
From: Zahn, Aaron F. - Interim Managing Director/CEO <zahnaf@jea.com>
Sent: Sunday, July 15, 2018 8:42 PM
To: Alan Howard
Cc: Charleroy, Melissa M. - Executive Assistant
Subject: JEA update
Attachments: Draft; 2018-7-30 JEA Board Letter on Strategic Framework - v4.docx

Chairman –

Thank you again for your time and guidance on Friday. See attached documents.

- 1) The revised draft letter from Board to City. The revision of the “Shareholder Framework” now named “Strategic Framework.” This is intended to be the topic of deliberation by the BOD at the July 30 board meeting. The draft incorporates a significant “conceptual idea” that the entire JEA SLT have reached consensus around... ultimately that our mission is to drive a value increase of JEA now and in the future... and that there are 4 basic measure of value that are critical to JEA going forward. We look forward to the entire BOD providing guidance on the concept.
 - a. NOTE: I have been leading the SLT though a semi-monthly set of workshops on “the future of JEA”. I’m happy to discuss specifics with you at your convenience. Most of the effort is to create work product for the Board to consider and then provide guidance (very similar to the great guidance we received on the Framework document). In the end, the Board meets once per month and we figure the SLT can produce thoughtful and relevant business concepts as a team for the BOD to review. The goal of BOD meeting agendas May to September – specifically the “strategy section” and the “subject matter exploration section” of the BOD meetings through October is to stimulate thought and provide in depth education on relevant market areas so that the BOD and SLT are ready to engage , collectively, on a Strategic Planning update starting October 2018.
- 2) This is an email with draft “guiding principles” document for my team to consider and edit. I provide only for your information. Please allow the SLT the opportunity to digest, debate and propose for BOD consideration. This method will ensure total “buy-in” from the SLT relative to the work product. As you and I discussed before... only people who “own the work product” will deliver.

Hope you’re having a great weekend.

Aaron

Florida has a very broad Public Records Law. Virtually all written communications to or from State and Local Officials and employees are public records available to the public and media upon request. Any email sent to or from JEA’s system may be considered a public record and subject to disclosure under Florida’s Public Records Laws. Any information deemed confidential and exempt from Florida’s Public Records Laws should be clearly marked. Under Florida law, e-mail addresses are public records. If you do not want your e-mail address released in response to a public-records request, do not send electronic mail to this entity. Instead, contact JEA by phone or in writing.

From: Zahn, Aaron F. - Interim Managing Director/CEO <zahnaf@jea.com>
Sent: Sunday, July 15, 2018 8:19 PM
To: Dykes, Melissa H. - President/COO;Hightower, Mike R. - Chief Public & Stakeholder Affairs Officer;Wannemacher, Ryan F. - Interim Chief Financial Officer
Cc: Charleroy, Melissa M. - Executive Assistant;Stewart, Kerri - VP & Chief Customer Officer;Hiers, Angelia R. - VP & Chief Human Resources Officer
Subject: Draft
Attachments: 2018-7-15 JEA Guiding Principles - v1.docx

Team

Spent the weekend thinking about the SLT's work from May 15, 2018 to July 15, 2018. Thought I'd throw a balloon out there for you to consider. Trying to summarize a lot of discussion and deliberation into a document that may be edited -- - much like strategic framework document for board. I would very much like the team to create a final product.

As you have heard me say dozens of times "she who writes last writes best!!!!"

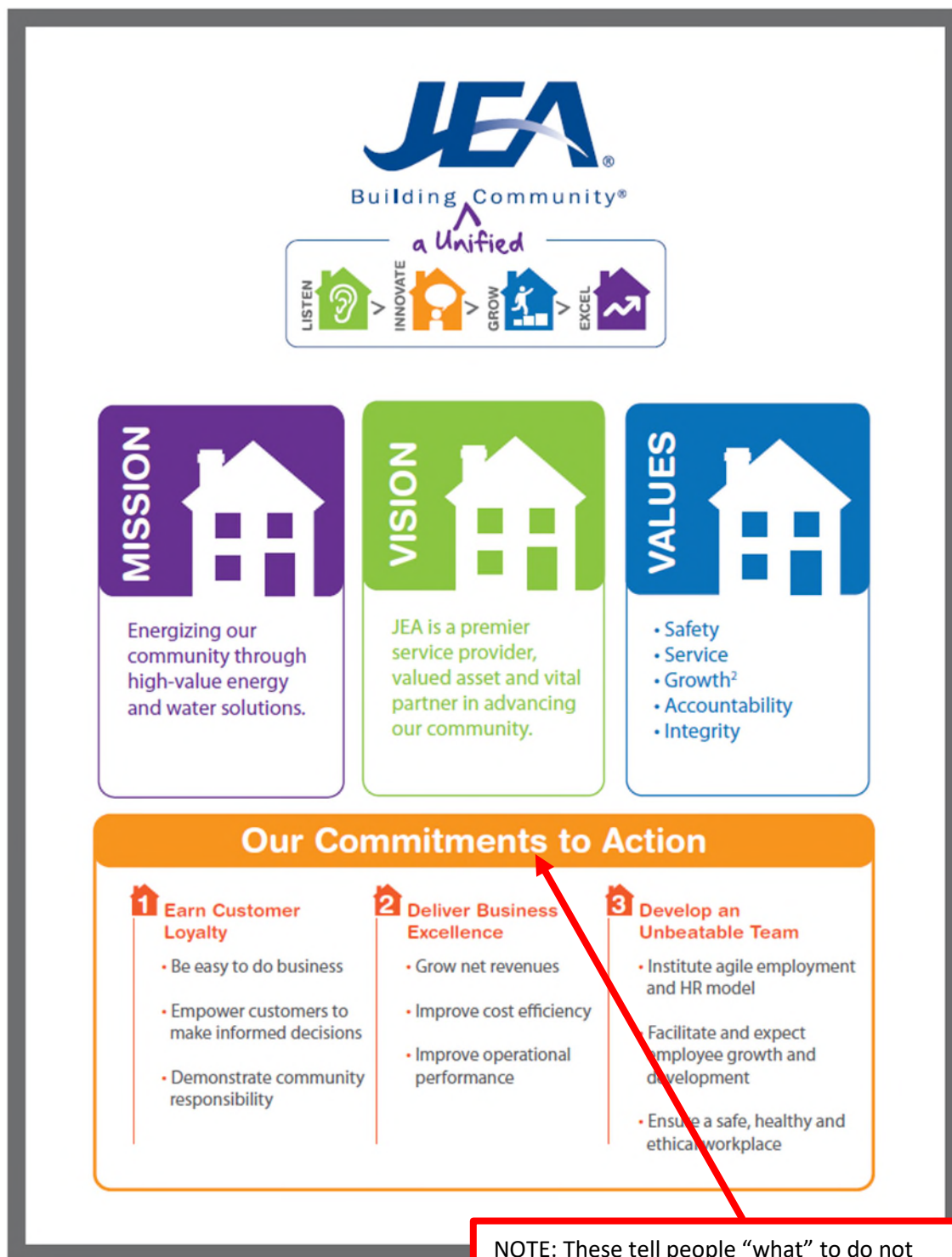
The SLT is working on "Core Competency" draft right now. If the entire SLT can make its way to a concise agreement of some version of this document in the next month then the Board could be included thereafter. Hope would be to arrive at conclusion with those 2 entities by October 1. This would allow a launch of strategic planning work in October and accelerate the timeline to innovation.

In the end we have been discussing the "threats", "systemic problems" and "loss revenue / opportunity" items of JEA for a while and at this point time truly = \$.

Sincerely –
Aaron

PS – Kerri I'm including you because of your work product that you are leading for the next SLT meeting. Angie I'm including you because of your insights into employee behavior.

Overview of JEA's Current Building Blocks and Guiding Principles:



NOTE: These tell people “what” to do not “why”... they should be our Corporate Measures of the Mission

[DRAFT]

Overview of JEA's Future Building Blocks and Guiding Principles:



Like this basic lead in... maybe...

"Leading a unified community" - like lead vs. build because we don't build... we are thought-leaders and asset owners not a GC.

And... After all the step wise functions are timeless and vision / mission independent...

NOTE: I know people debate this logic a lot (and it looks like JEA was Mission, vision, values from prior graphic) but I'm normally a 1) vision (unattainable idea); 2) mission (measureable objective aligning to our vision); 3) Goals / Measure (key results we measure to tell us we're headed the right direction aligned with our mission); 4) core competencies (areas of focus necessary to always drive results e.g the measures of the Mission); 5) values (how we act when no one is looking)...

To me it never made any sense that people talk about someone's vision but the mission comes first.

Vision: Energize our community to lead innovation throughout the world.

Mission: Drive an increase in the value of JEA now and in the future by being the center of our customer's energy, water and data world.

The Measures of JEA's Mission ("Corporate Measures"): Our mission will be guided by and evaluated against four basic Corporate Measures of JEA's value:

- 1) Value to our customer;
- 2) Financial value;
- 3) Community impact value;
- 4) Environmental value.

Our Core Competencies: The things we do, and areas of focus, that JEA will always strive to improve in order to yield better and better results of our Corporate Measures which drive our Mission to demonstrate our Vision....

- 1) ???
- 2) ???
- 3) ???
- 4) ???

JEA's Cultural Values (In everything JEA and its employee's do we strive to abide by our Cultural Values)

Safety

The health and wellbeing of our customers, employees and environment is paramount to the success of JEA. Beyond the moral obligation, JEA's value is increased by delivering safety excellence. The human, social and economic costs of occupational accidents, injuries and diseases and major industrial disasters is cause for concern at all levels from the individual workplace to the national and international. Measures and strategies designed to prevent, control, reduce or eliminate occupational hazards and risks should be developed and applied continuously to keep pace with technological and economic changes.

Service

Obsessively believe that your and our service to our customer and each other is critical to JEA's success. Commit to installing and fostering a service-first culture. Serving with excellence is a choice. Establish a crystal clear plan to ensure customers feel JEA is committed to the best possible service. Measure the service we provide customers and each other.

Growth²

Be committed to elevating yourself and JEA. Growth means an increase in knowledge, value, wellbeing, or sustainability. Growth follows patterns. Growth occurs in orderly manner and follows a certain sequence. For example, the human baby can stand before she walks and can she babbles before she talks. Look to the patterns of those things that affect you in order to understand the cause-effect relationships that drive them and to learn principles for dealing with them effectively. Growth is continuous and not always linear. Growth only occurs at JEA when knowledge, value, wellbeing, or sustainability are committed to writing, a process or an institutional system.

Accountability

Hold yourself and your people accountable and appreciate them for holding you accountable. If you've agreed with someone that something is supposed to go a certain way, make sure it goes that way—unless you get in sync about doing it differently. Create a culture in which it is "okay" to make mistakes and unacceptable not to learn from them. Be loyal to the common mission and not to anyone who is not operating consistently with it. Get over "blame" and "credit" and get on with "accurate" and "inaccurate." Create an environment in which everyone has the right to understand what makes sense and no one has the right to hold a critical opinion without speaking up.

Integrity

Trust in Radical Truth and Radical Transparency. Realize that you have nothing to fear from telling or knowing the truth. Have integrity and demand it from others. Never say anything about someone that you wouldn't say to them directly and don't try people without accusing them to their faces. Don't let loyalty to people stand in the way of truth and the well-being of the organization.

Ideas

JEA should have a culture of an "Idea Meritocracy." Recognize that having an effective idea meritocracy requires that you understand the merit of each person's ideas. Disagreeing must be done efficiently. Recognize and learn how to get beyond disagreements. Once a decision is made for the benefit of the organization; everyone should get behind it even though individuals may still disagree.

December 9, 2020

Mayor Lenny Curry
117 W Duval St
Jacksonville, FL 32202

Jacksonville City Council
117 W Duval St
Jacksonville, FL 32202

Re: The Future of JEA and a Framework for a Strategic Plan

Dear Mayor and City Council:

The extensive dialogue that has taken place concerning the future of JEA has brought increased awareness of JEA's value and its role in our community. We agree JEA is a valuable community and financial asset. Additionally, we agree it is operating in an ever-changing utility market. These changes, and the pace at which they are occurring, require JEA to be swift and agile in its approach to technological and utility market advancements. Embracing the changes in our markets will ultimately enable JEA to best serve our customers and the community.

JEA is a steward of the local environment and an engine of economic development in the region of northeast Florida. The Board also recognizes the unique and longstanding partnerships JEA has with the City of Jacksonville and community organizations. JEA's status as a trusted partner of core essential services to our customers and region will forever be critical.

Mindful of these facts, the Board of Directors is working with JEA's management and employees to develop an updated strategic plan to meet the needs of our customers and the community. The following is a high level objective and set of metrics upon which we envision JEA's future strategic plan to be based:

The Goal & Objective ("Strategic Goal"): JEA's strategic plan and consequent initiatives should drive an increase in the value of JEA now and in the future.

The Measures of JEA's Goal ("Corporate Measures"): JEA's Board believes our strategy will be guided by and evaluated against four basic Corporate Measures of JEA's value:

- 1) Value to our customer;
- 2) Financial value;
- 3) Community impact value;
- 4) Environmental value.

These Corporate Measures will be used in evaluating the plan's potential effectiveness and JEA's future execution of the plan. Within each of the areas of Corporate Measure we believe JEA

can define quantitative metrics that may be cascaded throughout our organization in order to create internal and external alignment while being radically transparent about JEA's performance. It is our belief that all strategic decisions and initiatives of JEA should be evaluated relative to these Corporate Measures of value.

The Board of Directors of JEA have discussed, deliberated and reached consensus upon the attached framework for the strategic plan as provided in Exhibit A hereto. We look forward to developing JEA's strategic plan in partnership with the City and entire community.

Last but not least, thank you for the time committed by the Special Committee on the Future of JEA related to studying JEA. The analysis, feedback and conclusions from the report will be considered as part of the updated strategic plan of JEA. We thank the Administration and City Council in advance for encouraging JEA to think outside the box on how to grow and remain relevant in our markets. In the event our new strategic plan require changes to JEA's Charter we hope the same collaborative and receptive environment is provided so that JEA may increase value both now and in the future.

Sincerely,

G. Alan Howard, Chairman

Cc:
Board of Directors of JEA
Aaron F. Zahn – Interim Managing Director and CEO

Exhibit A

History and Background

JEA is currently the eighth largest municipal electric utility and one of the top 20 largest water and wastewater utilities in the United States. JEA serves more than 465,000 electric customers, 348,000 water customers and 271,000 sewer customers. JEA, in accordance with Article 21 of the Ordinance Code of Jacksonville, was created by the Florida Legislature to serve the citizens of Jacksonville and its surrounding communities. In accordance with Article 21 of the Ordinance Code of Jacksonville, as amended, was created for the purpose of acquiring, owning, constructing, operating, financing and otherwise having plenary authority utilities systems with respect to electric, water, sewer, natural gas and such other utility systems as may be under its control now or in the future.

Today, JEA makes an annual contribution to the City of Jacksonville currently in the amount of ~\$116 million dollars annually pursuant to that Article 21 Section 21.07 (collectively over time, the “Contribution”). Furthermore, in the past, the Council adopted Part 3 Chapter 21 of the Ordinance Code of the City of Jacksonville, declaring, as City policy that the “services provided by the Consolidated Government should be delivered in the most expeditious and efficient manner possible with delivery of said services being continually evaluated so that inefficiency is eliminated and quality of services improved.” These policies of the City and the State encourage review of agencies in order to ensure “best in class” services are provided to the customers.

As part of an in-depth discussion, from November 2017 to May 2018, around the: 1) value of JEA; 2) the role of JEA in community; and 3) the future of JEA, it has become evident the future success of JEA is dependent on the alignment of JEA’s Board of Directors with the City of Jacksonville’s City Council and Mayor. JEA is an independent authority with an independent Board of Directors and a professional management team task with the fiduciary responsibilities of managing JEA. However, equally critical due to the construct of Article 21, the City Council of Jacksonville acts as both a fiduciary trustee for the City of Jacksonville related to JEA (“Shareholder Trustee”) and as a policy making body and advocate for the citizens of Jacksonville (“Customer Advocate”).

10-Year Strategic Plan

The JEA Board of Directors (“Board”) believes JEA would benefit from a 10-year strategic plan that identifies the resources and initiatives needed to effectively anticipate and respond to the rapid changes in competition, technology and the utility industry. The Board will, in collaboration JEA’s management, update the JEA’s strategic plan as a whole and for each of its service divisions as outlined in the Charter (“Strategic Plan”). The Board expects our Strategic Plan to be complete by no later than September 30, 2019. The 2018/2019 fiscal year will be a “Year of Innovation” for JEA and we are excited to be a thought leader in the City and our industry.

Strategic Plan Framework

Strategic Goal: Drive an increase in the value of JEA now and in the future.

Corporate Measures of the Strategic Goal:

- 1) Value to our customer;
- 2) Financial value;
- 3) Community impact value;
- 4) Environmental value.

The Board, recognizing the importance of the financial and operational success of JEA for its customers and the City of Jacksonville, desires the Strategic Plan establish financial and operational metrics in relation to the Corporate Measures, which may include but not be limited to:

- 1) Value to our customer
 - a) provide JEA customers with electric, water and wastewater services at a rate structure equal to or less than industry average
 - b) maintain customer service standards and experience within the top quartile of industry standards
 - c) expand our trusted partner relationship with our customers around the services we provide
- 2) Financial value
 - a) maintain financial performance metrics necessary to preserve Aa3 / AA- ratings, or similar comparable risk measures as adopted and deemed appropriate by JEA from time to time;
 - b) preserve or increase the Contribution of JEA to the City
 - c) establish growth initiatives to drive JEA's profitability with respect to electric, water, sewer, natural gas and other utility services, systems and/or products
- 3) Community impact value
 - a) establish and maintain open and transparent communication of the review, creation, deliberation, implementation and execution of JEA's Strategic Plan
 - b) continue investment and leadership of economic development within Jacksonville
 - c) continue and drive employment within the region
- 4) Environmental Value
 - a) maintain compliance with all environmental regulations and industry standards relative to emissions and water quality
 - b) establish and maintain a corporate sustainability program for the benefit of the region

2028 Strategic Plan Considerations

The Board also recognizes the unique and longstanding partnerships JEA has with the City of Jacksonville and the entire community of northeast Florida. JEA plays a significant role as an environmental steward, thought leader and as a trusted partner. JEA's Strategic Plan will first and foremost consider the Strategic Plan Framework outlined above. However, as a leader in the community we will also give significant consideration in our Strategic Plan to important initiatives and requests made by the City Council, Administration and our community. Below is a list of major considerations the Board understands to be priorities for the City of Jacksonville where JEA may be helpful as a thought leader, partner or solution provider.

Electric Services Considerations: JEA's Strategic Plan will consider and try to propose solutions for the City to address:

- 1) expansion of electric services within the current JEA service territory;
- 2) overhead to underground conversion / migration;
- 3) value-add electric services behind the meter to enhance customer experience;
- 4) renewable energy initiatives;
- 5) economic development support within the JEA service territory;
- 6) reduction in carbon emissions from electric generation; and,
- 7) small and emerging business opportunities.

Water and Wastewater Services: JEA's Strategic Plan will consider and try to propose solutions for the City to address:

- 1) expansion of water and wastewater services (inclusive of septic tank phase out) within the current JEA service territory;
- 2) environmental stewardship and improvement of water quality within JEA service territory;
- 3) value-add water and wastewater services behind the meter to enhance customer experience;
- 4) sustainable and efficient management of water supply within JEA service territory;
- 5) economic development support within the JEA service territory; and,
- 6) small and emerging business opportunities.

Other Services: JEA's Strategic Plan will consider and try to propose solutions for the City to address:

- 1) services, partnerships and support of Smart City and sustainability enhancements with the City of Jacksonville;
- 2) services, partnerships and support for economic development with the City of Jacksonville;
- 3) services and/or partnerships that enhance the environment of the City of Jacksonville;
- 4) coordinate and maintain partnership with the City of Jacksonville around emergency response and storm preparedness programs; and,
- 5) education and university partnerships;