

JEA
BOARD MINUTES
April 21, 2015

The JEA Board held an appreciation luncheon for former Board Member Ron Townsend at 12:00 PM on Tuesday, April 21, 2015, on the 19th Floor, 21 W. Church Street, Jacksonville, Florida. Present were Helen Albee, Peter Bower, Wyman Winbush, Lisa Weatherby, John Hirabayashi, Robert Heekin, Ron Townsend, Ashton Hudson, Jim Gilmore, Bill Bishop, City Council Liaison, Jody Brooks, Office of General Counsel, and Paul McElroy.

With no further business claiming the attention of the Board, the Appreciation Luncheon was adjourned at 12:52 PM. After a brief break, the Board moved to the 8th Floor Board Meeting Room for the regularly scheduled meeting.

The JEA Board met in regular session on Tuesday, April 21, 2015, in the 8th Floor Board Meeting Room, 21 W. Church Street, Jacksonville, Florida. Present were Helen Albee, Peter Bower, Wyman Winbush, Lisa Weatherby, John Hirabayashi, and Robert Heekin. Husein Cumber participated telephonically.

Agenda Item I – Welcome

- A. The meeting was **called to order** at 1:01 PM by Chair Albee.
- B. A **Moment of Reflection** was observed by all.
- C. The **Pledge of Allegiance** was led by Mr. Hirabayashi.
- D. **Adoption of Agenda** – The agenda was approved on **motion** by Ms. Weatherby and second by Mr. Winbush.
- E. The **Safety Briefing** was given by Monica Whiting, Chief Customer Officer.

Agenda Item II – Presentations and Comments

- A. **Resolution for Former Board Member Mr. Ronald Townsend** - Chair Albee recognized outgoing Board Member Ronald Townsend for his eight years of service, and expressed deep gratitude and appreciation for his lasting commitment as a member of the JEA Board of Directors.

Chair Albee recognized Mr. Cumber is attending the Board Meeting telephonically.

Chair Albee welcomed newest Board Member Robert Heekin.

In the interest of time, Chair Albee reordered various agenda items; however the minutes reflect the original order of the agenda unless otherwise stated.

- B. **J. D. Power Residential Customer Satisfaction Results** – Monica Whiting, Chief Customer Officer, provided a presentation on the J.D. Power 2015 Wave 3 Residential Customer Satisfaction Results. Ms. Whiting announced that JEA now ranks in the first quartile nationally. From the second quartile, JEA surpassed 16 other utilities, moving from 48 to 32 nationally, passing one Florida utility, and is now ranked 4th in the state of Florida. Ms. Whiting stated that when JEA started the journey of moving from the fourth quartile to the first quartile, JEA was ranked 10th from the bottom nationally. JEA passed more than 90 utilities to move into the first quartile. During the results call with J.D. Power, JEA was recognized as one of the top movers nationally, with 43 point movement since last year. In 2012, JEA embarked on a new strategic plan to earn

customer loyalty which included three areas of focus: Being Easy to Do Business With, Empowering Customers to Make Informed Decisions, and Demonstrating Community Responsibility. JEA then aligned the six key drivers of the J.D. Power satisfaction model to the areas of focus. These key drivers include: Quality and Reliability, Customer Service, Price, Communication, Billing and Payment, and Corporate Citizenship, and created projects and initiatives based on the gaps in order to move the needle. The analyzed results show the key gaps JEA focused on were some of the most significant drivers of improvement so far this year. With quality and reliability being the largest driver, JEA has been working to improve estimation and restoration times with 90% of JEA customers reporting power was restored on time or before promised. Other key drivers include: on-line service including first contact resolution and web use satisfaction; knowledgeable, empathetic, and courteous field and frontline employees; billing and payment program options such as e-billing, customers feel more satisfied with they have more options and programs; communications recall, and corporate citizenship such as increased volunteering in the community. The biggest mover of satisfaction was price. JEA moved from the fourth quartile to the second quartile by over 70 points. Communications was the second biggest driver for moving the needle with communication recall increasing year-over-year. Corporate Citizenship was the third largest mover. Efforts by JEA employees to volunteer and become ambassadors have been noticed by customers. Ms. Whiting offered appreciation to the Board, Mr. McElroy, leadership partners, all employees for embracing the initiatives, and to the customers for giving JEA the opportunity to improve and for recognizing it. Chair Albee and Mr. Hirabayashi provided congratulations.

C. Comments from the Public – none

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 Ms. Weatherby and second by Mr. Winbush, items 1, 2, and 3 on the Consent Agenda was unanimously approved and items 5 through 10 were received for information. Item 4 was moved from the Consent Agenda to the Strategic Agenda.**

1. Approval of Board Meeting Minutes March 17, 2015 – approved.
2. Authorization for Board Member Education and Development – American Association of Blacks in Energy (AABE) – approved.
3. Authorization for Board Member Education and Development – 2015 JAX Chamber Leadership Trip – approved.
4. JEA FY2014 Annual Disclosure Reports – *This item was moved from the Consent Agenda to the Strategic Agenda.*
5. JEA Disclosure Policies and Procedures – received for information.
6. Customer Escalation Summary – received for information.
7. Monthly JEA Operations Report – received for information.
8. Monthly JEA Financial Review & Statements – received for information.
9. FY15 Communications & Engagement Update – received for information.

10. JEA Community Engagement Calendar – received for information.

B. Strategic Discussions/Action

Agenda Item II A-5 - JEA FY2014 Annual Disclosure Reports has been removed from the Consent Agenda and added to the Strategic Agenda.

1. JEA FY2014 Annual Disclosure Reports – Melissa Dykes, Chief Financial Officer – Ms. Dykes provided Board Members with a modification of the draft Annual Disclosure Reports (ADR). The modification included substantive changes that have taken place since the draft ADRs were provided to Board Members at the March 17, 2015 Board Meeting. The first page provides updates on pension liability information for JEA's portion of the General Employees Pension Plan (GEPP) which would be disclosed if approved by the GEPP Pension Board prior to publication of the ADR. The Pension Board will meet on April 23, 2015. In draft form, the total unfunded liability has decreased by \$30 million, due to favorable investment returns in the Fund offset by a modification of the assumed rate of return from 7.75% to 7.50% and the adoption of updated mortality tables released in 2014, adjusted for actual mortality experience in the GEPP. Page 19 reflects the addition of a summary of JEA's new opportunity to market natural gas to commercial and industrial customers within its service area. Page 80 reflects the addition of changes to accounting practices. In March 2015, the Board approved implementation of Regulatory Accounting as prescribed under Governmental Accounting Standards Board (GASB). Under Regulatory Accounting, JEA's share of the GEPP unfunded liability is booked as a regulatory asset, and the funding and use of stabilization funds will be better aligned with GAAP reporting.

Finally, a summary of pending litigation was added to the ADR on page 80. Mr. McElroy noted this litigation is not material, but is being added at the advice of the Office of General Counsel. On **motion** by Mr. Heekin, and second by Mr. Winbush, the JEA FY2014 Annual Disclosure Reports were approved.

2. Jacksonville Supervisors Association, Inc. (JSA) Collective Bargaining Agreement – Angie Hiers, Chief Human Resources Officer – Ms. Hiers stated that approximately 230 employees are covered by the JSA Collective Bargaining Agreement. The current agreement expired on September 30, 2012. Negotiations have been ongoing since March 27, 2013 and concluded on March 11, 2015. JSA held a ratification vote on March 24, 2015, and the proposed agreement was approved by the membership. Significant changes to the status quo agreement include: (a) JSA waived the right to negotiate wages, hours, terms and conditions of employment for the period October 1, 2012 through September 30, 2013; (b) general base pay increases for this contract will be paid accordingly: Fiscal Year 2013/2014 – 0.0%, Fiscal Year 2014/2015 – 3.0%, and Fiscal Year 2015/2016 – 2.0% effective October 1, 2015. Additionally, the current wage structure, containing 17 pay grades, has been remapped and consolidated to 5 pay grades; (c) ability to redeploy take-home vehicles, with prior notice, based on operational needs. If JEA determines that a take-home vehicle is to be unassigned, a 30-day notice will be required, as well as \$100/month transitional stipend (only) for the remainder of the fiscal year 2014/2015. Moving forward beyond fiscal year 2014/2015, the proposed agreement will only require a 30-day notice; (d) ability to offer an optional cell phone allowance of \$50/month for approved JEA employees; (e) with the Board's approval, the ratified agreement will cover the period from October 1, 2013 to September 30, 2016. On **motion** by Ms. Weatherby, and second by Mr. Winbush,

the Board approved the ratified Agreement between JEA and JSA. Ms. Hiers thanked members of JSA that were present.

3. International Brotherhood of Electrical Workers 1618 (IBEW) Collective Bargaining Agreement – Angie Hiers, Chief Human Resources Officer – The IBEW 1618 Collective Bargaining Agreement covers approximately 185 employees. Ms. Hiers informed the Board that prior to negotiations, the negotiation teams and staff attended two days of Interest Based Bargaining training. During this training, staff learned techniques of negotiating and team building. Negotiations started on February 18, 2015, and a tentative agreement was reached on February 19, 2015. The process concluded with a ratification vote held on April 2, 2015. This agreement represents the finalization of negotiations for a contract that will cover the period October 1, 2015 to September 30, 2018. Significant changes to the existing October 1, 2012 to September 30, 2015 agreement are as follows: (a) general base pay increases will be paid accordingly: Fiscal Year 2015/2016 – 3.0%, Fiscal Year 2016/2017 – 2%, and Fiscal Year 2017/2018 – 3.0%; (b) a meal allowance increase from \$13.00 to \$14.00 effective October 1, 2015; (c) a change in the JEA employer pension contribution from 2% to 4.5% effective October 1, 2015; (d) employees who are vested and eligible for St. Johns Power Park (SJRPP) retirement benefits may purchase up to two years of active duty military service time as credited service; (e) this will be a three-year contract for the period of October 1, 2015 to September 30, 2018. Chair Albee offered congratulations to Ms. Hiers and the negotiation teams and members. **On motion** by Ms. Weatherby and second by Mr. Winbush, the Board approved the ratified Agreement between JEA and IBEW 1618. Mr. McElroy provided general background information on previous negotiation processes.
 4. Sole Source & Emergency Procurement/Procurement Appeals Board Report – John McCarthy, Director Supply Chain Management – Mr. McCarthy presented the quarterly report to the Board for the quarter ending March 31, 2015. The report included aggregated data for all formal/ informal sole source and emergency awards during the current and previous year, with detailed information for each formal award over the past year. Mr. McCarthy reported a combined Sole Source/Emergency Procurement award percentage of 1.75% during FY15 Q2 alone, while also reporting that JEA's 2% over time award percentage compares very favorably to other public utilities. Mr. McCarthy noted there were no Procurement Appeals Board actions taken during the most recent quarter.
 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 March 31, 2015. Ms. Dykes stated that she recently met with investors and there continues to be a focus on the uncertainty of JEA's contribution agreement with the City of Jacksonville.
- C. **Other New Business** – During the New Business section of the Board Meeting, Secretary Winbush, Vice Chair Bower, and Chair Albee held open discussions during the Board Meeting regarding the relationship between JEA and the City of Jacksonville.
- D. **Old Business** – none

Agenda Item IV – Reports

- A. **Managing Director/CEO's Report** – Mr. McElroy listed the documents provided to the Board at the dais. Mr. McElroy thanked the employees and customers for the

significant customer satisfaction improvement. He stated, without the customers JEA would not exist, and without the full team we would not have made such improvement. JEA will continue to measure all six key drivers.

Mr. McElroy thanked both the bargaining unit employees and management for the work most recently completed on the bargaining unit agreements. Mr. McElroy stated that JEA recently launched a utility-wide customer satisfaction and engagement teams. The passion from these teams is spilling over and allowing us to collaborate better.

Next month the Board will hear the first of two presentations on the upcoming storm season. Mr. McElroy stated emergency preparedness is worked all year, and staff will share the processes JEA has in place in the event of a storm. Mr. McElroy recently participated in an emergency preparedness meeting with the City of Jacksonville, Mayor Brown, and the Emergency Operations Center (EOC) for Duval and outlying counties. JEA's tabletop exercises including over 100 employees will take place soon.

Mr. McElroy stated that JEA continues to meet with the City Council Special Committee on the JEA Agreement. General conversations have been centered on the JEA Charter, historical perspective, financial attributes, and the services JEA provides. As a result of a recent public meeting, the Interlocal Agreement previously drafted with the City administration remains active, but on hold for action for the next 60 days.

At the last City Council Meeting, the team led by Bud Para, Chief Public Affairs Officer and Wayne Young, Director Government Affairs, met with Council Members explaining the significance of reducing the nitrogen to the St. Johns River. The agreement was approved which will allow JEA to sell the City of Jacksonville 40 tons of credits over the next 18 months. The City will continue to look at long term solutions.

Mr. McElroy recently participated in a press conference with the Mayor and GE related to a pilot test of over 50 LED street lights.

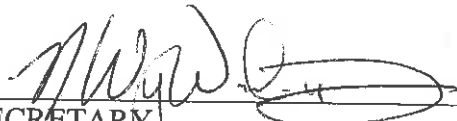
- B. Chair's Report** – Chair Albee provided Board Members with a memorandum and an agenda for the May 4, 2015 JEA Board Planning Retreat. Chair Albee stated the goal of the retreat is to get to know one another better and to become familiar with the governance documents and policies. Chair Albee congratulated Monica Whiting, her team, and all employees on the recent J.D. Power Customer Satisfaction residential results passing 90 plus utilities to reach the first quartile. This is a testament to the focus to work together on the strategic vision to improve our customer satisfaction. Chair Albee also reminded all that a fuel credit will be applied to the April JEA bill. Chair Albee congratulated the City of Jacksonville, JEA, and GE on the recent LED pilot program.

Agenda Item V – Closing Considerations

- A. Announcements
- B. Adjournment

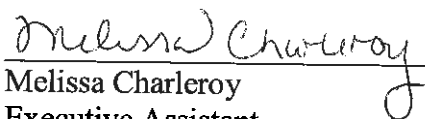
With no further business claiming the attention of the Board, Chair Albee adjourned the meeting at 2:36 PM.

APPROVED BY:



SECRETARY
DATE: 19 May 2015

Board Meeting recorded by:



Melissa Charleroy
Executive Assistant