real Property Procurement Officer (designated by the MD/CEO) |

| # | Level 0 | Level 1 | Level 2 | Level 3 | Level 4 | Level 5 | Level 6 | Level 7 | Level 8 | Notes |
|--|---|---------|---------|---------|---------|---------|---------|---------|---------|---|
| FUEL MANAGEMENT SERVICES PROCUREMENT DIRECTIVE (last revised [August 28, 2017]) - Please refer to this Directive for more complete instructions.²⁸ All documents to be executed on behalf of JEA pursuant to this Directive may be executed by the MD/CEO, or the Fuels Procurement Officer. | | | | | | | | | | |
| 99. | Approve procurement contracts of \$[X,XXX,XXX] or more in total value | | | X | X | | | | X | Level 3: CFO Level 4: VP/GM, Electric Systems Level 8: Fuels Procurement Officer (designated by the MD/CEO) |
| 100. | Approve procurement contracts of \$[X,XXX,XXX] or less in total value | | | | | | | | X | Level 8: Fuels Procurement Officer (designated by the MD/CEO) |

²⁸ Confirm whether the specific operational and procedural steps within this Directive will remain, or whether JEA envisions this DoA Policy will incorporate all detail from such Directive.

| # | Level 0 | Level 1 | Level 2 | Level 3 | Level 4 | Level 5 | Level 6 | Level 7 | Level 8 | Notes |
|---|---|---------|---------|---------|---------|---------|---------|---------|---------|--|
| BYPRODUCT SERVICES PROCUREMENT DIRECTIVE (last revised (December 20, 2010)) - Please refer to this Directive for more complete instructions.²⁹ All documents to be executed on behalf of JEA pursuant to this Directive may be executed by the MD/CEO, or the Byproducts Procurement Officer. | | | | | | | | | | |
| 101. | Approve procurement contracts of \$[X,XXX,XXX] or more in total value | | | X | X | | | | X | Level 3: CFO and P/COO Level 4: CCO Level 8: Byproducts Procurement Officer (designated by the MD/CEO) |
| 102. | Approve procurement contracts of \$[X,XXX,XXX] or less in total value | | | | | | | | X | Level 8: Byproducts Procurement Officer (designated by the MD/CEO) |
| 103. | Approve procurement contracts for a term of one year or more | | | | X | | | | X | Level 4: CLO Level 8: Byproducts Procurement Officer (designated by the MD/CEO) |
| 104. | Approve procurement contracts for a term of one year or less | | | | | | | | X | Level 8: Byproducts Procurement Officer (designated by the MD/CEO) |

C. Reporting

As part of the framework established by this Policy, the senior leadership team is required to report regularly to the Board concerning the authority exercised. Reports by the senior leadership team shall cover such areas as financial performance, customer satisfaction, quality performance, risk management, human resource issues and other items related to organizational operations. The senior leadership team must report to the Board on a regular basis on serious occurrences and unresolved customer complaints.

²⁹ Confirm whether the specific operational and procedural steps within this Directive will remain, or whether JEA envisions this DoA Policy will incorporate all detail from such Directive.

D. Related Policies and Documents

1. Charter
2. JEA Procurement Code
3. Real Estate Services Procurement Directive
4. Fuel Management Services Procurement Directive
5. Byproduct Services Procurement Directive
6. Management Directive 110

JEA
BOARD GOVERNANCE GUIDELINES

A. The Roles and Function of the Board of Directors and Management

1. *The Board of Directors* — The business and affairs of JEA (“**JEA**”) are conducted under the oversight of the seven-member volunteer Board of Directors (the “**Board**”). The Board is responsible for selecting the Managing Director and Chief Executive Officer of JEA (the “**CEO**”), and the CEO shall be empowered with the authority and responsibility to manage JEA’s day to day operations. The CEO shall select the senior leadership team. The members of the Board serve as appointed representatives of the City of Jacksonville, act as advisors and counselors to the CEO and the senior leadership team, and oversee management performance on behalf of JEA’s ratepayers.
2. *Management* — The CEO and senior leadership team are responsible for managing JEA’s business operations, subject to the oversight of the Board.

B. Board Composition and Leadership

1. *Appointment* — The members of the Board shall be appointed by the Mayor, subject to confirmation by the City Council of the City of Jacksonville, for a term of four (4) years or until an outgoing member’s successor has been appointed and has qualified.
2. *Size of the Board* — The Board shall consist of seven (7) members.
3. *Criteria and Qualifications* — Each member of the Board shall have been a resident and elector of the City of Jacksonville for at least six (6) consecutive months prior to such member’s appointment. No member of the Board shall hold any other public office or position. If at any time during a member’s tenure on the Board, such member shall cease to possess the qualifications required for membership on the Board, such member shall cease to be a member and a vacancy shall exist on the Board.
4. *Vacancy; Removal* — Any vacancy, however created, shall be filled for the unexpired term in the same manner as the position was originally filled, and the person filling the vacancy shall have and retain all the qualifications prescribed for membership on the Board. Any member appointed to the Board for two (2) consecutive full terms shall not be eligible for the succeeding term. The members may be removed by the mayor at any time with or without cause, but a removal must be approved by a two-thirds vote of the City Council.
5. *Board Compensation* — The members of the Board, other than the chairperson of the Board, shall not be entitled to compensation, pension, or other retirement

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benefits on account of service on the Board, but members and employees shall be entitled to payment of reasonable expenses as provided by the City Council. Members of the Board shall be subject to the provisions of s. 286.012, Florida Statutes, relating to voting at meetings of the Board, and to the provisions of ss. 112.311 through 112.3175, inclusive, Florida Statutes, as from time to time amended, relating to financial disclosure and conflicts of interest.

6. *Succession Policies of the Board* — If a member's principal occupation or business affiliation changes substantially during his or her tenure as a member, other than as a result of retirement, such member should offer to resign from the Board so that the Mayor and the City Council may evaluate the appropriateness of the member's continued service and recommend to the Board acceptance or rejection of the resignation offer.
7. *Chairperson of the Board; Officers* — The Board shall elect a chairperson of the Board, a vice-chairperson and secretary, and may elect one or more assistant secretaries, each of whom shall serve for one (1) year or until such officer's successor is chosen. The entire working time of the chairperson of the Board shall be devoted to the performance of the duties of such office, and he or she shall have no outside employment or business. The chairperson of the Board shall be a graduate of an accredited college or university, or have at least ten years' managerial experience in a consumer-oriented industry or comparable enterprise.
8. *Service on Other For-Profit Boards* — Members of the Board, other than the chairperson of the Board who may not serve on other boards, are encouraged to evaluate carefully the time required to serve on other boards, taking into account board and committee meeting attendance, preparation, participation and effectiveness on these boards. Members should advise the Nomination Committee before accepting an invitation to serve on another board to permit evaluation of whether any regulatory issues or potential conflicts are raised by the member accepting such an invitation and to confirm that the member will continue have the time required for preparation, participation and attendance at Board meetings. Candidates for Board membership shall disclose all such other board service.
9. *Risk Assessment* — The Board shall maintain oversight of JEA's risk management processes. The [Government, Legal and Real Estate Affairs]¹ Committee shall periodically evaluate JEA's risk management process and system in light of the nature of the material risks JEA faces and the adequacy of JEA's policies and procedures designed to address risk, and recommend to the Board any changes deemed appropriate by such committee. The Compensation Committee shall periodically evaluate whether there are any risks arising from JEA's compensation policies for all employees and overall actual compensation practices which are reasonably likely to have a material adverse effect on JEA,

¹ To be confirmed.

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and recommend to the Board any changes deemed appropriate by such committee. The Finance and Audit Committee shall periodically assess any major financial risk exposures and the steps management has taken to monitor and control such exposures, including JEA's policies with respect to financial risk assessment and financial risk management. To the extent risk oversight is a focus of one or more committees of the Board, those committees shall report key findings periodically to the full Board.

10. *Board's Interaction with the Public* — The CEO² shall be responsible for establishing effective communications with JEA's ratepayers, employees, communities, suppliers, creditors, and corporate partners. It is the policy of the Board that the CEO speaks for JEA. The Board will instruct the CEO of its policies in writing. As long as the CEO uses any reasonable interpretation of the Board's written policies, the CEO is authorized to establish all further policies, make all decisions, take all actions, establish all practices, and pursue all activities, such decisions of the CEO to have full force and authority as if decided by the Board itself. Salary, benefits, and other terms of employment for the CEO will be determined by contract.
11. *Board Member Orientation and Continuing Education* — JEA shall provide the members of the Board with an orientation and education program to familiarize them with JEA's business operations and plans, industry trends and corporate governance practices, as well as ongoing education on issues facing JEA and on subjects that would assist the members in effectively discharging their duties.³

C. Board Operations

1. *Board Meetings* — The Board may meet at such times and places designated by it, but shall hold regular meetings as necessary, and generally once a month. Special meetings may be held upon the call of the chairperson or any three (3) members of the Board. A majority of the membership of the Board shall constitute a quorum for the purpose of meeting and transacting business. Each member shall have one vote. All meetings of the Board are public meetings open to the public at all times, in accordance with s. 286.011, Florida Statutes.
2. *Selection of Agenda Items for Board Meetings* — The Chairperson, in consultation with the CEO, shall set the agenda for each Board meeting. At least once each year, the Board will discuss JEA's strategic plan and the following year's capital and operating budgets. Members of the Board are encouraged to suggest the inclusion of items on any Board or committee agenda.
3. *Board and Committee Materials Distributed in Advance* — Board members should receive materials related to agenda items sufficiently in advance of Board

² To be confirmed.

³ To be confirmed.

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and Board committee meetings so that the members may prepare to discuss the items at the meeting. When appropriate, sensitive subject matters may be discussed at a meeting without advance distribution of written materials to the Board or Board committee.

4. *Board Member Responsibilities* — Members must exercise their business judgment to act in the best interests of JEA and those of its ratepayers. In discharging this obligation, members reasonably may rely on JEA's senior executives and its advisors and auditors. Members are expected to attend and participate in all meetings of the Board, to spend the time needed to prepare for such meetings, and to meet as frequently as necessary to discharge their responsibilities.
5. *Board Presentations and Access to Employees* — Members of the senior leadership team may be invited to attend a part or all of a Board meeting in order to participate in discussions. Generally, the executive responsible for an area of JEA's operations the Board is to consider shall be responsible for presenting such topics to the Board. Board members shall be entitled to complete access to all other members of management, including, but not limited to the senior leadership team, and other JEA employees.
6. *Board Access to Independent Advisors* — The Board and its committees may seek advice from outside advisors as appropriate, and each member, acting in good faith, is entitled to rely on the advice, reports, opinions and statements prepared or presented by counsel, auditors, experts, or advisors.

D. Board Committees

1. *Committees* — The current committees of the Board are the Finance and Audit, Compensation, Nominating, and Government, Legal and Real Estate Affairs Committees. Other committees may be established from time to time as appropriate.⁴
2. *Assignment and Term of Service of Committee Members* — The Board is responsible for the appointment of committee members and chairs based on recommendations of the Nominating Committee.
3. *Agenda, Frequency, Length and Reports of Committee Meetings* — The chair of each committee shall approve the agenda, length of and attendance at each committee meeting and determine the frequency of meetings. The committee chairs shall report a summary of their meetings to the Board at the next regularly scheduled Board meeting following such committee meetings.

⁴ To be confirmed.

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E. Board and Management Evaluation

1. *Formal Evaluation of the CEO and Other Officers* — The Compensation Committee shall review corporate goals and individual goals and objectives relevant to the compensation of JEA's CEO and members of the senior leadership team of JEA.⁵ The Compensation Committee shall also evaluate the CEO's and the members of the senior leadership team's performance in light of such goals and objectives at least annually and communicate the results to the CEO and the Board. Based on such evaluation, the Compensation Committee shall approve the compensation for the CEO and the members of the senior leadership team. The CEO may not be present during the discussion or approval of his or her compensation. The CEO may be present during discussion and approval of, but may not vote upon, compensation of the members of the senior leadership team.
2. *Board Self-Assessment* — The Board shall review on an annual basis the functioning and effectiveness of the Board and its committees and conduct a self-evaluation of the Board and its committees performed by the individual members of the Board and, to the extent the Board deems appropriate, shall recommend changes to increase the effectiveness of the Board and its committees.
3. *Succession Planning* — The Board, with the assistance of the Nominating Committee and Compensation Committee, shall plan the succession to the position of CEO and certain other senior leadership team positions. To assist the Board and the committees, the CEO shall annually assess members of the senior leadership team and their succession potential. The CEO shall also provide the Board and the committees with an assessment of persons considered potential successors to certain senior leadership team positions.
4. *Management Development* — The CEO shall annually report to the Board on JEA's program for management development.

F. Periodic Review of Guidelines

These Corporate Governance Guidelines provide for the corporate governance of JEA, and should be interpreted in the context of all applicable laws and Article 21 of the Charter of the City of Jacksonville, Florida, as amended from time to time. They are subject to periodic review and modification by the Board as the Board deems appropriate in the best interests of JEA, or as required by applicable laws and regulations.

⁵ Needs to be confirmed and consistent with overall compensation strategy.