



COMPENSATION COMMITTEE AGENDA

DATE: January 15, 2019
TIME: 9:00 AM
PLACE: 21 W. Church Street
8th Floor

	Responsible Person	Action (A) Info (I)	Total Time
I. OPENING CONSIDERATIONS	Camille Johnson		
A. Call to Order			
B. Adoption of Agenda		A	
C. Approval of Minutes – May 14, 2018	Cheryl Mock	A	
II. NEW BUSINESS			
A. Introduction	Aaron F. Zahn		10 mins.
B. JEA Total Compensation Philosophy	Aaron F. Zahn	I	20 mins.
C. 5-to-5 Innovation Program	Melissa Dykes / Angie Hiers	I	20 mins.
D. Executive Contract	Camille Lee-Johnson	I	10 mins.
E. Other New Business			
F. Announcements			
1. Schedule Next Meeting As Appropriate			
F. Adjournment			



Total Market Compensation Strategy

January 2018



COMMITMENT TO
RESULTS & VALUE



Company Culture and Strategy Driven by Good Well Aligned "Total Compensation Program"

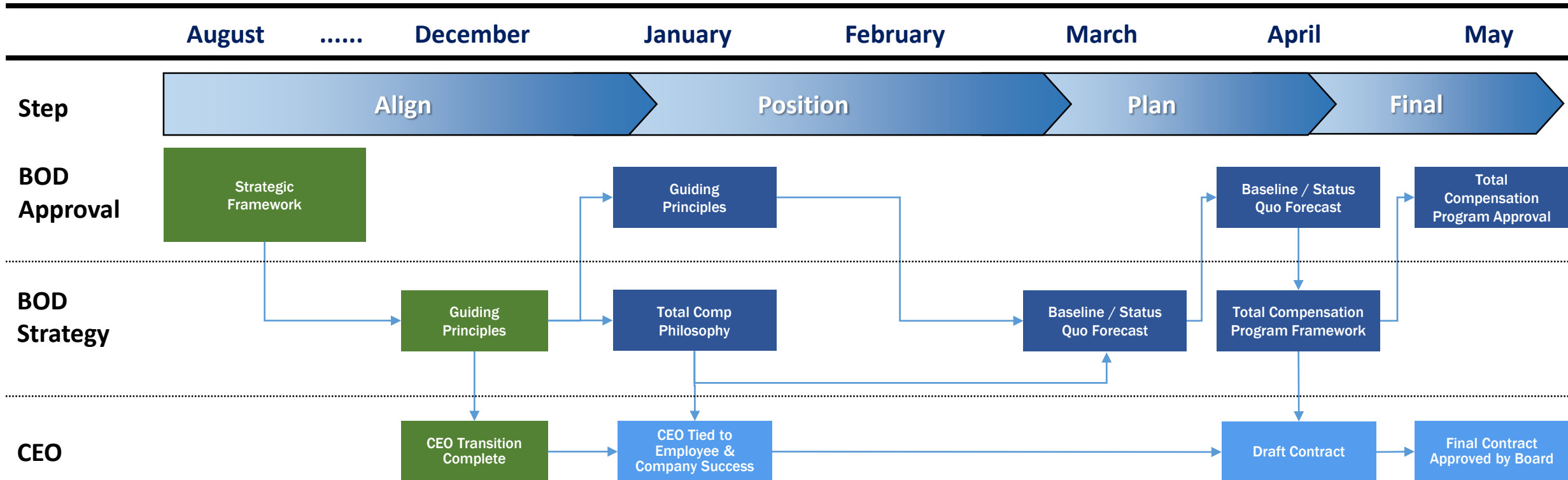


LEADING BY EXAMPLE



ALIGNING TO RESULTS & VALUE

- Board wants all employee compensation to be aligned with: 1) Total Compensation Philosophy; and 2) driving Results vs. Baseline
- Board to agree on TC Philosophy and Baseline before finalizing Total Compensation Program for all employees

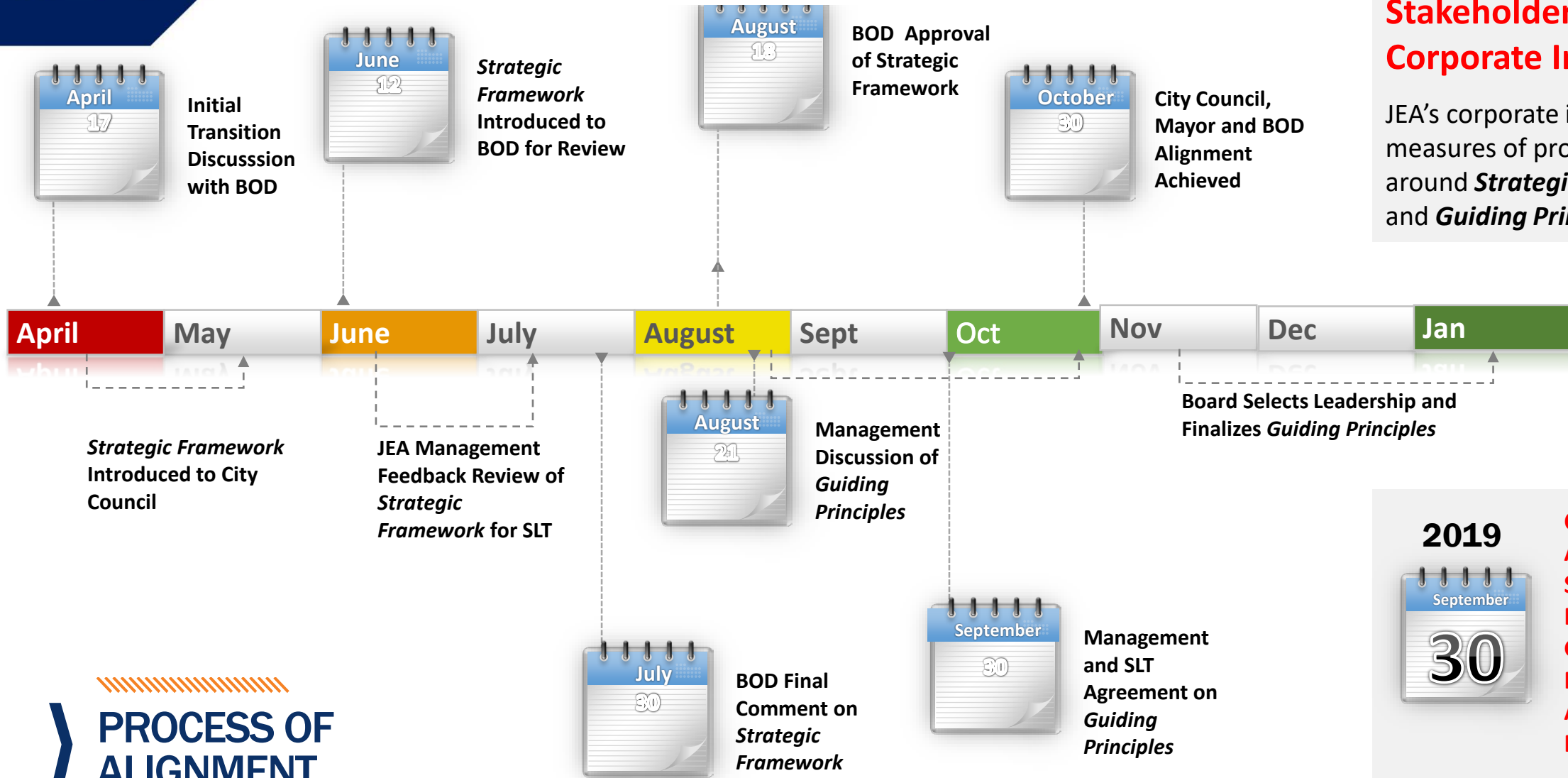




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TOTAL COMPENSATION PHILOSOPHY

“Guiding Principles” More Than Talk



Result: Alignment of Stakeholders to JEA Corporate Initiatives

JEA's corporate initiatives and measures of progress aligned around *Strategic Framework* and *Guiding Principles*

2019



COMPLETE ALIGNMENT OF STRATEGIC FRAMEWORK, GUIDING PRINCIPLES AND STRATEGIC PLAN

PROCESS OF ALIGNMENT



GUIDING PRINCIPLES

ACCELERATING UTILITY INNOVATION

Vision

Why we exist and who we want to be in the future

Improve lives by accelerating innovation

Mission

How we are going to pursue our vision and what we need to do today to get there

Provide the best service by becoming the center of our customers' energy and water experience

Corporate Measures

Our mission will be guided by and evaluated against how we as employees drive these four basic Corporate Measures of JEA's value

The fundamental goal is to maximize each value both now and in the future:

1) Customer value

What a customer expects to get in exchange for the price they pay

2) Financial value

The monetary value and risk profile, both today and tomorrow, of JEA as it relates to the City

3) Community impact value

Improving the quality of life through innovative and cost-effective service offerings, employee volunteerism and ambassadorship, relevant and timely communications, and support of economic development and job growth throughout JEA's service territory; foster a collaborative and respectful corporate culture that provides exceptional employee value to equip the JEA team to deliver outstanding service and value to its community

4) Environmental value

Ensuring a sustainable environment for future generations

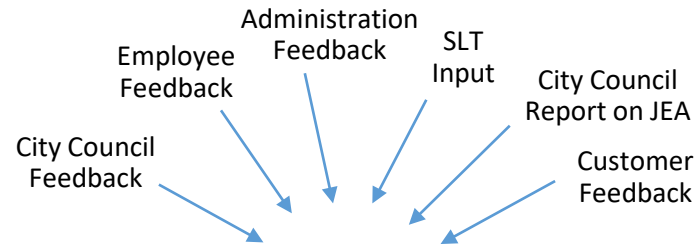
Core Competencies

The things we need to be exceptionally and uniquely good at in order to yield better and better results of our Corporate Measures which drive our Mission to demonstrate our Vision

- Deliver an unparalleled positive customer experience
- Work together to elevate the entire team
- Innovate and evolve to match our customer's needs with market trends

STAKEHOLDER ALIGNMENT

Alignment logic of **Strategic Framework** and **Guiding Principles** through day-to-day actions of employees



Strategic Framework

Guiding Principles

Result (Metrics)

Corporate Goals

Action

Result (Metrics)

Supporting metrics

SLT Goals

Action

Result (Metrics)

Supporting metrics

Director Goals

Action

Result (Metrics)

Supporting metrics

Team Goals

Action

Result (Metrics)

Employee behavior tied to driving metrics that measure the 4 values outlined in the Guiding Principles:

- 1) Customer
- 2) Financial
- 3) Environmental
- 4) Community impact

See Dashboard & supporting metrics

Employees aligned to Board and COJ



Corporate Measures

Our mission will be guided by and evaluated against how we as employees drive these four basic Corporate Measures of JEA's value

The fundamental goal is to maximize each value both now and in the future:

- 1) Customer Value**
- 2) Financial Value**
- 3) Environmental Value**
- 4) Community Impact Value**

Employee behavior key to maximizing value



GUIDING PRINCIPLES

ACCELERATING UTILITY INNOVATION

Core Competencies

The things we need to be exceptionally and uniquely good at in order to yield better and better results of our Corporate Measures which drive our Mission to demonstrate our Vision



Work together to elevate the entire team

Core competencies accelerate results



ELEVATE THE ENTIRE TEAM

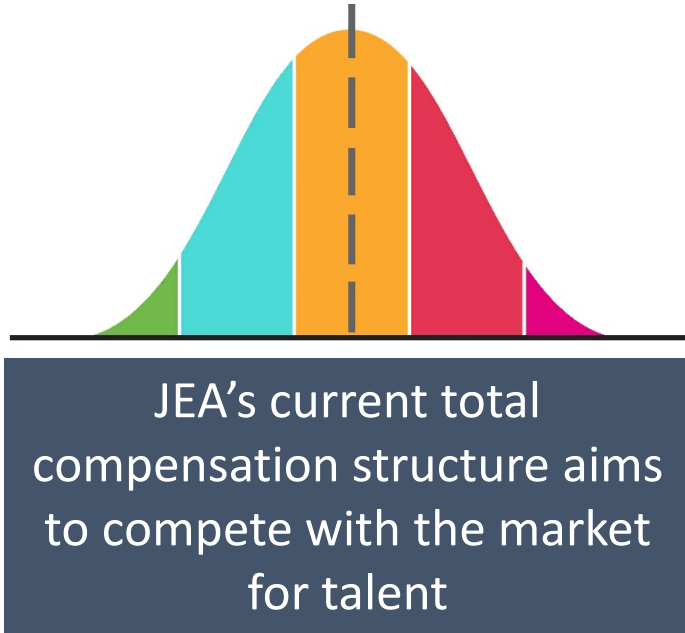
1. Ensure JEA's corporate compensation philosophy is aligned with JEA's Guiding Principles
2. Encourage long-term culture of value creation
3. Establish formal compensation policy to align behavior to 4 Corporate Measures of Value and market based compensation
4. Ensure policy promotes collaboration to drive Vision and Mission

Employee incentives should drive “value” & “teamwork”

JEA Board Policy Manual

(Policy 2.7 adopted by JEA Board on June 17, 2014)

50th %



“With respect to employment, compensation, and benefits to employees, consultants, contract workers and volunteers, the CEO shall not cause or allow jeopardy to financial integrity or to public image. Accordingly, the CEO will not:

Promote a compensation philosophy that is contradictory to JEA’s philosophy of providing a total rewards package that encompasses salary/wages, retirement benefits, incentives and health and welfare benefits.

Salary/wages will meet the market (50% percentile), which is where the majority of companies in the geographical area reside. The 50th percentile pays competitively for behavior that meets expectations. Additional consideration will be given to behaviors that exceeds expectations which are typically rewarded at the 75th percentile. Internal equity will be achieved by evaluating differences in skill, effort, responsibility and working conditions among jobs.”

HOW DO WE DEFINE TOTAL COMPENSATION?

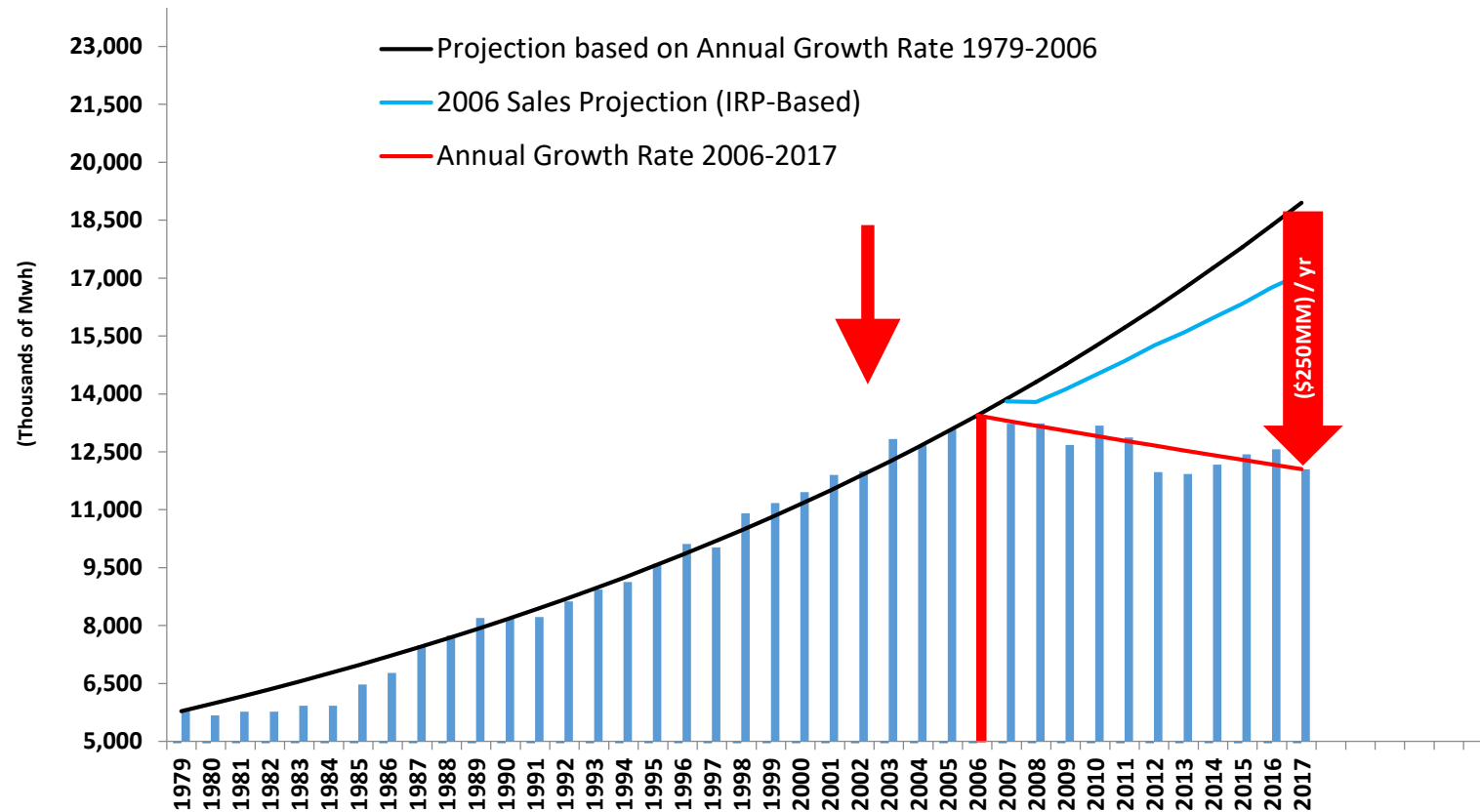
	BASE	+	SHORT TERM INCENTIVE	+	LONG TERM INCENTIVE
JEA	\$132.8		\$5.2		\$0.0
50% Percentile	\$124.9		\$10.5		\$5.5
DELTA ▲	\$7.9		(\$5.3)		(\$5.5)

Above numbers exclude healthcare and retirement

Dollars above are in millions

JEA's total compensation structure does not reward value creation

2007 to 2017 JEA lost Avg. of \$130 MM / yr in FCF (\$1.4B of cash) vs IRP Case



Industry Macro Trends Impacting JEA

Energy Efficiency (2000's tech trend)

- Mandates account for >90% of reduction in electric sales
- 30% lower sales in 2017 than forecasted back in 2006

Distributed Generation (2010's tech trend)

- Solar growth increasing in JEA territory 67% CAGR since FY 14
- >\$2.5MM of Net Income lost to distributed generation annually

Distributed Storage & iDER (2020's tech trend)

- Similar cost / performance trends to distributed generation being witnessed
- Storage will change the entire energy sector once cost parity with utility achieved

WHY FOCUS AND COMPENSATION
ALIGNMENT MATTERS

RECOMMENDED: JEA Board Policy Manual

(Revision to Policy 2.7 adopted by JEA Board on June 17, 2014)

“With respect to employment, compensation, and benefits to employees, consultants, ~~and~~ contract workers ~~and volunteers~~, the CEO shall ~~not cause or allow jeopardy to financial integrity or to public image. Accordingly, the CEO will not:~~ Promote a compensation philosophy ~~providing a total rewards package~~ that encompasses salary/wages, retirement benefits, incentives and health and welfare benefits ~~that align with and drive JEA’s Corporate Measures of value: 1) Customer; 2) Financial; 3) Environmental; and 4) Community Impact.~~

~~Total compensation Salary/wages~~ will meet the market (50% percentile), which is where the majority of companies in the ~~industry and~~ geographical area reside. ~~Total compensation will include Base Salary, Short Term Incentives and Long Term Incentives.~~ The 50th percentile pays competitively for behavior that meets expectations. ~~Short term and long term incentives will align to and drive JEA’s Corporate Measures of Value.~~ Internal equity will be achieved by evaluating differences in skill, effort, responsibility and working conditions among jobs.”

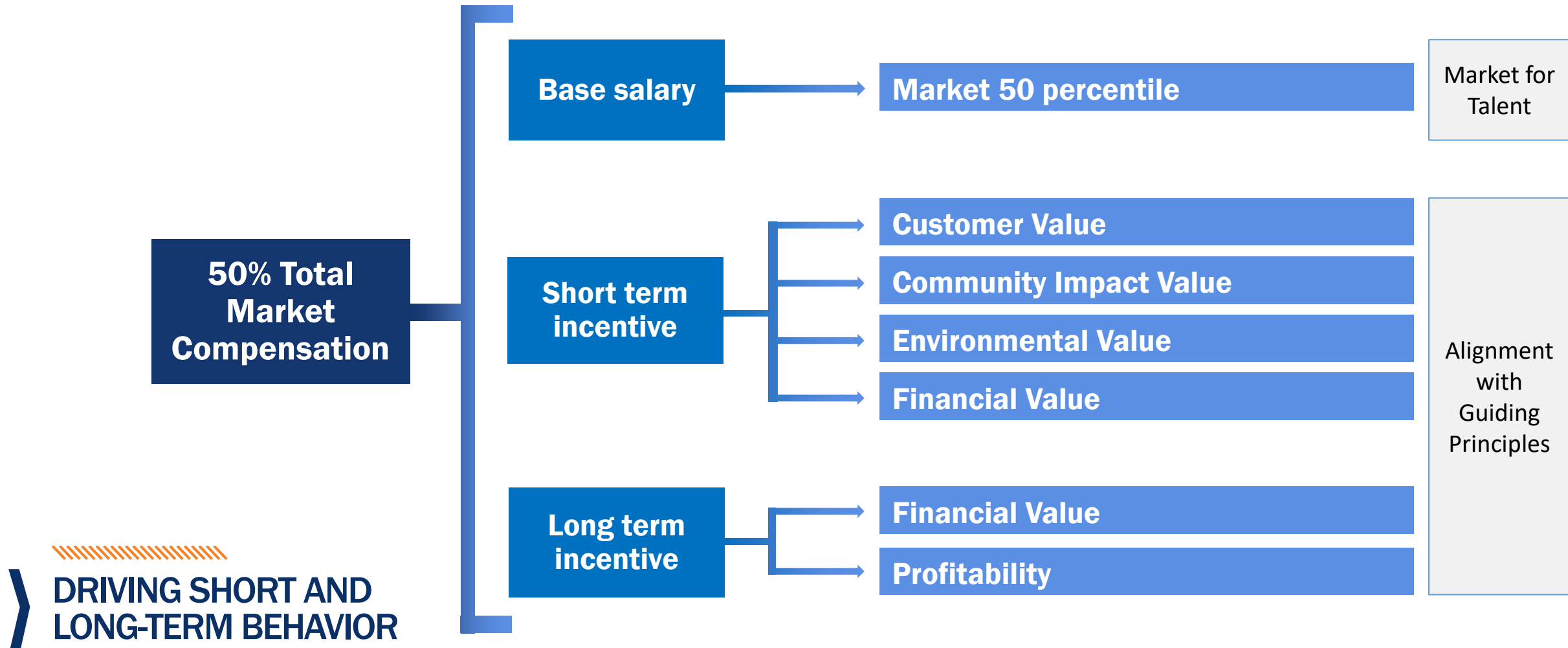
50th %



JEA’s total compensation structure should both compete with the market for talent & drive results aligned with “guiding principles”

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JEA’S COMPENSATION
PHILOSOPHY

Establish a Formal Compensation Policy to Align with: 1) Talent Market and 2) Guiding Principles





Cultural Values

Safety

Service

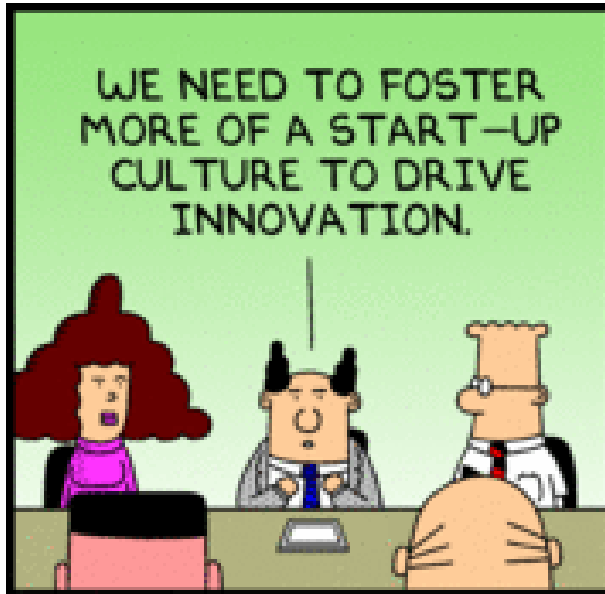
Growth²

Accountability

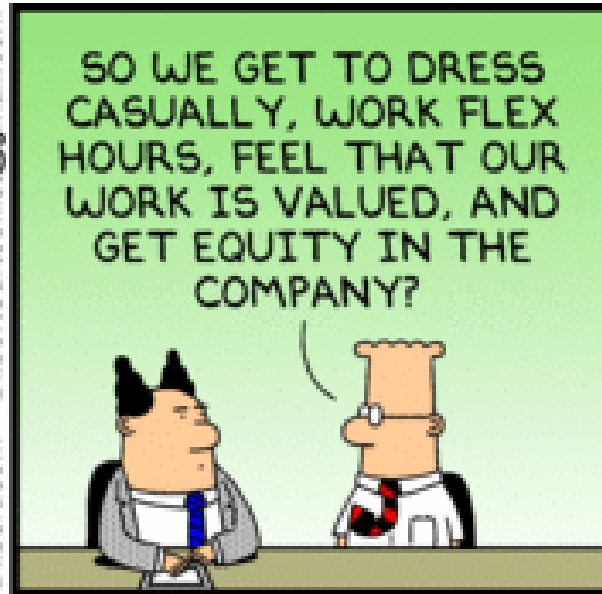
Integrity

Ideas





Dilbert.com DilbertCartoonist@gmail.com

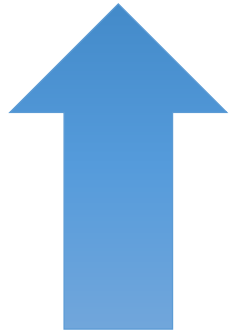


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Driving Toward Success

Willing to take appropriate and calculated risks and fail from time to time in order to achieve extraordinary results



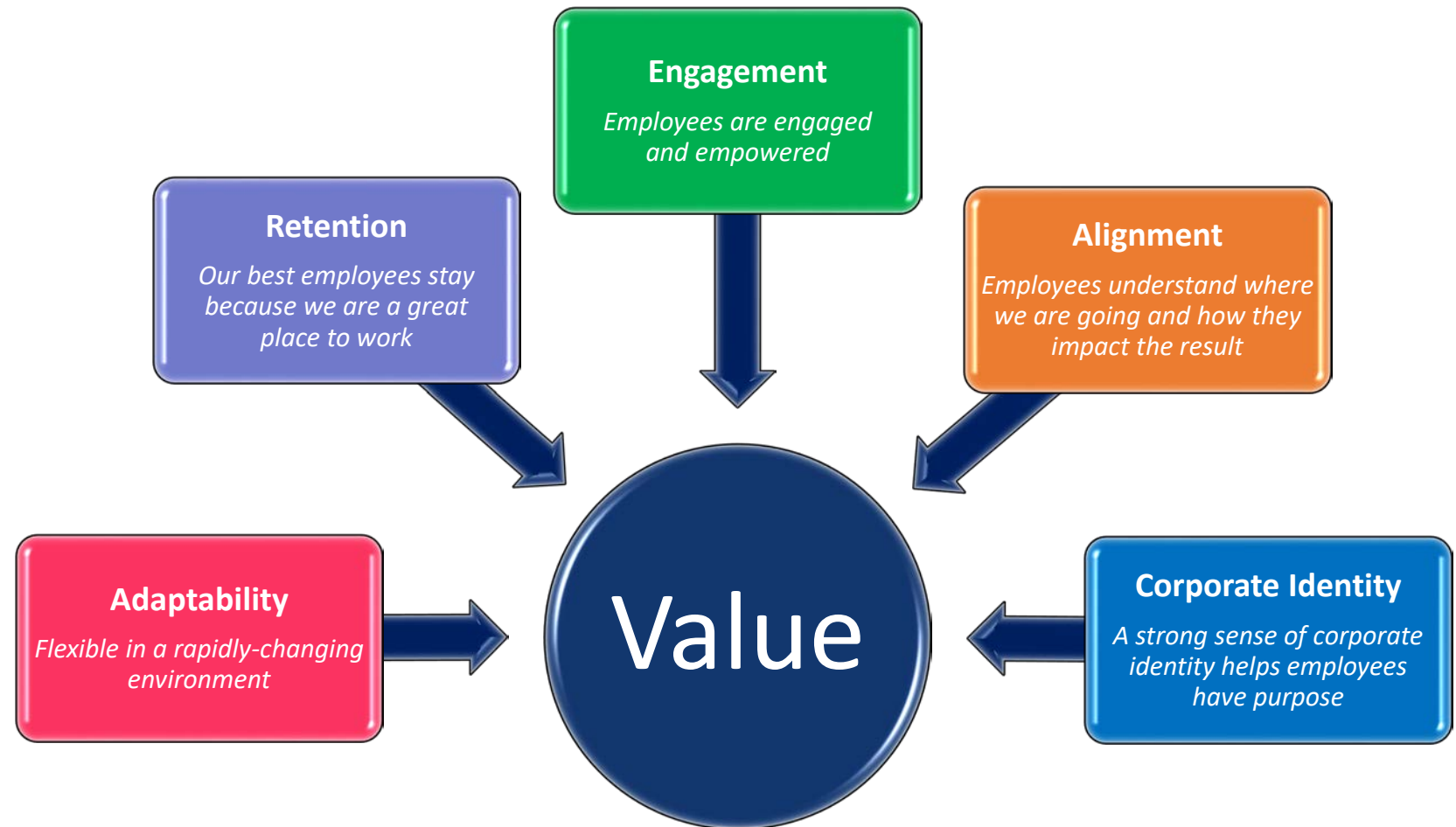
Working Not to Fail

Culture and individuals motivated by risk aversion striving not to fail rather than to succeed


**WHERE ARE WE
GOING?**

Vision: Improve lives by accelerating innovation

Mission: Provide the best service by becoming the center of our customer's energy and water experience





INTRODUCING THE 5 to 5 Innovation Incentive Program

- 5 to 5 is about culture
- Purpose of the **5 to 5 Innovation Incentive Program** is to encourage and reward employees for developing and submitting innovative *ideas* (*Ideas* being one of JEA's core values) that benefit JEA and our community.
- Employees who submit an *idea* that is implemented will be eligible for incentives ranging between **\$500 to \$5,000** depending on the scope, cost savings, and/or revenue generation associated with the submitted *idea* and corresponding results.
- *Ideas* will align with JEA's corporate measures:
 - *Customer Value*
 - *Financial Value*
 - *Environmental Value*
 - *Community Impact Value*

**EMPLOYMENT AGREEMENT
FOR ~~INTERIM~~ MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER**

THIS EMPLOYMENT AGREEMENT (the “Agreement”) is made and entered into in duplicate this ~~15th~~ day of ~~May-January 2018~~ 2019, by and between JEA, a body politic and corporate under the laws of the State of Florida and an independent agency of the Consolidated City of Jacksonville, hereinafter referred to as JEA (“JEA” or “Employer”), and Aaron F. Zahn, an individual currently residing in Neptune Beach, Florida, hereinafter referred to as Employee or ~~Interim~~ Managing Director & CEO.

WITNESSETH:

WHEREAS, JEA is a community-owned, not-for-profit utility providing electricity to more than 458,000 customers in Jacksonville and the surrounding areas in northeastern Florida;

WHEREAS, JEA, founded in 1968, manages an electric system that dates back to 1895, and now owns and operates an electric system with five generating plants, transmission and distribution facilities, including 745 miles of transmission lines and 6,625 miles of distribution lines; is part owner and full operator of a sixth generating plant; produces energy from two methane-fueled generating facilities and owns a 12.6-megawatt solar project placing JEA’s total generating capacity at approximately 3,757 megawatts;

WHEREAS, JEA also provides water and wastewater services to approximately 341,000 water customers, 9,000 reuse water customers and 264,000 wastewater customers;

WHEREAS, JEA’s water system consists of 136 artesian wells tapping the Floridian aquifer, distributing water through 37 water treatment plants and 4,352 miles of water lines and with a sewer system of more than 3,760 miles of collection lines and seven regional and seven non-regional sewer treatment plants;

WHEREAS, JEA owns and operates the District Energy System a separate utility system that provides chilled water to 13 locations in Jacksonville;

WHEREAS, the JEA governing body is made up of a seven-member Board of Directors (“Board”) appointed by the Mayor and confirmed by the City Council;

WHEREAS, the Board is tasked with appointing a Managing Director & CEO to operate the eighth largest community-owned electric utility company in the United States and the largest in Florida, with total assets of \$8.7 billion (2017), total equity of \$2.6 billion (2017), and approximately 2000 employees (2017);

WHEREAS, ~~the former CEO/Managing Director resigned on April 8, 2018 and the Board JEA is in the process of approved a framework for measuring JEA’s value going forward (the “Strategic Framework”) on August 21, 2018 and recruiting and filling the appointed Employee the permanent position~~ Managing Director & CEO on November 27, 2018;

~~WHEREAS, the Board, but will~~ needs time to complete design of a companywide total compensation plan aligned with and to drive the measures set forth in the Strategic Frameworkthe recruitment;

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WHEREAS, JEA is desirous of employing Employee as ~~Interim~~ Managing Director & Chief Executive Officer pursuant to the terms and conditions and for the consideration set forth in this Agreement, and Employee is desirous of entering into the employ of JEA pursuant to such terms and conditions and for consideration.

NOW, THEREFORE, for and in consideration of the mutual promises, covenants, and obligations contained herein, JEA and Employee agree as follows:

SECTION I – EMPLOYMENT AND DUTIES:

- 1.1 **Engagement.** JEA agrees to employ Employee and Employee agrees to be employed by JEA, beginning as of ~~April 17~~November 27, 2018 (“Effective Date”), and terminating, unless earlier terminated in accordance with this Agreement, as of ~~April June 30~~July 31, 2019 (“Term”), subject to the terms and conditions of this Agreement.
- 1.2 **Terms and Duties.** Employee shall be employed as ~~Interim~~ Managing Director and Chief Executive Officer of JEA (hereinafter collectively “~~Interim~~ Managing Director & CEO”). Employee agrees to serve in this position and to perform diligently Employee’s duties and services with the dedication and in manner of similarly situated executives and as required by such a position as determined by the JEA Board, as well as such duties that may from time to time be directed by the Board. Such duties include, but are not limited to, exercising the full authority, responsibility and duties commensurate with the laws establishing JEA to manage the affairs of JEA and to manage and direct staff, business, and operations of JEA.
- 1.3 **Compliance with Policies and Procedures.** Employee shall at all times comply with and be subject to such policies and procedures as the Board may establish.
- 1.4 **Diligence to Position.** Employee shall devote full business time, energy, and best efforts to the business of Employer with the dedication and in the manner of similarly situated executives; provided, however, that it is agreed that this obligation, shall not preclude Employee from engaging in appropriate civic, charitable or religious activities or, with the consent of the Board, from serving on the boards of directors of companies that are not competitors to JEA, as long as the activities do not materially interfere or conflict with Employee’s responsibilities to or Employee’s ability to perform your duties of employment at JEA, within the sole discretion of the Board. Subject to the foregoing, Employee may not engage, directly or indirectly, in any other business, investment, or activity that interferes with Employee’s performance of his duties, is directly contrary to JEA’s interests, or requires any significant portion of Employee’s business time. Employee’s authority, responsibilities and duties are generally described in the Position Profile for Managing Director and Chief Executive Officer which may be amended from time to time and which is attached hereto as Exhibit A and by reference made a part hereof; provided, however, that Employee may own less than two percent (2%) of the voting stock of a corporation listed for trading or traded over the counter on a recognized stock exchange in the United States.

- 1.5 **Fiduciary Obligations.** Employee acknowledges and agrees that during the Term, Employee owes a fiduciary duty of loyalty, fidelity, and allegiance to act at all times in the best interests of JEA, and to do no act which would intentionally injure the direct or indirect interests of JEA, or benefit from any outside activities, which interests might conflict with JEA, or upon discovery thereof, allow such a conflict to continue. Moreover, Employee agrees to disclose to JEA, any facts which might involve a possible conflict of interest during the Term.

SECTION II – COMPENSATION AND BENEFITS:

- 2.1 **Annual Compensation.** Employee shall be paid a salary of Three Hundred Thirty Thousand Dollars Zero Cents (\$330,000.00) per annum (the “Annual Base Salary”), which shall be paid in accordance with JEA’s standard payroll practice, including deductions for all legally applicable taxes and withholdings, with accrual commencing ~~April 17~~ November 27, 2018. JEA shall, not less than annually, conduct a performance review of Employee, including a review of Employee’s Annual Base Salary and shall discuss the results of such review with Employee. Employee shall be eligible to participate in the JEA Pay for Performance Program established pursuant to the Board Policy Manual for the Fiscal Year 2018/19 and for applicable Pay for Performance Programs established thereafter during the Term of this Agreement. ~~The Board may, at its sole and absolute discretion, provide Employee the opportunity to participate in the JEA Pay for Performance Program established pursuant to the Board Policy Manual for the Fiscal Year 2017/18 and for applicable Pay for Performance Programs established thereafter during the Term of this Agreement.~~
- 2.2 **Vehicle.** Employee will have the use of an appropriately equipped JEA vehicle at the expense of JEA to supplement Employee’s personal vehicle. In lieu of having use of a JEA vehicle, Employee may, at Employee’s option, be provided a monthly automobile allowance of \$850, payable on the first bi-weekly pay period of each month subject to withholding. It is specifically intended and understood that this allowance shall be provided for unreimbursed expenses incurred by the Employee within the territorial limits of the JEA service territory and receipt of this allowance shall not prevent the Employee from claiming and being reimbursed for travel expenses resulting from travel by him outside the JEA service territory in the manner provided by the Ordinance Code the City of Jacksonville.
- 2.3 **Business Allowance.** Employee will be provided a monthly allowance in the amount of \$2,000 for general business expenses incurred in Employee’s efforts to promote and represent JEA beyond those identified in JEA employee policies. The business allowance shall be payable on the first bi-weekly pay period of each month, subject to withholding. Employee may expend the monthly allowance in such a manner, and in Employee’s sole discretion, as supports Employee’s ability to perform Employee’s function for JEA.
- 2.4 **Expenses.** Notwithstanding anything herein to the contrary, JEA shall reimburse Employee for telephone, travel, continuing education, and general business expenses incurred by Employee in accordance with JEA policies and procedures.

- 2.5 **Annual Leave.** Employee will be provided annual leave (“Leave”) in accordance with JEA’s existing policies and procedures. Without limiting the generality of the foregoing, 64 hours of such Leave shall fully accrue on the Effective Date.
- 2.6 **Fringe Benefits.** Employee shall be allowed to participate, on the same basis generally as other employees of JEA, in all general employee benefit plans and programs, including improvements or modifications of same, which on the effective date or thereafter are made available by JEA to all or substantially all of JEA’s executive employees. Such benefits, plans, and programs may include, without limitation, medical, health, and dental care, life insurance, disability protection, and the pension plans including JEA’s Supplemental Executive Retirement Plan including any amendments thereto. Except as specifically provided herein, nothing in this Agreement is to be construed or interpreted to provide greater or lesser rights, participation, coverage, or benefits under the benefit plans or programs than provided to executive employees pursuant to the terms and conditions of such benefit plans and programs. JEA shall not by reason of this Section II be obligated to institute, maintain, or refrain from changing, amending, or discontinuing, any incentive compensation or employee benefit program or plan, so long as such actions are similarly applicable to covered employees generally.

SECTION III – TERMINATION AND EXTENSION:

- 3.1 **Termination.** Employee’s employment with JEA shall be terminated (i) on ~~April 30~~July 31, 2019 unless earlier terminated or extended pursuant to this Section III and unless otherwise modified by mutual agreement between Employer and Employee, (ii) upon Employee’s death or resignation, (iii) upon Employee’s Disability, (iv) by either party, without cause, upon 30 days advance notice to the other party, or (v) immediately for cause as defined herein in Section 3.1.2.
- 3.1.1 If Employee’s employment is terminated with or without cause, all future compensation to which Employee is otherwise entitled and all future benefits for which Employee is eligible shall cease and terminate as of the date of termination, except as specifically provided in this Section 3.1.1 or as provided by law. Upon (i) termination by JEA without cause, or (ii) termination by Employee for Good Reason, then (a) JEA shall pay Employee a lump sum payment equal to twenty (20) weeks of the current Annual Base Salary, less applicable taxes and deductions, and (b) Employee shall be entitled to, and JEA shall cover the cost of, Employee’s continued participation in all employee benefit plans or programs in which Employee was participating on the date of termination for a period of 20 weeks following the end of the month in which the termination occurs.
- 3.1.2 No severance shall be due to Employee if Employee terminates his employment without cause, dies or becomes Disabled, or if Employee’s employment is terminated by JEA for cause. For purposes of this Agreement, termination for “cause” shall include: (i) willful breach of material duties, obligations and policies of JEA which Employee fails to cure within ten (10) days after written notice from JEA identifying such breach; (ii) gross negligence or gross neglect of duties and obligations required in performance of Employee’s duties; or willful misconduct, (iii) continued violation of written rules and policies of the Board after written notice of same and reasonable opportunity to cure; (iv) conviction of any criminal act which is a felony; (v) commission in a public or private

capacity of theft, fraud, misappropriation of embezzlement of funds; or (vi) misconduct as defined in F.S. 443.036(29). Notwithstanding anything in this Agreement to the contrary, if Employee resigns his employment after a diminishment in Employee's role, responsibilities, compensation, benefits and/or title, Employee shall remain entitled to compensation as provided under Section 3.1.1. For purposes of the Agreement, termination "without cause" means any termination not explicitly defined as a termination for cause pursuant to this Agreement.

3.1.3 A termination of employment by Employee for Good Reason shall be effectuated by giving JEA written notice ("Notice of Termination for Good Reason") of the termination within 30 days after the event constituting Good Reason, setting forth in reasonable detail the specific conduct that constitutes Good Reason and the specific provisions of this Agreement on which Employee relies. JEA shall have 30 days from the receipt of such notice within which to (i) deny that an event of Good Reason has occurred, or (ii) correct, rescind or otherwise substantially reverse the occurrence supporting termination for Good Reason as identified by Employee. If JEA does not deny that an event of Good Reason has occurred and such event has not been cured within such 30-day period, the termination of employment by Employee for Good Reason shall be effective as of the expiration of such 30-day period. If the event of Good Reason is cured within such 30-day period, the Notice of Termination for Good Reason shall have no effect.

3.1.4 For purposes of this Agreement, "Good Reason" shall mean a material diminution in Employee's responsibilities, compensation, benefits and/or title without Employee's consent. For purposes of this Agreement, the term "Disability" shall mean: if JEA provides long-term disability insurance to its employees generally, the term "Disability" shall have the meaning set forth in such plan regarding eligibility for long-term disability insurance; otherwise, the term "Disability" means a physical or mental incapacity as a result of which Employee becomes unable to continue to perform Employee's essential job functions, with or without reasonable accommodation, for four (4) consecutive months.

3.2 **Extension and Amendment.** This Agreement may only be amended and / or modified by action of the Board along with Employee's concurrence, with the legal formalities accompanying the execution of this Agreement. ~~The Board Chairman shall notify Employee of an intent to bring a request to the Employee and the Board to extend this Agreement. Such notification need not include terms, and need not be in writing. Unless earlier terminated in accordance with the terms hereof, the term of this Agreement will be automatically extended for successive one-year periods, on the same terms and conditions as in effect immediately prior to the then-current expiration date, unless either party gives the other notice of non-extension at least three months before the then-current expiration date~~

~~3.3 **Transition.** If JEA hires a permanent CEO/Managing Director prior to April 30, 2019, the Employee shall be deemed terminated without cause.~~

SECTION IV – MISCELLANEOUS:

- 4.1 **Eligibility to Work in the United States.** Employee has provided previously to JEA the appropriate documentation to verify Employee's authorization to work in the United States.
- 4.2 **Governing Law; Binding Effect; Amendment.** This Agreement shall be interpreted and enforced in accordance with the laws of the State of Florida, with venue to lie in Duval County, and shall be binding on JEA's successors and assigns. No amendment or modification shall be effective unless in writing by the parties, including the approval by the Board.
- 4.3 **Savings Clause.** Employee's present benefits and rights are preserved, including but not limited to accrued service credits, accrued leave, and accrued incentive compensation carried forward in accordance with existing policies and procedures.
- 4.4 **Public Records and Open Meetings (Sunshine) Requirements.** Employee will become familiar, with the assistance of JEA's staff and JEA's legal counsel, with the unique obligations and parameters of the State of Florida's public records and sunshine act laws, in order that JEA maintain its record of compliance with such laws.
- 4.5 **Legal Counsel.** Employee shall be entitled to legal counsel from or approved by the Office of General Counsel, paid for by JEA in a prompt and current manner as provided in Section 111.07, Florida Statutes, as necessary if Employee is a defendant participant in a lawsuit against the JEA for actions that occurred during period of employment with JEA, excepting where a court has adjudicated Employee as having committed intentional tort or torts.
- 4.6 **Indemnification.** Pursuant to Section 768.28(9)(a), Florida Statutes, Employee is not personally liable in any action for any injury or damage suffered as a result of any act, event, or omission of action in the scope of her or his employment or function. JEA hereby agrees to indemnify, defend and hold Employee harmless from any and all claims arising out of the exercise of Employee's duties and responsibilities to JEA with respect to acts entitled to indemnification pursuant to Section 768.28(9)(a), Florida Statutes. Employee shall be entitled to the benefits and protections of this Section 4.6 notwithstanding (i) any provision in this Agreement to the contrary, (ii) termination of Employee for cause (unless such claim for indemnification arises out of the same facts giving rise to the termination for cause) or without cause, or (iii) the termination of this Agreement.
- 4.7 **Authority.** The person executing and delivering this Agreement on behalf of JEA is an authorized officer, director or agent of JEA with full power and authority to bind JEA. Upon execution and delivery of this Agreement by JEA, this Agreement shall constitute the legal, valid and binding obligation of JEA.
- 4.8 **Entire Agreement.** This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof. This Agreement supersedes all prior agreements and understandings, both oral and written, between the parties with respect to the subject matter of this Agreement.

SIGNATURES APPEAR ON THE FOLLOWING PAGE

IN WITNESS WHEREOF, the parties hereto have duly executed this Employment Agreement on the day and year above first written.

ATTEST:

JEA

G. Alan Howard, Chairman

Date: _____

WITNESSES:

Aaron F. Zahn, Employee

Date: _____

I hereby certify that the expenditure contemplated by the foregoing Agreement has been duly authorized, and provision has been made for the payment of the moneys provided therein to be paid in respect of Fiscal Year 2017/2018.

|
Financial Officer

Ryan ~~Wannemaker~~ Wannemacher, ~~Interim~~ Chief

|
Approved:

Jody Brooks, Chief Legal Officer

**Exhibit A –
Position Profile for Managing Director and Chief Executive Officer**

Vision, Strategy, Organization and Culture

- to lead, in conjunction with the Board, the development of the Company's strategy that outlines the long term role of JEA in the Jacksonville metro area and the state;
- to lead and oversee the implementation of the Company's long and short term plans in accordance with its strategy;
- to ensure the Company is appropriately organized and staffed and to have the authority to hire and terminate staff as necessary to enable it to achieve the approved strategy;
- to develop a culture within the Company that promotes employee safety, engagement, efficiency, productivity, flexibility and accountability;
- to ensure that the Company maintains high standards of corporate citizenship and social responsibility wherever it does business;

Management

- to ensure that expenditures of the Company are within the authorized annual budget of the Company;
- to assess the principal risks of the Company and to ensure that these risks are being monitored and managed;
 - to ensure effective internal controls and management information systems are in place;
- to ensure that the Company has appropriate systems to enable it to conduct its activities both lawfully and ethically;
- to keep abreast of all material undertakings and activities of the Company and all material external factors affecting the Company and to ensure that processes and systems are in place to ensure that the CEO and management of the Company are adequately informed;
 - to ensure the integrity of all public disclosure by the Company
- to abide by specific internally established control systems and authorities, to lead by personal example and encourage all employees; and
- to conduct their activities in accordance with all applicable laws and the Company's standards and ensure the Company's policies, including its environmental, safety and health policies are of the highest standard possible;

Major stakeholder affairs

- to act as a liaison between management and the Board;
- to act as a liaison between Company and the Jacksonville City Council;
 - to act as a liaison between Company and the Jacksonville Mayor;
- to build consensus of the Board, City Council, and Mayor around the Company's strategy that outlines the long term role of JEA as a financial asset of the City of Jacksonville and as a steward of the community and environment for the metro area of Northeast Florida and the State of Florida
- to ensure that the Board of Directors are properly informed and that sufficient information is provided to the Board to enable the Directors to form appropriate judgments;
- to communicate effectively with the financial community, employees, government authorities, other stakeholders and the public;
 - in concert with the Chairman, to develop Board agendas;
 - to request that special meetings of the Board be called when appropriate;
- in concert with the Chairman, to determine the date, time and location of the annual meeting of shareholders and to develop the agenda for the meeting.

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The Company

Company	JEA (name changed from Jacksonville Electric Authority in 1998)
Ownership	City of Jacksonville (Not-For-Profit)
Year Founded	1895
Headquarters	Jacksonville, Florida
Revenues	\$1.87 billion (FY 2017)
Employees	Approximately 2,100 (FY 2017)
Website	https://www.jea.com/
Company Mission	At JEA, our mission is to energize our community through high-value energy and water solutions. With our services, you can touch a button and your home gets warmer or cooler. You can turn a faucet handle and clean water comes out for you to drink. And if you flick a handle, waste is gone from your home, never to be seen again. JEA powers community businesses, military, hospitals, churches and schools. We provide essential services to our community that literally make life possible for everyone who lives, works and even visits Jacksonville.
Company Background	JEA is the largest community-owned utility in Florida and the eighth largest in the United States. JEA is committed to our purpose – to improve the quality of life in the communities we serve, with a spirit that has united our business for more than 100 years. JEA is located in Jacksonville, Florida, where we proudly serve an estimated 458,000 electric, 341,000 water and 264,000 sewer customers. JEA is not owned by investors. It was created by the City of Jacksonville to serve those who live here and in the surrounding communities. The sole purpose of our business is to ensure the electric, water and sewer demands of our customers are met, both today and for generations to come. Our goal is to provide reliable services at the best value to our customers while ensuring our areas' precious natural resources are protected. JEA's budget is divided into two distinct areas: the electric business and the water/wastewater business. The budget to operate these critical community services in 2017 is listed below. Electric System Revenue Uses: \$1,383,122,000 Water/Wastewater Revenue Uses: \$462,674,000 Residential customers generate approximately half of the company's electric revenue; the other half is generated through service to 50,000 commercial and industrial customers across the service territory. The commercial and industrial market segments also account for about one-third of the water and wastewater revenue.

JEA's five core values set the bar for how we conduct ourselves at work every day:

- **Safety:** Since many of our employees work out in the field in dangerous jobs using dangerous machinery, safety tops our list of core values. Our safety plan is a "Plan for Zero" incidents at JEA – no matter the department. Every employee is expected to adhere to all safety regulations and to be sure their co-workers do, too. No job is so important that it's worth anyone getting hurt. We want everyone to go home the way they came to work.
- **Service:** Providing excellent service to our customers is a constant expectation. But we also value service to our community. We all live and work in this area and most of us are JEA customers. We volunteer with a spirit of service to build community because it's our community, too.
- **Growth:** We expect our business to grow. Now more than ever we need to be flexible and adapt to the changing utility industry. We need new lines of business and we need our business to grow as our industry evolves. We also expect our employees to be life-long learners and we provide the training and individual growth and development here at JEA for them to accomplish this.
- **Accountability:** This is not to be confused with responsibility. We are all responsible for an activity or process, but accountability is more than that. With accountability, we are each responsible for the activity and the outcome.
- **Integrity:** Open, honest, fair, and ethical - integrity ties all the other four values together. It's how we act toward our colleagues, our stakeholders and above all our customers.

The Position

Position Title	Managing Director & Chief Executive Officer (CEO)
Location	Jacksonville, Florida
Reports To	This position is selected by and reports directly to the JEA Board of Directors, comprised of seven members appointed by the Jacksonville Mayor, confirmed by City Council, who serve staggered terms.
Reporting Structure	Current Reporting Structure under the Interim CEO: • President & Chief Operating Officer (COO) • Chief Financial Officer • Chief Public & Shareholders Affairs Officer <i>The President & COO role is a newly created position in conjunction with the interim CEO structure. The Current Direct Reports to the President & COO:</i> • VP/GM Electric Systems • VP/GM Water/Waste Water Systems • Chief Legal Officer – solid line reporting to the City of Jacksonville Office of General Counsel and a dotted line to the JEA President & COO

- VP & Chief Information Officer
- VP & Chief Human Resources Officer
- VP & Chief Compliance Officer
- VP & Chief Customer Officer
- VP & Chief Environmental Services Officer – *newly created position in conjunction with the interim CEO structure*
- VP & Chief Supply Chain Officer – *newly created position in conjunction with the interim CEO structure*

Position Summary

JEA seeks to hire a forward-thinking, innovative leader capable of conducting a strategic review of JEA and the industry landscape to establish the long-term plans and objectives ensuring JEA will be relevant and agile to adapt and thrive for decades to come. The Managing Director & Chief Executive Officer ("CEO" henceforth) will be responsible for establishing the overall direction of JEA, leading the business and overall activities of the organization, and ensuring near and long-term financial success and sustainability. The CEO will be tasked with identifying new lines of business and revenue sources for JEA as well as establishing a culture of continuous improvement and commercial success, always seeking ways to improve efficiency and profitability.

The CEO will design the appropriate organizational structure to support this strategy and is responsible for ensuring that the organization attracts and retains a diverse mix of talent with the leadership, operational, and commercial skills to drive a culture of internal and external innovation, process excellence, and risk management.

In addition to working closely with the Board and his/her Executive Management Team, this position will also work with public officials, customers, industry leaders, suppliers, the financial community, and environmental groups to ensure JEA continues to meet or exceed its objectives in the safest, most reliable and cost effective manner.

Responsibilities

- Provide strategic leadership for the organization by developing and implementing the strategic vision that outlines the long-term role of JEA in the Jacksonville metro, the state of Florida, and the utility industry as a whole. Working across the stakeholder community, the CEO will conduct a detailed assessment of business including its current objectives, market opportunities for business line expansion and revenue growth, operational delivery capabilities, and customer service to develop the near and long-term goals of JEA.

Pivotal to the strategic plan developed will be the identification of potential additional revenue streams including competitive and retail offerings such as retail solar, energy efficiency services and equipment sales and / or leasing, leveraging JEA's Dark Fiber and other infrastructure assets, electrification of Jacksonville's transportation fleet, gas to electric energy conversions, etc.

- In support of the business strategy developed, design and implement the appropriate organizational structure to support a nimble, collaborative, and innovative culture and enhanced delivery capabilities. Utilize new-to-JEA collaboration and workflow initiatives (idea generation forums, customer feedback reviews, internal / external think tanks, etc.) to create a consistent internal engine idea generation for growth and improvement.

- Establish the appropriate policies to support the business strategy that enable creativity, diversity, and commercial growth while also protecting the assets, people, and information of JEA and those it serves.
- Facilitate stakeholder communication of strategy to gain buy-in; clearly and continuously articulate the business strategy/direction to the Board of Directors, regulators, senior management team and all employees.
- Effectively communicate risk and opportunity to facilitate decision-making, prioritization and measurement of operating performance against plan.
- Represents JEA with its major customers, the financial community, the public, and other stakeholders including local, state, and national forums.
- Manage company operations to ensure operational efficiency, safety, quality service and cost-effective use of resources. Identify and implement ongoing financial and operational improvements.
- Define and execute a workforce development plan to attract and engage a high performing team with the skills and competencies necessary to accomplish the goals of JEA today and in the future. Identify and mentor future leaders for the organization, creating a workplace of safe, reliable, cost-effective service with excellent customer experience.
- Enhance and maintain relationships with key constituents across the region and the industry including elected officials, industry leaders, suppliers, environmental groups and customers. Communicate effectively to stakeholder groups with messaging appropriate for the audience.
- Define and oversee JEA's Disaster Preparedness Plan and ensure the appropriate training, logistics plan, and communication equipment are in place to respond to emergency / disaster situations.
- Lead public policy and public affairs activity, serving as the primary spokesperson for the agency locally, regionally and nationally.
- Increase understanding of the role of JEA in economic development efforts across the region. Participate actively in legislative and regulatory initiatives regionally and nationally.
- Promote strong fiscal accountability and responsibility.
- Develop a culture of productivity, diversity, efficiency, flexibility, and accountability to customers. Help JEA continue to evolve its internal development capabilities and be a top employer of choice with a diverse employment base with varying backgrounds.

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