

JEA
Board Workshop Minutes
November 17, 2015

The JEA Board met for a workshop on Tuesday, November 17, 2015, in the 8th Floor Board Conference Room, 21 W. Church Street, Jacksonville, Florida 32202. Members in attendance were Robert Heekin, Husein Cumber, Delores Kesler, and Tom Petway. Kelly Flanagan and Warren Jones attended in observance. Others in attendance were Paul McElroy, Angie Hiers, Melissa Dykes, Council Liaison Bill Gulliford, Dr. Johnny Gaffney, City of Jacksonville, Jody Brooks, Office of General Counsel, Brad Kitchens, ScottMadden, Inc., and Pat Davis, Hazen & Sawyer, Inc.

1. Safety Briefing – Paul McElroy, Managing Director and Chief Executive Officer provided the Safety Briefing.
2. Planning for 2030 – Brad Kitchens, President and Chief Executive Officer, ScottMadden, Inc., provided a presentation highlighting past trends the electric utility industry has faced since the year 2000 including: deregulation of retail choices, unbundling and diversification, active consolidation, stranded assets, and regulatory negotiations and rate freezes. Mr. Kitchens also reviewed future industry trends including: fuel prices, declining load growth, declining return on equity, significant increase of renewable energy, increase of Distributed Energy Resources (DER), change in climate, Generation Y, and consolidation. This presentation was received for information.
3. Water Industry Trends and Challenges – Pat Davis, Vice President, Hazen & Sawyer, Inc., provided a presentation on the water industry key trends and challenges. Mr. Davis stated the biggest challenges in the industry include: aging infrastructure, value of water, funding limitations, water scarcity, climate change, and a retiring workforce. Mr. Davis also reviewed the technological advancements in the water and wastewater industry. Water technology trends include: biofiltration, advanced oxidation, ion exchange, membranes, and data management including: era of big data, turning information into knowledge, and smart operations. Mr. Davis also presented wastewater technology trends include: treatment intensification and resource recovery. This presentation was received for information.

At 1:16 PM, the Board took a brief recess and reconvened at 1:20 PM. Mr. Petway and Ms. Flanagan exited the workshop to attend the City Council Rules Committee meeting.

4. Setting of JEA Strategic Goals – Melissa Dykes, Chief Financial Officer, provided a presentation highlighting JEA's strategic planning process, which began in FY2012. Ms. Dykes reviewed JEA's proud history of operational excellence, environmental leadership, as well JEA's service to the community. Ms. Dykes stated JEA's challenges include: declining revenues, rising costs, dissatisfied customers, disruptive technologies, and competitive and regulatory threats. Ms. Dykes stated the JEA Board of Directors provided key input in strategic planning and goal setting. Ms. Dykes reviewed JEA's Mission, Vision, and Core Values, and the strategic initiatives including: Deliver Business Excellence, Develop an Unbeatable Team, and Earn Customer Loyalty. Ms. Dykes reviewed JEA's

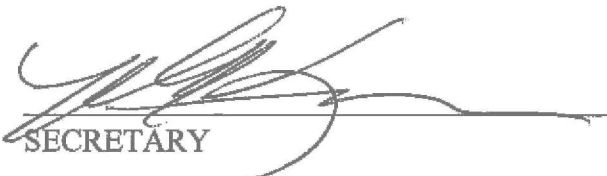
FY2013 successes including achieving exceptional operational goals, customer satisfaction improvements, and the betterment of employee teams without increasing costs.

At 1:37 PM, Mr. Jones exited the workshop to attend the City Council Rules Committee meeting.

5. FY2015 Pay for Performance Program – Angie Hiers, Chief Human Resources Officer, provided a presentation on the Fiscal Year 2015 Pay for Performance Program. Ms. Hiers stated the Board of Directors approved the FY2015 Pay for Performance Program at the December 16, 2014 meeting. Ms. Hiers stated JEA's program delivers an incentive when goals are achieved and operations and maintenance cost savings are realized to pay for the program. The presentation was provided to the Board for advice and direction. Staff will submit this agenda item at the November 30, 2015 Board Meeting for consideration of approving: the original Pay for Performance Program design and payout, the modified Pay for Performance Program design and payout, or an alternative plan design.
6. FY2016 Pay for Performance Program – Angie Hiers, Chief Human Resources Officer, presented the current Pay for Performance Program is supportive of JEA's strategic plan, with focus on Customer Satisfaction, Safety, and Costs. The presentation was presented for advice and direction. Staff will provide this presentation at the November 30, 2015 JEA Board Meeting for consideration to: approve the FY2016 Pay for Performance Program which incorporates changes from the FY15 plan including: removing any payout for less than 100% achievement, lowering cost targets to prior years' actual, and reducing targeted pay maximums for the Executive Leadership Team (ELT) and Senior Leadership Team (SLT); approve the FY2016 Pay for Performance Program goals and objectives and defer or suspend the compensation component of the plan; or approve an alternative solution.
7. FY2015 CEO Performance – Paul McElroy, Chief Executive Officer, presented a draft FY2015 CEO scorecard for information. Mr. McElroy provided Board Members with a quantitative scorecard for review. Mr. McElroy stated Jody Brooks, OGC, will be contacting Board Members individually to obtain feedback for improvement. Ms. Brooks stated, by contract "the CEO is eligible for performance compensation of up to 15% of base pay, which is based on (i) annual goals and objectives established by the Board of Directors, and (ii) an annual overall evaluation by the Board. This agenda item will be submitted for action at the November 30, 2015 Board Meeting.
8. FY2016 CEO Goals – Paul McElroy, Chief Executive Officer, presented the CEO FY2016 goals were provided to the Board at the October 30, 2015 meeting for review and feedback. The Board Member's comments have been incorporated and an updated document is provided to the Board for information. This agenda item will be submitted to the Board for approval at the November 30, 2015 meeting.

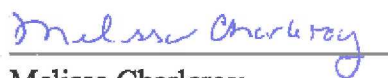
With no further business claiming the attention of the Board, the workshop was adjourned at 12:04 PM.

APPROVED BY:



SECRETARY
DATE: 12/15/15

Prepared by:



Melissa Charleroy
Executive Assistant