

JEA
BOARD MINUTES
December 16, 2014

The JEA Board held a Pre-Board Meeting at 12:01 PM on Tuesday, December 16, 2014, in the Conference Room on the 8th Floor, 21 W. Church Street, Jacksonville, Florida. Present were Lisa Weatherby, Helen Albee, Peter Bower, Ron Townsend, Wyman Winbush, and Husein Cumber, Paul McElroy, Bill Bishop, JEA City Council Liaison, Jason Gabriel and Jody Brooks, Office General Counsel, Cindy Laquidara and Aleksas Barauskas, Ackerman, LLC. Also present were JEA staff Gerri Boyce.

The Pre-Board discussion consisted of the following topics:

1. FY2015 CEO Scorecard – Mr. McElroy provided Board Members with the FY2015 CEO Scorecard which highlights JEA's areas of focus, objectives, and values. Mr. McElroy announced the 2014 CEO evaluation will take place during today's Board Meeting, which will require Board action.
2. CEO Update to City Council Members – Mr. McElroy provided a presentation to City Council Members on December 9, 2014. Topics included asset management, Enterprise Risk Management, and challenges. The presentation also included a review of Mayor Brown's February "Pension for Contribution" proposal and JEA's "November Proposal". Mr. McElroy provided Board Members with a copy of JEA's "November Proposal" which was taken from the presentation.
3. Cyber Security – Mr. McElroy reviewed recent cyber security events in the news and stated JEA utilizes physical and cyber technology systems, as well as affiliations with government agencies and law enforcement to maintain JEA systems' security.
4. Certificate as to Public Meetings Signature Request – Mr. McElroy informed the Board Members that they will be requested to sign the Certificate as to Public Meetings and No Conflict of Interest form at today's Board Meeting. This form is related to JEA's Electric System Revenue Bonds.
5. Today's Meeting – Mr. McElroy provided the Board Members with a schedule of today's presentations and future meetings.

With no action taken and no further business claiming the attention of the Board, the Pre-Board Meeting was adjourned at 12:42 PM and the Board moved to the 8th Floor Board Meeting Room for the regularly scheduled meeting.

The JEA Board met in regular session on Tuesday, December 16, 2014, in the 8th Floor Board Meeting Room, 21 W. Church Street, Jacksonville, Florida. Present were Lisa Weatherby, Helen Albee, Peter Bower, Ron Townsend, Wyman Winbush, and Husein Cumber.

Agenda Item I – Welcome

- A. The meeting was called to order at 1:01 PM by Vice Chair Weatherby.
- B. A Moment of Reflection was observed by all.
- C. The Pledge of Allegiance was led by Mr. Townsend.
- D. Adoption of Agenda – The agenda was approved on motion by Secretary Albee and second by Mr. Winbush.

- E. The **Safety Briefing** was given by Carol Higley, Human Resources Workforce Strategy Analyst.

Agenda Item II – Presentations and Comments

- A. **Stanton Robotics Club Presentation** – Todd Lovelace, Electric Systems Engineer, provided a presentation on the Stanton Engineering and Robotics Club/Team Resistance. Mr. Lovelace presented a video illustrating the yearly competition and pictures of the students constructing the robots. Since 1997, many JEA employees have donated thousands of hours in volunteer time each year to the Stanton Engineering and Robotics Club. These volunteers teach students technical and social skills necessary for future success. The team competes annually in a regional competition with a new robot built each year, solely by the students. Mr. Lovelace thanked the students, JEA volunteers, JEA Board, Management, and staff for their continued support of the robotics team.
- B. **INROADS Outstanding Service in Leadership Development and Community Partnership Award** – Walette Stanford, Director Emerging Workforce Strategies provided an overview of INROADS stating JEA and INROADS have been community partners for at least 10 years. INROADS is a national leader in developing college students through leadership and development training for business industries. Last year, JEA employed six INROADS interns during the summer. Ms. Standard introduced Shalyce Jackson, INROADS Regional Director, Business Development. Ms. Jackson expressed appreciation for JEA's partnership since 2004. Ms. Jackson stated on behalf of Forest T. Harper, CEO and the entire Florida region JEA is awarded with the INROADS Outstanding Service and Leadership Development and Community Partnership Award for 2014. Ms. Jackson thanked Walette Stanford and her team for being an instrumental part in the ongoing partnership in assisting INROADS students with development leaders and true life experiences.
- C. **Comments from the Public** –
1. Paul Nicholson, 222 Oleander Street, Neptune Beach, FL, 32266, addressed the Board regarding renewable energy support.
 2. John Nooney, 8356 Bascom Road, Jacksonville, FL, 32216, addressed the Board regarding the clean-up of the public access area near the Southside Generating Station site.
- D. **Council Liaison's Comments** – Council Member Bishop had no comments.

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. Upon **motion** by Mr. Townsend and second by Mr. Winbush, item 1 on the Consent Agenda was unanimously approved and items 2, 3, 4, and 5 were received for information.
1. Approval of Board Meeting Minutes November 18, 2014 – approved.
 2. Monthly JEA Operations Report – received for information.
 3. Monthly JEA Financial Review – received for information.
 4. FY15 Communications & Engagement November/December Update – received for information.

5. JEA Community Engagement Calendar – November – March 2015 – received for information.

B. Strategic Discussions/Action

1. Fiscal Year 2014 Pay for Performance Program Final Results – Angie Hiers, Chief Human Resources Officer – Ms. Hiers reminded the Board that in September 2013, the Board approved the Pay for Performance Program for FY2014. Ms. Hiers stated programs such as this assist in attracting, motivating, and retaining high caliber employees. In FY2014 JEA set aggressive goals with the understanding that each employee would collectively work toward achieving the important metrics of Customer Satisfaction, Safety, and Cost Control. The organization understood unless there were savings in the budget, an incentive would not be paid. Ms. Hiers presented that JEA met the exceptional cost control goals established in FY2014 for the Electric, Water, and Wastewater systems. JEA narrowly missed the J. D. Power second quartile goal, but landed at the top of the third quartile. While JEA fell short of the safety goals, the goal of 1.2 Recordable Incident Rate (RIR) is an aggressive goal, which is well above the industry goal of 5.7. Ms. Hiers stated that the FY2014 expense savings were in excess of ten times the projected incentive payout. Additionally, the total amount to be paid represents on an average of 1.5% of an employee's salary. Upon **motion** by Mr. Bower and second by Mr. Townsend, the Board recognized the excellent performance by the JEA team and approved the payout amounts for the FY2014 Pay for Performance Program. Vice Chair Weatherby reminded the Board that the incentive pay has already been earned, and the Board is simply approving the payout.
2. Fiscal Year 2015 Pay for Performance Plan – Angie Hiers, Chief Human Resources Officer – Ms. Hiers provided the Board with an overview of the Fiscal Year 2015 Pay for Performance Plan. This plan recommends JEA continues to focus on five key metrics including: Customer Satisfaction, Safety, and Cost per unit of Electricity, Water, and Wastewater delivered, in addition to keeping employees safe and providing exceptional utility services to our customers. The Fiscal Year 2015 Performance plan has two performance components; 50% individual performance and 50% company performance. Certain levels of both components must be met in order to receive a payout. This type of plan is commensurate with the market and the organization's ability to remain competitive with the local market to attract, motivate, and retain talent. Upon **motion** by Mr. Bower and second by Mr. Townsend, the Board approved the Pay for Performance Program for FY2015 using the metrics of Customer Satisfaction, Safety, Cost Control and recognizing the revision of the program to encompass both an individual performance component, as well as an overall company component.
3. JEA Laborers' International Union of North America (LIUNA) Local 630 Collective Bargaining Agreement – Angie Hiers, Chief Human Resources Officer – Ms. Hiers presented to the Board that the current LIUNA Local 630 agreement expired on September 30, 2012. Negotiations between JEA and LIUNA Local 630 have been ongoing since April 2013. On November 6, 2014, LIUNA Local 630 conducted a ratification vote. If approved, the three-year agreement will be effective October 1, 2013 through September 30, 2016. Ms. Hiers highlighted just a few of the significant changes to the existing status quo agreement including:

- LIUNA Local 630 waived the right to negotiate wages, hours, and terms and conditions of employment for the period October 1, 2012 through September 20, 2013.
- General Base Pay Increases: Fiscal Year 2012/2013 – 0%; Fiscal Year 2013/2014 – 0%; Fiscal Year 2014/2015 – 2%; Fiscal Year 2015/2016 – 2% effective October 1, 2015; and a 2% ratification incentive, which is not added to the base pay.

Upon **motion** by Mr. Townsend and second by Mr. Winbush, the Board unanimously approved the agreement between JEA and LIUNA Local 630.

4. JEA Solar Photovoltaic, Net Metering and Distributed Generation Policies – Steve McInall, Director Electric Production Resource Planning – Mr. McInall presented the policies in draft form at the November 18, 2014 Pre-Board Meeting. The policies have now been finalized with minor revisions to the Net Metering policy. A redlined version is available in the meeting file. Mr. McInall provided a review of the policies. Upon **motion** by Ms. Albee and second by Mr. Townsend, the Board approved the final (1) JEA Solar Photovoltaic Policy; (2) JEA Net Metering Policy, Tiers 1-3, and (3) JEA Distributed Generation Policy.
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 November 30, 2014

C. Other New Business –

1. CEO Scorecard Evaluation – Cindy Laquidara, Attorney, Akerman, LLP, provided the Board with guidance for the contractual annual CEO evaluation and the related performance compensation. Ms. Laquidara stated the annual performance incentive payment is an annual contractually obligated percentage of the CEO's payment that allows the Board to pay in arrears the salary that was negotiated. The CEO performed a self-evaluation (12%) and provided it to the Board Members at the November 2014 Pre-Board Meeting. Ms. Laquidara met with each Board Member to ensure the Board understood the evaluation criteria. During discussions with Ms. Laquidara, the Board Members individually provided their thoughts on Mr. McElroy's performance. Upon **motion** by Mr. Townsend and second by Mr. Winbush, an 11% incentive payment was unanimously approved. Mr. Cumber requested that the CEO's self-evaluation become part of the permanent record.

D. Old Business – none

Agenda Item IV – Reports

- A. **Finance and Audit Committee Report** – Committee Chair, Peter Bower reviewed the most recent Finance and Audit Committee Agenda, bringing items to the Board for action and information. Committee Chair Bower reviewed items IV. A. 2, 6, 9, and 10.
 1. Approval of Minutes from the August 11, 2014 and November 18, 2014 meetings – On **motion** by Mr. Cumber and second by Mr. Winbush, the minutes were unanimously approved.
 2. Feedback on Rating Agency Presentation – received for information.
 3. Finance & Audit Committee Annual Self-Assessment Questionnaire – received for information.

4. Quarterly ERM/Audit Update – received for information
 - a. Audit Services Charter Change – received for information.
 - b. JEA Audit Services 2014 Quality Assurance Improvement Program (QAIP) Self-Assessment Review – received for information.
5. E&Y 2014 Annual External Audit Report and Management Letter – received for information.
6. External Auditors Evaluation – On **motion** by Mr. Cumber and second by Mr. Winbush, the Board unanimously approved staff to enter into negotiations for a one-year contract extension for approval at the March 2015 Finance and Audit Committee Meeting.
7. Ethics Officer Quarterly Report – received for information.
8. JEA Energy Market Risk Management Policy Report – received for information.
9. Treasury Services Activities
 - a. JEA Calendar Years 2015 and 2016 Debt Parameter Resolutions for Electric, Water and Sewer at St. Johns River Power Park Systems – Vice Chair Weatherby declared a conflict of interest and filed Form 8B Memorandum of Voting Conflict for County, Municipal, and other Local Public Officers. A signed copy is in the meeting file. Vice Chair Weatherby passed the gavel to Secretary Albee for this vote. On **motion** by Mr. Cumber and second by Mr. Winbush, the Board approved Resolutions No. 2014-07, 2014-08, 2014-09, 2014-10, 2014-11, and 2014-12 establishing delegated parameters and authorizing the Managing Director/CEO to price and execute future fixed rate refunding bond issues to be sold no later than December 31, 2016.
 - b. JEA Interest Rate and Commodity Hedge Agreements – On **motion** by Mr. Cumber and second by Vice Chair Weatherby, the Board unanimously approved Resolution No. 2014-13 in substantially final form which consolidates, restates, and amends the prior hedging resolutions and ratifies and confirms International Swaps and Derivatives Association, Inc. (ISDA) master agreements entered into in FY2014.
 - c. Electric System and Water and Sewer System Reserve Fund Quarterly Report – received for information.
10. Recommendation to Call a Public Hearing to Add a Load Density Improvement Discount to the Existing Economic Development Program and other Administrative Changes – Melissa Dykes, Chief Financial Officer, provided information on staff's proposal to expand the existing Economic Development Program to provide additional financial incentives for new commercial and industrial customers and expanding existing JEA customers to locate in a Load Density Improvement area. Qualifications include meeting the minimum demand and employing additional workforce in the JEA service area. Qualified customers locating in a Load Density Improvement area will receive a discount in accordance with a declining discount schedule. Secondly, staff proposes to change the Electric Tariff to close the Residential Time of Day Service to customers. Currently there are no customers taking advantage of this rate structure. Closing the Electric Tariff will allow staff to explore redesigning the rate to offer additional incentives. The rate adjustments that will be considered at the proposed Public Hearing will result in no net increase to any customer's monthly electric charges. On **motion** by Mr. Townsend, and second

by Ms. Albee, the call for a Public Hearing was unanimously approved.

11. Announcements

- a. Next Meeting, March 9, 2015, 8:00 – 10:00 AM

12. Committee Discussion Sessions

- a. The Committee met with Mike Pattillo and Justin Threet, Ernst & Young.
- b. The Committee met with Doris Champ, Director Audit Services.
- c. Council Auditor's Office representatives were not present to meet with the Committee.

B. Nominating Committee Report – Ron Townsend – The Nominating Committee Meeting was deferred to January 20, 2015.

C. Managing Director/CEO's Report – Mr. McElroy wished everyone happy holidays.

D. Chair's Report – Vice Chair Weatherby reaffirmed the Board's unanimous support and approval of Pay for Performance. Vice Chair Weatherby wished everyone happy holidays and thanked JEA staff and management for their great work.

Agenda Item V – Closing Considerations

A. Announcements

B. Adjournment

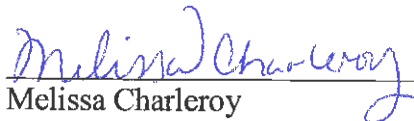
With no further business claiming the attention of the Board, Vice Chair Weatherby adjourned the meeting at 2:09 PM.

APPROVED BY:



SECRETARYDATE: 1/20/15

Board Meeting recorded by:



Melissa Charleroy

Executive Assistant

FORM 8B MEMORANDUM OF VOTING CONFLICT FOR COUNTY, MUNICIPAL, AND OTHER LOCAL PUBLIC OFFICERS

LAST NAME—FIRST NAME—MIDDLE NAME Weatherby, Lisa Strange		NAME OF BOARD, COUNCIL, COMMISSION, AUTHORITY, OR COMMITTEE JEA Board	
MAILING ADDRESS 21 W. Church Street Duval		THE BOARD, COUNCIL, COMMISSION, AUTHORITY OR COMMITTEE ON WHICH I SERVE IS A UNIT OF:	
CITY Jacksonville		<input checked="" type="checkbox"/> CITY <input type="checkbox"/> COUNTY <input type="checkbox"/> OTHER LOCAL AGENCY	
COUNTY Duval		NAME OF POLITICAL SUBDIVISION:	
DATE ON WHICH VOTE OCCURRED 12/16/2014		MY POSITION IS: <input type="checkbox"/> ELECTIVE <input checked="" type="checkbox"/> APPOINTIVE	

WHO MUST FILE FORM 8B

This form is for use by any person serving at the county, city, or other local level of government on an appointed or elected board, council, commission, authority, or committee. It applies equally to members of advisory and non-advisory bodies who are presented with a voting conflict of interest under Section 112.3143, Florida Statutes.

Your responsibilities under the law when faced with voting on a measure in which you have a conflict of interest will vary greatly depending on whether you hold an elective or appointive position. For this reason, please pay close attention to the instructions on this form before completing the reverse side and filing the form.

INSTRUCTIONS FOR COMPLIANCE WITH SECTION 112.3143, FLORIDA STATUTES

A person holding elective or appointive county, municipal, or other local public office **MUST ABSTAIN** from voting on a measure which inures to his or her special private gain or loss. Each elected or appointed local officer also is prohibited from knowingly voting on a measure which inures to the special gain or loss of a principal (other than a government agency) by whom he or she is retained (including the parent organization or subsidiary of a corporate principal by which he or she is retained); to the special private gain or loss of a relative; or to the special private gain or loss of a business associate. Commissioners of community redevelopment agencies under Sec. 163.356 or 163.357, F.S., and officers of independent special tax districts elected on a one-acre, one-vote basis are not prohibited from voting in that capacity.

For purposes of this law, a "relative" includes only the officer's father, mother, son, daughter, husband, wife, brother, sister, father-in-law, mother-in-law, son-in-law, and daughter-in-law. A "business associate" means any person or entity engaged in or carrying on a business enterprise with the officer as a partner, joint venturer, coowner of property, or corporate shareholder (where the shares of the corporation are not listed on any national or regional stock exchange).

ELECTED OFFICERS:

In addition to abstaining from voting in the situations described above, you must disclose the conflict:

PRIOR TO THE VOTE BEING TAKEN by publicly stating to the assembly the nature of your interest in the measure on which you are abstaining from voting; *and*

WITHIN 15 DAYS AFTER THE VOTE OCCURS by completing and filing this form with the person responsible for recording the minutes of the meeting, who should incorporate the form in the minutes.

APPOINTED OFFICERS:

Although you must abstain from voting in the situations described above, you otherwise may participate in these matters. However, you must disclose the nature of the conflict before making any attempt to influence the decision, whether orally or in writing and whether made by you or at your direction.

IF YOU INTEND TO MAKE ANY ATTEMPT TO INFLUENCE THE DECISION PRIOR TO THE MEETING AT WHICH THE VOTE WILL BE TAKEN:

- You must complete and file this form (before making any attempt to influence the decision) with the person responsible for recording the minutes of the meeting, who will incorporate the form in the minutes. (Continued on other side)

APPOINTED OFFICERS (continued)

- A copy of the form must be provided immediately to the other members of the agency.
- The form must be read publicly at the next meeting after the form is filed.

IF YOU MAKE NO ATTEMPT TO INFLUENCE THE DECISION EXCEPT BY DISCUSSION AT THE MEETING:

- You must disclose orally the nature of your conflict in the measure before participating.
- You must complete the form and file it within 15 days after the vote occurs with the person responsible for recording the minutes of the meeting, who must incorporate the form in the minutes. A copy of the form must be provided immediately to the other members of the agency, and the form must be read publicly at the next meeting after the form is filed.

DISCLOSURE OF LOCAL OFFICER'S INTEREST

I, Lisa Strange Weatherby, hereby disclose that on _____, 20 _____:

(a) A measure came or will come before my agency which (check one)

☐ inured to my special private gain or loss;

_____ inured to the special gain or loss of my business associate, _____;

_____ inured to the special gain or loss of my relative, _____;

_____ inured to the special gain or loss of _____, by
whom I am retained; or

☒ inured to the special gain or loss of Wells Fargo N.A., which
is the parent organization or subsidiary of a principal which has retained me.

(b) The measure before my agency and the nature of my conflicting interest in the measure is as follows:

The voting conflict pertains to a contract amendment with Wells Fargo, N.A., the parent company of my employer, Wells Fargo Advisors, LLC. The contract in question was entered into before I became a JEA Board member. I am not an officer, director or material interest owner of Wells Fargo, N.A., and have no financial interest in the contract in question or the performance of such contract.

12/16/2014
Date Filed

Lisa Strange Weatherby
Signature

NOTICE: UNDER PROVISIONS OF FLORIDA STATUTES §112.317, A FAILURE TO MAKE ANY REQUIRED DISCLOSURE CONSTITUTES GROUNDS FOR AND MAY BE PUNISHED BY ONE OR MORE OF THE FOLLOWING: IMPEACHMENT, REMOVAL OR SUSPENSION FROM OFFICE OR EMPLOYMENT, DEMOTION, REDUCTION IN SALARY, REPRIMAND, OR A CIVIL PENALTY NOT TO EXCEED \$10,000.