

JEA COMPENSATION COMMITTEE MINUTES
November 27, 2017

The Compensation Committee of JEA met on Monday, November 27, 2017, in the 8th Floor Conference Room, JEA Plaza Tower, 21 W. Church Street, Jacksonville, Florida.

Agenda Item I – Opening Considerations

- A. Call to Order – Committee Member Petway called the meeting to order at 11:46 AM with Committee Member Kelly Flanagan in attendance, as well as Board Chair Alan Howard in observance. Committee Chair Delores Kesler was absent and excused. Also present were Paul McElroy, Angie Hiers, Melissa Dykes, Mike Hightower, Jody Brooks and Gerri Boyce.
- B. Adoption of Agenda – The Agenda was adopted on **motion** by Mr. Petway and second by Ms. Flanagan.
- C. Approval of Minutes – The January 6, 2017 minutes were approved on **motion** by Mr. Petway and second by Board Chair Howard.

Agenda Item II – New Business

- A. Fiscal Year 2017 Pay for Performance Program – Angie Hiers, Chief Human Resources Officer, reminded the Committee that in November 2016, the Board approved the Pay for Performance Program for 2017, which included corporate-wide stretch goals for the company. Ms. Hiers stated such programs as this assist in attracting, motivating and retaining high caliber employees. Ms. Hiers added JEA’s program delivers an incentive when goals are achieved and O&M cost savings are realized to pay for the program. Ms. Hiers provided an overview of the FY17 final results for the following categories: Customer Satisfaction – JEA reached a new record performance level on the J.D. Power Residential Electric Customer Satisfaction survey in 2017. JEA’s customers’ overall satisfaction improved for the fifth consecutive year to a score of 747, the highest Overall Customer Satisfaction score since 2013. Customers scored JEA 44 points above the 2016 results. JEA also placed 1st Quartile for five of the six drivers of customer satisfaction. In the area of Safety, JEA achieved a final recordable incident rate of 2.01 for FY17, which did not meet the corporate safety goal for the fiscal year. In the area of Cost Control, JEA’s total O&M savings for FY2017 was \$17.5 million. Ms. Hiers added the total possible payout to employees under the Pay for Performance Plan as authorized by the Board was \$6.7 million, if all metrics were exceeded. Based on the performance results, the actual payout to employees is \$4.7 million, or 3.2% of the total base salaries as of October 1, 2017. Upon **motion** by Mr. Petway and second by Board Chair Howard, the Committee recognized the excellent performance by the JEA team and approved the payout amounts of the FY2017 Pay for Performance Program. This item will be presented to the full Board for approval at the November 28, 2017 meeting.
- B. Fiscal Year 2017 CEO Performance – Jody Brooks, Chief Legal Officer, stated the Board approved the CEO FY2017 goals at the November 2016 meeting and finalized the scoring at the January 17, 2017 meeting. With Board direction and feedback, a prescriptive CEO scorecard was developed and approved. The Committee was presented with a final scorecard including goals, performance metrics, objectives and results. Ms. Brooks highlighted that Key Stakeholders is the only subjective factor requiring approval. Mr. McElroy reminded the Committee that Ms. Brooks works with JEA, but is employed by the Office of General Counsel, and all financials included within the scorecard are provided by a JEA staff analyst. On **motion** by Mr. Petway and second by Board Chair Howard, the Committee held discussions regarding the Key Stakeholders metric. On **motion** by Ms. Flanagan and second by Mr. Petway, the Committee held discussions and

approved the subjective Key Stakeholders metric score of 2.14. On **motion** by Mr. Petway and second by Board Chair Howard, the Committee approved an overall CEO evaluation score of 10.69%. This item will be presented to the full Board for approval at the November 28, 2017 meeting.

- C. Fiscal Year 2018 and Beyond Employee Compensation Discussion – Angie Hiers, Chief Human Resources Officer provided a handout on the FY18 Pay for Performance metrics. Mr. McElroy reminded the Committee that this item is being presented for discussion and provided the Committee with options on how to proceed with the Pay for Performance Plan in the future. Committee Members held discussions about past practices and a potential revision to the policy laying out how this program is to be approved in the future. This item was presented for information only.
- D. Fiscal Year 2018 and Beyond CEO Contract Discussion – Jody Brooks, Chief Legal Officer, stated Mr. McElroy’s contract ends in September 2018. Ms. Brooks asked the Committee if they are prepared to review the discussion of revising Mr. McElroy’s contract to eliminate the Performance Compensation Incentive and include directly into his base salary. Committee Members held discussions regarding the CEO contract. Mr. McElroy suggested revising the incentive from a 15% opportunity to a 10% fixed with an additional 3% increase each year. This item was received for information.
- E. Fiscal Year 2018 CEO Goals – This agenda item was deferred to a later date.
- F. Announcements – The next meeting will be scheduled as appropriate.
- G. Adjournment – With no further business claiming the attention of this Committee, the meeting was adjourned at 1:28 PM.

APPROVED BY:

Kelly Flanagan, Committee Chair

Date: _____

Submitted by:

Melissa Charleroy
Executive Assistant