

**JEA**  
**BOARD MINUTES**  
June 21, 2016

**The JEA Board met in regular session on Tuesday, June 21, 2016, on the 19<sup>th</sup> Floor, 21 W. Church Street, Jacksonville, Florida. Present were Tom Petway, Ed Burr, Husein Cumber, Kelly Flanagan, Warren Jones, and Alan Howard. Delores Kesler attended via telephonically.**

**Agenda Item I – Welcome**

- A.** The meeting was **called to order** at 12:04 PM by Chair Petway.
- B.** A **Moment of Reflection** was observed by all.
- C.** The **Pledge of Allegiance** was led by Chair Petway.
- D.** **Adoption of Agenda** – The agenda was approved on **motion** by Vice Chair Burr and second by Mr. Howard.
- E.** The **Safety Briefing** was given by Paul McElroy, Managing Director/Chief Executive Officer.
- F.** **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. F. of the Board package.

**Agenda Item II – Presentations and Comments**

- A.** **Comments from the Public** – none
- B.** **Council Liaison’s Comments** – The Honorable Bill Gulliford thanked the Board for their courtesy and shared his appreciation for the work JEA put into the renegotiated JEA Inter-Agency Agreement with the City and the work on septic tanks. Mr. Gulliford advised that the new City Council term begins on July 1, 2016, and a new liaison for JEA would be announced soon.
- C.** **Office of the Mayor Liaison’s Comment** – Dr. Johnny Gaffney was not in attendance.
- D.** **Nassau County’s Ex-Officio Representative – Mike Mullin** – Mr. Mike Mullin was not in attendance.

**Agenda Item III – For Board Consideration**

- A.** **Consent Agenda** – used for items that require no explanation, discussion or presentation and are approved by one motion and vote. On **motion** by Mr. Jones and second by Mr. Howard, item 1 on the Consent Agenda was unanimously approved and items 2 through 4 were received for information.
  - 1. Approval of Board Meeting Minutes May 17, 2016 – approved
  - 2. Monthly JEA Financial Statements – received for information
  - 3. Monthly FY16 Communications & Engagement Calendar and Plan Update – received for information
  - 4. Monthly JEA Operations Report – received for information

**B. Strategic Discussions/Action**

1. JEA 401(a) Defined Contribution Retirement Plan Restatement – Resolution 2016-10 – Angie Hiers, Chief Human Resources Officer – Ms. Hiers presented the 401(a) Defined Contribution Retirement Plan was created in 2002 to allow non-Collective Bargaining Unit (CBU) employees the opportunity to defer a portion of their compensation on a tax-deferred basis. Ms. Hiers indicated that Mass Mutual serves as trust and plan document administrator and a committee of JEA employees, with financial and investment backgrounds, oversees the plan regarding the monitoring of investment plan performance and the portfolio of investment options. Periodically, due to changes in the law, the Plan must be restated. Ms. Hiers stated there are no substantive changes to the Plan. Upon **motion** by Mr. Jones and second by Mr. Cumber, this item was unanimously approved.
2. Directors' & Officers' Liability Insurance – Paul McElroy, Chief Executive Officer – Mr. McElroy reviewed the liability insurance for JEA and presented the terms of coverage. This item was approved at the October 2015 Board Meeting and was presented for information only.
3. Proposed FY2017 Operating and Capital Budgets – Melissa Dykes, Chief Financial Officer – Ms. Dykes presented the schedules to be submitted to the City Council for approval of the upcoming fiscal year's budget. These schedules were reviewed by the Finance & Audit Committee at their May 9, 2016 meeting and the full Board at the May 17, 2016 Board Meeting. Ms. Dykes provided an overview of the budgets, advised that JEA would be accumulating no new debt and there will be no rate changes for JEA customers. Upon **motion** by Mr. Jones and second by Mr. Cumber, this item was unanimously approved.
4. Purchasing Code Delegation of Authority – John McCarthy, Director, Supply Chain Management – Mr. McElroy provided information to the Board indicating that in 2010, a previous Board had given the CEO authority to amend the Purchasing Code via the Board Governance Manual, but without the approval of a JEA Board Resolution specifically delegating this authority. The Board is being asked to approve a resolution to create the technical authorization for the CEO. Mr. McCarthy provided an overview of the Purchasing Code and the procurement process used by JEA. Mr. Howard requested that the resolution be amended to provide a ratification of past revisions since the February 2010 approval. Upon **motion** by Mr. Howard and second by Mr. Cumber, the item was unanimously approved by the Board.
5. Bi-Monthly Finance Presentation – Melissa Dykes, Chief Financial Officer, provided a presentation highlighting key financial metrics and results of JEA's Electric and Water and Sewer systems ending May 31, 2016. Ms. Dykes informed the Board that the report is always part of the Board package and is available in the Consent Agenda for the months it is not presented. Ms. Dykes advised the Board of a supplemental sheet provided before them, which indicates the credit rating changes and confirmations that have taken place since the December 2015 ratings agency presentations. The Board discussed the upcoming ratings agency meetings, the results JEA anticipates and the process by which credit ratings are affirmed.

**C. Open Discussion**

1. Draft Recommendations to Summarize Monthly Operational and Financial reporting, Focusing on Variances, Changes in Trends and Emerging Issues – Paul McElroy, Chief Executive Officer – Mr. McElroy informed the Board that the Finance and Operations monthly reports have historically been included in the monthly Board package in the consent agenda. The strategic agenda included alternating bi-monthly detail of the operations reports and financial reports. Fortunately, we are operating in an environment where there is little change in trends and budget variances between monthly reporting periods. Therefore, for the Board’s consideration, Mr. McElroy presented a recommendation to provide a monthly summary of the key metrics. The full reports would still be provided and variances could be discussed with more detail, if requested. In addition, more in-depth financial reporting would still be provided on a quarterly basis. Mr. McElroy provided an overview of the recommended reports and requested feedback from the Board Members. After discussion, the Board Members advised that the new format is acceptable for Board Meeting presentations, however, the detailed reports should still be provided in the Board packages for their review.
2. Water Supply Plan – Paul McElroy, Chief Executive Officer – Mr. McElroy provided an overview of the current water supply plan, the agencies involved in the state water supply discussions and the current politics of the water supply for the state. Mr. McElroy advised the Board of the future water supply programs that JEA will be working on with the district.
3. Resolution Supporting the City of Jacksonville Referendum and Pension Plan Solution – Paul McElroy, Chief Executive Officer – Mr. McElroy presented a resolution in support of the Mayor’s Pension Plan solution. JEA staff created the resolution, with assistance from OGC and it was reviewed with the Mayor’s Office. Upon **motion** by Mr. Jones and second by Mr. Howard, discussion took place on the resolution. Mr. Cumber requested that the resolution be amended to add “of which JEA employees are participants” to the third sentence to clarify why JEA is taking a stand on the resolution. Upon **motion** by Mr. Cumber and second by Ms. Kesler, further discussion took place regarding the resolution. Mr. Burr requested an addendum to Mr. Cumber’s amendment indicating that in the fourth whereas, the language can be changed from indicating that the pension plans would be closed to future employees and that current employees would contribute a minimum of 10% to the pension plans and to instead state that the pension plans would be further reformed. Upon **motion** by Mr. Burr and second by Mr. Jones, the amended resolution was unanimously approved.

**D. Other New Business** – none

**E. Old Business** – none

**Agenda Item IV – Reports**

**A. Finance and Audit Committee Report** – Kelly Flanagan, Committee Chair

1. Mid-Year Performance Review of Incentive-Based Plans – Chair Flanagan advised the Board that she had undertaken an overview of the mid-year performance of the employee performance plan and the CEO’s performance. As of mid-year, the employee plan results indicate that two of the five indicators have a possibility of being met. The CEO’s performance is at or above for all quantitative measures.

- 2. Other – Board Chair Petway noted that future meetings are located on the last page of the Board Agenda.

**B. Managing Director/CEO’s Report – Mr. McElroy reviewed the following items:**

- 1. Water Sample Testing – Mr. McElroy advised the Board that JEA performs 45,000 sample tests a year to ensure drinking water safety. In the month of April, JEA missed one of the tests for the constituent Bromate. The following test on May 6, 2016 showed JEA in full compliance. The prior two years’ of testing have produced the same results. There was no issue with public safety and JEA is following proper protocol for the reporting and resolution of this situation. A process and procedure review was conducted and changes made to ensure future compliance.
- 2. Mr. McElroy advised the Board that JEA had a productive meeting with the Interim Inspector General Steven Rohan. JEA and Office of the Inspector General have a verbal framework for a positive working relationship and written procedures are being put into place.
- 3. Mr. McElroy addressed the advertising of Florida Power & Light in the JEA territory.

**C. Chair’s Report – Chair Petway thanked everyone for a good Board Meeting and thanked Ms. Kesler for participating telephonically.**

**Agenda Item V – Closing Considerations**

**A. Announcements – Next Board Meeting – July 19, 2016**

**B. Adjournment**

*With no further business claiming the attention of the Board, Chair Petway adjourned the meeting at 1:48 PM.*

APPROVED BY:

\_\_\_\_\_  
SECRETARY

DATE: \_\_\_\_\_

Board Meeting recorded by:

\_\_\_\_\_  
Cheryl W. Mock  
Executive Assistant