

**JEA**  
**BOARD MINUTES**  
December 15, 2015

The JEA Board met in regular session on Tuesday, December 15, 2015, in the 8<sup>th</sup> Floor Board Meeting Room, 21 W. Church Street, Jacksonville, Florida. Present were Tom Petway, Delores Kesler, Ed Burr, Husein Cumber, Kelly Flanagan, and Warren Jones.

**Agenda Item I – Welcome**

- A. The meeting was **called to order** at 12:03 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 Secretary Kesler and second by Mr. Jones.
- E. The **Safety Briefing** was given by Paul McElroy, Managing Director/Chief Executive Officer.

**Agenda Item II – Presentations and Comments**

- A. **Comments from the Public** –
  - 1. Mr. Carnell Oliver, 8527 Oak Leaf Road, Jacksonville, FL 32208, addressed the Board regarding minority business opportunities.
- B. **Council Liaison's Comments** – *Due to City Council business, comments from The Honorable Bill Gulliford were reordered within the agenda; however, the minutes reflect the original order of the agenda.* Council Member Bill Gulliford congratulated Board Member Jones on his confirmation to JEA's Board of Directors. He recognized Chair Petway for attending the December 8, 2015 JEA Agreement Special Committee. As the Committee Chair, Council Member Gulliford stated he feels a resolution will be reached in short order, and that it has been a good process. Lastly, Council Member addressed phase-out of septic tanks.
- C. **Office of the Mayor Liaison's Comment** – Dr. Johnny Gaffney stated that on behalf of Mayor Curry, he wanted to convey that the Mayor thought the Rating Agency presentations in New York were successful and he is excited about the future.

**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. Burr and second by Mr. Cumber, items 1 and 2 on the Consent Agenda were unanimously approved and items 3 through 7 were received for information.
  - 1. Approval of Board Workshop Minutes November 17, 2015 – approved
  - 2. Approval of Board Meeting Minutes November 30, 2015 – approved
  - 3. Customer Escalation Summary – received for information
  - 4. Real Estate Acquisition Report – received for information
  - 5. Monthly JEA Operations Report – received for information
  - 6. Monthly JEA Financial Statements – received for information

7. Monthly FY16 Communications & Engagement Calendar and Plan Update – received for information

**B. Strategic Discussions/Action**

1. Customer Engagement – Monica Whiting, Chief Customer Officer, provided a presentation on JEA's focus on customer engagement, which includes a two-way relationship of gathering the voice of the customer and communicating with the customer. JEA gathers input from customers through numerous channels and methods to develop a comprehensive view of its diverse customers' needs, and in turn to develop and implement strategic improvements. Ms. Whiting reviewed the various channels JEA utilizes to get input from customers and examples of how that input was used to develop new programs and drive improvements in processes and policies. Ms. Whiting also reviewed the many ways JEA communicates to its customers including: bill inserts, monthly e-newsletter, jea.com, YouTube videos, brochures and flyers, annual report and water quality report, community events, activities, and partnerships, social media, advertisements, weekly radio show, and community engagement through tours, speakers, and volunteering. This presentation was received for information.
2. St. John's River Power Park (SJRPP) System Employees' Retirement Plan – Restatement of Plan Document – Angie Hiers, Chief Human Resources Officer, presented the SJRPP System Employees' Retirement Plan ("Plan") was originally established in 1984 for the purpose of providing retirement benefits, on a tax-qualified basis, to eligible SJRPP employees after they retire. The Plan benefits have been, and currently are, bargained with the International Brotherhood of Electrical Workers (IBEW) Local Union 1618, and also provided to a small number of SJRPP non-bargaining unit employees. SJRPP and IBEW Local 1618 have entered into an approved and ratified Collective Bargaining Agreement (CBA) for the period October 1, 2015 through September 30, 2018. The CBA describes certain changes to the Plan and requires amendments to the Plan document to incorporate the terms of the CBA. In addition, a restatement of the Plan document has been undertaken to include previously approved amendments and technical amendments (changes in the law). The restated Plan will be submitted to the IRS for a Letter of Determination on the tax qualified status of the Plan in January 2016. This presentation was provided for information in preparation for a vote at the January 19, 2016 Board Meeting to adopt a resolution, which will approve the restated Plan document, effective October 1, 2015.
3. 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, 2015.

**C. Other New Business – None**

**D. Old Business – None**

**Agenda Item IV – Reports**

Chair Petway stated the Compensation Committee, chaired by Board Member Kesler, met on December 15, 2015, prior to the Board Meeting. Chair Petway provided Committee Chair Kesler an opportunity to provide a report on the Compensation Committee Meeting.

Committee Chair Kesler stated the Committee understands the charge. The Committee is reviewing all items related to compensation, as well as outstanding items from fiscal year 2015. Committee Chair Kesler recognized Angie Hiers, Chief Human Resources Officer, and her team for providing the Committee with detailed information. The next meeting is scheduled on January 5, 2016.

Chair Petway reviewed the current committee structure, which includes the Finance & Audit Committee and the Compensation Committee. All other committees will meet on an "as needed" basis. Chair Petway appointed Ms. Flanagan as the Finance and Audit Committee Chair, and requested Board Members to consider their interest and qualifications to join this committee. Board Members will advise Mr. McElroy of their interest in serving on the Finance and Audit Committee. The names of the Committee will be announced as soon as possible.

- A. Managing Director/CEO's Report – Mr. McElroy reviewed the Rating Agency presentations provided to Fitch, Moody's, and Standard & Poor's on December 10 – 11, 2015. Mr. McElroy stated the objective of the presentations were to review the financial results of FY2015. Mr. McElroy added JEA has produced financials within a 60-day period for the last 25 years, which is a recognizable accomplishment. Mr. McElroy stated topics covered during the presentations included pension, regulatory accounting changes, and challenges including: Clean Power Plan, sales, distributed generation, water supply and water discharge to the St. Johns River. Mr. McElroy thanked Chair Petway for leading a successful set of meetings and Mayor Curry for his involvement. Mr. McElroy stated the Mayor's attendance allowed direct communication to be heard by the rating agencies. Mayor Curry also presented on the unfunded liability of the City of Jacksonville Police and Fire Pension fund. City Council President Anderson attended the presentations and reviewed JEA's contribution agreement with the City of Jacksonville.

Mr. McElroy provided a handout to Board Members related to the status of JEA's agreement on the contribution to the City of Jacksonville. JEA's proposal includes a \$114 million floor, equal to the FY16 City contribution, which escalates at 1% per year through the five-year agreement. The proposed contribution formula is the greater of the floor or the millage calculation.

Mr. McElroy reviewed the expansion of sewer lines and the treatment of wastewater outside of the centralized city system. JEA is proposing to include a \$15 million total one-time contribution for water and sewer expansion and septic tank phase-out. The City will match this amount at \$3 million per year for a total of 5 years, for an additional \$15 million. These projects will continue to be governed by the Interagency Agreement held between JEA and the City of Jacksonville dated June 30, 2011. Mr. McElroy stated the City Council will take into consideration the requirements for sewer tie-in and the discontinuing of the expansion of septic tanks when centralized systems are available. Board Members held open discussions related to septic tank phase-outs. Mr. McElroy reviewed JEA's past project to reduce nitrogen and its effluent into the St. Johns River. Due to the success in reducing levels below permit requirements, JEA will share 33 tons of nitrogen reduction credits until 2023. Mr. McElroy shared the City of Jacksonville wishes for JEA to hold it harmless for any rate increases or charges for the duration of the Contribution Agreement. Various options are being considered, but this remains an open item.

Mr. McElroy provided an overview of the history related to the governing body for Collective Bargaining Unit labor agreements stating for the last 3-4 years, the JEA Board of Directors has been the governing body for Collective Bargaining Unit labor agreements. At the December 8, 2015 JEA Agreement Special Committee, Jason Gabriel, General Counsel, issued the opinion that City Council is the governing body for Collective Bargaining Unit labor agreements. Staff is currently reviewing processes and will keep the Board apprised. Mr. McElroy wished everyone Happy Holidays and thanked the Board for their contribution this year.

- B. Chair's Report – Chair Petway provided an overview of the Rating Agency presentations and stated he was very proud of everyone at JEA. Chair Petway announced that Mr. G. Alan Howard has been appointed by Mayor Curry to the JEA Board and will be a great addition to the Board. Mr. Petway introduced Jason Gabriel, General Counsel and offered time for comments. Mr. Gabriel had no additional comments, but stated he was available to answer questions. Chair Petway wished everyone Happy Holidays and announced the next Board Meeting will be held on January 19, 2016.

**Agenda Item V – Closing Considerations**

- A. Announcements – none  
B. Adjournment

*With no further business claiming the attention of the Board, Chair Petway adjourned the meeting at 1:09 PM.*

APPROVED BY:

  
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SECRETARY

DATE: 1-19-16

Board Meeting recorded by:

  
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Melissa M. Charleroy  
Executive Assistant