

JEA COMPENSATION COMMITTEE MINUTES  
November 8, 2016

The Compensation Committee of JEA met on Tuesday, November 8, 2016, in the 8<sup>th</sup> Floor Conference Room, JEA Plaza Tower, 21 W. Church Street, Jacksonville, Florida.

**Agenda Item I – Opening Considerations**

- A. Call to Order – Committee Chair Kesler called the meeting to order at 11:01 AM with Members Tom Petway and Kelly Flanagan in attendance. Also present were Paul McElroy, Angie Hiers, Melissa Dykes, Gerri Boyce and Jody Brooks.
- B. Adoption of Agenda – The Agenda was adopted on **motion** by Mr. Petway and second by Ms. Flanagan.
- C. Approval of Minutes – The February 10, 2016 minutes were approved on **motion** by Mr. Petway and second by Ms. Flanagan.

**Agenda Item II – New Business**

- A. Fiscal Year 2016 Pay for Performance Program – Angie Hiers, Chief Human Resources Officer – Ms. Hiers reminded the Board that in January 2016, the Board approved the Pay for Performance Program for FY2016. Ms. Hiers stated programs such as this assist in attracting, motivating, and retaining high caliber employees. In FY2016, 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 FY2016 for the Electric and Wastewater, but fell slightly short in the Water system. JEA had phenomenal results in the J. D. Power Business Survey, but this year's goal was focused on Residential and while JEA improved in all drivers, the aggressive goals were not met. JEA fell short of the safety goal, with a Recordable Incident Rate (RIR) of 1.82. The goal of 1.2 Recordable Incident Rate (RIR) is an aggressive goal, which is well above the industry performance. Ms. Hiers stated that the FY2016 expense savings was \$22.5 million. The estimated payout given performance is \$3.1 million, which is 2.2% of salaries. Upon **motion** by Ms. Flanagan and second by Mr. Petway, the Committee recognized the excellent performance by the JEA team and approved the payout amounts for the FY2016 Pay for Performance Program. This item will be presented to the full Board for approval at the November 15, 2016 Board Meeting.
- B. Fiscal Year 2017 Pay for Performance Plan – Angie Hiers, Chief Human Resources Officer – Ms. Hiers provided the Board with an overview of the FY2017 Pay for Performance Plan. This plan recommends JEA continue 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 FY2017 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 Ms. Flanagan and second by Mr. Petway, the Committee approved the Pay for Performance Program for FY2017 using the metrics of Customer Satisfaction, Safety, Cost Control, with recommendations for Safety and Cost Metrics goal presentations. This item will be presented to the full Board for approval at the November 15, 2016 Board Meeting.

- C. Fiscal Year 2016 CEO Performance – Paul McElroy, Managing Director/CEO, provided a self-evaluation (9.63%) and reviewed the factors that were included. Jody Brooks, Legal Affairs Officer, advised the Committee that the Board has latitude with the amount of incentive up to the cap of 15%. Upon **motion** by Mr. Petway and second by Ms. Flanagan, the Committee held discussions and approved a 12.63% incentive pay for the CEO. This item will be presented to the full Board at the November 15, 2016 for approval.
- D. Fiscal Year 2017 CEO Goals – Paul McElroy, Managing Director/CEO presented the CEO goals for FY17. A Sewer Resiliency Plan will replace the Electric System revenue stabilization plan for this fiscal year. Upon **motion** by Mr. Petway and second by Ms. Flanagan, the Committee approved the CEO goals for FY2017, without the weighted values. It is their recommendation that these be reviewed and added at a later date. This item will be presented to the full Board at the November 15, 2016 Board Meeting for approval.
- E. Pension Discussion – Paul McElroy, Managing Director/CEO, indicated to the Committee that JEA management has meetings scheduled with most, if not all, of the bargaining units over the next 7-10 business days. JEA will use the same framework as the city. Current employees will retain all benefits, with a 2% additional self contribution. In addition, there will be a proposal that all new employees be enrolled in a direct contribution plan, with an 8% contribution from the employees and a 10% contribution from JEA. In the new plan, employees would be vested after 5 years and the plan will be mobile.
- F. Announcements – The next meeting will be scheduled to work on weighting for the CEO FY17 goals.
- G. Adjournment – With no further business claiming the attention of this Committee, the meeting was adjourned at 12:47 PM.

APPROVED BY:

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Delores Kesler, Committee Chair

Date: \_\_\_\_\_

Submitted by:

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Cheryl Mock  
Executive Assistant