JEA BOARD MEETING AGENDA

January 22, 2019 • 12:00 p.m.

21 W. Church Street, 19th Floor

I.	**WELCOME**	
	A.	Call to Order
	B.	Time of Reflection
	C.	Pledge to Flag
	D.	Adoption of the Agenda – Action
	E.	Safety Briefing – Aaron Zahn, Managing Director/CEO
	F.	Sunshine Law/Public Records Statement – Jody Brooks, Vice President & Chief Legal Officer

II.	**COMMENTS / PRESENTATIONS**		
	Item(s)		Speaker/Title
	A.	Comments from the Public	Public
	B.	Council Liaison's Comments	Council Member Matt Schellenberg

III.	**OPERATIONS (DISCUSSION / ACTION)**				
	Definition: The "Operations" section of the Board Meeting is for business matters requiring Board discussion and action.				
	Item(s)			Speaker/Title	Discussion Action/Information
	A.	Consent Agenda – The Consent Agenda consists of agenda items that require Board approval but are routine in nature, or have been discussed in previous public meetings of the Board. The Consent Agenda items require no explanation, discussion or presentation, and are approved by one motion and vote.			
		Consent Agenda Reference Material (Provided in Appendices)			
		Appendix A:	Board Meeting Minutes December 11, 2018		Action
		Appendix B:	Monthly Financial Statements		Information
		Appendix C:	Monthly FY18 Communications & Engagement Calendar and Plan Update		Information
		Appendix D:	Guiding Principles		Action
		Appendix E:	Sole Source & Emergency Procurement/Procurement Appeals Board Report		Information
		Appendix F:	Protection of JEA Infrastructure from Third Party Damage		Information
	B.	Dashboard		Melissa Dykes, Pres./COO	Information
	C.	Corporate Headquarters – Campus Update		Nancy Kilgo, Director, Government Relations	Information
	D.	JEA's Procurement and Jacksonville Small and Emerging Business (JSEB) Programs Report		John McCarthy, VP & Chief Supply Chain Officer	Information
	E.	St. Johns River Power Park System Employees' Retirement Plan Committee Member Composition		Jody Brooks, Chief Legal Officer	Action

IV.	STRATEGY (DISCUSSION ONLY)		
	Definition: The "Strategy" section of the Board Meeting is only for discussion & feedback to management on strategic initiatives of and for JEA.		
	Item(s)		Speaker/Title
	A.	Strategic Planning	Aaron Zahn, Managing Director and CEO/Anton Derkach
	B.	Governance – Board-Management Delegation Policy Update	Jody Brooks, Chief Legal Officer

V.	SUBJECT MATTER EXPLORATION (OPPORTUNITIES & RISKS – PRESENTATION)		
	Definition: The "Subject Matter Exploration" section of the Board Meeting will be used to brief the Board Members on market, environment, business or other generally important matters. Staff and/or 3rd party experts will provide presentations on a specific subject and the Board will be afforded an opportunity for Q&A at the end.		
	Item(s)		Speaker/Title
	A.	Demand Pricing Pilot Update – The Future Platform	Ryan Wannemacher, CFO/Kerri Stewart, VP & Chief Customer Officer

VI.	COMMITTEE REPORTS			
	Item(s)		Speaker/Title	Discussion/Action/ Information
	A.	Compensation Committee	Camille Johnson, Interim Committee Chair	
	1.	Compensation Committee Minutes – May 14, 2018		Information
	2.	JEA Total Compensation Philosophy	Aaron Zahn, Managing Director, CEO	Information
	3.	5-to-5 Innovation Program	Melissa Dykes, President , COO	Information
	4.	Executive Contract	Angelia Hiers, VP of Human Resources	Action
	5.	Next Meeting – Schedule As Appropriate		

VII.	OTHER BUSINESS		
	Item(s)		Speaker/Title
	A.	Old Business	
	B.	Other New Business	
	C.	Open Discussion	
	D.	Managing Director/CEO's Report	Aaron Zahn, Managing Director/CEO
	E.	Chair's Report	Alan Howard, Board Chair

VIII.	CLOSING CONSIDERATIONS	
	Item(s)	
	A.	Announcements – Next Board Meeting February 26, 2019
	B.	Adjournment

Board Calendar

Board Meetings: 12:00 p.m. – Fourth Tuesday of Every Month (exception(s)): November 19, 2019 and December 17, 2019

Committees: Finance & Audit Committee: March 28, 2019

Compensation Committee:

Government Affairs Committee:

A. If you have a disability that requires reasonable accommodations to participate in the above meeting, please call **665-7550** by **8:30 AM** the day before the meeting and we will provide reasonable assistance for you.

B. If a person decides to appeal any decision made by the JEA Board with respect to any matter considered at this meeting, that person will need a record of the proceedings, and, for such purpose, needs to ensure that verbatim record of the proceedings is made, which record includes the evidence and testimony upon which the appeal is to be based.

Florida's Government in the Sunshine Law
Office of General Counsel

This meeting is being held in compliance with Florida's Government in the Sunshine Law, §286.011, Florida Statutes, and shall be open to the public at all times. Official acts of the JEA Board may be conducted at this meeting that will be considered binding on the JEA. Reasonable notice has been provided and minutes of this meeting shall be taken and promptly recorded.

JEA
BOARD MINUTES
December 11, 2018

The JEA Board met in regular session on Tuesday, December 11, 2018, on the 19th Floor, 21 W. Church Street, Jacksonville, Florida. Present were Alan Howard, Husein Cumber, Frederick Newbill, Kelly Flanagan and April Green. Camille Johnson and John Campion were absent and excused.

Agenda Item I – Welcome

A. The meeting was **called to order** at 12:01 PM by Chair Howard.

B. A **Moment of Reflection** was observed by all.

C. The **Pledge of Allegiance** was led by Chair Howard.

D. **Adoption of Agenda** – The agenda was approved on **motion** by Secretary Newbill and second by Ms. Flanagan.

E. The **Safety Briefing** was given by Aaron Zahn, Managing Director/Chief Executive Officer.

F. **Sunshine Law/Public Records Statement** – Jody Brooks, Office of General Counsel (OGC), stated this Board Meeting is being held in compliance with Florida's Government in the Sunshine Law, §286.011. The complete statement can be found in section I. F. of the Board package.

Agenda Item II – Presentations and Comments

A. **Comments from the Public -** none

B. **Council Liaison's Comments –** Council Member Schellenberg stated the Festival of Lights is complete, Merry Christmas to the Board and Peace on Earth for all.

At this time, Aaron Zahn recognized the winners from the American Water Works Association (AWWA) Meter Madness competition. The minutes will reflect the original order from the agenda.

Agenda Item III – Operations (Discussion / Action)

A. **Consent Agenda –** used for items that require no explanation, discussion or presentation and are approved by one motion and vote. On **motion** by Ms. Flanagan and second by Vice Chair Cumber, Appendix A, B and C were unanimously approved and Appendix D, E and F were received for information.

Appendix A: CEO Search Committee Minutes, October 31, 2018 – approved

Appendix B: Board Meeting Minutes, November 27, 2018 – approved

Appendix C: Appointment of Geraldine Lockett to Civil Service Board – approved

Appendix D: Monthly Financial Statements – received for information

Appendix E: Monthly Financial and Operations Detail – received for information

Appendix F: Monthly FY18 Communications & Engagement Calendar and Plan Update – received for information

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B. Monthly Financial and Operations Dashboard – Melissa Dykes, Chief Operating Officer presented the financial results, but indicated to the Board that, due to the earliness of the December Board meeting, the results are still from the first month of the fiscal year and it is hard to draw conclusions this early. Ms. Dykes presented to the Board the Operations challenges that JEA is experiencing, those being the expansion of telecom in Jacksonville bringing contractors who are drilling through infrastructure, creating incidents to which employees must respond immediately. JEA and the city are working with contractors to ensure rules are followed to lessen issues. The Board held discussions on reimbursable expenses to JEA and penalties to contractors for not following set guidelines. Ms. Dykes advised that JEA is looking at the issues and will provide follow up to the Board. Ms. Dykes presented information on the fuel fund and issues impacting the fund and fuel costs and that there are possible impacts to the fuel rate, which are being monitored. JD Power results are being released at 1:00 today and further information will be available after that time. This item was presented for information.

C. Fuel Strategy – Universal Solar Expansion and Gas Prepayment Parameters – Ryan Wannemacher, Chief Financial Officer, presented information to the Board related to gas prepayments and other strategies which would save JEA over $4 million per year. Mr. Wannemacher presented that Resolution 2018-23 before the Board would approve participation in prepayment projects subject to certain thresholds and would delegate authority to the Managing Director/CEO to execute such agreements.

Steve McInall, Director Electric Production Resource Planning presented to the Board information that has been seen in prior Board meetings. Mr. McInall provided a high level review indicating that in 2017 the JEA Board authorized staff to procure 250 MW of additional universal solar, making Jacksonville the largest solar city in the US and that JEA has negotiated a contract with EDF Renewables North America to lease several land plots to them for the purpose of creating solar farms. Mr. McInall provided that today Resolution 2018-21 is presented to the Board for the purpose of authorizing the Managing Director/CEO to execute the contracts. Mr. McInall expanded on the terms of the contract, providing a summary to the Board and thanking staff members who have worked to make this possible. The Board held discussions on this item.

Upon **motion** by Secretary Newbill and second by Ms. Green, Resolution 2018-21, delegating authority to the Managing Director/CEO to execute the contract with EDF Renewables, was unanimously approved by the Board.

Upon **motion** by Vice Chair Cumber and second by Secretary Newbill, Resolution 2018-23, delegating authority to the Managing Director/CEO to execute gas prepayment agreements, was unanimously approved by the Board.

D. Fuel Strategy – Pricing Policy Modifications – Ryan Wannemacher, Chief Financial Officer discussed the pricing policy and the fuel stabilization balance. Mr. Wannemacher provided historical data and calculation methodology. Mr. Wannemacher advised staff is requesting changes to the fuel pricing policy and indicated that a redlined document has been provided. The Board held discussions on the item. Upon **motion** by Ms. Green and second by Secretary Newbill on the recommendation to approve the Pricing Policy revisions and adopt the updated policy document, the item was unanimously approved by the Board.

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E. Strategic & Timely Asset Realignment Plan – Ryan Wannemacher, Chief Financial Officer presented the Strategic & Timely Asset Realignment (STAR) Plan, which is based on the request by the Board to execute a plan to reinforce JEA's financial strength. Mr. Wannemacher presented that the proposed "plan" increases operating efficiency and reduces corporate risks. Details of the plan were provided to the Board, including financial projections, early debt retirement phases and a refinancing recommendation that will be presented to the Board at a later date which will collapse the SJRPP financing vehicle and refinance the debt. The Board held discussions on several items including available cash. CAPEX and customer rates. Secretary Newbill asked for clarification on the future of the septic tank phase out, which was provided by Aaron Zahn, Managing Director/CEO and was advised that staff would follow up with details. Upon **motion** by Secretary Newbill and second by Vice Chair Cumber, The Board unanimously approved the STAR Plan, which will provide the Managing Director/CEO the authorization to execute the early debt defeasanaces within the stated phases.

F. Electric Advance Agreement Between JEA and The Energy Authority (TEA) – Ted Hobson, VP & Chief Compliance Officer presented information on TEA. Mr. Hobson advised that TEA does not have assets of its own and relies on its members to provide guaranties of funds. Mr. Hobson provided to the Board information on Electric Advance Agreements. Upon **motion** by Vice Chair Cumber and second by Ms. Flanagan the Board unanimously approved 1) the ratification of guaranties given under the Electric Advance Agreement and authorized the Managing Director/CEO to execute the necessary agreements in substantially the form as attached and to make non-substantive changes to the documents, such changes to be approved by JEA's Chief Legal Officer and 2) authorized the Managing Director/CEO to execute from time to time amended Electric Advance Agreements and related guaranties in substantially similar form, with approval of JEA's Chief Legal Officer, so long as the total advance is no greater than $34,286,000, plus attorney's fees.

At the request of Ms. Flanagan and due to the impending departure of Ms. Green, the Chair approved hearing the Finance & Audit Committee report at this time. The minutes will reflect the original order.

Agenda Item IV – Strategy (Discussion Only)

A. Corporate Headquarters – Campus Update – Nancy Kilgo, Director Government Affairs provided an update on the process of procurement related to the Corporate Headquarters and advised when a short list would be available. Ms. Kilgo requested a special Board meeting to be held prior to the next regularly scheduled Board meeting and advised of the process that would take place for final scoring of bids. The Chair called for a special meeting to be held and that staff schedule it to accommodate as many Board members as possible. Aaron Zahn asked that JEA hold the meeting prior to the date at which time the documents become public. This item was presented for information.

B. Governance – Delegation of Authority – Aaron Zahn, Managing Director/CEO presented information to simplify, complete and operationalize JEA's Governance policy. Mr. Zahn advised that he and Jody Brooks, VP & Chief Legal Officer, would create one document to simplify the Governance policy, which will be presented to the Board as a draft document at the January 22, 2019 Board meeting, with a request for Board feedback, with completion and approval sought in the February 26, 2019 Board

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meeting. Vice Chair Cumber requested that any monetary changes be reflected in a separate summary document. This item was presented for information only.

C. Guiding Principles – Aaron Zahn, Managing Director/CEO presented the Guiding Principles which set forth a new vision and strategic framework to align stakeholders and employees. Mr. Zahn advised that the Guiding Principles provide clarity to employees on how to generate value in their daily actions. Mr. Zahn advised this is the third time the Board is seeing the document and that it will be brought to the Board in January for final approval.

Agenda Item V – Subject Matter Exploration (Opportunities & Risks – Presentation)

A. N/A

Agenda Item VI – Committee Reports

A. Finance & Audit Committee – Due to a lack of quorum in committee, all action items were presented to the full Board for approval.

1. **Approval of Minutes** – August 13, 2018 – On **motion** by Committee Chair Flanagan and second by Secretary Newbill, the minutes were approved.
2. **Audit Services – Quarterly Audit Services Update** – received for information
3. **JEA Identity Theft Protection Program Fair and Accurate Credit Transactions Act (FACTA) Annual Risk Assessment** – received for information
4. **Ethics Officer Quarterly Report** – received for information
5. **Electric System and Water and Sewer System Reserve Fund Quarterly Report** – received for information
6. **JEA Calendar Years 2019 and 2020 Fixed Rate Refunding Debt Parameter Resolutions for Electric, Water and Sewer, St. Johns River Power Park and Bulk Power Supply Systems –** Upon **motion** by Committee Chair Flanagan and second by Vice Chair Cumber, the Board unanimously approved and adopted Resolutions nos., 2018-15, 2018-16, 2018-17, 2018-18, 2018-19 and 2018-20 and the related forms of Bond Purchase Agreement, Preliminary Official Statement, Escrow Deposit Agreement and Bond that provide the Managing Director/CEO the authorization to price and execute Electric System, Subordinated Electric System, Water and Sewer System, Subordinated Water and Sewer System, St. Johns River Power Park System Issue Three and Bulk Power Supply System fixed rate refunding bond issuances within the parameters stated in their respective resolutions.
7. **JEA Energy Market Risk Management Policy Report –** received for information
8. **Ernst & Young FY2018 External Audit Report –** received for information
9. **Next Meeting, March 18, 2019 8:00-10:00 AM** – received for information
10. **Committee Discussion Session** – received for information
    a. Ernst & Young – John DiSanto
    b. Director, Audit Services – Steve Tuten
    c. Council Auditor's Office – Jeff Rodda

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Agenda Item VII – Other Business

A. Old Business – N/A

B. Other New Business – N/A

C. Open Discussion – Secretary Newbill requested change to JSEB reporting.

D. Managing Director/CEO's Report – Aaron Zahn, Managing Director/CEO

1. Mr. Zahn read Resolution 2018-25 commending Mike Brost upon his retirement. Upon **motion** by Vice Chair Cumber and second by Secretary Newbill, the resolution was unanimously approved.

2. Mr. Zahn presented information related to two Salvation Army Volunteer awards and a Timucuan Reserve Volunteer award received by JEA.

3. Headline Priorities:

a. Adaptive Culture

b. Aligned to pervasive commitment to profitability and value

c. Platform for customer choice

d. De-Risk Business

e. 10-Year Strategic Plan in line with Guiding Principles

4. Mr. Zahn discussed various water innovations being explored by JEA and showed the Board a video regarding an idea from the Buckman facility related to leachate processing.

E. Chair's Report – Chair Howard congratulated Deryle Calhoun and his team for being receptive to ideas from Operations employees. Chair Howard thanked Mr. Brost for his 35 years of service to JEA. Chair Howard called for a January Compensation Committee meeting to work on a contract for Aaron Zahn.

Agenda Item VIII – Closing Considerations

A. Announcements – Next Board Meeting – January 22, 2019

B. Adjournment

With no further business claiming the attention of the Board, Chair Howard adjourned the meeting at 1:46 PM.

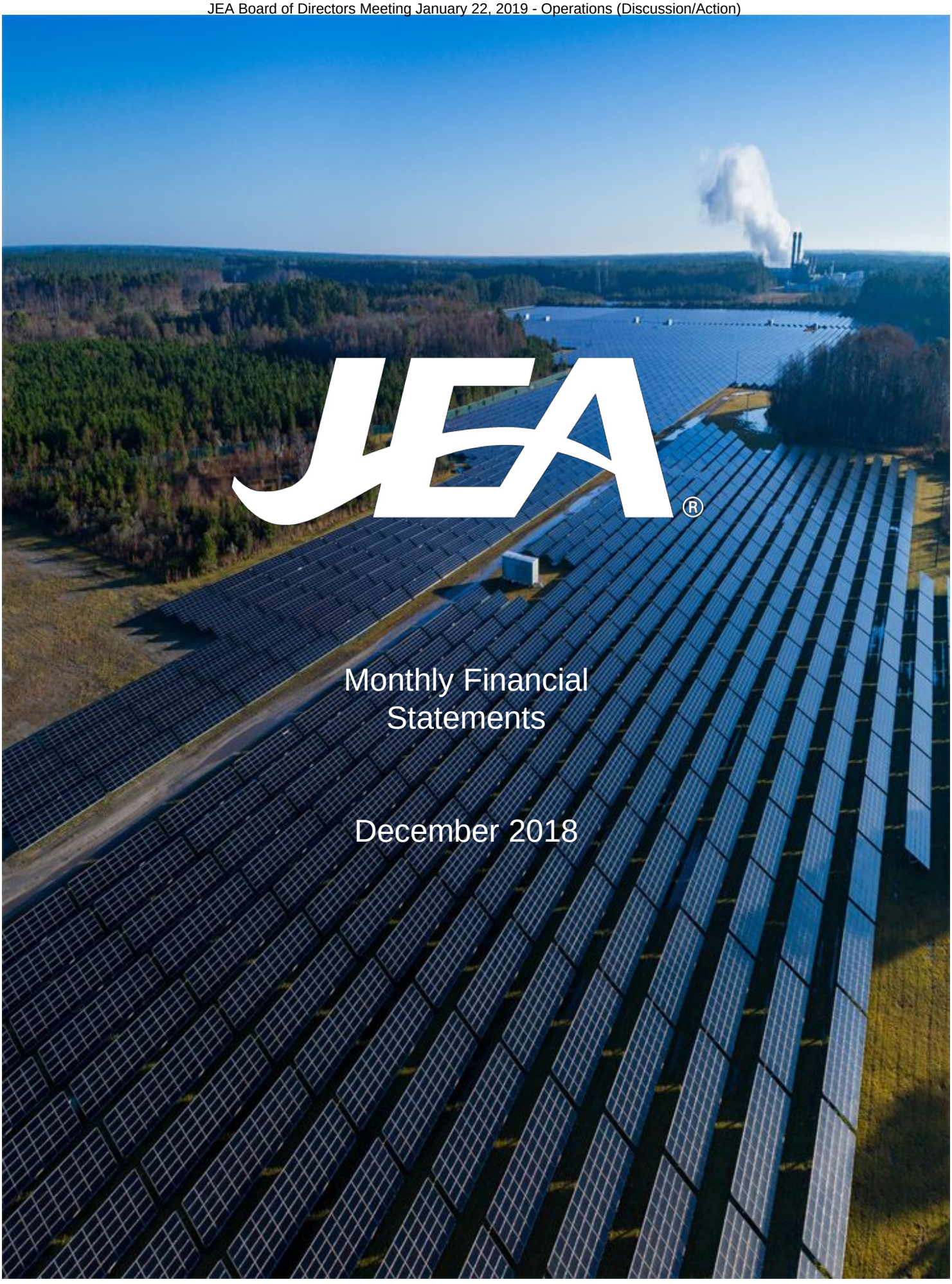
APPROVED BY:

_____
SECRETARY
DATE: _____

Board Meeting recorded by:

_____
Cheryl W. Mock, Executive Assistant

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JEA®
Monthly Financial Statements
December 2018

Monthly Financial Statements

December 2018

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Statements of Net Position
(in thousands - unaudited) December 2018 and 2017

	2018	2017
Assets		
Current assets:		
Cash and cash equivalents	$ 223,109	$ 250,233
Investments	279,779	251,999
Customer accounts receivable, net of allowance ($1,866 in 2018 and $1,885 in 2017)	189,087	195,177
Miscellaneous accounts receivable	17,959	26,526
Interest receivable	4,307	2,763
Inventories:		
Fuel inventory - Electric System	36,757	56,401
Fuel inventory - Plant Scherer	4,942	6,254
Materials and supplies - Water and Sewer	59,024	51,289
Materials and supplies - Electric System	463	19,193
Materials and supplies - Plant Scherer	2,247	2,142
Total current assets	817,674	861,977
Noncurrent assets:		
Restricted assets:		
Cash and cash equivalents	116,535	195,413
Investments	518,034	627,279
Accounts and interest receivable	86	252
Total restricted assets	634,655	822,944
Costs to be recovered from future revenues	800,940	540,394
Investment in The Energy Authority	7,112	6,526
Other assets	13,759	19,280
Total noncurrent assets	1,456,466	1,389,144
Capital assets:		
Land and easements	194,552	194,984
Plant in service	11,473,991	11,185,000
Less accumulated depreciation	(6,605,199)	(5,826,169)
Plant in service, net	5,063,344	5,553,815
Construction work in progress	324,405	228,667
Net capital assets	5,387,749	5,782,482
Total assets	7,661,889	8,033,603
Deferred outflows of resources		
Unrealized pension contributions and losses	171,367	173,578
Unamortized deferred losses on refundings	140,995	157,780
Accumulated decrease in fair value of hedging derivatives	101,369	120,543
Unrealized asset retirement obligation	26,330	-
Unrealized OPEB contributions and losses	4,078	5,240
Total deferred outflows of resources	444,139	457,141
Total assets and deferred outflows of resources	$ 8,106,028	$ 8,490,744

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Statements of Net Position
(in thousands - unaudited) December 2018 and 2017

	2018	2017
Liabilities		
Current liabilities:		
Accounts and accrued expenses payable	$ 97,299	$ 83,154
Customer deposits	59,811	57,961
City of Jacksonville payable	9,832	9,899
Utility taxes and fees payable	7,050	6,617
Compensated absences due within one year	2,659	2,221
Total current liabilities	176,651	159,852
Current liabilities payable from restricted assets:		
Debt due within one year	192,555	224,785
Renewal and replacement reserve	52,431	82,824
Interest payable	35,862	31,094
Construction contracts and accounts payable	16,381	13,390
Total current liabilities payable from restricted assets	297,229	352,093
Noncurrent liabilities:		
Net pension liability	544,203	554,337
Asset retirement obligation	13,017	-
Compensated absences due after one year	27,343	28,887
Net OPEB liability	19,811	39,508
Environmental liabilities	16,818	17,647
Other liabilities	3,139	4,016
Total noncurrent liabilities	624,331	644,395
Long-term debt:		
Debt payable, less current portion	3,623,125	3,902,965
Unamortized premium, net	146,712	181,487
Fair value of debt management strategy instruments	100,883	120,543
Total long-term debt	3,870,720	4,204,995
Total liabilities	4,968,931	5,361,335
Deferred inflows of resources		
Revenues to be used for future costs	273,502	433,963
Unrealized pension gains	50,124	11,959
Unrealized OPEB gains	8,712	659
Accumulated increase in fair value of hedging derivatives	-	3,997
Total deferred inflows of resources	332,338	450,578
Net position		
Net investment in capital assets	2,049,618	1,871,467
Restricted for:		
Debt service	49,636	54,162
Other purposes	355,206	364,947
Unrestricted	350,299	388,255
Total net position	2,804,759	2,678,831
Total liabilities, deferred inflows of resources, and net position	$ 8,106,028	$ 8,490,744

JEA
Combining Statement of Net Position
(in thousands - unaudited) December 2018

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
Assets							
Current assets:							
Cash and cash equivalents	$ 80,537	$ 62,664	$ -	$ 143,201	75,999	$ 3,909	$ 223,109
Investments	269,913	6,904	-	276,817	2,962	-	279,779
Customer accounts receivable, net of allowance ($1,866)	139,480	-	-	139,480	49,089	518	189,087
Miscellaneous accounts receivable	17,162	389	(2,270)	15,281	2,678	-	17,959
Interest receivable	2,673	25	-	2,698	1,609	-	4,307
Inventories:							
Fuel inventory - Electric System	36,757	-	-	36,757	-	-	36,757
Fuel inventory - Plant Scherer	4,942	-	-	4,942	-	-	4,942
Materials and supplies - Water and Sewer	-	-	-	-	59,024	-	59,024
Materials and supplies - Electric System	-	463	-	463	-	-	463
Materials and supplies - Plant Scherer	2,247	-	-	2,247	-	-	2,247
Total current assets	553,711	70,445	(2,270)	621,886	191,361	4,427	817,674
Noncurrent assets:							
Restricted assets:							
Cash and cash equivalents	203	83,078	-	83,281	31,591	1,663	116,535
Investments	261,586	10,857	-	272,443	245,591	-	518,034
Accounts and interest receivable	7	71	-	78	8	-	86
Total restricted assets	261,796	94,006	-	355,802	277,190	1,663	634,655
Costs to be recovered from future revenues	300,365	257,727	-	558,092	242,821	27	800,940
Investment in The Energy Authority	7,112	-	-	7,112	-	-	7,112
Other assets	9,764	-	-	9,764	3,965	30	13,759
Total noncurrent assets	579,037	351,733	-	930,770	523,976	1,720	1,456,466
Capital assets:							
Land and easements	123,626	6,660	-	130,286	61,215	3,051	194,552
Plant in service	5,565,407	1,316,043	-	6,881,450	4,536,165	56,376	11,473,991
Less accumulated depreciation	(3,124,050)	(1,312,661)	-	(4,436,711)	(2,142,324)	(26,164)	(6,605,199)
Plant in service, net	2,564,983	10,042	-	2,575,025	2,455,056	33,263	5,063,344
Construction work in progress	105,435	-	-	105,435	217,786	1,184	324,405
Net capital assets	2,670,418	10,042	-	2,680,460	2,672,842	34,447	5,387,749
Total assets	3,803,166	432,220	(2,270)	4,233,116	3,388,179	40,594	7,661,889
Deferred outflows of resources							
Unrealized pension contributions and losses	83,649	34,238	-	117,887	53,480	-	171,367
Unamortized deferred losses on refundings	83,186	4,132	-	87,318	53,486	191	140,995
Accumulated decrease in fair value of hedging derivatives	81,721	-	-	81,721	19,648	-	101,369
Unrealized asset retirement obligation	-	26,330	-	26,330	-	-	26,330
Unrealized OPEB contributions and losses	2,488	-	-	2,488	1,590	-	4,078
Total deferred outflows of resources	251,044	64,700	-	315,744	128,204	191	444,139
Total assets and deferred outflows of resources	$ 4,054,210	$ 496,920	$ (2,270)	$ 4,548,860	$ 3,516,383	$ 40,785	$ 8,106,028

JEA
Combining Statement of Net Position
(in thousands - unaudited) December 2018

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
Liabilities							
Current liabilities:							
Accounts and accrued expenses payable	$ 69,034	$ 14,292	$ (355)	$ 82,971	$ 14,298	$ 30	$ 97,299
Customer deposits	44,252	-	-	44,252	15,559	-	59,811
City of Jacksonville payable	7,746	-	-	7,746	2,086	-	9,832
Utility taxes and fees payable	7,050	-		7,050	-	-	7,050
Compensated absences due within one year	1,622	-	-	1,622	1,014	23	2,659
Total current liabilities	129,704	14,292	(355)	143,641	32,957	53	176,651
Current liabilities payable from restricted assets:							
Debt due within one year	122,380	13,780	-	136,160	54,705	1,690	192,555
Renewal and replacement reserve	-	52,431	-	52,431	-	-	52,431
Interest payable	18,142	2,782	-	20,924	14,605	333	35,862
Construction contracts and accounts payable	3,084	2,420	(1,915)	3,589	12,792	-	16,381
Total current liabilities payable from restricted assets	143,606	71,413	(1,915)	213,104	82,102	2,023	297,229
Noncurrent liabilities:							
Net pension liability	321,885	16,523	-	338,408	205,795	-	544,203
Asset retirement obligation	-	13,017	-	13,017	-	-	13,017
Compensated absences due after one year	19,626	-	-	19,626	7,698	19	27,343
Net OPEB liability	12,065	-	-	12,065	7,746	-	19,811
Environmental liabilities	16,818	-	-	16,818	-	-	16,818
Other liabilities	2,855	-	-	2,855	284	-	3,139
Total noncurrent liabilities	373,249	29,540	-	402,789	221,523	19	624,331
Long-term debt:							
Debt payable, less current portion	1,896,970	265,105	-	2,162,075	1,427,915	33,135	3,623,125
Unamortized premium (discount), net	73,508	2,213	-	75,721	71,024	(33)	146,712
Fair value of debt management strategy instruments	81,235	-	-	81,235	19,648	-	100,883
Total long-term debt	2,051,713	267,318	-	2,319,031	1,518,587	33,102	3,870,720
Total liabilities	2,698,272	382,563	(2,270)	3,078,565	1,855,169	35,197	4,968,931
Deferred inflows of resources							
Revenues to be used for future costs	233,451	10,624	-	244,075	29,427	-	273,502
Unrealized pension gains	26,250	7,091	-	33,341	16,783	-	50,124
Unrealized OPEB gains	5,314	-	-	5,314	3,398	-	8,712
Total deferred inflows of resources	265,015	17,715	-	282,730	49,608	-	332,338
Net position			-				
Net investment in capital assets	694,535	(183)	-	694,352	1,355,421	(155)	2,049,618
Restricted for:							
Debt service	30,052	3,568	-	33,620	15,594	422	49,636
Other purposes	148,169	23,791	1,915	173,875	180,423	908	355,206
Unrestricted	218,167	69,466	(1,915)	285,718	60,168	4,413	350,299
Total net position	1,090,923	96,642	-	1,187,565	1,611,606	5,588	2,804,759
Total liabilities, deferred inflows of resources, and net position	$ 4,054,210	$ 496,920	$ (2,270)	$ 4,548,860	$ 3,516,383	$ 40,785	$ 8,106,028

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Combining Statement of Net Position
(in thousands - unaudited) December 2017

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
Assets							
Current assets:							
Cash and cash equivalents	$ 122,366	$ 26,353	$ -	$ 148,719	$ 97,481	$ 4,033	$ 250,233
Investments	234,631	10,264	-	244,895	7,104	-	251,999
Customer accounts receivable, net of allowance ($1,885)	145,258	-	-	145,258	49,322	597	195,177
Miscellaneous accounts receivable	25,595	12,323	(13,289)	24,629	1,897	-	26,526
Interest receivable	1,444	21	-	1,465	1,298	-	2,763
Inventories:							
Fuel inventory - Electric System	36,118	20,283	-	56,401	-	-	56,401
Fuel inventory - Plant Scherer	6,254	-	-	6,254	-	-	6,254
Materials and supplies - Water and Sewer	-	-	-	-	51,289	-	51,289
Materials and supplies - Electric System	-	19,193	-	19,193	-	-	19,193
Materials and supplies - Plant Scherer	2,142	-	-	2,142	-	-	2,142
Total current assets	573,808	88,437	(13,289)	648,956	208,391	4,630	861,977
Noncurrent assets:							
Restricted assets:							
Cash and cash equivalents	803	192,096	-	192,899	907	1,607	195,413
Investments	291,181	62,574	-	353,755	273,524	-	627,279
Accounts and interest receivable	20	220	-	240	12	-	252
Total restricted assets	292,004	254,890	-	546,894	274,443	1,607	822,944
Costs to be recovered from future revenues	297,285	3,943	-	301,228	239,139	27	540,394
Investment in The Energy Authority	6,526	-	-	6,526	-	-	6,526
Other assets	13,402	-	-	13,402	5,866	12	19,280
Total noncurrent assets	609,217	258,833	-	868,050	519,448	1,646	1,389,144
Capital assets:							
Land and easements	123,627	6,660	-	130,287	61,646	3,051	194,984
Plant in service	5,406,947	1,316,300	-	6,723,247	4,405,956	55,797	11,185,000
Less accumulated depreciation	(2,919,945)	(861,223)	-	(3,781,168)	(2,020,311)	(24,690)	(5,826,169)
Plant in service, net	2,610,629	461,737	-	3,072,366	2,447,291	34,158	5,553,815
Construction work in progress	70,795	853	-	71,648	155,536	1,483	228,667
Capital assets, net	2,681,424	462,590	-	3,144,014	2,602,827	35,641	5,782,482
Total assets	3,864,449	809,860	(13,289)	4,661,020	3,330,666	41,917	8,033,603
Deferred outflows of resources							
Unrealized pension contributions and losses	95,814	16,505	-	112,319	61,259	-	173,578
Unamortized deferred losses on refundings	91,433	9,888	-	101,321	56,258	201	157,780
Accumulated decrease in fair value of hedging derivatives	97,064	-	-	97,064	23,479	-	120,543
Unrealized OPEB contributions and losses	3,197	-	-	3,197	2,043	-	5,240
Total deferred outflows of resources	287,508	26,393	-	313,901	143,039	201	457,141
Total assets and deferred outflows of resources	$ 4,151,957	$ 836,253	$ (13,289)	$ 4,974,921	$ 3,473,705	$ 42,118	$ 8,490,744

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Combining Statement of Net Position
(in thousands - unaudited) December 2017

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
Liabilities							
Current liabilities:							
Accounts and accrued expenses payable	$ 62,491	$ 8,130	$ (296)	$ 70,325	$ 12,786	$ 43	$ 83,154
Customer deposits	42,691	-	-	42,691	15,270	-	57,961
City of Jacksonville payable	7,623	-	-	7,623	2,276	-	9,899
Utility taxes and fees payable	6,617	-	-	6,617	-	-	6,617
Compensated absences due within one year	1,115	798	-	1,913	304	4	2,221
Total current liabilities	120,537	8,928	(296)	129,169	30,636	47	159,852
Current liabilities payable from restricted assets:							
Debt due within one year	130,690	40,715	-	171,405	51,720	1,660	224,785
Renewal and replacement reserve	-	82,824	-	82,824	-	-	82,824
Interest payable	15,704	4,314	-	20,018	10,736	340	31,094
Construction contracts and accounts payable	3,254	13,798	(12,993)	4,059	9,326	5	13,390
Total current liabilities payable from restricted assets	149,648	141,651	(12,993)	278,306	71,782	2,005	352,093
Noncurrent liabilities:							
Net pension liability	330,025	13,312	-	343,337	211,000	-	554,337
Compensated absences due after one year	19,839	909	-	20,748	8,078	61	28,887
Net OPEB liability	24,100	-	-	24,100	15,408	-	39,508
Environmental liabilities	17,647	-	-	17,647	-	-	17,647
Other liabilities	2,893	-	-	2,893	1,123	-	4,016
Total noncurrent liabilities	394,504	14,221	-	408,725	235,609	61	644,395
Long-term debt:							
Debt payable, less current portion	2,019,350	368,170	-	2,387,520	1,480,620	34,825	3,902,965
Unamortized premium (discount), net	89,024	10,032	-	99,056	82,468	(37)	181,487
Fair value of debt management strategy instruments	97,064	-	-	97,064	23,479	-	120,543
Total long-term debt	2,205,438	378,202	-	2,583,640	1,586,567	34,788	4,204,995
Total liabilities	2,870,127	543,002	(13,289)	3,399,840	1,924,594	36,901	5,361,335
Deferred inflows of resources							
Revenues to be used for future costs	266,303	144,933	-	411,236	22,727	-	433,963
Unrealized pension gains	4,867	3,980	-	8,847	3,112	-	11,959
Unrealized OPEB gains	402	-	-	402	257	-	659
Accumulated increase in fair value of hedging derivatives	3,997	-	-	3,997	-	-	3,997
Total deferred inflows of resources	275,569	148,913	-	424,482	26,096	-	450,578
Net position							
Net investment in capital assets	569,028	35,013	-	604,041	1,268,036	(610)	1,871,467
Restricted for:							
Debt service	32,358	6,351	-	38,709	15,038	415	54,162
Other purposes	178,509	24,374	12,993	215,876	148,219	852	364,947
Unrestricted	226,366	78,600	(12,993)	291,973	91,722	4,560	388,255
Total net position	1,006,261	144,338	-	1,150,599	1,523,015	5,217	2,678,831
Total liabilities, deferred inflows of resources, and net position	$ 4,151,957	$ 836,253	$ (13,289)	$ 4,974,921	$ 3,473,705	$ 42,118	$ 8,490,744

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Schedule of Cash and Investments
(in thousands - unaudited) December 2018

	Electric System and Bulk Power Supply	SJRPP System	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
Unrestricted cash and investments						
Operations	$ 82,553	$ 50,479	$ 133,032	$ 33,975	$ 1,172	$ 168,179
Rate stabilization:						
Fuel	60,500	-	60,500	-	-	60,500
Debt management	29,884	-	29,884	14,209	2,737	46,830
Environmental	43,036	-	43,036	15,218	-	58,254
Purchased Power	50,527	-	50,527	-	-	50,527
DSM/Conservation	4,090	-	4,090	-	-	4,090
Total rate stabilization funds	188,037	-	188,037	29,427	2,737	220,201
Customer deposits	44,218	-	44,218	15,559	-	59,777
General reserve	-	19,089	19,089	-	-	19,089
Self insurance reserve funds:						
Self funded health plan	8,824	-	8,824	-	-	8,824
Property insurance reserve	10,000	-	10,000	-	-	10,000
Total self insurance reserve funds	18,824	-	18,824	-	-	18,824
Environmental liability reserve	16,818	-	16,818	-	-	16,818
Total unrestricted cash and investments	$ 350,450	$ 69,568	$ 420,018	$ 78,961	$ 3,909	$ 502,888
Restricted assets						
Renewal and replacement funds	$ 148,256	$ 48,915	$ 197,171	$ 147,766	$ 908	$ 345,845
Debt service reserve account	65,433	11,363	76,796	68,648	-	145,444
Debt service funds	47,991	6,350	54,341	28,119	755	83,215
Environmental funds	-	-	-	365	-	365
Construction funds	203	-	203	31,591	-	31,794
Subtotal	261,883	66,628	328,511	276,489	1,663	606,663
Unrealized holding gain (loss) on investments	(94)	73	(21)	693	-	672
Other funds	-	27,234	27,234	-	-	27,234
Total restricted cash and investments	$ 261,789	$ 93,935	$ 355,724	$ 277,182	$ 1,663	$ 634,569

JEA
Schedule of Cash and Investments
(in thousands - unaudited) December 2017

	Electric System and Bulk Power Supply	SJRPP System	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
Unrestricted cash and investments						
Operations	$ 60,913	$ 8,647	$ 69,560	$ 66,588	$ 1,296	$ 137,444
Rate stabilization:						
Fuel	122,278	-	122,278	-	-	122,278
Debt management	29,884	-	29,884	14,209	2,737	46,830
Environmental	38,181	-	38,181	8,518	-	46,699
Purchased Power	22,347	-	22,347	-	-	22,347
DSM/Conservation	4,031	-	4,031	-	-	4,031
Total rate stabilization funds	216,721	-	216,721	22,727	2,737	242,185
Customer deposits	42,603	-	42,603	15,270	-	57,873
General reserve	-	27,970	27,970	-	-	27,970
Self insurance reserve funds:						
Self funded health plan	9,113	-	9,113	-	-	9,113
Property insurance reserve	10,000	-	10,000	-	-	10,000
Total self insurance reserve funds	19,113	-	19,113	-	-	19,113
Environmental liability reserve	17,647	-	17,647	-	-	17,647
Total unrestricted cash and investments	$ 356,997	$ 36,617	$ 393,614	$ 104,585	$ 4,033	$ 502,232
Restricted assets						
Renewal and replacement funds	$ 178,530	$ 82,650	$ 261,180	$ 144,913	$ 852	$ 406,945
Debt service reserve account	65,433	136,981	202,414	102,850	-	305,264
Debt service funds	47,259	10,665	57,924	23,375	755	82,054
Construction funds	803	-	803	907	-	1,710
Environmental funds	-	-	-	616	-	616
Subtotal	292,025	230,296	522,321	272,661	1,607	796,589
Unrealized holding gain (loss) on investments	(41)	(414)	(455)	1,770	-	1,315
Other funds	-	24,788	24,788	-	-	24,788
Total restricted cash and investments	$ 291,984	$ 254,670	$ 546,654	$ 274,431	$ 1,607	$ 822,692

JEA
Regulatory Accounting Balances
(in thousands - unaudited) December 2018

DESCRIPTION	Electric System and Bulk Power Supply System	SJRPP System	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
Unfunded pension costs	264,486	-	**264,486**	169,097	-	**433,583**
SJRPP	4,909	255,650	**260,559**	-	-	**260,559**
Water environmental projects	-	-	**-**	57,721	-	**57,721**
Unfunded OPEB costs	14,316	-	**14,316**	9,153	-	**23,469**
Storm costs to be recovered	13,532	-	**13,532**	4,537	27	**18,096**
Debt issue costs	3,122	2,077	**5,199**	2,313	-	**7,512**
Costs to be recovered from future revenues	**300,365**	**257,727**	**558,092**	**242,821**	**27**	**800,940**
Fuel stabilization	60,499	-	**60,499**	-	-	**60,499**
Environmental	43,036	-	**43,036**	15,218	-	**58,254**
Nonfuel purchased power	50,528	-	**50,528**	-	-	**50,528**
Scherer	36,590	-	**36,590**	-	-	**36,590**
Debt management stabilization	29,884	-	**29,884**	14,209	-	**44,093**
Excess pension contributions	-	10,624	**10,624**	-	-	**10,624**
Self-insurance medical reserve	8,824	-	**8,824**	-	-	**8,824**
Customer benefit stabilization	4,090	-	**4,090**	-	-	**4,090**
Revenues to be used for future costs	**233,451**	**10,624**	**244,075**	**29,427**	**-**	**273,502**

JEA
Regulatory Accounting Balances
(in thousands - unaudited) December 2017

DESCRIPTION	Electric System and Bulk Power Supply System	SJRPP System	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JFA
Unfunded pension costs	239,078	788	**239,866**	152,853	-	**392,719**
Scherer	10,531	-	**10,531**	-	-	**10,531**
Water environmental projects	-	-	**-**	66,272	-	**66,272**
Unfunded OPEB costs	21,305	-	**21,305**	13,622	-	**34,927**
Storm costs to be recovered	23,377	-	**23,377**	4,595	27	**27,999**
Debt issue costs	2,994	3,155	**6,149**	1,797	-	**7,946**
Costs to be recovered from future revenues	**297,285**	**3,943**	**301,228**	**239,139**	**27**	**540,394**
Fuel stabilization	122,278	-	**122,278**	-	-	**122,278**
Environmental	38,181	-	**38,181**	8,518	-	**46,699**
Nonfuel purchased power	22,348	-	**22,348**	-	-	**22,348**
SJRPP and Scherer	40,468	144,933	**185,401**	-	-	**185,401**
Debt management stabilization	29,884	-	**29,884**	14,209	-	**44,093**
Self-insurance medical reserve	9,113	-	**9,113**	-	-	**9,113**
Customer benefit stabilization	4,031	-	**4,031**	-	-	**4,031**
Revenues to be used for future costs	**266,303**	**144,933**	**411,236**	**$ 22,727**	**-**	**433,963**

JEA

Statements of Revenues, Expenses and Changes in Net Position
(in thousands - unaudited)

	Month December		Year-to-Date December	
	2018	**2017**	**2018**	**2017**
Operating revenues				
Electric - base	$ 64,496	$ 66,313	$ 195,601	$ 194,871
Electric - fuel and purchased power	38,416	39,713	105,306	127,544
Water and sewer	35,087	33,677	107,504	104,327
District energy system	663	636	2,058	2,198
Other	2,494	2,496	8,620	7,659
Total operating revenues	141,156	142,835	419,089	436,599
Operating expenses				
Operations and maintenance:				
Fuel	29,995	31,530	85,930	105,550
Purchased power	12,317	6,689	31,957	16,844
Maintenance and other operating expenses	32,902	28,439	94,395	88,840
Depreciation	30,746	33,909	90,908	102,369
Utility taxes and fees	5,488	5,144	18,094	17,049
Recognition of deferred costs and revenues, net	1,847	(743)	4,195	(3,012)
Total operating expenses	113,295	104,968	325,479	327,640
Operating income	27,861	37,867	93,610	108,959
Nonoperating revenues (expenses)				
Interest on debt	(12,747)	(13,111)	(35,754)	(39,011)
Debt management strategy	(904)	(1,170)	(2,784)	(3,684)
Investment income, net	7,773	(484)	11,503	2,205
Allowance for funds used during construction	1,087	756	3,433	2,348
Other nonoperating income, net	576	818	1,762	2,023
Earnings from The Energy Authority	468	492	527	710
Other interest, net	(101)	(54)	(588)	(528)
Total nonoperating expenses, net	(3,848)	(12,753)	(21,901)	(35,937)
Income before contributions and special items	24,013	25,114	71,709	73,022
Contributions (to) from				
General Fund, City of Jacksonville, Florida	(9,804)	(9,719)	(29,412)	(29,155)
Developers and other	4,986	2,878	19,012	12,696
Reduction of plant cost through contributions	(2,062)	(233)	(11,859)	(6,554)
Total contributions	(6,880)	(7,074)	(22,259)	(23,013)
Change in net position	17,133	18,040	49,450	50,009
Net position, beginning of period	2,787,626	2,660,791	2,755,309	2,628,822
Net position, end of period	$ 2,804,759	$ 2,678,831	$ 2,804,759	$ 2,678,831

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Combining Statement of Revenues, Expenses and Changes in Net Position
(in thousands - unaudited) for the month ended December 2018

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
Operating revenues								
Electric - base	$ 64,761	$ -	$ -	$ 64,761	$ -	$ -	$ (265)	$ 64,496
Electric - fuel and purchased power	39,211	2,190	(1,989)	39,412	-	-	(996)	38,416
Water and sewer	-	-	-	-	35,126	-	(39)	35,087
District energy system	-	-	-	-	-	689	(26)	663
Other	1,735	33	-	1,768	1,008	1	(283)	2,494
Total operating revenues	105,707	2,223	(1,989)	105,941	36,134	690	(1,609)	141,156
Operating expenses								
Operations and maintenance:								
Fuel	29,456	539	-	29,995	-	-	-	29,995
Purchased power	14,306	-	(1,989)	12,317	-	-	-	12,317
Maintenance and other operating expenses	22,506	(554)	-	21,952	12,216	343	(1,609)	32,902
Depreciation	18,118	34	-	18,152	12,391	203	-	30,746
Utility taxes and fees	4,651	-	-	4,651	837	-	-	5,488
Recognition of deferred costs and revenues, net	(133)	1,171	-	1,038	809	-	-	1,847
Total operating expenses	88,904	1,190	(1,989)	88,105	26,253	546	(1,609)	113,295
Operating income	16,803	1,033	-	17,836	9,881	144	-	27,861
Nonoperating revenues (expenses)								
Interest on debt	(6,997)	(869)	-	(7,866)	(4,768)	(113)	-	(12,747)
Debt management strategy	(746)	-	-	(746)	(158)	-	-	(904)
Investment income, net	4,081	667	-	4,748	3,014	11	-	7,773
Allowance for funds used during construction	366	-	-	366	717	4	-	1,087
Other nonoperating income, net	340	29	-	369	207	-	-	576
Earnings from The Energy Authority	468	-	-	468	-	-	-	468
Other interest, net	(102)	-	-	(102)	1	-	-	(101)
Total nonoperating expenses, net	(2,590)	(173)	-	(2,763)	(987)	(98)	-	(3,848)
Income before contributions	14,213	860	-	15,073	8,894	46	-	24,013
Contributions (to) from								
General Fund, City of Jacksonville, Florida	(7,746)	-	-	(7,746)	(2,058)	-	-	(9,804)
Developers and other	880	-	-	880	4,106	-	-	4,986
Reduction of plant cost through contributions	(880)	-	-	(880)	(1,182)	-	-	(2,062)
Total contributions	(7,746)	-	-	(7,746)	866	-	-	(6,880)
Change in net position	6,467	860	-	7,327	9,760	46	-	17,133
Net position, beginning of period	1,084,456	95,782	-	1,180,238	1,601,846	5,542	-	2,787,626
Net position, end of period	$ 1,090,923	$ 96,642	$ -	$ 1,187,565	$ 1,611,606	$ 5,588	$ -	$ 2,804,759

JEA

Combining Statement of Revenues, Expenses and Changes in Net Position
(in thousands - unaudited) for the month ended December 2017

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
Operating revenues								
Electric - base	$ 66,595	$ -	$ -	$ 66,595	$ -	$ -	$ (282)	$ 66,313
Electric - fuel and purchased power	33,431	18,971	(11,628)	40,774	-	-	(1,061)	39,713
Water and sewer	-	-	-	-	33,719	-	(42)	33,677
District energy system	-	-	-	-	-	661	(25)	636
Other	1,778	-	-	1,778	935	-	(217)	2,496
Total operating revenues	101,804	18,971	(11,628)	109,147	34,654	661	(1,627)	142,835
Operating expenses								
Operations and maintenance:								
Fuel	24,143	7,387	-	31,530	-	-	-	31,530
Purchased power	18,317	-	(11,628)	6,689	-	-	-	6,689
Maintenance and other operating expenses	16,464	2,451	-	18,915	10,822	329	(1,627)	28,439
Depreciation	18,103	3,563	-	21,666	12,043	200	-	33,909
Utility taxes and fees	4,309	-	-	4,309	835	-	-	5,144
Recognition of deferred costs and revenues, net	(227)	(900)	-	(1,127)	384	-	-	(743)
Total operating expenses	81,109	12,501	(11,628)	81,982	24,084	529	(1,627)	104,968
Operating income	20,695	6,470	-	27,165	10,570	132	-	37,867
Nonoperating revenues (expenses)								
Interest on debt	(6,233)	(1,787)	-	(8,020)	(4,977)	(114)	-	(13,111)
Debt management strategy	(947)	-	-	(947)	(223)	-	-	(1,170)
Investment income, net	(20)	(659)	-	(679)	185	10	-	(484)
Allowance for funds used during construction	230	-	-	230	521	5	-	756
Other nonoperating income, net	385	31	-	416	402	-	-	818
Earnings from The Energy Authority	492	-	-	492	-	-	-	492
Other interest, net	(53)	-	-	(53)	(1)	-	-	(54)
Total nonoperating expenses, net	(6,146)	(2,415)	-	(8,561)	(4,093)	(99)	-	(12,753)
Income before contributions	14,549	4,055	-	18,604	6,477	33	-	25,114
Contributions (to) from								
General Fund, City of Jacksonville, Florida	(7,623)	-	-	(7,623)	(2,096)	-	-	(9,719)
Developers and other	178	-	-	178	2,700	-	-	2,878
Reduction of plant cost through contributions	(178)	-	-	(178)	(55)	-	-	(233)
Total contributions	(7,623)	-	-	(7,623)	549	-	-	(7,074)
Change in net position	6,926	4,055	-	10,981	7,026	33	-	18,040
Net position, beginning of period, as restated	999,335	140,283	-	1,139,618	1,515,989	5,184	-	2,660,791
Net position, end of period	$ 1,006,261	$ 144,338	$ -	$ 1,150,599	$ 1,523,015	$ 5,217	$ -	$ 2,678,831

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Combining Statement of Revenues, Expenses and Changes in Net Position
(in thousands - unaudited) for the three months ended December 2018

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
Operating revenues								
Electric - base	$ 196,440	$ -	$ -	$ 196,440	$ -	$ -	$ (839)	$ 195,601
Electric - fuel and purchased power	107,651	7,991	(7,179)	108,463	-	-	(3,157)	105,306
Water and sewer	-	-	-	-	107,667	-	(163)	107,504
District energy system	-	-	-	-	-	2,157	(99)	2,058
Other	6,209	314	-	6,523	2,932	2	(837)	8,620
Total operating revenues	310,300	8,305	(7,179)	311,426	110,599	2,159	(5,095)	419,089
Operating expenses								
Operations and maintenance:								
Fuel	83,160	2,770	-	85,930	-	-	-	85,930
Purchased power	39,136	-	(7,179)	31,957	-	-	-	31,957
Maintenance and other operating expenses	59,501	1,427	-	60,928	37,358	1,204	(5,095)	94,395
Depreciation	53,272	102	-	53,374	36,924	610	-	90,908
Utility taxes and fees	15,465	-	-	15,465	2,629	-	-	18,094
Recognition of deferred costs and revenues, net	(503)	3,515	-	3,012	1,183	-	-	4,195
Total operating expenses	250,031	7,814	(7,179)	250,666	78,094	1,814	(5,095)	325,479
Operating income	60,269	491	-	60,760	32,505	345	-	93,610
Nonoperating revenues (expenses)								
Interest on debt	(19,193)	(2,610)	-	(21,803)	(13,614)	(337)	-	(35,754)
Debt management strategy	(2,296)	-	-	(2,296)	(488)	-	-	(2,784)
Investment income, net	6,366	1,042	-	7,408	4,059	36	-	11,503
Allowance for funds used during construction	1,143	-	-	1,143	2,279	11	-	3,433
Other nonoperating income, net	1,056	86	-	1,142	620	-	-	1,762
Earnings from The Energy Authority	527	-	-	527	-	-	-	527
Other interest, net	(528)	-	-	(528)	(60)	-	-	(588)
Total nonoperating expenses, net	(12,925)	(1,482)	-	(14,407)	(7,204)	(290)	-	(21,901)
Income before contributions	47,344	(991)	-	46,353	25,301	55	-	71,709
Contributions (to) from								
General Fund, City of Jacksonville, Florida	(23,238)	-	-	(23,238)	(6,174)	-	-	(29,412)
Developers and other	1,162	-	-	1,162	17,850	-	-	19,012
Reduction of plant cost through contributions	(1,162)	-	-	(1,162)	(10,697)	-	-	(11,859)
Total contributions	(23,238)	-	-	(23,238)	979	-	-	(22,259)
Change in net position	24,106	(991)	-	23,115	26,280	55	-	49,450
Net position, beginning of year	1,066,817	97,633	-	1,164,450	1,585,326	5,533	-	2,755,309
Net position, end of period	$ 1,090,923	$ 96,642	$ -	$ 1,187,565	$ 1,611,606	$ 5,588	$ -	$ 2,804,759

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Combining Statement of Revenues, Expenses and Changes in Net Position
(in thousands - unaudited) for the three months ended December 2017

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
Operating revenues								
Electric - base	$ 195,743	$ -	$ -	$ 195,743	$ -	$ -	$ (872)	$ 194,871
Electric - fuel and purchased power	102,820	62,599	(34,596)	130,823	-	-	(3,279)	127,544
Water and sewer	-	-	-	-	104,450	-	(123)	104,327
District energy system	-	-	-	-	-	2,293	(95)	2,198
Other	5,803	-	-	5,803	2,508	-	(652)	7,659
Total operating revenues	304,366	62,599	(34,596)	332,369	106,958	2,293	(5,021)	436,599
Operating expenses								
Operations and maintenance:								
Fuel	68,665	36,885	-	105,550	-	-	-	105,550
Purchased power	51,440	-	(34,596)	16,844	-	-	-	16,844
Maintenance and other operating expenses	51,281	7,708	-	58,989	33,702	1,170	(5,021)	88,840
Depreciation	54,507	10,689	-	65,196	36,574	599	-	102,369
Utility taxes and fees	14,481	-	-	14,481	2,568	-	-	17,049
Recognition of deferred costs and revenues, net	(681)	(2,699)	-	(3,380)	368	-	-	(3,012)
Total operating expenses	239,693	52,583	(34,596)	257,680	73,212	1,769	(5,021)	327,640
Operating income	64,673	10,016	-	74,689	33,746	524	-	108,959
Nonoperating revenues (expenses)								
Interest on debt	(18,755)	(5,359)	-	(24,114)	(14,554)	(343)	-	(39,011)
Debt management strategy	(2,972)	-	-	(2,972)	(712)	-	-	(3,684)
Investment income, net	1,076	68	-	1,144	1,044	17	-	2,205
Allowance for funds used during construction	721	-	-	721	1,612	15	-	2,348
Other nonoperating income, net	1,076	92	-	1,168	855	-	-	2,023
Earnings from The Energy Authority	710	-	-	710	-	-	-	710
Other interest, net	(434)	-	-	(434)	(94)	-	-	(528)
Total nonoperating expenses, net	(18,578)	(5,199)	-	(23,777)	(11,849)	(311)	-	(35,937)
Income before contributions	46,095	4,817	-	50,912	21,897	213	-	73,022
Contributions (to) from								
General Fund, City of Jacksonville, Florida	(22,868)	-	-	(22,868)	(6,287)	-	-	(29,155)
Developers and other	364	-	-	364	12,332	-	-	12,696
Reduction of plant cost through contributions	(364)	-	-	(364)	(6,190)	-	-	(6,554)
Total contributions	(22,868)	-	-	(22,868)	(145)	-	-	(23,013)
Change in net position	23,227	4,817	-	28,044	21,752	213	-	50,009
Net position, beginning of year, as restated	983,034	139,521	-	1,122,555	1,501,263	5,004	-	2,628,822
Net position, end of period	$ 1,006,261	$ 144,338	$ -	$ 1,150,599	$ 1,523,015	$ 5,217	$ -	$ 2,678,831

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Statement of Cash Flows
(in thousands - unaudited)

	Year-to-Date December	
Operating activities	**2018**	**2017**
Receipts from customers	$ 441,595	$ 480,855
Payments to suppliers	(210,895)	(209,418)
Payments to employees	(68,480)	(72,873)
Other operating activities	8,593	3,577
Net cash provided by operating activities	170,813	202,141
Noncapital and related financing activities		
Contribution to General Fund, City of Jacksonville, Florida	(29,313)	(28,940)
Net cash used in noncapital financing activities	(29,313)	(28,940)
Capital and related financing activities		
Defeasance of debt	-	(865,410)
Proceeds received from debt	2,000	821,000
Acquisition and construction of capital assets	(131,155)	(110,571)
Interest paid on debt	(79,696)	(95,995)
Repayment of debt principal	(185,790)	(229,095)
Capital contributions	7,153	6,142
Other capital financing activities	276	46,947
Net cash used in capital and related financing activities	(387,212)	(426,982)
Investing activities		
Purchase of investments	(154,540)	(414,540)
Proceeds from sale and maturity of investments	178,924	499,610
Investment income, net	4,743	(331)
Distributions from The Energy Authority	447	654
Net cash provided by (used in) investing activities	29,574	85,393
Net change in cash and cash equivalents	(216,138)	(168,388)
Cash and cash equivalents, beginning of year	555,782	614,034
Cash and cash equivalents, end of period	$ 339,644	$ 445,646
Reconciliation of operating income to net cash provided by operating activities		
Operating income	$ 93,610	$ 108,959
Adjustments:		
Depreciation and amortization	91,224	102,700
Recognition of deferred costs and revenues, net	4,195	(3,012)
Other nonoperating income, net	53	258
Changes in noncash assets and noncash liabilities:		
Accounts receivable	44,186	43,457
Inventories	(7,358)	7,215
Other assets	6,279	(5,287)
Accounts and accrued expenses payable	(39,782)	(39,360)
Current liabilities payable from restricted assets	(1,262)	(10,339)
Other noncurrent liabilities and deferred inflows	(20,332)	(2,450)
Net cash provided by operating activities	$ 170,813	$ 202,141
Noncash activity		
Contributions of capital assets	$ 11,859	$ 6,554
Unrealized losses on fair value of investments, net	$ 5,259	$ 2,520

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Combining Statement of Cash Flows
(in thousands - unaudited) for the three months ended December 2018

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
Operating activities								
Receipts from customers	$ 330,803	$ 8,466	$ (8,064)	$ 331,205	$ 112,149	$ 2,499	$ (4,258)	$ 441,595
Payments to suppliers	(190,157)	(4,273)	8,064	(186,366)	(28,490)	(1,134)	5,095	(210,895)
Payments to employees	(49,362)	(12)	-	(49,374)	(18,941)	(165)	-	(68,480)
Other operating activities	6,154	314	-	6,468	2,960	2	(837)	8,593
Net cash provided by operating activities	97,438	4,495	-	101,933	67,678	1,202	-	170,813
Noncapital and related financing activities								
Contribution to General Fund, City of Jacksonville, Florida	(23,115)	-	-	(23,115)	(6,198)	-	-	(29,313)
Net cash used in noncapital financing activities	(23,115)	-	-	(23,115)	(6,198)	-	-	(29,313)
Capital and related financing activities								
Proceeds received from debt	-	-	-	-	2,000	-	-	2,000
Acquisition and construction of capital assets	(84,101)	-	-	(84,101)	(46,774)	(280)	-	(131,155)
Interest paid on debt	(42,117)	(5,603)	-	(47,720)	(31,296)	(680)	-	(79,696)
Repayment of debt principal	(130,690)	(1,720)	-	(132,410)	(51,720)	(1,660)	-	(185,790)
Capital contributions	-	-	-	-	7,153	-	-	7,153
Other capital financing activities	265	-	-	265	11	-	-	276
Net cash used in capital and related financing activities	(256,643)	(7,323)	-	(263,966)	(120,626)	(2,620)	-	(387,212)
Investing activities								
Purchase of investments	(90,486)	(38,495)	-	(128,981)	(25,559)	-	-	(154,540)
Proceeds from sale and maturity of investments	64,999	46,118	-	111,117	67,807	-	-	178,924
Investment income (loss), net	2,286	994	-	3,280	1,427	36	-	4,743
Distributions from The Energy Authority	447	-	-	447	-	-	-	447
Net cash provided by (used in) investing activities	(22,754)	8,617	-	(14,137)	43,675	36	-	29,574
Net change in cash and cash equivalents	(205,074)	5,789	-	(199,285)	(15,471)	(1,382)	-	(216,138)
Cash and cash equivalents, beginning of year	285,814	139,953	-	425,767	123,061	6,954	-	555,782
Cash and cash equivalents, end of period	$ 80,740	$ 145,742	$ -	$ 226,482	$ 107,590	$ 5,572	$ -	$ 339,644
Reconciliation of operating income to net cash provided by operating activities								
Operating income	$ 60,269	$ 491	$ -	$ 60,760	$ 32,505	$ 345	$ -	$ 93,610
Adjustments:								
Depreciation and amortization	53,272	102	-	53,374	37,240	610	-	91,224
Recognition of deferred costs and revenues, net	(503)	3,515	-	3,012	1,183	-	-	4,195
Other nonoperating income, net	53	-	-	53	-	-	-	53
Changes in noncash assets and noncash liabilities:								
Accounts receivable	41,164	475	-	41,639	2,205	342	-	44,186
Inventories	(5,901)	1,217	-	(4,684)	(2,674)	-	-	(7,358)
Other assets	6,746	-	-	6,746	(437)	(30)	-	6,279
Accounts and accrued expenses payable	(35,510)	(43)	-	(35,553)	(4,179)	(50)	-	(39,782)
Current liabilities payable from restricted assets	-	(1,262)	-	(1,262)	-	-	-	(1,262)
Other noncurrent liabilities and deferred inflows	(22,152)	-	-	(22,152)	1,835	(15)	-	(20,332)
Net cash provided by operating activities	$ 97,438	$ 4,495	$ -	$ 101,933	$ 67,678	$ 1,202	$ -	$ 170,813
Noncash activity								
Contributions of capital assets	$ 1,162	$ -	$ -	$ 1,162	$ 10,697	$ -	$ -	$ 11,859
Unrealized gains (losses) on fair value of investments, net	$ 3,208	$ 11	$ -	$ 3,219	$ 2,040	$ -	$ -	$ 5,259

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Combining Statement of Cash Flows
(in thousands - unaudited) for the three months ended December 2017

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
Operating activities								
Receipts from customers	$ 331,129	$ 66,957	$ (23,672)	$ 374,414	$ 108,563	$ 2,247	$ (4,369)	$ 480,855
Payments to suppliers	(174,253)	(35,730)	23,672	(186,311)	(27,095)	(1,033)	5,021	(209,418)
Payments to employees	(47,581)	(8,138)	-	(55,719)	(17,014)	(140)	-	(72,873)
Other operating activities	1,740	-	-	1,740	2,489	-	(652)	3,577
Net cash provided by operating activities	111,035	23,089	-	134,124	66,943	1,074	-	202,141
Noncapital and related financing activities								
Contribution to General Fund, City of Jacksonville, Florida	(22,935)	-	-	(22,935)	(6,005)	-	-	(28,940)
Net cash used in noncapital financing activities	(22,935)	-	-	(22,935)	(6,005)	-	-	(28,940)
Capital and related financing activities								
Defeasance of debt	(405,105)	-	-	(405,105)	(460,305)	-	-	(865,410)
Proceeds received from debt	383,840	-	-	383,840	437,160	-	-	821,000
Acquisition and construction of capital assets	(61,328)	-	-	(61,328)	(49,088)	(155)	-	(110,571)
Interest paid on debt	(48,342)	(9,571)	-	(57,913)	(37,391)	(691)	-	(95,995)
Repayment of debt principal	(135,105)	(41,330)	-	(176,435)	(51,020)	(1,640)	-	(229,095)
Capital contributions	-	-	-	-	6,142	-	-	6,142
Other capital financing activities	22,799	-	-	22,799	24,148	-	-	46,947
Net cash used in capital and related financing activities	(243,241)	(50,901)	-	(294,142)	(130,354)	(2,486)	-	(426,982)
Investing activities								
Purchase of investments	(136,298)	(212,982)	-	(349,280)	(65,260)	-	-	(414,540)
Proceeds from sale and maturity of investments	72,403	341,104	-	413,507	86,103	-	-	499,610
Investment income, net	1,488	(2,888)	-	(1,400)	1,052	17	-	(331)
Distributions from The Energy Authority	654	-	-	654	-	-	-	654
Net cash provided by (used in) investing activities	(61,753)	125,234	-	63,481	21,895	17	-	85,393
Net change in cash and cash equivalents	(216,894)	97,422	-	(119,472)	(47,521)	(1,395)	-	(168,388)
Cash and cash equivalents, beginning of year	340,063	121,027	-	461,090	145,909	7,035	-	614,034
Cash and cash equivalents, end of period	$ 123,169	$ 218,449	$ -	$ 341,618	$ 98,388	$ 5,640	$ -	$ 445,646
Reconciliation of operating income to net cash provided by (used in) operating activities								
Operating income	$ 64,673	$ 10,016	$ -	$ 74,689	$ 33,746	$ 524	$ -	$ 108,959
Adjustments:								
Depreciation and amortization	54,507	10,689	-	65,196	36,905	599	-	102,700
Recognition of deferred costs and revenues, net	(681)	(2,699)	-	(3,380)	368	-	-	(3,012)
Other nonoperating income (loss), net	27	-	-	27	231	-	-	258
Changes in noncash assets and noncash liabilities:								
Accounts receivable	38,589	4,359	-	42,948	555	(46)	-	43,457
Inventories	(4,334)	14,502	-	10,168	(2,953)	-	-	7,215
Other assets	(4,876)	-	-	(4,876)	(399)	(12)	-	(5,287)
Accounts and accrued expenses payable	(31,358)	(2,795)	-	(34,153)	(5,166)	(41)	-	(39,360)
Current liabilities payable from restricted assets	-	(10,339)	-	(10,339)	-	-	-	(10,339)
Other noncurrent liabilities and deferred inflows	(5,512)	(644)	-	(6,156)	3,656	50	-	(2,450)
Net cash provided by operating activities	$ 111,035	$ 23,089	$ -	$ 134,124	$ 66,943	$ 1,074	$ -	$ 202,141
Noncash activity								
Contributions of capital assets	$ 364	$ -	$ -	$ 364	$ 6,190	$ -	$ -	$ 6,554
Unrealized losses on fair value of investments, net	$ (791)	$ 3,674	$ -	$ 2,883	$ (363)	$ -	$ -	$ 2,520

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Electric System and Plant Scherer
Changes in Debt Service, R & R and Construction Funds
(in thousands - unaudited) for the three months ended December 2018 and December 2017

	December 2018			December 2017		
	Debt service funds	**Renewal and replacement funds**	**Construction funds**	**Debt service funds**	**Renewal and replacement funds**	**Construction funds**
Beginning balance	$ 232,915	$ 212,051	$ 203	$ 239,961	$ 225,985	$ -
Additions:						
Revenue transfers for debt service	49,946	-	-	52,452	-	-
R & R and OCO	-	43,112	-	-	44,402	-
Proceeds from property sales	-	265	-	-	381	-
Debt issuance	-	-	-	-	-	805
Total additions	49,946	43,377	-	52,452	44,783	805
Deductions:						
Debt service payments	169,437	-	-	179,721	-	-
Increase in utility plant	-	70,587	-	-	48,351	-
Decrease in accounts payable	-	13,513	-	-	12,969	-
Debt issue costs and discounts	-	-	-	-	-	2
Total deductions	169,437	84,100	-	179,721	61,320	2
Ending balance	$ 113,424	$ 171,328	$ 203	$ 112,692	$ 209,448	$ 803
Recap:						
Renewal and replacement fund:						
Cash & investments		$ 148,256			$ 178,530	
Storm costs to be recovered		13,532			23,377	
Accounts / notes receivable:						
Accounts receivable		9,533			7,521	
Street light & other customer loans		7			20	
		$ 171,328			$ 209,448	
Construction fund:						
Generation projects			$ 101			$ 391
T&D and other capital projects			102			412
			$ 203			$ 803

JEA
Water and Sewer System
Changes in Debt Service, R & R and Construction Funds
(in thousands - unaudited) for the three months ended December 2018 and December 2017

	December 2018				December 2017			
	Debt service funds	**Renewal and replacement funds**	**Construction funds**	**Environmental funds**	**Debt service funds**	**Renewal and replacement funds**	**Construction funds**	**Environmental funds**
Beginning balance	$ 184,091	$ 146,728	$ 284	$ 1,160	$ 189,696	$ 155,284	$ 15	$ 1,838
Additions:								
R & R and OCO	-	41,308	-	-	-	35,756	-	-
Revenue transfers for debt service	28,842	-	-	-	28,477	-	-	-
Contribution in aid of construction	-	7,153	-	-	-	6,142	-	-
Bond proceeds	-	-	33,884	-	-	-	892	-
Proceeds from property sales	-	10	-	-	-	111	-	-
Total additions	28,842	48,471	33,884	-	28,477	42,009	892	-
Deductions:								
Debt service payments	81,964	-	-	-	87,310	-	-	-
Increase in utility plant	-	19,919	2,577	-	-	19,812	-	-
Debt service reserve releases	34,202	-	-	-	4,638	-	-	-
Decrease in accounts payable	-	22,300	-	795	-	27,686	-	1,222
Total deductions	116,166	42,219	2,577	795	91,948	47,498	-	1,222
Ending balance	$ 96,767	$ 152,980	$ 31,591	$ 365	$ 126,225	$ 149,795	$ 907	$ 616

Renewal and replacement fund:				
Cash & investments	$ 147,766		$ 144,913	
Storm costs to be recovered	4,537		4,595	
Accounts / notes receivable:				
Accounts receivable	669		275	
Notes receivable	8		12	
	$ 152,980		$ 149,795	
Construction fund:				
Project funds		$ 31,591		$ 907
		$ 31,591		$ 907
Environmental fund:				
Cash & investments		$ 365		$ 616
		$ 365		$ 616

JEA

Electric System		**Month**			**Prior Year Month**	
Budget vs. Actual	**ANNUAL BUDGET**	**BUDGET**	**ACTUAL**	**Variance**	**ACTUAL**	**Variance**
December 2018 and 2017	**2018-19**	**2018-19**	**2018-19**	**%**	**2017-18**	**%**
Fuel Related Revenues & Expenses						
Fuel Rate Revenues	$ 422,782,362	$ 32,437,367	$ 30,264,170	-6.70%	$ 31,857,357	-5.00%
Fuel Expense and Purchased Power:						
Fuel Expense - Electric System	327,822,632	25,855,820	26,074,009		21,730,708	
Fuel Expense - SJRPP	1,554,666	518,222	-		4,686,353	
Other Purchased Power	108,921,904	8,143,811	13,020,133		6,920,186	
Subtotal Energy Expense	438,299,202	34,517,853	39,094,142	-13.26%	33,337,248	-17.27%
Transfer to (from) Rate Stabilization, Net	(16,151,013)	(2,133,334)	(8,873,768)		(1,513,358)	
Fuel Related Uncollectibles	634,173	52,848	43,796		33,467	
Total	422,782,362	32,437,367	30,264,170	6.70%	31,857,357	5.00%
Fuel Balance	-	-	-		-	
Nonfuel Related Revenues						
Base Rate Revenues	812,153,353	62,311,295	58,767,554		61,500,794	
Conservation Charge Revenue	1,000,000	76,724	34,476		24,163	
Environmental Charge Revenue	8,039,817	616,843	575,221		607,922	
Investment Income	11,600,594	966,716	872,753		769,409	
Natural Gas Revenue Pass Through	2,464,374	205,365	65,105		54,190	
Other Revenues	28,263,290	2,355,274	2,028,017		2,071,509	
Total	863,521,428	66,532,217	62,343,126	-6.30%	65,027,987	-4.13%
Nonfuel Related Expenses						
Non-Fuel O&M	221,286,372	17,713,329	18,559,793		13,841,162	
DSM / Conservation O&M	8,126,797	669,931	475,623		415,731	
Environmental O&M	3,071,529	961,292	546,249		41,883	
Rate Stabilization - DSM	(536,783)	(44,732)	12,963		43,111	
Rate Stabilization - Environmental	4,968,288	(309,211)	28,972		566,039	
Natural Gas Expense Pass Through	2,418,255	200,718	89,361		39,880	
Debt Principal - Electric System	116,230,000	9,685,833	9,685,833		10,377,143	
Debt Interest - Electric System	87,438,843	7,286,570	7,798,563		7,870,890	
R&R - Electric System	64,447,700	5,370,642	5,370,642		5,467,400	
Operating Capital Outlay	183,115,980	6,000,000	6,000,000		8,000,000	
City Contribution Expense	92,952,147	7,746,012	7,746,012		7,622,650	
Taxes & Uncollectibles	1,437,599	119,800	101,445		80,510	
Emergency Reserve	5,000,000	-	-		-	
Nonfuel Purchased Power:						
* SJRPP D/S Principal	13,780,000	1,148,333	1,148,333		2,174,323	
* SJRPP D/S Interest	11,127,870	927,323	898,688		1,218,083	
** Other Non-Fuel Purchased Power	48,656,831	4,054,736	4,449,200		7,712,090	
Total Nonfuel Expenses	863,521,428	61,530,576	62,911,677	-2.24%	65,470,895	3.91%
Non-Fuel Balance	-	5,001,641	(568,551)		(442,908)	
Total Balance	-	5,001,641	(568,551)		(442,908)	
Total Revenues	**1,286,303,790**	**98,969,584**	**92,607,296**	-6.43%	**96,885,344**	-4.42%
Total Expenses	**1,286,303,790**	**93,967,943**	**93,175,847**	0.84%	**97,328,252**	4.27%
KWH Sold - Territorial	**13,180,028,000**	**1,011,218,682**	**939,381,343**	-7.10%	**989,618,796**	-5.08%
KWH Sold - Off System	**-**	**-**	**9,395,000**		**2,980,000**	
	13,180,028,000	**1,011,218,682**	**948,776,343**	-6.17%	**992,598,796**	-4.41%

* Gross debt service

** Includes transmission capacity, SJRPP and Scherer R & R, O & M and Investment Income.

JEA

Electric System		**Year-to-Date**			**Prior Year-to-Date**	
Budget vs. Actual	**ANNUAL BUDGET**	**BUDGET**	**ACTUAL**	**Variance**	**ACTUAL**	**Variance**
December 2018 and 2017	**2018-19**	**2018-19**	**2018-19**	**%**	**2017-18**	**%**
Fuel Related Revenues & Expenses						
Fuel Rate Revenues	$ 422,782,362	$ 95,684,209	$ 91,990,134	-3.86%	$ 92,998,829	-1.08%
Fuel Expense and Purchased Power:						
Fuel Expense - Electric System	327,822,632	70,461,434	73,528,076		59,940,009	
Fuel Expense - SJRPP	1,554,666	1,554,666	-		22,795,228	
Other Purchased Power	108,921,904	26,998,955	32,222,861		19,664,269	
Subtotal Energy Expense	438,299,202	99,015,055	105,750,937	-6.80%	102,399,506	-3.27%
Transfer to (from) Rate Stabilization, Net	(16,151,013)	(3,489,389)	(13,876,845)		(9,437,587)	
Fuel Related Uncollectibles	634,173	158,543	116,042		36,910	
Total	422,782,362	95,684,209	91,990,134	3.86%	92,998,829	1.08%
Fuel Balance	-	-	-		-	
Nonfuel Related Revenues						
Base Rate Revenues	812,153,353	183,806,750	178,221,369		179,107,590	
Conservation Charge Revenue	1,000,000	226,320	144,802		108,142	
Environmental Charge Revenue	8,039,817	1,819,573	1,748,354		1,769,793	
Investment Income	11,600,594	2,900,148	3,156,878		1,862,318	
Natural Gas Revenue Pass Through	2,464,374	616,094	167,347		118,214	
Other Revenues	28,263,290	7,065,823	7,088,505		6,692,380	
Total	863,521,428	196,434,708	190,527,255	-3.01%	189,658,437	0.46%
Nonfuel Related Expenses						
Non-Fuel O&M	221,286,372	60,538,162	49,126,187		42,494,488	
DSM / Conservation O&M	8,126,797	2,053,606	1,017,903		1,199,006	
Environmental O&M	3,071,529	1,283,875	874,525		5,739	
Rate Stabilization - DSM	(536,783)	(134,196)	619,497		335,770	
Rate Stabilization - Environmental	4,968,288	560,135	873,829		1,764,054	
Natural Gas Expense Pass Through	2,418,255	606,974	203,765		154,898	
Debt Principal - Electric System	116,230,000	29,057,500	29,057,500		31,074,643	
Debt Interest - Electric System	87,438,843	21,859,711	21,655,670		22,529,685	
R&R - Electric System	64,447,700	16,111,925	16,111,925		16,402,200	
Operating Capital Outlay	183,115,980	27,000,000	27,000,000		28,000,000	
City Contribution Expense	92,952,147	23,238,037	23,238,037		22,867,949	
Taxes & Uncollectibles	1,437,599	359,400	274,268		118,928	
Emergency Reserve	5,000,000	-	-		-	
Nonfuel Purchased Power:						
* SJRPP D/S Principal	13,780,000	3,445,000	3,445,000		6,522,969	
* SJRPP D/S Interest	11,127,870	2,781,968	2,696,063		3,654,249	
** Other Non-Fuel Purchased Power	48,656,831	12,164,207	14,037,879		12,036,613	
Total Nonfuel Expenses	863,521,428	200,926,304	190,232,048	5.32%	189,161,191	-0.57%
Non-Fuel Balance	-	(4,491,596)	295,207		497,246	
Total Balance	-	(4,491,596)	295,207		497,246	
Total Revenues	**1,286,303,790**	**292,118,917**	**282,517,389**	-3.29%	**282,657,266**	-0.05%
Total Expenses	**1,286,303,790**	**296,610,513**	**282,222,182**	4.85%	**282,160,020**	-0.02%
KWH Sold - Territorial	**13,180,028,000**	**2,982,907,333**	**2,856,450,922**	-4.24%	**2,889,537,796**	-1.15%
KWH Sold - Off System	**-**	**-**	**53,934,000**		**12,463,000**	
	13,180,028,000	**2,982,907,333**	**2,910,384,922**	-2.43%	**2,902,000,796**	0.29%

* Gross debt service

** Includes transmission capacity, SJRPP and Scherer R & R, O & M and Investment Income.

JEA

Water and Sewer System

Budget vs. Actual December 2018 and 2017	**ANNUAL BUDGET** 2018-19	**Month** BUDGET 2018-19	ACTUAL 2018-19	Variance %	**Prior Year Month** ACTUAL 2017-18	Variance %
REVENUES						
Water & Sewer Revenues	$ 457,315,688	$ 36,947,418	$ 34,558,902		$ 33,706,438	
Capacity & Extension Fees	24,500,000	1,760,911	2,913,135		2,644,361	
Capital Contributions	-	-	9,920		-	
Investment Income	6,318,534	526,544	972,961		545,061	
Other Income	40,244,423	2,616,720	3,049,163		1,340,091	
Total	528,378,645	41,851,593	41,504,081	-0.83%	38,235,951	8.55%
EXPENSES						
O & M Expenses	161,824,556	12,979,316	11,981,232		10,635,382	
Debt Principal - Water & Sewer	54,705,000	4,558,750	4,558,750		4,310,000	
Debt Interest - Water & Sewer	65,430,545	5,452,545	5,578,443		5,748,249	
Rate Stabilization - Environmental	-	-	229,366		775,547	
R&R - Water & Sewer	23,552,350	1,962,696	1,962,696		2,039,483	
Operating Capital Outlay	156,553,034	10,960,458	10,960,458		9,212,602	
Operating Capital Outlay - Capacity/Extension	24,500,000	2,041,666	2,913,136		2,644,361	
Operating Capital Outlay - Contributions	-	-	9,920		-	
Operating Capital Outlay - Environmental	15,431,798	1,283,056	809,513		383,511	
City Contribution Expense	24,695,388	2,057,949	2,057,949		2,095,668	
Uncollectibles & Fees	685,974	57,164	40,000		47,000	
Emergency Reserve	1,000,000	-	-		-	
Total Expenses	528,378,645	41,353,600	41,101,463	0.61%	37,891,803	-8.47%
Total Balance	$ -	$ 497,993	$ 402,618		$ 344,148	
Sales kgals						
Water	42,000,000	3,257,747	2,792,856	-14.27%	2,882,565	-3.11%
Sewer	34,650,000	2,812,603	2,473,958	-12.04%	2,357,780	4.93%
Total	76,650,000	6,070,350	5,266,814	-13.24%	5,240,345	0.51%

Budget vs. Actual December 2018 and 2017	**ANNUAL BUDGET** 2018-19	**Year-To-Date** BUDGET 2018-19	ACTUAL 2018-19	Variance %	**Prior Year to Date** ACTUAL 2017-18	Variance %
REVENUES						
Water & Sewer Revenues	$ 457,315,688	$ 111,101,256	$ 107,467,173		$ 105,330,517	
Capacity & Extension Fees	24,500,000	5,089,044	7,142,729		6,132,143	
Capital Contributions	-	-	9,920		9,920	
Investment Income	6,318,534	1,579,633	2,017,388		1,396,913	
Other Income	40,244,423	8,329,393	9,393,294		3,373,205	
Total	528,378,645	126,099,326	126,030,504	-0.05%	116,242,698	8.42%
EXPENSES						
O & M Expenses	161,824,556	40,722,227	36,403,201		32,852,380	
Debt Principal - Water & Sewer	54,705,000	13,676,250	13,676,249		12,930,000	
Debt Interest - Water & Sewer	65,430,545	16,357,636	16,060,352		16,626,231	
Rate Stabilization - Environmental	-	-	2,303,354		3,304,432	
R&R - Water & Sewer	23,552,350	5,888,087	5,888,087		6,118,450	
Operating Capital Outlay	156,553,034	35,419,794	35,419,794		29,637,806	
Operating Capital Outlay - Capacity/Extension	24,500,000	6,125,000	7,142,728		6,132,143	
Operating Capital Outlay - Contributions	-	-	9,920		9,920	
Operating Capital Outlay - Environmental	15,431,798	3,849,167	1,183,192		367,921	
City Contribution Expense	24,695,388	6,173,847	6,173,847		6,287,005	
Uncollectibles & Fees	685,974	171,493	126,000		144,000	
Emergency Reserve	1,000,000	-	-		-	
Total Expenses	528,378,645	128,383,501	124,386,724	3.11%	114,410,288	-8.72%
Total Balance	$ -	$ (2,284,175)	$ 1,643,780		$ 1,832,410	
Sales kgals						
Water	42,000,000	10,094,390	8,866,810	-12.16%	8,911,506	-0.50%
Sewer	34,650,000	8,328,142	7,509,371	-9.83%	7,206,255	4.21%
Total	76,650,000	18,422,532	16,376,181	-11.11%	16,117,761	1.60%

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JEA

District Energy System

Budget vs. Actual December 2018 and 2017	**ANNUAL BUDGET 2018-19**	**Month BUDGET 2018-19**	**Month ACTUAL 2018-19**	**Month Variance %**	**Prior Year Month ACTUAL 2017-18**	**Prior Year Month Variance %**
REVENUES						
Revenues	$ 9,256,655	$ 727,802	$ 690,485		$ 660,887	
Investment Income	-	-	10,677		10,266	
Total	9,256,655	727,802	701,162	-3.66%	671,153	4.47%
EXPENSES						
O & M Expenses	5,127,648	362,561	341,300		308,761	
Debt Principal - DES	1,690,000	140,833	140,833		138,333	
Debt Interest - DES	1,330,449	110,871	110,871		113,257	
R&R - DES	442,950	36,913	36,913		36,404	
Operating Capital Outlay	665,608	-	-		-	
Total Expenses	9,256,655	651,178	629,917	3.27%	596,755	-5.56%
Total Balance	$ -	$ 76,624	$ 71,245		$ 74,398	

Budget vs. Actual December 2018 and 2017	**ANNUAL BUDGET 2018-19**	**Year-To-Date BUDGET 2018-19**	**Year-To-Date ACTUAL 2018-19**	**Year-To-Date Variance %**	**Prior-Year-to-Date ACTUAL 2017-18**	**Prior-Year-to-Date Variance %**
REVENUES						
Revenues	$ 9,256,655	$ 2,396,347	$ 2,159,043		$ 2,293,110	
Investment Income	-	-	35,681		17,267	
Total	9,256,655	2,396,347	2,194,724	-8.41%	2,310,377	-5.01%
EXPENSES						
O & M Expenses	5,127,648	1,207,119	1,200,461		1,147,093	
Debt Principal - DES	1,690,000	422,500	422,500		415,000	
Debt Interest - DES	1,330,449	332,612	332,612		339,771	
R&R - DES	442,950	110,738	110,738		109,213	
Operating Capital Outlay	665,608	-	-		-	
Total Expenses	9,256,655	2,072,969	2,066,311	0.32%	2,011,077	-2.75%
Total Balance	$ -	$ 323,378	$ 128,413		$ 299,300	

JEA

Electric System
Schedule of Debt Service Coverage
(in thousands - unaudited)

	Month December		Year-to-Date December	
	2018	**2017**	**2018**	**2017**
Revenues				
Electric	$ 94,163	$ 98,170	$ 288,742	$ 288,384
Investment income [1]	693	646	2,616	1,491
Earnings from The Energy Authority	468	492	527	710
Other, net [2]	1,728	1,810	6,227	5,820
Plus: amount paid from the rate stabilization fund into the revenue fund	10,326	2,876	17,860	13,478
Less: amount paid from the revenue fund into the rate stabilization fund	(517)	(1,020)	(2,511)	(3,299)
Total revenues	106,861	102,974	313,461	306,584
Operating expenses [3]				
Fuel	26,074	21,731	73,528	59,940
Purchased power [4]	21,075	24,246	57,792	68,647
Other operations and maintenance	20,015	13,824	53,189	45,470
State utility taxes and fees	4,546	4,206	15,125	14,129
Total operating expenses	71,710	64,007	199,634	188,186
Net revenues	$ 35,151	$ 38,967	$ 113,827	$ 118,398
Debt service	$ 6,945	$ 5,997	$ 20,726	$ 17,778
Less: investment income on sinking fund	(179)	(125)	(541)	(376)
Less: Build America Bonds subsidy	(127)	(127)	(382)	(380)
Debt service requirement	$ 6,639	$ 5,745	$ 19,803	$ 17,022
Senior debt service coverage [5], (min 1.20x)	5.29 x	6.78 x	5.75 x	6.96 x
Net revenues (from above)	$ 35,151	$ 38,967	$ 113,827	$ 118,398
Debt service requirement (from above)	$ 6,639	$ 5,745	$ 19,803	$ 17,022
Plus: aggregate subordinated debt service on outstanding subordinated bonds	8,912	10,755	26,691	32,188
Less: Build American Bonds subsidy	(167)	(170)	(501)	(511)
Total debt service requirement and aggregate subordinated debt service	$ 15,384	$ 16,330	$ 45,993	$ 48,699
Senior and subordinated debt service coverage [6], (min 1.15x)	2.28 x	2.39 x	2.47 x	2.43 x
Fixed charge coverage [7]	1.66 x	1.73 x	1.82 x	1.77 x

[1] Excludes investment income on sinking funds.

[2] Excludes the Build America Bonds subsidy.

[3] Excludes depreciation and recognition of deferred costs and revenues, net.

[4] In accordance with the requirements of the Electric System Resolution, all the contract debt payments from the Electric System to the SJRPP and Bulk Power Supply System with respect to the use by the Electric System of the capacity and output of the SJRPP and Bulk Power Systems are reflected as a purchased power expense on these schedules. These schedules do not include revenues of the SJRPP and Bulk Power Supply System, except that the purchased power expense is net of interest income on funds maintained under the SJRPP and Bulk Power Supply System resolutions.

[5] Net revenues divided by debt service requirement. Minimum annual coverage is 1.20x.

[6] Net revenues divided by total debt service requirement and aggregate subordinated debt service. Minimum annual coverage is 1.15x.

[7] Net revenues plus JEA's share of SJRPP's and Bulk Power Supply System's debt service less city contribution divided by the sum of the adjusted debt service requirement and JEA's share of SJRPP's and Bulk Power Supply System's debt service.

JEA

Bulk Power Supply System
Schedule of Debt Service Coverage
(in thousands - unaudited)

	Month December		Year-to-Date December	
	2018	**2017**	**2018**	**2017**
Revenues				
Operating	$ 6,770	$ 5,929	$ 18,656	$ 17,207
Investment income	8	9	24	32
Total revenues	6,778	5,938	18,680	17,239
Operating expenses [1]				
Fuel	3,382	2,412	9,632	8,725
Other operations and maintenance	1,057	1,154	3,269	3,847
Total operating expenses	4,439	3,566	12,901	12,572
Net revenues	$ 2,339	$ 2,372	$ 5,779	$ 4,667
Aggregate debt service	$ 842	$ 829	$ 2,527	$ 2,486
Less: Build America Bonds subsidy	(52)	(56)	(156)	(167)
Aggregate debt service	$ 790	$ 773	$ 2,371	$ 2,319
Debt service coverage [2]	2.96 x	3.07 x	2.44 x	2.01 x

[1] Excludes all current expenses paid or accrued to the extent that such expenses are to be paid from revenues.
[2] Net revenues divided by aggregate debt service. Minimum annual coverage is 1.15x.

St. Johns River Power Park System
Schedule of Debt Service Coverage - Second Resolution
(in thousands - unaudited)

	Month December		Year-to-Date December	
	2018	**2017**	**2018**	**2017**
Revenues				
Operating	$ 5,625	$ 1,548	$ 8,988	$ 3,641
Investment income	871	95	1,031	128
Total revenues	6,496	1,643	10,019	3,769
Operating expenses	1,721	-	2,770	-
Net revenues	$ 4,775	$ 1,643	$ 7,249	$ 3,769
Aggregate debt service	$ 2,076	$ 1,077	$ 6,227	$ 3,231
Less: Build America Bonds subsidy	(57)	(31)	(86)	(92)
Aggregate debt service	$ 2,019	$ 1,046	$ 6,141	$ 3,139
Debt service coverage [1]	2.37 x	1.57 x	1.18 x	1.20 x

[1] Net revenues divided by aggregate debt service. Semiannual minimum coverage is 1.15x.

JEA
Water and Sewer
Schedule of Debt Service Coverage
(in thousands - unaudited)

	Month December		Year-to-Date December	
	2018	**2017**	**2018**	**2017**
Revenues				
Water	$ 13,366	$ 13,611	$ 43,277	$ 43,001
Water capacity fees	969	801	2,407	2,075
Sewer	21,989	20,883	66,693	64,753
Sewer capacity fees	1,945	1,844	4,736	4,058
Investment Income	974	548	2,019	1,407
Other [1]	1,008	1,128	2,932	2,739
Plus: amounts paid from the rate stabilization fund into the revenue fund	1,684	1,129	3,634	2,573
Less: amounts paid from the revenue fund into the rate stabilization fund	(1,913)	(1,904)	(5,937)	(5,877)
Total revenues	40,022	38,040	119,761	114,729
Operating expenses				
Operations and maintenance [2]	13,053	11,657	39,987	36,270
Total operating expenses	13,053	11,657	39,987	36,270
Net revenues	$ 26,969	$ 26,383	$ 79,774	$ 78,459
Aggregate debt service	$ 8,116	$ 8,033	$ 24,315	$ 24,104
Less: Build America Bonds subsidy	(207)	(209)	(620)	(624)
Aggregate debt service	$ 7,909	$ 7,824	$ 23,695	$ 23,480
Senior debt service coverage [3], (min 1.25x)	3.41 x	3.37 x	3.37 x	3.34 x
Net revenues (from above)	$ 26,969	$ 26,383	$ 79,774	$ 78,459
Aggregate debt service (from above)	$ 7,909	$ 7,824	$ 23,695	$ 23,480
Plus: aggregate subordinated debt service on outstanding subordinated debt	1,504	1,508	4,496	4,456
Total aggregate debt service and aggregate subordinated debt service	$ 9,413	$ 9,332	$ 28,191	$ 27,936
Senior and subordinated debt service coverage excluding capacity fees[4]	2.56 x	2.54 x	2.58 x	2.59 x
Senior and subordinated debt service coverage including capacity fees[4]	2.87 x	2.83 x	2.83 x	2.81 x
Fixed charge coverage	2.65 x	2.60 x	2.61 x	2.58 x

[1] Excludes the Build America Bonds subsidy.

[2] Excludes depreciation and recognition of deferred costs and revenues, net.

[3] Net revenues divided by aggregate debt service. Minimum annual coverage is 1.25x.

[4] Net revenues divided by total aggregate debt service and aggregate subordinated debt service. Minimum annual coverage is either 1.00x aggregate debt service and aggregate subordinated debt service (excluding capacity charges) or the sum of 1.00x aggregate debt service and 1.20x aggregate subordinated debt service (including capacity

District Energy System
Schedule of Debt Service Coverage
(in thousands - unaudited)

	Month December		Year-to-Date December	
	2018	**2017**	**2018**	**2017**
Revenues				
Service revenues	$ 690	$ 661	$ 2,159	$ 2,293
Investment income	11	10	36	17
Total revenues	701	671	2,195	2,310
Operating expenses [1]				
Operations and maintenance	343	329	1,204	1,170
Total operating expenses	343	329	1,204	1,170
Net revenues	$ 358	$ 342	$ 991	$ 1,140
Aggregate debt service [2]	$ 252	$ 252	$ 755	$ 755
Debt service coverage [3], (min 1.15x)	1.42 x	1.36 x	1.31 x	1.51 x

[1] Excludes depreciation.

[2] On June 19, 2013, the closing date of the District Energy System Refunding Revenue Bonds, 2013 Series A, the JEA covenanted to deposit into the 2013 Series A Bonds Subaccount from Available Water and Sewer System Revenues an amount equal to the Aggregate DES Debt Service Deficiency that exists with respect to the 2013 Series A Bonds, in the event that the amount on deposit in the Debt Service Account in the Debt Service Fund in accordance with the District Energy System Resolution is less than Accrued Aggregate Debt Service as of the last business day of the then current month.

[3] Net revenues divided by aggregate debt service. Minimum annual coverage is 1.15x.

JEA

Electric System, St. Johns River Power Park System and Scherer
Principal Amount of Debt Outstanding and Average Interest Rates
December 2018

Issue/Average Coupon Rate	Interest Rates	Principal Payment Dates	Par Amount Principal Outstanding	Current Portion of Long-Term Debt
Electric System - Fixed Rate Bonds				
Series Three 2004 A	5.000%	2039	$ 5,000	$ -
Series Three 2005 B	4.750%	2033	100,000	-
Series Three 2009 D - BABs	6.056%	2033-2044	45,955,000	-
Series Three 2010 A	4.000%	2019	5,070,000	5,070,000
Series Three 2010 C	4.125 - 4.500%	2026-2031	1,950,000	-
Series Three 2010 D	4.250 - 5.000%	2020-2038	1,205,000	-
Series Three 2010 E - BABs	5.350 - 5.482%	2028-2040	34,255,000	-
Series Three 2012A	4.000 - 4.500%	2023-2033	16,995,000	-
Series Three 2012B	2.000 - 5.000%	2019-2039	85,615,000	725,000
Series Three 2013A	3.000 - 5.000%	2019-2026	65,765,000	8,990,000
Series Three 2013B	3.000 - 5.000%	2026-2038	7,500,000	-
Series Three 2013C	4.600 - 5.000%	2019-2030	15,040,000	1,700,000
Series Three 2014A	3.400 - 5.000%	2019-2034	10,810,000	1,285,000
Series Three 2015A	2.750 - 5.000%	2019-2041	69,830,000	155,000
Series Three 2015B	3.375 - 5.000%	2019-2031	17,225,000	6,945,000
Series Three 2017A	5.000%	2019	18,670,000	18,670,000
Series Three 2017B	3.375 - 5.000%	2026-2039	198,095,000	-
Total Fixed Rate Senior Bonds			**594,085,000**	**43,540,000**
2009 Series F - BABs	4.900 - 6.406%	2019-2034	62,155,000	1,550,000
2009 Series G	4.000 - 5.000%	2019-2019	14,665,000	14,665,000
2010 Series B	4.000 - 5.000%	2019-2024	3,680,000	960,000
2010 Series D - BABs	4.150 - 5.582%	2019-2027	42,050,000	2,705,000
2012 Series A	3.250 - 5.000%	2019-2033	56,490,000	2,655,000
2012 Series B	3.250 - 5.000%	2019-2037	50,415,000	2,215,000
2013 Series A	3.000 - 5.000%	2019-2030	43,055,000	2,780,000
2013 Series B	3.000 - 5.000%	2019-2026	18,535,000	2,870,000
2013 Series C	1.375 - 5.000%	2019-2038	77,155,000	885,000
2013 Series D	4.000 - 5.250%	2019-2035	74,535,000	20,830,000
2014 Series A	4.000 - 5.000%	2019-2039	110,330,000	14,635,000
2017 Series A	3.000 - 5.000%	2019-2019	1,290,000	1,290,000
2017 Series B	3.375 - 5.000%	2019-2034	184,950,000	1,055,000
Total Fixed Rate Subordinated Bonds			**739,305,000**	**69,095,000**
Total Fixed Rate Electric System Bonds/4.558%			**1,333,390,000**	**112,635,000**
Electric System - Variable Rate Bonds	Current Interest Rates (1)			
Series Three 2008 A - Weekly	1.825%	2027-2036	51,680,000	-
Series Three 2008 B-1 - Weekly	2.190%	2019-2040	59,620,000	425,000
Series Three 2008 B-2 - Weekly	1.825%	2025-2040	41,900,000	-
Series Three 2008 B-3 - Weekly	1.825%	2024-2036	37,000,000	-
Series Three 2008 B-4 - Weekly	2.190%	2019-2036	49,010,000	425,000
Series Three 2008 C-1 - Weekly	1.804%	2024-2034	44,145,000	-
Series Three 2008 C-2 - Weekly	1.804%	2024-2034	43,900,000	-
Series Three 2008 C-3 - Flex	1.923%	2030-2038	25,000,000	-
Series Three 2008 D-1 - Weekly	2.190%	2019-2036	106,275,000	2,745,000
Total Variable Rate Senior Bonds			**458,530,000**	**3,595,000**
Series 2000 A - Flex	2.111%	2021-2035	30,965,000	-
Series 2000 F-1 - Flex	1.956%	2026-2030	37,200,000	-
Series 2000 F-2 - Flex	2.117%	2026-2030	24,800,000	-
Series 2008 D - Daily	1.780%	2024-2038	39,455,000	-
Total Variable Rate Subordinated Bonds			**132,420,000**	**-**
Total Variable Rate Bonds			**590,950,000**	**3,595,000**
Total Electric System Bonds			**1,924,340,000**	**116,230,000**
St. Johns River Power Park - Fixed Rate Bonds				
Issue 3 Series 1	4.500%	2037	100,000	-
Issue 3 Series 2	5.000%	2034-2037	29,370,000	-
Issue 3 Series 4 - BABs	4.700 - 5.450%	2019-2028	20,690,000	1,775,000
Issue 3 Series 6	2.375 - 5.000%	2019-2037	91,330,000	5,680,000
Issue 3 Series 7	2.000 - 5.000%	2019-2033	79,500,000	4,120,000
Issue 3 Series 8	2.000 - 5.000%	2019-2039	57,895,000	2,205,000
Total Fixed Rate St. Johns River Power Park Bonds/4.014%			**278,885,000**	**13,780,000**
Bulk Power Supply System, Scherer 4 Project - Fixed Rate Bonds				
Series 2010A - BABs	4.800 - 5.920%	2019-2030	34,355,000	2,140,000
Series 2014A	2.000 - 4.125%	2019-2038	60,655,000	4,010,000
Total Fixed Rate Bulk Power Supply System Bonds/4.324%			**95,010,000**	**6,150,000**
Weighted Average Cost(2) / Total Outstanding Debt		3.480%	**$ 2,298,235,000**	**$ 136,160,000**

(1) Current month interest rate excluding variable debt fees.

(2) Weighted Average Cost of debt is net of BABs subsidy, original issue premiums/discounts and excludes variable debt liquidity/remarketing fees and interest rate swap payments.

	Current YTD	Prior YTD	Year End Target
• Debt Ratio - Electric Entrerprise Func	70.3%	64.8%	66.0%

		Electric System	Power Park Issue Three
• Remaining New Money Authorization	$	465,160,992	103,865,000
• Remaining Senior Refunding Authorizatior	$	1,022,837,381	250,810,000
• Remaining Subordinated Refunding Authorizatior	$	634,898,000	n/a

JEA
Water and Sewer System
Principal Amount of Debt Outstanding and Average Interest Rates
December 2018

Issue/Average Coupon Rate	Interest Rates	Principal Payment Dates	Par Amount Principal Outstanding	Current Portion of Long-Term Debt
Fixed Rate Bonds				
2009 Series B	3.750 - 5.000%	2019	$ 8,915,000	$ 8,915,000
2010 Series A - BABs	6.210 - 6.310%	2026-2044	83,115,000	-
2010 Series B - Taxable	5.200 - 5.700%	2019-2025	12,110,000	1,730,000
2010 Series C	5.000%	2020	3,000,000	-
2010 Series D	4.000 - 5.000%	2019-2039	38,625,000	5,015,000
2010 Series E	4.000 - 5.000%	2021-2039	11,865,000	-
2010 Series F - BABs	3.900 - 5.887%	2019-2040	42,095,000	2,395,000
2012 Series A	3.000 - 5.000%	2019-2041	162,430,000	1,070,000
2012 Series B	2.000 - 5.000%	2019-2037	74,600,000	1,280,000
2013 Series A	4.500 - 5.000%	2019-2027	51,720,000	12,580,000
2014 Series A	2.000 - 5.000%	2019-2040	212,960,000	5,625,000
2017 Series A	3.125 - 5.000%	2020-2041	378,220,000	-
Total Fixed Rate Senior Bonds			**1,079,655,000**	**38,610,000**
2010 Series A	5.000%	2019-2022	5,620,000	2,790,000
2010 Series B	3.000 - 5.000%	2020-2025	3,255,000	-
2012 Series A	3.000%	2021	1,440,000	-
2012 Series B	3.250 - 5.000%	2030-2043	29,685,000	-
2013 Series A	2.125 - 5.000%	2019-2029	31,730,000	5,365,000
2017 Series A	2.750 - 5.000%	2021-2034	58,940,000	-
Total Fixed Rate Subordinated Bonds			**130,670,000**	**8,155,000**
Total Fixed Rate Bonds/4.531%			**1,210,325,000**	**46,765,000**
Variable Rate Bonds	Current Interest Rates (1)			
2006 Series B - CPI Bonds	3.931% (2)	2019-2022	24,850,000	5,740,000
2008 Series A-2 - Weekly	1.678%	2028-2042	51,820,000	-
2008 Series B - Weekly	1.811%	2023-2041	85,290,000	-
Total Variable Rate Senior Bonds			**161,960,000**	**5,740,000**
2008 Series A-1 - Daily	1.641%	2019-2038	48,850,000	2,200,000
2008 Series A-2 - Weekly	1.692%	2030-2038	25,600,000	-
2008 Series B-1 - Weekly	1.731%	2030-2036	30,885,000	-
Total Variable Rate Subordinated Bonds			**105,335,000**	**2,200,000**
Total Variable Rate Bonds			**267,295,000**	**7,940,000**
Other Obligations				
Revolving Credit Agreement	3.500%	2021	5,000,000	-
Total Other Obligations			**5,000,000**	**-**
Weighted Average Cost(3) / Total Outstanding Debt		**3.642%**	**$ 1,482,620,000**	**$ 54,705,000**

(1) Current month interest rate excluding variable debt fees.
(2) Designated swap obligation. The rate shown is the weighted average of the variable CPI Index rates for the 6 month re-set period.
(3) Weighted Average Cost of debt is net of BABs subsidy, original issue premiums/discounts and excludes variable debt liquidity/remarketing fees and interest rate swap payments.

	Current YTD	Prior YTD	Year End Target
• Debt Ratio - Water and Sewer	50.5%	51.9%	48.2%

• Remaining New Money Authorization	$ 218,078,023
• Remaining Refunding Authorization	$ 794,813,942

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District Energy System
Principal Amount of Debt Outstanding and Average Interest Rates
December 2018

Issue/Average Coupon	Interest Rates	Principal Payment Dates	Par Amount Principal Outstanding	Current Portion of Long-Term Debt
Fixed Rate Bonds				
2013 Series A/4.184%	2.065 - 4.538%	2019-2034	$ 34,825,000	$ 1,690,000
Weighted Average Cost(1) / Total Outstanding Debt		**4.188%**	**$ 34,825,000**	**$ 1,690,000**

(1) Weighted Average Cost of debt is net of original issue premiums/discounts.

• Remaining New Money Authorization	$ 54,321,245
• Remaining Refunding Authorization	$ 106,670,000

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INVESTMENT PORTFOLIO REPORT
December 2018
All Funds

	INVESTMENT	BOOK VALUE	YIELD	% OF TOTAL	LAST MONTH	6 MONTH AVERAGE
*	Treasuries	$ 194,663,828	2.24%	17.12%	16.83%	15.55%
	Agencies					
	Federal Farm Credit Bank	57,372,254	1.81%	5.04%	4.96%	4.99%
	Federal Home Loan Bank	263,126,284	2.28%	23.14%	20.59%	20.07%
	Total	320,498,538	2.20%	28.18%	25.56%	25.06%
	Municipal Bonds	201,136,793	2.72%	17.69%	17.60%	17.24%
	Commercial Paper	188,064,579	2.59%	16.54%	16.14%	14.80%
	U.S. Treasury Money Market Funds (1)	54,640,573	2.28%	4.80%	6.45%	5.74%
	Agency Money Market Funds (2)	2,425,000	2.27%	0.21%	0.38%	1.04%
	FEITF Money Market Fund	7,500,000	2.55%	0.66%	0.65%	2.29%
	Florida Prime Fund	136,536,000	2.64%	12.01%	14.56%	10.62%
	Wells Fargo Bank Accounts (3)					
	Electric, Scherer	21,349,462	2.15%	1.88%	0.98%	4.10%
	SJRPP	5,877,162	2.15%	0.52%	0.77%	2.23%
	Water & Sewer, DES	4,522,943	2.15%	0.40%	0.09%	1.32%
	Total Portfolio	$1,137,214,879	2.43%	100.00%	100.00%	100.00%

* Backed by Full Faith and Credit of U. S. Government

Weighted Avg. Annual Yield for December 2018, Excluding Bank & Money Market Funds: 2.41%

Weighted Avg. Annual Yield for December 2018, Including Bank & Money Market Funds: 2.43%

Some investments listed above may be classified as Cash Equivalents on the Statements of Net Position in accordance with generally accepted accounting principles.

(1) Fidelity Treasury Fund
(2) State Street Government Fund
(3) Month-end bank balances

JEA

Interest Rate Swap Position Report

December 2018

JEA Debt Management Swaps Variable to Fixed

ID	Dealer	Effective Date	Termination Date	Electric System Allocation	Water/Sewer Allocation	Fixed Rate	Floating Rate (1)	Spread	Rate Cap	Index
1	Goldman Sachs	9/18/2003	9/18/2033	$ 84,800,000	$ -	3.717	1.597	2.120	n/a	68% 1 mth Libor
3	Morgan Stanley	1/27/2005	10/1/2039	82,575,000	-	4.351	1.671	2.680	n/a	SIFMA
4	JPMorgan	1/27/2005	10/1/2035	85,200,000	-	3.661	1.597	2.064	n/a	68% 1 mth Libor
6	JPMorgan	1/27/2005	10/1/2037	39,175,000	-	3.716	1.597	2.119	n/a	68% 1 mth Libor
7	Morgan Stanley	10/31/2006	10/1/2022	-	24,850,000	4.039	3.931	0.108	n/a	CPI
8	Morgan Stanley	1/31/2007	10/1/2031	62,980,000	-	3.907	1.671	2.236	n/a	SIFMA
9	Merrill Lynch	3/8/2007	10/1/2041	-	85,290,000	3.895	1.671	2.224	n/a	SIFMA
10	Goldman Sachs	1/31/2008	10/1/2036	51,680,000	-	3.836	1.671	2.165	n/a	SIFMA
			Total	$ 406,410,000	$ 110,140,000	Wtd Avg Spread		2.139		

Note: (1) The "Floating Rate" column is the average of the floating rate for each instrument for this month.

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Electric System
Operating Statistics

	Month December			Year-to-Date December		
	2018	**2017**	**Variance**	**2018**	**2017**	**Variance**
Electric revenues sales (000's omitted):						
Residential	$ 46,318	$ 45,929	0.85%	$ 141,127	$ 136,052	3.73%
Commercial	30,660	32,923	-6.87%	94,277	94,702	-0.45%
Industrial	16,059	17,365	-7.52%	48,381	50,414	-4.03%
Public street lighting	1,083	1,060	2.17%	3,249	3,194	1.72%
Sales for resale - territorial	49	895	-94.53%	145	3,706	-96.09%
Electric revenues - territorial	94,169	98,172	-4.08%	287,179	288,068	-0.31%
Sales for resale - off system	114	96	18.75%	1,895	414	357.73%
Electric revenues	94,283	98,268	-4.06%	289,074	288,482	0.21%
Less: rate stabilization & recovery	9,809	1,856	-428.50%	15,349	10,179	-50.79%
Less: allowance for doubtful accounts	(120)	(98)	22.45%	(332)	(98)	238.78%
Net electric revenues	103,972	100,026	3.94%	304,091	298,563	1.85%
MWh sales						
Residential	404,918	400,250	1.17%	1,227,312	1,181,787	3.85%
Commercial	312,830	338,433	-7.57%	960,623	968,728	-0.84%
Industrial	216,808	240,959	-10.02%	654,110	691,138	-5.36%
Public street lighting	4,826	4,902	-1.55%	14,406	14,717	-2.11%
Sales for resale - territorial	-	5,075	-100.00%	-	33,168	-100.00%
Total MWh sales - territorial	939,382	989,619	-5.08%	2,856,451	2,889,538	-1.15%
Sales for resale - off system	9,395	2,980	215.27%	53,934	12,463	332.75%
Total MWh sales	948,777	992,599	-4.41%	2,910,385	2,902,001	0.29%
Number of accounts (1)						
Residential	415,980	407,957	1.97%	415,303	407,259	1.98%
Commercial	52,765	52,196	1.09%	52,740	52,142	1.15%
Industrial	195	199	-2.01%	196	199	-1.51%
Public street lighting	3,825	3,764	1.62%	3,822	3,761	1.62%
Sales for resale	1	2	-50.00%	1	2	-50.00%
Total average accounts	472,766	464,118	1.86%	472,062	463,363	1.88%
Residential averages						
Revenue per account - $	111.35	112.58	-1.09%	339.82	334.07	1.72%
kWh per account	973	981	-0.82%	2,955	2,902	1.83%
Revenue per kWh - ¢	11.44	11.48	-0.35%	11.50	11.51	-0.09%
Degree days						
Heating degree days	247	250	(3)	396	346	50
Cooling degree days	39	44	(5)	432	435	(3)
Total degree days	286	294	(8)	828	781	47
Degree days - 30 year average	344			775		

(1) The year-to-date column represents a fiscal year-to-date average.

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Water and Sewer System
Operating Statistics

	Month December			Year-to-Date December		
	2018	**2017**	**Variance**	**2018**	**2017**	**Variance**
Water						
Revenues (000's omitted):						
Residential	$ 7,389	$ 7,292	1.33%	$ 23,488	$ 22,799	3.02%
Commercial and industrial	3,897	3,815	2.15%	11,835	11,873	-0.32%
Irrigation	2,096	2,523	-16.92%	8,004	8,387	-4.57%
Total water revenues	13,382	13,630	-1.82%	43,327	43,059	0.62%
Less: rate stabilization	(1,090)	(1,121)	-2.77%	(3,545)	(3,530)	0.42%
Less: allowance for doubtful accounts	(16)	(19)	-15.79%	(50)	(58)	-13.79%
Net water revenues	$ 12,276	$ 12,490	-1.71%	$ 39,732	$ 39,471	0.66%
Kgal sales (000s omitted)						
Residential	1,336,445	1,341,401	-0.37%	4,161,909	4,078,007	2.06%
Commercial and industrial	1,161,930	1,134,710	2.40%	3,420,105	3,448,642	-0.83%
Irrigation	294,481	406,454	-27.55%	1,284,796	1,384,857	-7.23%
Total kgals sales	2,792,856	2,882,565	-3.11%	8,866,810	8,911,506	-0.50%
Number of accounts (1):						
Residential	290,302	283,334	2.46%	289,845	282,838	2.48%
Commercial and industrial	25,858	25,613	0.96%	25,839	25,584	1.00%
Irrigation	37,109	36,970	0.38%	37,118	36,973	0.39%
Total average accounts	353,269	345,917	2.13%	352,802	345,395	2.14%
Residential averages:						
Revenue per account - $	25.45	25.74	-1.13%	81.04	80.61	0.53%
Kgals per account	4.60	4.73	-2.75%	14.36	14.42	-0.42%
Revenue per kgals - $	5.53	5.44	1.65%	5.64	5.59	0.89%
Sewer						
Revenues (000's omitted):						
Residential	$ 11,402	$ 11,023	3.44%	$ 35,253	$ 34,204	3.07%
Commercial and industrial	9,616	8,976	7.13%	27,494	27,258	0.87%
Total sewer revenues	21,018	19,999	5.10%	62,747	61,462	2.09%
Less: rate stabilization	861	346	148.84%	1,242	226	449.56%
Less: allowance for doubtful accounts	(24)	(28)	-14.29%	(76)	(86)	-11.63%
Net sewer revenues	21,855	20,317	7.57%	63,913	61,602	3.75%
Kgal sales (000s omitted)						
Residential	1,196,836	1,157,654	3.38%	3,669,483	3,506,254	4.66%
Commercial and industrial	1,073,821	989,330	8.54%	2,973,995	2,941,297	1.11%
Total kgals sales	2,270,657	2,146,984	5.76%	6,643,478	6,447,551	3.04%
Number of accounts (1):						
Residential	257,220	250,529	2.67%	256,777	250,054	2.69%
Commercial and industrial	18,443	18,304	0.76%	18,423	18,279	0.79%
Total average accounts	275,663	268,833	2.54%	275,200	268,333	2.56%
Residential averages:						
Revenue per account - $	44.33	44.00	0.75%	137.29	136.79	0.37%
kgals per account	4.65	4.62	0.65%	14.29	14.02	1.93%
Revenue per kgals - $	9.53	9.52	0.11%	9.61	9.76	-1.54%
Reuse						
Revenues (000's omitted):						
Reuse revenues	$ 995	$ 912	9.10%	$ 4,022	$ 3,377	19.10%
Kgal sales (000s omitted)						
Reuse sales (kgals)	203,301	210,796	-3.56%	865,893	758,704	14.13%
Number of accounts (1):						
Reuse accounts	13,397	10,794	24.12%	13,175	10,637	23.86%
Rainfall			Diff in inches			Diff in inches
Normal	2.80	2.80		8.84	8.84	
Actual	4.96	2.42	2.54	11.47	9.04	2.43
Rain Days	10	8	2	29	22	7

(1) The year-to-date column represents a fiscal year-to-date average.

JEA **Page 33**
Electric System
Production Statistics

	Month December			Year-to-Date December		
	2018	**2017**	**Variance**	**2018**	**2017**	**Variance**
Generated power:						
Steam:						
Fuel oil						
Fuel expense	$ 158,771	$ 61,239	159.26%	$ 153,775	$ 61,239	151.11%
Barrels #6 oil consumed	1,420	566	150.88%	1,374	566	142.76%
$/ per barrel consumed	$ 111.81	$ 108.20	3.34%	$ 111.92	$ 108.20	3.44%
kWh oil generated (1)	248,781	-		480,724	-	
Cost per MWh - oil	$ 638.20	$ -		$ 319.88	$ -	
Natural gas units #1-3						
Gas expense - variable	$ 1,161,820	$ 2,422,662	-52.04%	$ 16,430,275	$ 5,859,849	180.39%
MMBTU's consumed	254,875	772,548	-67.01%	4,263,319	1,818,139	134.49%
$/ per MMBTU consumed	$ 4.56	$ 3.14	45.36%	$ 3.85	$ 3.22	19.57%
kWh - gas generated (1)	17,835,363	67,471,260	-73.57%	394,898,435	160,003,131	146.81%
Cost per MWh - gas	$ 65.14	$ 35.91	81.42%	$ 41.61	$ 36.62	13.61%
Cost per MWh - gas & oil - steam	$ 73.02	$ 36.81	98.36%	$ 41.94	$ 37.01	13.35%
Coal						
Coal expense	$ 2,913,819	$ 1,954,927	49.05%	$ 4,357,621	$ 4,767,004	-8.59%
kWh generated	61,910,776	53,096,720	16.60%	116,051,842	140,524,351	-17.42%
Cost per MWh - coal	$ 47.06	$ 36.82	27.83%	$ 37.55	$ 33.92	10.69%
Pet coke and limestone						
Expense	$ 3,700,943	$ 4,237,536	-12.66%	$ 8,751,734	$ 9,777,892	-10.49%
kWh generated	105,689,718	110,781,678	-4.60%	213,900,486	272,213,826	-21.42%
Cost per MWh - pet coke and limestone	$ 35.02	$ 38.25	-8.46%	$ 40.91	$ 35.92	13.91%
Cost per MWh - coal & petcoke - steam	$ 39.47	$ 37.79	4.45%	$ 39.73	$ 35.24	12.74%
Combustion turbine:						
Fuel oil						
Fuel expense	$ 95,298	$ 59,256	60.82%	$ 547,761	$ 222,943	145.70%
Barrels #2 oil consumed	627	292	114.73%	4,388	1,050	317.90%
$/ per barrel consumed	$ 151.99	$ 202.93	-25.10%	$ 124.83	$ 212.33	-41.21%
kWh - oil generated	220,726	52,889	317.34%	1,592,932	243,827	553.30%
Cost per MWh - oil	$ 431.75	$ 1,120.38	-61.46%	$ 343.87	$ 914.35	-62.39%
Natural gas (includes landfill)						
Gas expense Kennedy & landfill - variable	$ 530,835	$ 144,478	267.42%	$ 1,103,136	$ 468,210	135.61%
MMBTU's consumed	112,918	47,722	136.62%	258,843	149,798	72.79%
$/ per MMBTU consumed	$ 4.70	$ 3.03	55.28%	$ 4.26	$ 3.13	36.35%
kWh - gas generated (1)	9,102,283	3,935,441	131.29%	21,443,845	12,286,922	74.53%
Cost per MWh - gas	$ 58.32	$ 36.71	58.86%	$ 51.44	$ 38.11	35.00%
Gas expense BB simple - variable	$ 702,174	$ 194,607	260.82%	$ 1,804,808	$ 455,397	296.32%
MMBTU's consumed	$ 148,224	67,668	119.05%	471,437	154,215	205.70%
$/ per MMBTU consumed	$ 4.74	$ 2.88	64.72%	$ 3.83	$ 2.95	29.64%
kWh - gas generated (1)	12,568,683	5,998,694	109.52%	41,451,753	13,277,666	212.19%
Cost per MWh - gas simple	$ 55.87	$ 32.44	72.21%	$ 43.54	$ 34.30	26.95%
Gas expense BB combined - variable	$ 11,018,254	$ 7,786,570	41.50%	$ 28,683,420	$ 22,412,529	27.98%
MMBTU's consumed	2,339,111	2,707,437	-13.60%	7,480,433	7,678,094	-2.57%
$/ per MMBTU consumed	$ 4.71	$ 2.88	63.78%	$ 3.83	$ 2.92	31.36%
kWh - gas generated (1)	350,099,829	384,143,723	-8.86%	1,086,055,920	1,093,528,518	-0.68%
Cost per MWh - gas combined	$ 31.47	$ 20.27	55.26%	$ 26.41	$ 20.50	28.86%
Gas expense GEC simple - variable	$ 1,162,580	$ 407,724	185.14%	$ 2,813,737	$ 1,627,761	72.86%
MMBTU's consumed	265,196	176,919	49.90%	950,493	742,387	28.03%
$/ per MMBTU consumed	$ 4.38	$ 2.30	90.22%	$ 2.96	$ 2.19	35.01%
kWh - gas generated	23,413,844	15,393,012	52.11%	84,523,468	67,037,982	26.08%
Cost per MWh - gas simple	$ 49.65	$ 26.49	87.46%	$ 33.29	$ 24.28	37.10%
Cost per MWh - gas & oil ct	$ 34.17	$ 20.98	62.83%	$ 28.30	$ 21.23	33.30%
Natural gas expense - fixed	$ 3,434,513	$ 3,413,113	0.63%	$ 9,699,293	$ 9,542,188	1.65%
Total generated power:						
Fuels expense	$ 24,879,007	$ 20,682,112	20.29%	$ 74,345,560	$ 55,195,012	34.70%
kWh generated	581,090,003	640,873,417	-9.33%	1,960,399,405	1,759,116,223	11.44%
Cost per MWh	$ 42.81	$ 32.27	32.67%	$ 37.92	$ 31.38	20.87%

(1) Allocation of kWh generated is based upon a ratio of gas MBTU's (adjusted to oil equivalent - 95.5%) and oil MBTU's.

Cost of fuels				
Fuel oil #6	$ 158,771	$ 61,239	$ 153,775	$ 61,239
Natural gas units #1-3 with landfill - variable	1,161,820	2,422,662	16,430,275	5,859,849
Coal	2,913,819	1,954,927	4,357,621	4,767,004
Petcoke	3,700,943	4,237,536	8,751,734	9,777,892
Fuel oil #2	95,298	59,256	547,761	222,943
Natural gas - simple cycle (BB & GEC) - variable	2,395,589	746,809	5,721,681	2,551,368
Natural gas - combined (BB) - variable	11,018,254	7,786,570	28,683,420	22,412,529
Natural gas - fixed	3,434,513	3,413,113	9,699,293	9,542,188
Total	$ 24,879,007	$ 20,682,112	$ 74,345,560	$ 55,195,012

JEA
Electric System
Production Statistics (Continued)

	Month December			Year-to-Date December		
	2018	**2017**	**Variance**	**2018**	**2017**	**Variance**
Production Statistics (Continued)						
Purchased power:						
Plant Scherer						
Purchases	$ 5,979,231	$ 5,156,090	15.96%	$ 16,284,451	$ 14,888,079	9.38%
kWh purchased	129,368,000	114,086,000	13.40%	371,728,000	344,887,000	7.78%
Cost per MWh	$ 46.22	$ 45.19	2.27%	$ 43.81	$ 43.17	1.48%
TEA & other						
Purchases	$ 12,316,626	$ 6,689,102	84.13%	$ 31,956,632	$ 16,844,494	89.72%
kWh purchased	272,686,519	144,186,148	89.12%	698,370,472	335,175,888	108.36%
Cost per MWh	$ 45.17	$ 46.39	-2.64%	$ 45.76	$ 50.26	-8.95%
SJRPP						
Purchases	$ 1,988,998	$ 11,628,327	-82.90%	$ 7,179,431	$ 34,595,860	-79.25%
kWh purchased	-	106,378,000	-100.00%	-	539,759,000	-100.00%
Cost per MWh		$ 109.31			$ 64.10	
Total purchased power:						
Purchases	$ 20,284,855	$ 23,473,519	-13.58%	$ 55,420,514	$ 66,328,433	-16.45%
kWh purchased	402,054,519	364,650,148	10.26%	1,070,098,472	1,219,821,888	-12.27%
Cost per MWh	$ 50.45	$ 64.37	-21.62%	$ 51.79	$ 54.38	-4.75%
Subtotal - generated and purchased power:	$ 45,163,862	$ 44,155,631	2.28%	$ 129,766,074	$ 121,523,445	6.78%
Fuel interchange sales	(113,461)	(95,722)	18.53%	(1,894,582)	(414,207)	357.40%
Earnings of The Energy Authority	(468,331)	(492,998)	-5.00%	(529,559)	(718,100)	-26.26%
Realized and Unrealized (Gains) Losses	-	-		(5,434,520)	-	
Fuel procurement and handling	889,209	637,757	39.43%	2,983,480	2,133,584	39.83%
By product reuse	305,796	410,840	-25.57%	1,633,557	2,611,411	-37.45%
Total generated and net purchased power:						
Cost, net	45,777,075	44,615,508	2.60%	126,524,450	125,136,133	1.11%
kWh generated and purchased	983,144,522	1,005,523,565	-2.23%	3,030,497,877	2,978,938,111	1.73%
Cost per MWh	$ 46.56	$ 44.37	4.94%	$ 41.75	$ 42.01	-0.61%
Reconciliation:						
Generated and purchased power per above	$ 45,777,075	$ 46.56		$ 126,524,450	$ 41.75	
SJRPP operating expenses:						
SJRPP O & M	(334,574)	(0.34)		(1,275,473)	(0.42)	
SJRPP debt service	(1,398,795)	(1.42)		(5,137,070)	(1.70)	
SJRPP R & R	(255,629)	(0.26)		(766,888)	(0.25)	
SCHERER operating expenses:						
Scherer power production	(304,229)	(0.31)		(1,512,463)	(0.50)	
Scherer R & R	(1,540,005)	(1.57)		(3,382,795)	(1.12)	
Scherer transmission	(647,293)	(0.66)		(1,416,873)	(0.47)	
Scherer taxes	(105,624)	(0.11)		(340,032)	(0.11)	
Florida and other capacity	(1,119,630)	(1.14)		(3,976,022)	(1.31)	
MEAG	(977,150)	(0.99)		(2,965,896)	(0.98)	
Rounding	(4)	(0.00)		(1)	(0.00)	
Energy expense per budget page	$ 39,094,142	$ 39.76		$ 105,750,937	$ 34.90	

JEA **Page 35**
Electric System
SJRPP Sales and Purchased Power

	Month December		Year-to-Date December	
	2018	**2017**	**2018**	**2017**
MWh sales				
JEA	-	106,378	-	539,759
FPL saleback	-	61,169	-	332,467
FPL direct portion	-	41,887	-	218,056
Total MWh sales	-	209,434	-	1,090,282
Fuel costs	$ 336,947	$ 4,691,871	$ 1,274,323	$ 22,831,959
(Includes fuel handling expenses)				
Less interest credits: inventory bank	(2,168)	(10,580)	(5,954)	(41,431)
Plus (less): true-up interest	(206)	5,062	(1,052)	4,700
Total	334,573	4,686,353	1,267,317	22,795,228
Cost per MWh		$ 44.05		$ 42.23
Operating and maintenance expenses	-	1,240,811	8,156	3,965,775
Less: operations bank interest	-	(1,559)	-	(7,903)
Less: annual variable o & m true-up	-	3,444	-	3,444
Total	-	1,242,696	8,156	3,961,316
Cost per MWh		$ 11.68		$ 7.34
Debt service contribution				
Principal	1,148,333	2,174,323	3,445,000	6,522,969
Interest	927,323	1,248,704	2,781,968	3,746,112
Less credits:				
Reserve Issue 2	-	4,557,842	-	4,164,366
Reserve Issue 3	(11,871)	(79,554)	(76,492)	(108,070)
Debt service Issue 2	-	59,302	-	52,493
Debt service Issue 3	(200)	(843)	(4,830)	(905)
Bond proceeds COB	(11,700)	(19,232)	(86,471)	(23,092)
General reserve Issue 2	(518)	(24,165)	(1,346)	(59,882)
General reserve Issue 3	(585,991)	(14,281)	(629,912)	(18,663)
Build America Bonds subsidy	(28,635)	(30,621)	(85,904)	(91,863)
Inventory carrying costs	-	(65,570)	-	(190,964)
Total	1,436,741	7,805,905	5,342,013	13,992,501
Cost per MWh		$ 73.38		$ 25.92
R & R contribution	255,629	293,240	766,888	879,720
Less: interest credit	(37,945)	(133,133)	(204,943)	(346,171)
Less: cumulative capital recovery amount	-	(2,266,734)	-	(6,686,734)
Total	217,684	(2,106,627)	561,945	(6,153,185)
Cost per MWh		$ (19.80)		$ (11.40)
Debt service coverage	-	2,022,000	-	2,022,000
Transfer to JEA	-	(2,022,000)	-	(2,022,000)
Total	-	-	-	-
Cost per MWh		$ -		$ -
Total	$ 1,988,998	$ 11,628,327	$ 7,179,431	$ 34,595,860
kWh purchased	-	106,378,000	-	539,759,000
Cost per MWh		$ 109.31		$ 64.10

JEA Community Engagement Calendar - December - February 2019

	A	B	C	D	E
1	**Date**	**Event/Activity**	**Location**	**Time**	**Type**
2	**Dec-18**				
3	12/1/2018	Marine Science Inst.	2800 University Blvd. N	1pm	Ambassador Speaker
4	12/1/2018	FCNMHP Mega Adoption	Fairgrounds	8am	Volunteer Activity
5	12/1/2018	COJ Holiday Festival for Seniors	Prime Osborn	8am	Volunteer Activity
6	12/1/2018	e Cure American Diabetes Asso	Wold Golf Village	7am	Volunteer Activity
7	12/3/2018	USO NDD	2560 Mayport Rd.	10am	Volunteer Activity
8	12/6 - 12/7/2018	Aging True	4250 Lakeside Dr. #116	9:30am	Volunteer Activity
9	12/7/2018	FSCJ Engineering Class	Buckman Plant Tour	1pm	
10	12/7/2018	Catty Shack Ranch	1860 Starrat St.	10am	Volunteer Activity
11	12/10/2018	Callahan Food Distribution	543350 US Hwy 1	11:30am	Volunteer Activity
12	12/11/2018	Salvation Army Toy Shop	Regency Square	8am	Volunteer Activity
13	12/12/2018	tholic Charities Turkey Giveaw	134 E. Church St.	9:30am	Volunteer Activity
14	12/13 - 12/14/2018	Salvation Army Toy Shop	Regency Square	8am	Volunteer Activity
15	12/14/2018	Feeding NE FL Food Bank	Edgewood Ave.	8:30am	Volunteer Activity
16	12/15/2018	liday Zoo Party for Foster Fami	JAX ZOO	9am	Volunteer Activity
17	12/17 - 12/18/2018	Salvation Army Toy Shop	Regency Square	8am	Volunteer Activity
18	12/19/2018	JA School Takeover	Biscayne Elem.	8:30am	Ambassador Instructors
19	12/19/2018	JEA Senior Day	CC Lobby	8:30am	Ambassador Event
20	12/20/2018	CRM Holiday Luncheon	234 W. State St.	10am	Volunteer Activity
21	12/20/2018	JA School Takeover	Oceanway Elem.	9am	Ambassador Instructors
22	12/20/2018	LaVilla School	501 N. Davis	8:30am	Ambassador Instructors
23	12/20/2018	North Shore Elem. Science Day	5701 Silver Plaza	9am	Ambassador Instructors
24	12/20/2018	BEAM Food Bank	Jacksonville Beach	1pm	Volunteer Activity
25	12/21/2018	HabiJax Builds	Hubbard St.	7:30am	Volunteer Activity
26	12/21/2018	Global Outreach Academy	Buckman Plant Tour	9:30am	Ambassador Facility Tour
27					
28					
29					

JEA Community Engagement Calendar - December - February 2019

	A	B	C	D	E
30	**Date**	**Event/Activity**	**Location**	**Time**	**Type**
31	**Jan-19**				
32	1/7/2019	USO No Dough Dinner	Mayport Rd.	4 - 8pm	Volunteer Activity
33	1/9/2019	DCPS Science Fair Awards	UNF	6pm	Ambassador Speaker
34	1/10/2019	BEAM Food Bank	6th Avenue	1 -4pm	Volunteer Activity
35	1/10 - 1/11/2019	FIRST LEGO League	Thrasher Horne Center	7:30am - 4:00pm	Volunteer Activity
36	1/11/2019	Frank H Peterson	NGS Tour	10:30am	Ambassador Facility Tour
37	1/11/2019	Christ Church Academy	Mandarin WWTP Tour	10:30am	Ambassador Facility Tour
38	1/11/2019	Barkin' Biscuits	Berry Good Farms	9am - 2pm	Volunteer Activity
39	1/12/2019	FIRST LEGO League	9000 Southside Blvd.	8am - 12pm	Volunteer Activity
40	1/14/2019	Hope at Hand	Atlantic Blvd.	1 - 4pm	Volunteer Activity
41	1/16/2019	Catholic Charities	Church St.	9:30am - 3:30pm	Volunteer Activity
42	1/17/2019	Farm Share	Jessie St.	9am - 12pm	Volunteer Activity
43	1/18/2019	Catty Shack	1860 Starratt Rd.	10am	Volunteer Activity
44	1/23/2019	Sulzbacher Ctr. Breakfast	E. Adams St.	6am - 8am	Volunteer Activity
45	1/24/2019	Cathedral Terrace Café	Newnan St.	11am - 1pm	Volunteer Activity
46	1/24/2019	Mandarin Middle	Mandarin WWTP Tour	10:30am	Ambassador Facility Tour
47	1/25/2019	HabiJax Builds	Hubbard St.	7:30am	Volunteer Activity
48	1/25/2019	Mandarin Middle	Mandarin WWTP Tour	10am	Ambassador Facility Tour
49	1/25/2019	Frank H Peterson	Buckman WWTP Tour	10am	Ambassador Facility Tour
50	1/25/2019	Feeding NE FL Food Bank	Edgewood Ave.	8:30am	Volunteer Activity
51	1/26/2019	FIRST Tech Challenge	Bolles Middle School	8am	Volunteer Activity
52	1/28/2019	USO No Dough Dinner	Mayport Rd.	10am	Volunteer Activity
53	1/29/2019	Frank H Peterson	4049 Woodstock	9am	Ambassador Event
54					
55	**Feb-19**				
56	2/6 - 2/7/2019	PACE Center for Girls	University Blvd.	9am	Volunteer Activity
57	2/6/2019	Waverly Academy Career Day	5701 Wesconnet Blvd	9am	Ambassador Event
58	2/8/2019	Barkin' Biscuits	Berry Good Farms	9am	Volunteer Activity
59	2/8 - 2/9/2019	Donna Marathon Expo	Old K-Mart, Neptune Bch.	8:30am	Volunteer Activity
60	2/9/2019	FL STEM Expo	River City Science Academy	10am - 2pm	Ambassador Event

JEA Community Engagement Calendar - December - February 2019

	A	B	C	D	E
61	**Date**	**Event/Activity**	**Location**	**Time**	**Type**
62	2/10/2019	Donna Marathon	Seahorse Inn	8am	Volunteer Activity
63	2/11/2019	Hope at Hand	Atlantic Blvd.	1pm	Volunteer Activity
64	2/11/2019	USO No Dough Dinner	Mayport Blvd.	10am	Volunteer Activity
65	2/11/2019	NEFRSEF	Morocco Shrine	7:30am	Volunteer Activity
66	2/13/2019	Catholic Charities	Church St.	9:30am	Volunteer Activity
67	2/14/2019	DLC N & L Valentines Dance	College St.	9am	Volunteer Activity
68	2/14/2019	Waterleak Elem. Career Day	450 Kernan Blvd.	8:30am	Ambassador Event
69	2/14/2019	BEAM Food Bank	6th Ave.	1pm	Volunteer Activity
70	2/15/2019	Catty Shack	1860 Starratt Rd.	10am	Volunteer Activity
71	2/20/2019	Sulzbacher Ctr. Breakfast	E. Adams St.	6am - 8am	Volunteer Activity
72	2/21/2019	Farm Share	Jessie St.	9am - 12pm	Volunteer Activity
73	2/21/2019	Cathedral Terrace Café	Newnan St.	11am - 1pm	Volunteer Activity
74	2/22/2019	HabiJax Builds	Hubbard St.	7:30am	Volunteer Activity
75	2/22/2019	MATHCOUNTS	UNF	7:30am	Volunteer Activity
76	2/22/2019	Feeding NE FL Food Bank	Edgewood Ave.	8:30am	Volunteer Activity
77	2/23/2019	Renaissance Championship	Prime Osborn	6:30am	Volunteer Activity
78	2/23 - 24/2019	World of Nations	Met Park	10am - 6pm	Ambassador Event
79	2/26 - 2/28/2019	Construction Career Days	Equestrian Center	7am	Volunteer Activity
80	2/26 - 2/28/2019	Construction Career Days	Equestrian Center	7am	Ambassador Event
81	2/28 - 3/3/2019	Spring Home & Patio Show	Prime Osborn	10am - 9pm	Ambassador Event
82					



January FY19

Customer & Community Engagement Overview and Update

Each month, we update the board on Customer & Community Engagement activities for the previous and current months. The purpose is to keep you apprised on these activities so that you are knowledgeable about JEA's efforts to keep our customers informed, to assist them in the management of their utility services and to be a good corporate citizen.

Customer Communications

In December, we focused messages on JEA eBill, Neighbor to Neighbor, electric safety, and energy conservation.

- JEA eBill is JEA's version of electronic billing. Customers on eBill receive a bill notification email in their inbox each month when their bill is ready to be viewed. The program allows customers to receive their bill anytime, anywhere. This is extremely helpful to those who travel or are on the go.

- The Neighbor to Neighbor Fund is a way for customers and employees to provide temporary assistance to customers unable to pay their utility bill during a financial crisis. The Neighbor to Neighbor Fund helps elderly, disabled, and those less fortunate keep the lights on and water running.

- There are many things people can do to stay safe around electricity. From replacing frayed or damaged cords to not overloading electrical outlets, by providing our customers with meaningful safety tips they may be able to prevent an injury or home fire.

- Energy conservation is not only a way to save on energy costs, it is also good for the environment. This month we focused messaging on using LED bulbs which are more efficient and last longer than incandescent bulbs. By encouraging our customers to switch household and seasonal lights to LED bulbs, we are helping them to not only save energy, but also money.

Community Engagement

JEA employees participated in numerous Ambassador events and Volunteer activities throughout the month of December, with Ambassadors participating in 21 activities and 180 volunteers serving 791 hours in the community. Many employees also helped to spread holiday cheer by participating in JEA's annual toy drive and holiday family adoption. JEA employees adopted 23 families which served 92 people, doubling the number of families adopted from 2017 to 2018.

JEA Ambassadors

In December, JEA Ambassadors participated in multiple community events including Biscayne Elementary Science Under the Sea and St. Clair Evans Science Night. Ambassadors conducted two facility tours and delivered seven presentations to groups including the Marine Science Institute and the West Riverside Academy. Ambassadors also had the opportunity to teach students about entreuprenurialship and careers in the STEM fields at Oceanway and Biscayne Elementary Schools and LaVilla School of the Arts.

Employee Volunteerism

In December, JEA employees volunteered 791 hours in the community, connecting with customers and assisting with numerous nonprofit projects and activities. From volunteering at the Salvation Army Toy Shop to assisting with the Catholic Charities Turkey Giveaway, JEA employees gave generously of their time and talents for the benefit of our community.

JEA employees also volunteered time at Holiday Festival for Seniors, First Coast No More Homeless Pets (FCNMHP) Mega Pet Adoption, Tour De Cure American Diabetes, USO No Dough Dinner, Aging True, Catty Shack Ranch, Callahan Food Distribution, Red Cross, Feeding NE FL Food Bank, Holiday Zoo Party for Foster Families, City Rescue Mission (CRM) Annual Christmas Luncheon, Beaches Emergency Assistance Ministry (BEAM) Food Bank and HabiJax Builds.

In addition to volunteering time, JEA employees also donated over 400 toys to benefit the children of Developmental Learning Center (DLC) Nurse and Learn. Additionally, some JEA employees came together to adopt 23 families for the holiday season that served 92 individual recipients through Family Support Services, the Department of Children & Families and Hubbard House. This kindness and generosity shown by our JEA employees had a huge impact on the recipients, by fulfilling basic needs and holiday wishes of these families.

JEA employees take great pride in the Ambassador and Volunteer programs, which are a tangible demonstration for our customers and our community of the “Heart of JEA.”

Building Community

AGENDA ITEM SUMMARY

January 7, 2019

SUBJECT:	**GUIDING PRINCIPLES**

Purpose:	☐ Information Only	☒ Action Required	☐ Advice/Direction

Issue: At the October 16, 2018 JEA Board Meeting, the Guiding Principles document was provided to the Board of Directors for information. The Guiding Principles document sets forth a new vision, mission, corporate measures and core values for JEA. It will be the foundation for JEA's 10-year strategic plan.

Significance: Building upon the Board's "Strategic Framework" document, all JEA employees, including the Senior Leadership Team, Appointed and Union employees, have built consensus on a draft of "JEA's Guiding Principles." The Guiding Principles is intended to be the starting point for the Strategic Planning process.

Effect: The Guiding Principles establishes a basis and foundation for a forward-looking strategic planning process.

Cost or Benefit: Long-term planning and value creation for JEA.

Recommended Board action: This agenda item is presented for approval by the Board at this time.

For additional information, contact: Aaron Zahn – 904-665-4396

Submitted by: AFZ



Commitments to Action



Ver.2.0D 9/21/2013 jer

GUIDING PRINCIPLES

ACCELERATING UTILITY INNOVATION

12.4.18

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 customer's 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

Cultural Values

In every action, system and communication, JEA and its employees strive to abide by our Cultural Values; how we act when no one is looking

Safety

The health and wellbeing of our employees and community is paramount to the success of JEA. The work we do at JEA is dangerous and we are committed to habitually protecting our employees and community. Beyond the moral obligation, JEA's value is increased by delivering safety excellence. Measures and strategies designed to prevent, control, reduce or eliminate hazards and risks should be developed and applied continuously to keep pace with technological and economic changes.

Service

Obsessively believe that JEA and our employees' service to our customer and each other is critical to JEA's success. Commit to 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. Foster a collaborative "How can I help?" culture internally. Value and measure the service we provide customers and each other. We volunteer with a spirit of service to build community because it's the one we live in.

Integrity

Trust in truth and 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 give people the benefit of the doubt. Don't let loyalty to people stand in the way of truth and the well-being of the organization. Be open, honest, fair, respectful and ethical at all times.

Growth[2]

Be committed to elevating yourself and JEA. In order to continue to serve our customers and community with excellence our business must grow. Now more than ever we need to be flexible and adapt to the changing utility industry and our customers' changing needs and expectations to improve service to our customers and community while growing as our industry evolves. We also expect our employees to be life-long learners so we provide the training and individual development programs to aid in this accomplishment. Growth means an increase in knowledge, value, wellbeing, or sustainability. 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

Each and every employee should operate as an owner of JEA who is responsible for delivering outcomes and results. Hold yourself and others 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.

Ideas

Every one of us has a voice. JEA should have a culture of an "Idea Meritocracy." Recognize that having an effective idea meritocracy requires that ideas be encouraged and brought forward constructively. We understand content and merit of each person's ideas before agreeing or disagreeing. Disagreeing must be done efficiently and respectfully. 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.

Building Community

AGENDA ITEM SUMMARY

January 7, 2019

SUBJECT:	**SOLE SOURCE & EMERGENCY PROCUREMENT/PROCUREMENT APPEALS BOARD REPORT**

Purpose: ☒ Information Only ☐ Action Required ☐ Advice/Direction

Issue: Sections 1-113 and 1-114 of the JEA Purchasing Code require the Chief Purchasing Officer to submit a report on all Sole Source and Emergency Procurements and all Procurement Appeals Board decisions to the JEA Board on a quarterly basis.

Significance: Full transparency of these procurement actions is necessary to maintain public confidence in JEA's bidding process and to ensure competition is achieved when in JEA's best interest.

Effect: JEA's Procurement Department is responsible for maintaining these records and reporting to the JEA Board of Directors.

Cost or Benefit: To maintain public confidence in JEA's bidding process and to ensure competition is achieved when in JEA's best interest.

Recommended Board action: This item is submitted for information. No action by the Board is required.

For additional information, contact: Jenny McCollum, Director Procurement Services

Submitted by: AFZ/JPM/JGM





Ver.2.0D 9/21/2013 jer


JEA
Building Community

Building Community

INTER-OFFICE MEMORANDUM
January 7, 2019

SUBJECT: **SOLE SOURCE & EMERGENCY PROCUREMENT/PROCUREMENT APPEALS BOARD REPORT**

FROM: Aaron Zahn, Managing Director/CEO

TO: JEA Board of Directors

BACKGROUND:
Sections 1-113 and 1-114 of the JEA Purchasing Code require the Chief Procurement Officer to submit a report on all Sole Source and Emergency procurements and all Procurement Appeals Board decisions to the JEA Board on a quarterly basis.

DISCUSSION:
This report is submitted for the quarter ending December 31, 2018. Summary information for all awards is provided below. A detailed listing for the Formal Sole Source and Emergency Awards is attached. Detailed back-up information for all other awards is retained by the Chief Procurement Officer and is available upon request. There were no Procurement Appeals Board (PAB) actions this quarter.

Quarter Ending December 31, 2018

Formal Awards	**Number**	**%**		**Dollar Amount**	**%**
Total	55		$	229,159,244	
Sole Source Awards	0	0.00%	$	0	0.00%
Emergency Awards	0	0.00%	$	0	0.00%
Informal Awards	**Number**	**%**		**Dollar Amount**	**%**
Total	2911		$	27,171,007	
Sole Source Awards	0	0.00%	$	0	0.00%
Emergency Awards	2	0.07%	$	63,954	0.24%

RECOMMENDATION:
This item is submitted for information. No action by the Board is required.

Aaron Zahn, Managing Director/CEO

AFZ/JPM/JGM

Ver 2.1 09/21/2013

Formal Sole Source Awards by Department - Detailed Listing

12 months ending December 31, 2018

Sole Source Awards (1 Items totaling $2,516,100.99)

Award Date	Amount	Requesting Dept.	Vendor	Description	Sourcing Basis
8/23/2018	$2,516,100.99	Paul Cosgrave (Information Technology)	Cologix, Inc	JEA Primary Data Center Relocation & Emergency Operational Location Office Space	**Sole Source:** JEA has negotiated a five (5) year leasing agreement with Cologix to relocate JEA's primary data center and to continue to utilize JEA's existing emergency operational office space lease for emergency events. JEA will relocate the primary data center from the current downtown 21 W Church St. location to the offsite Category 5 rated Cologix location at 4800 Spring Park Rd., to reduce risk to JEA and increase accessibility during emergency events. This request is also to continue the existing emergency operational office space lease with Cologix for emergency events.
Total	**$2,516,100.99**				

Formal Emergency Awards by Department - Detailed Listing

12 months ending December 31, 2018

Emergency Awards (0 Items totaling $0.0)

Award Date	Amount	Requesting Dept.	Vendor	Description	Sourcing Basis
Total	**$0.00**				

Total Sole Source & Emergency Procurement Actions

	FY18 Q2	FY18 Q3	FY18 Q4	FY19 Q1
Total Awards	$183.79M	$95.49M	$103.20M	$256.33M
Sole Source ($)	$0.00M	$0.00M	$2.52M	$0.00M
Sole Source (%)	0%	0%	2.44%	0%
Emergency ($)	$0.01M	$0.11M	$0.00M	$0.06M
Emergency (%)	0.01%	0.12%	0%	0.02%
Combined SS/E (%)	0.01%	0.12%	2.44%	0.02%

Building Community

INTER-OFFICE MEMORANDUM
December 28, 2018

SUBJECT:	**PROTECTION OF JEA INFRASTRUCTURE FROM THIRD PARTY DAMAGE**
FROM:	Melissa Dykes, President/Chief Operating Officer
TO:	JEA Board of Directors

BACKGROUND:
At the December 11, 2018, Board meeting I shared with the Board some operations concerns around an increase in the number of water and wastewater damage incidents from third-party contractors. These incidents are primarily the result of rapidly-expanding telecommunications infrastructure in our region, and contractors and subcontractors failing to undertake all necessary due diligence and precautions to avoid damaging JEA's water and wastewater assets.

As a follow-up, the Board requested information about rules governing reimbursement and enforcement around these incidents, as well as what JEA is doing to prevent future incidents to the extent possible.

DISCUSSION:

Rules governing third party requirements and reimbursement for damage incidents:

The rule that governs utility locates is Chapter 556, Florida Statutes "Underground Facility Damage Prevention and Safety Act" (Act). The Act provides a notification process for all excavating contractors and the public to notify of their intent to engage in excavation or demolition (also known as "Sunshine State One-Call" or "Call Before You Dig"). This notification system requires companies to identify and locate underground facilities prior to any excavation work.

Section 556.105 outlines a detailed procedure that these companies must follow regarding the location of the underground facilities and excavation activities, along with liability when damage occurs. Under the statute (Section 556.106 (2)(a)), JEA can recoup 100% of the costs, including JEA lost revenue, from the company that caused the damage to our assets. The statute (Section 556.107 (1) (c)) provides for a nominal - $500 per violation – penalty, with no increase for repeat offenders.

Procedurally, JEA's Risk Management Services group is responsible for incident/accident reporting, investigations, and collections pertaining to damages to

JEA's assets, and the City of Jacksonville's Risk Management Division assists with the collection of funds from negligent parties and/or their insurance carriers. Although the statute provides for full reimbursement, as a practical matter JEA's collection experience has historically been less than 100% due to a number of contractors being from outside of the region, which presents difficult and costly recovery activity for these damages, many of which are relatively small dollar amount and high volume.

JEA action to proactively address this challenge:

JEA has engaged the Jacksonville Sherriff's Office to assist with enforcement of the statute, including spot checks of third party contractors, beginning in January 2019. In addition, through the latter half of 2018 JSO assisted JEA by responding immediately to incidents that occurred, assisting with identifying gaps and negligence which ultimately helped JEA more fully recover expenses associated with third party damage.

JEA also initiated meetings with the major telecom carriers in partnership with the City of Jacksonville to (1) insure carriers are informed as to the rules, procedures, and resources available to prevent damage to JEA infrastructure, including design locate tickets which provide as-built information before a project is mobilized, (2) inform carriers of the issues with their subcontractors related to gaps in following these procedures and resulting damage, and (3) gain cooperation to help prevent future incidents.

Furthermore, JEA has met with the City and DOT staff to work together to implement a policy to suspend permit rights for contractors in the most egregious repeat offender cases.

In the longer term, the 811 Sunshine Board is proposing changes to Chapter 556, Florida Statutes during the 2019 legislative session. The proposal outlines a new enforcement framework and increases the penalty for violations (particularly for repeat offenders). JEA will support this legislation individually and through industry groups to help provide more effective enforcement tools to prevent damage to infrastructure.

For JEA's own projects, JEA includes strict prevention and enforcement language around damage to JEA's existing infrastructure.

Please do not hesitate to let me know if you have any questions.

RECOMMENDATION:
This item is submitted for information. No action by the Board is required.

_____
Aaron F. Zahn, Managing Director/Interim CEO

AFZ/MHD

Corporate Metrics Dashboard

As of December 31, 2018

Metrics for FY19 Goals	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 YTD	2019 Goal	Variance
Customer Value										
JDP Customer Satisfaction Index - Residential	4th Quartile	3rd Quartile	3rd Quartile	1st Quartile	2nd Quartile	1st Quartile	2nd Quartile	1st Quartile	1st Quartile	-
JDP Customer Satisfaction Index - Business	4th Quartile	4th Quartile	1st Quartile	1st Quartile	1st Quartile	1st Quartile	1st Decile	1st Quartile	Top Decile	-
Customer Response Time (min.): W/WW System	70	69	67	69	67	68	76	69	65	-6%
Overall First Contact Resolution	N/A	N/A	78.5%	80.9%	79.4%	79.4%	79.0%	81.1%	80.0%	1%
Estimated Time of Restoration Accuracy	-	-	88%	85%	89%	82%	80%	88%	80%	10%
Grid Performance: Frequency (outages/year)	2.4	1.7	1.7	1.7	1.4	1.6	1.4	1.2	1.6	25%
Grid Performance: Outage Duration (minutes/year)	84	68	71	99	71	99.5	67	54	75	28%
Grid Performance: CEMI5 (% cust. > 5 outages/year)	n/a	n/a	2.34	2.10	1.40	1.07	0.40	0.59	0.80	26%
Water Unplanned Outages (% cust.)	2%	1%	1%	2%	4%	1%	5%	0.27%	2%	87%
Water Distribution System Pressure (avg min < 30 psi)	34.9	20.0	2.1	2.8	2.1	3.7	1.8	0.39	2.0	81%
Financial Value										
Net Write-Offs	0.19%	0.15%	0.15%	0.16%	0.14%	0.14%	0.13%	0.12%	0.18%	33%
Generation Fleet Reliability (forced outages rate)	0.7%	1.6%	3.0%	1.8%	2.0%	2.2%	2.1%	2.7%	2.0%	-35%
Percent of Net O&M Budget	92%	90%	88%	93%	93%	93%	93%	96%	95%	-1%
Cost Reduction Metric ($000)	n/a	n/a	n/a	n/a	$25,156	$10,087	$10,495	$4,776	$9,100	TBD
Community Impact Value										
Capital Invested ($000)	$273,774	$234,718	$158,392	$204,708	$298,045	$307,918	$374,456	$106,982	$437,774 – $574,578	TBD
Safety (RIR)	1.48	1.84	2.38	1.65	1.82	2.10	1.48	1.49	1.40	-6%
JEA Volunteers	237 Activities	465 Activities	670 Activities	753 Activities	985 Activities	913 Activities	760 Activities	1,580 Hours	4,800 Hours	TBD
JSEB Spend ($000)	$9,168	$10,121	$7,302	$9,318	$9,983	$13,365	$15,760	$3,391	$15,000	TBD
Environmental Value										
Electric System Environmental Compliance (permit exceedances)	5	4	3	2	4	6	2	0	4	TBD
Consumptive Use Permit Compliance	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Nitrogen to the River (tons)	650	767	579	553	527	558	550	109	616	TBD
Sanitary Sewer Overflows (SSO's) (per 100 miles of pipe)	0.62	0.60	0.74	0.56	0.66	1.15	0.68	0.26	0.58	TBD

Metrics We Watch	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Forecast
Financial Value								
Change in Net Position ($000)	$182,642	$79,975	$156,269	$323,008	$210,016	$254,620	$126,488	$214,000
Debt to Capitalization	75%	73%	70%	69%	66%	63%	59%	54%
City Contribution ($000)	$104,188	$106,687	$109,188	$111,688	$129,187	$115,823	$116,620	$132,648
Electric sales (000's MWh)	13,855	11,930	12,172	12,434	12,561	12,050	12,364	12,568
Water Sales (000's kgal)	35,345	33,088	32,468	34,558	36,358	37,245	36,187	36,081
Sewer Sales (000's kgal)	24,490	23,624	23,527	24,922	25,818	26,713	26,340	27,074
Reclaim Sales (000's kgal)	1,330	1,110	1,301	1,784	2,644	3,290	3,120	3,597
Community Impact Value								
Utility Scale Solar Energy (000's MWh)	21	21	20	21	21	26	55	72
New Partnerships and Student Programs	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2
Voluntary Attrition	46	36	44	32	33	35	35	2
Diverse Slate of Candidates (% of recruitments)	N/A	N/A	N/A	97.6%	98.6%	100%	100%	100%
Economic Development Program Participants	N/A	0	0	1	0	0	4	1
Environmental Value								
Reclaimed Water Customer Growth*	35%	40%	43%	31%	27%	25%	22%	20%

Strategic Metrics - Long Term Influence	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Forecast
Customer Value								
Residential Electric Bill in FL (% of State Median)	101%	101%	99%	99.5%	101%	100%	98%	98.6%
Residential Water/Sewer Bill in FL (% of State Median)	110%	104%	102%	100%	96%	94%	92%	92.1%
Financial Value								
Consolidated Return on Equity	13%	8%	10%	12%	13%	13%	9%	10.8%
Return on Net Assets	4%	2%	3%	4%	5%	5%	4%	5.4%
Unlevered Free Cash Flow: EBITDA less CAPEX ($000)	$606,131	$532,872	$632,212	$591,925	$547,897	$573,259	$367,007	$361,553
Net Position (Book Value of Equity) ($000)	$1,991,311	$2,071,286	$2,196,006	$2,166,909	$2,376,928	$2,631,545	$2,755,310	$2,969,310
City Contribution NPV	-	-	-	-	-	-	$1,998,311	$1,998,311
Electric Credit Ratings	Aa2/AA-/AA-	Aa2/AA-/AA	Aa2/AA-/AA	Aa2/AA-/AA	Aa2/AA-/AA	Aa2/AA-/AA	Aa2/A+/AA	A2/A+/AA
W/WW Credit Ratings	Aa2/AA/AA	Aa2/AA/AA	Aa2/AA/AA	Aa2/AA/AA	Aa2/AAA/AA	Aa2/AAA/AA	Aa2/AAA/AA	A2/AAA/AA
Community Impact Value								
Employee engagement (survey)	-	71%	-	74%	72%	79%	81%	-
Environmental Value								
CO_2 Emissions (lbs/MWh), net basis, w/ Scherer	1,631	1,828	1,851	1,731	1,799	1,593	1,478	1,347
Aquifer Withdrawal Limit	104	100	103	107	112	114	112	112
Residential Water Use Efficiency (gal. per capita per day)	88	80	75	79	81	82	75	75

*May contain reclaimed customers temporarily supplied with potable water

MANAGEMENT DISCUSSION

Financial

Electric Enterprise:
- FY19 sales down 1.2 % compared to Dec FY18 YTD
- Sales per customer are down 3.0% compared to Dec FY18 YTD
- Degree days are up 6.0% compared to Dec FY18 YTD
- Total customers are up 1.9% compared to Dec FY18 YTD
- Revenues decreased $22m vs. FY18 driven by SJRPP decreases and partially offset by an increase in stabilization revenues.
- Expenses decreased $8m vs. FY18 with decreases in depreciation and fuel and purchased power cost and depreciation, being partially offset by regulatory charges and net higher volume.
- Fuel and purchased power down $5m due to lower costs, partially offset by higher net volume.

Water and Sewer:
- Water sales are down 0.5% compared to Dec FY18 YTD
- Sewer sales are up 3.0% compared to Dec FY18 YTD
- Reclaimed sales are up 14.1% compared to Dec FY18 YTD
- Sales per customer down 1.1% compared to Dec FY18 YTD
- Rain days are up 31.8% (7 days) compared to Dec FY18 YTD, irrigation down 7.2% versus Dec FY18 YTD
- Total customers are up 2.7% compared to Dec FY18 YTD
- Revenues increased by $3m vs. FY18 due to higher customer accounts.
- Expenses increased $5m vs. FY18 due to an increase in operations and maintenance expenses.

DES
- Stable, minimal change from FY18

FEMA reimbursement:
- Matthew - $2.2m of $11m received
- Irma - $0m of $19m received

Operations

Two (2) OSHA recordables safety incidents for JEA in the month of December.

Electric:
- JEA launched a new program last year aimed at reducing outage duration.
- The JEA fleet Forced Outage Rate is running higher than target during Q1 due to extended unit recovery on NS Unit 2 as a result of excessive ash build up. On-going root cause investigation currently underway with a consulting firm.
- High unit reliability contributes to lower fuel and non-fuel expenses.

Water/Sewer:
- Unplanned Water Main Outages: 92 customers experienced an outage in the month of December
- CUP: Average daily flow of 112 MGD was 16% below CY limit of 135 MGD; reclaimed usage at 17 MGD
- Nitrogen to River: FY19 Forecast is 551 tons this includes 45 additional tons possible during the aeration basin project at Buckman. JEA has a limit of 683 tons per year and provides the COJ with 37 tons.
- SSO's Impacting Waters of the US: 13 YTD, root cause analysis is performed on each SSO

Building Community

AGENDA ITEM SUMMARY

January 3, 2019

SUBJECT:	**CORPORATE HEADQUARTERS - CAMPUS UPDATE**

Purpose: ☒ Information Only ☐ Action Required ☐ Advice/Direction

Issue: JEA released a solicitation in October 2018 for its corporate headquarters. This new campus is needed to address business continuity risks while meeting our headquarters needs in a cost-efficient manner. The Board provided input on selection criteria at the July and December 2018 Board meetings that will be used to score options received through a competitive solicitation.

Significance: The goal is to provide the best solution for JEA's current and future business needs, including hurricane readiness, and continue to allow JEA to attract and retain an engaged workforce. Responses to the Invitation to Negotiate (ITN) were received on January 8, 2019. A special JEA Board meeting is planned for February 5 for the Board to hear presentations from short listed respondents and receive information concerning the qualitative and quantitative analysis.

Effect: Respondents to the ITN were required to provide a site or building, conceptual design and site fit, a delivery team, financing terms (lease with purchase options in out years) and demonstrate experience and financial capabilities to develop a project of this size.

Cost or Benefit: JEA and CBRE will evaluate responses against the criteria developed by the Board and provide a quantitative and qualitative analysis of the solutions submitted. Once a selection has been approved by the Board, CBRE and JEA will negotiate full terms with the selected respondent for presentation of a final contract in the spring.

Recommended Board action: This item is to identify the short listed responses to the Board.

For additional information, contact: Melissa Dykes 665-7054 or Nancy Veasey 509-0521

Submitted by: AFZ/MHD/NKV





Building Community

INTER-OFFICE MEMORANDUM
January 3, 2019

SUBJECT:	**CORPORATE HEADQUARTERS – CAMPUS UPDATE**
FROM:	Aaron F. Zahn, Managing Director/CEO
TO:	JEA Board of Directors

BACKGROUND:
JEA released a solicitation in October 2018 for its corporate headquarters. This new campus is needed to address business continuity risks while meeting our headquarters needs in a cost-efficient manner. The Board provided input on qualitative selection criteria at the July and August 2018 Board meetings that will be used to score options received through a competitive solicitation.

The goal is to provide the best solution for JEA's current and future business needs and continue to allow JEA to attract and retain an engaged workforce.

DISCUSSION:

The following is the anticipated schedule, including Board participation, for the remainder of the process:

January 8 – Responses received. JEA and CBRE evaluated responses against the criteria developed by the Board and developed a recommended short list of top ranked respondents.

January 22 – Shortlist announced at the regularly-scheduled JEA Board meeting.

February 5 - Special meeting of the JEA Board to make the final selection, pending negotiation of full terms and conditions. At this special meeting, Board members will be provided with staff's summary analysis of the responses, CBRE's financial analysis, and presentations directly from the respondents. Board members will then add points specifically allocated to the Board for award based on the materials and presentations from this special meeting to staff's evaluation to produce the final result and ranking.

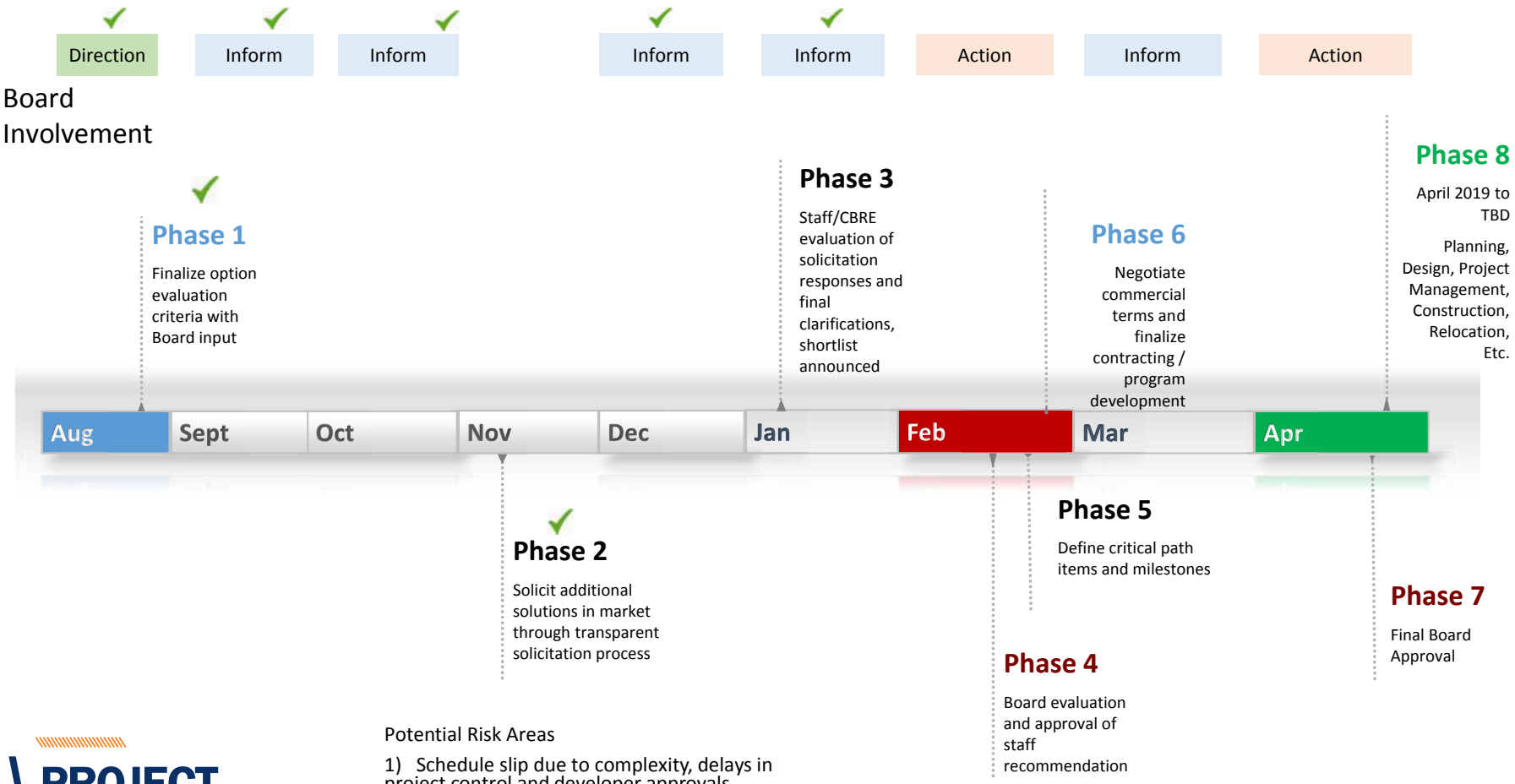
Spring 2019 – Final contract presented to the Board for approval. Respondents to the ITN are required to provide a site or building, conceptual design and site fit, a delivery team, financing terms (lease with purchase options in out years) and demonstrate experience and financial capabilities to develop a project of this size. Once a selection has been approved by the Board, CBRE and JEA will negotiate full terms with the selected respondent for presentation of a final contract in the spring.

RECOMMENDATION:
This item is to identify the short listed responses to the Board.

_____
Aaron F. Zahn, Managing Director/CEO

AFZ/MHD

Ver 2.2 02/01/2014



PROJECT TIMELINE

Potential Risk Areas

1) Schedule slip due to complexity, delays in project control and developer approvals

2) Finalizing scope allocation and subsequent capital spend estimates during planning & negotiations

1

Building Community

AGENDA ITEM SUMMARY

January 2, 2019

SUBJECT:	**JEA'S PROCUREMENT AND JACKSONVILLE SMALL AND EMERGING BUSINESS (JSEB) PROGRAMS REPORT**

Purpose: ☐ Information Only ☐ Action Required ☐ Advice/Direction

Issue: The report reviews JEA's FY18 Procurement and JSEB performance.

Significance: Full transparency of JEA's Procurement and JSEB performance is necessary to maintain public confidence in JEA's procurement processes and to ensure program goals are achieved.

Effect: JEA's Procurement Department is responsible for maintaining these records and reporting to the JEA Board.

Cost or Benefit: JEA's Procurement and JSEB program goals significantly contribute to JEA's Strategic Corporate Framework Values and accelerate the growth of the Jacksonville small business community.

Recommended Board action: No action is required by the Board. This item is presented for information only.

For additional information, contact: John McCarthy, VP & Chief Supply Chain Officer
(904) 665-5544

Submitted by: AFZ/JPM/JGM/RLS



Commitments to Action

1 Earn Customer Loyalty

2 Deliver Business Excellence

3 Develop an Unbeatable Team

Ver.2.0D 9/21/2013 jer

INTER-OFFICE MEMORANDUM
January 3, 2019

SUBJECT:	**JEA'S PROCUREMENT AND JACKSONVILLE SMALL AND EMERGING BUSINESS (JSEB) PROGRAMS REPORT**
FROM:	Aaron F. Zahn, Interim Managing Director/CEO
TO:	JEA Board of Directors

BACKGROUND:
This report reviews JEA's FY18 Procurement and JSEB performance.

At the board's request, JEA staff will provide quarterly reports to monitor procurement results and identify key opportunities to further develop JSEB capacity and available spend.

DISCUSSION:
JEA's Procurement and JSEB performance during FY18 exceeded established goals. Details are provided in the attachments and summary information is provided below.

- FY18 total procurement savings were $10,494,402 vs. the $7,500,000 goal.
  - The total cost difference resulted in a savings of $4,830,624, when comparing existing prices vs. new pricing on contracts sourced during FY18.
  - The total sourcing savings resulted in $5,663,777 from negotiations and other sourcing methods used for contracts sourced during FY18.
- FY18 JSEB spend was $15,760,635 vs. the $13,000,000 goal.
  - The FY18 goal was set at 20% of available spend per city ordinance.
  - JEA determines its available spend by reviewing competitively sourced JEA services that can be performed by the current pool of JSEB certified firms.
  - JEA's actual JSEB spend was 24% of its available spend.
- FY18 expenditures with companies who are certified small businesses, but not certified as JSEB companies, were $6,328,571.
- FY19 goals are $9,100,000 for total procurement savings and $15,000,000 for JSEB spend.
  - The FY19 JSEB spend goal is 23% of the available spend.
  - During the first 3 months of FY19, JEA has achieved total procurement savings of $4,776,336 and JSEB spend of $3,391,927.
- JEA also has a goal to add at least 5 new JSEB companies during FY19.
  - JEA has identified potential areas for JSEB opportunties and is working with key stakeholders on targeted outreach efforts to further grow capacity.

RECOMMENDATION:
No action is required by the Board. This item is presented for information only.

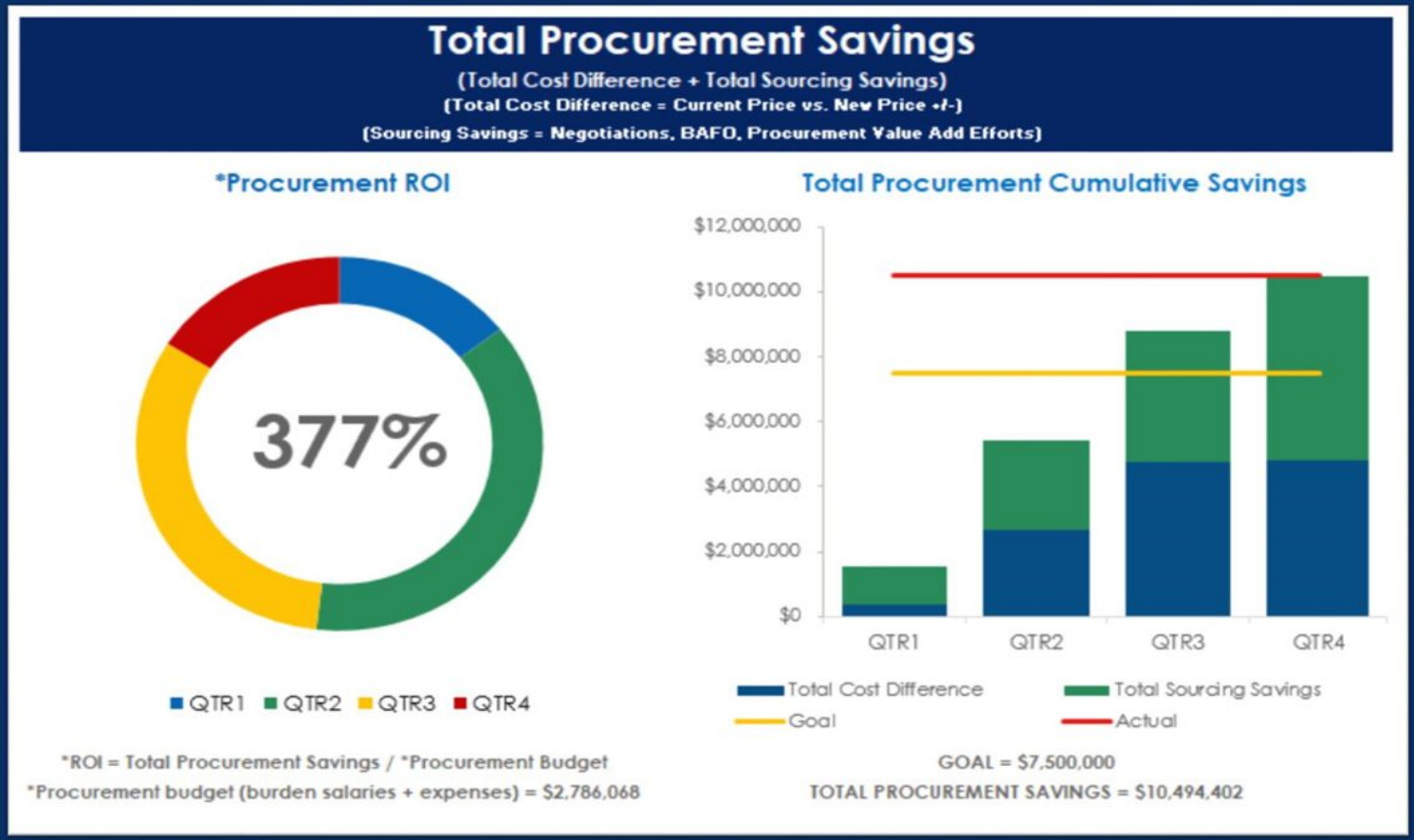
Aaron F. Zahn, Interim Managing Director/CEO

AFZ/JPM/JGM/RLS

Ver 2.2 02/01/2014


JEA
JEA'S PROCUREMENT
AND JSEB
PROGRAMS REPORT

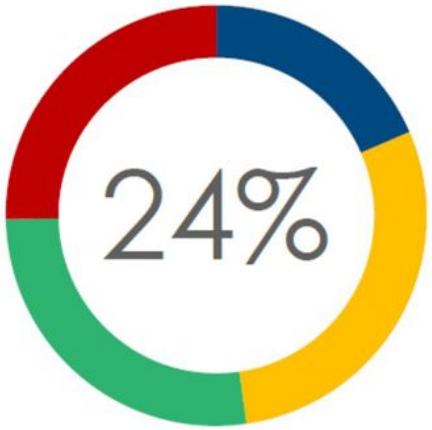
FY18 PROCUREMENT SCORECARD



Percentage of Available Project Spend

GOAL = 20%

$13,000,000



AVAILABLE PROJECT SPEND

$65,000,000

JSEB SPEND

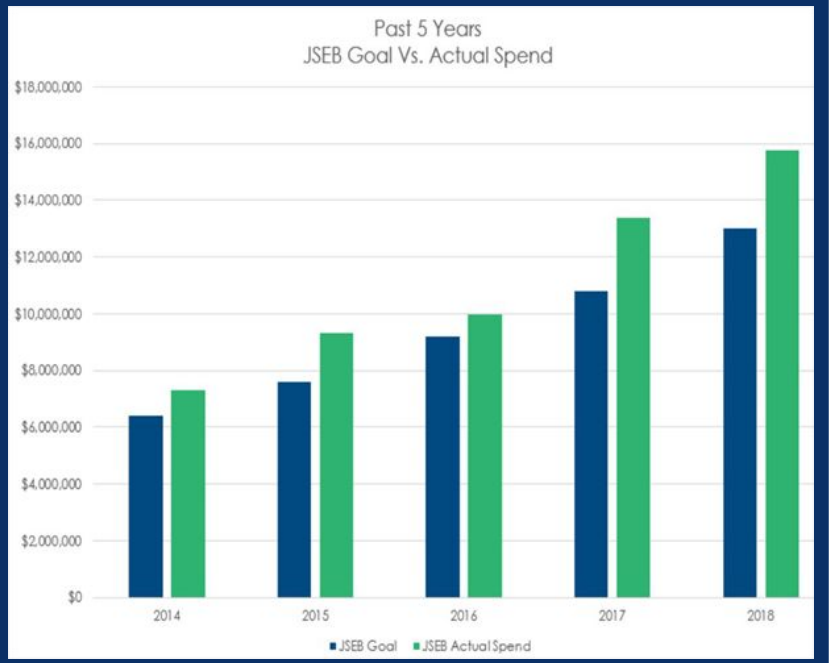
$15,760,635

QTR1 JSEB SPEND
$2,918,923

QTR2 JSEB SPEND
$4,601,906

QTR3 JSEB SPEND
$4,252,925

QTR4 JSEB SPEND
$3,986,880



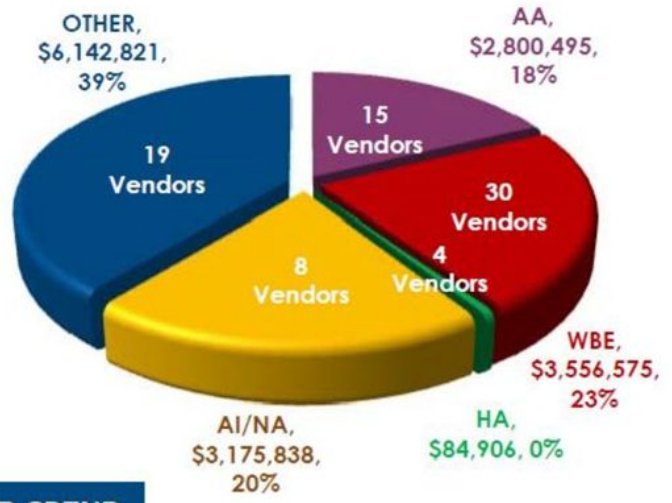
FY18 JSEB SCORECARD

FY18 JSEB SCORECARD

TOP 10 JSEB VENDORS BY SPEND

DONNA J. HAMILTON, INC.	$2,067,793	WBE
I-TECH RESOURCES INC	$1,990,817	AI
COMPLETE SERVICES WELL DRILLING INC	$1,538,136	OTHER
J & D MAINTENANCE AND SERVICES	$1,172,079	OTHER
XEYE INC	$1,127,210	AA
JB MATERIALS, INC.	$878,837	NA
R E HOLLAND & ASSOCIATES INC	$687,373	OTHER
J COLLINS ENGINEERING ASSOCIATES LLC	$592,803	OTHER
K AND J LAWN CARE LLC	$563,607	WBE
EVERSAFE BUILDING MAINTENANCE CORPORATION	$424,546	AA

JSEB SPEND BY SBE & VENDOR TYPE



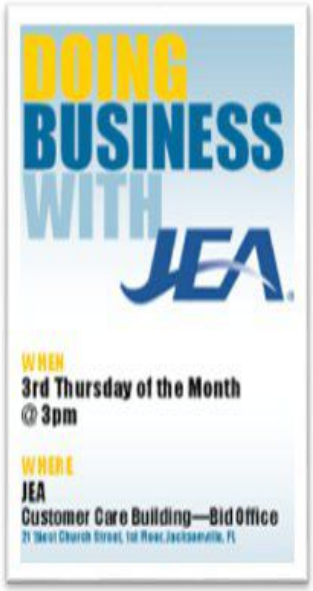
JSEB SPEND	
Primary	Sub-Contractor
$6,496,360	$9,264,275

# of JSEBs CURRENTLY DOING BUSINESS WITH = 76

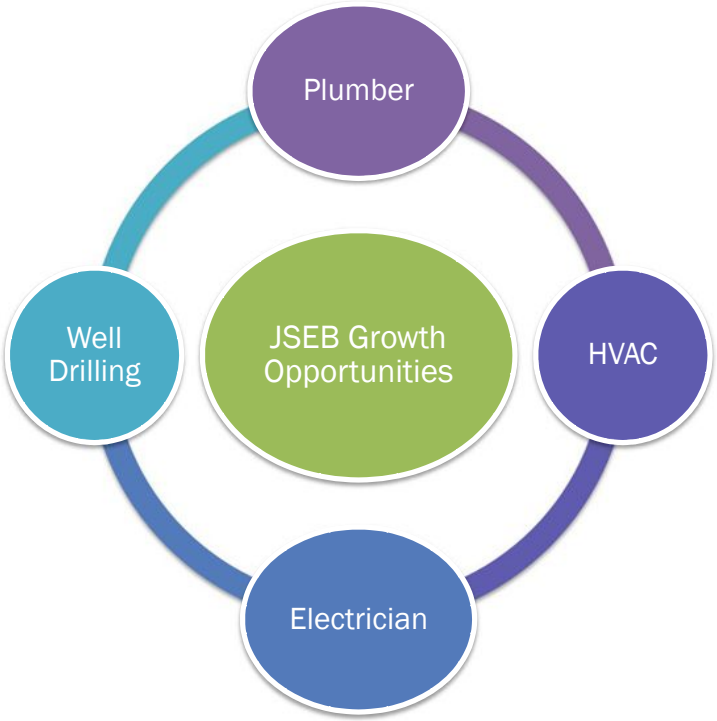
NON-JSEB SBE SPEND = $6.3M

FY18 JSEB SCORECARD

OUTREACH INITIATIVES



NOV 9	Workshop for JSEB on QPL Application *Hosted by JEA*	MAY 4	Small Business Week Celebration *Hosted by SBDC*
FEB 8	Contracting Opportunities With JEA *Hosted by Pastor Frederick Newbill*	MAY 8	2nd Annual Small Business Summit *Hosted by SBA NFDO*
FEB 22	I Got the Contract, Now What? *Hosted by Manson and Jaxport*	MAY 10	Contracting Opportunities With JEA *Hosted by Pastor Frederick Newbill*
MAR 5	10th Annual Reverse Trade Show *Hosted by North Florida Procurement Association*	JUN 22	2018 Jacksonville Vetrepreneur Summit *Hosted by City of Jacksonville*
APR 11	Small Business Outreach & Training Conf *Hosted by NCMA & US Navy*	AUG 16	2018 JEA Procurement Summit *Hosted by JEA*
APR 19	JEA AABE Annual Pastor's Luncheon *Hosted by JEA*	SEP 11	2018 JEA Water & Wastewater Capital Plan Summit *Hosted by JEA*



FY19
JSEB OUTLOOK

Current FY19 JSEB Opportunities

- Architectural Services
- Asphalt Services
- Civil Engineering Services
- Concrete Services
- Environmental Services
- Geotechnical/Surveying Services
- Hauling/Trucking Services
- Landscaping Services
- Material Supplier
- Painting

FY19 JSEB Outreach

JSEB Target Outreach

- Boards & Commissioners
- Chamber of Commerce
- Local Diversity Groups
- Local Trade Organizations
- Small Business Organizations
- JEA Leadership

FY19 JSEB OUTLOOK

December 20, 2018

Landscape & Sod Sheltered Opportunity Workshop

February 21, 2019

Septic Tank Phase Out Workshop – Biltmore C Construction – Targeting plumbers, hauling, sod/pavement restoration, material supply (pipes/valves) and general contracting for sub-contracting opportunities for JSEBs

August 2019

2nd Annual JSEB Procurement Summit

Monthly

Doing Business with JEA Workshop - 3rd Thursday of the Month

JSEB Upcoming Bid Opportunities

Sheltered Landscape-Sod	STPO – Biltmore C
Prime Opportunity	*Sub-Contracting Opportunity*
January 2019	March 2019



FY19 QTR1 JSEB SCORECARD

Building Community

AGENDA ITEM SUMMARY

January 2, 2019

SUBJECT:	**ST JOHNS RIVER POWER PARK SYSTEM EMPLOYEES' RETIREMENT PLAN COMMITTEE MEMBER COMPOSITION**

Purpose: ☐ Information Only ☒ Action Required ☐ Advice/Direction

Issue: As a result of the closure of the St. Johns River Power Park, JEA has reviewed the governance of the now closed SJRPP Retirement Plan. Because the SJRPP Pension closed to new members, JEA is proposing a new simpler SJRPP Pension Committee structure.

Significance: High.

Effect: Changes SJRPP Pension Committee structure to reflect closure of SJRPP and related plans.

Cost or Benefit: N/A

Recommended Board action: Staff recommends that the Board approve the revised composition of the Committee as follows, and obtain written confirmation of agreement to serve from the employees holding those positions:

- JEA Treasurer (Chair)
- JEA Controller
- Joint Owned Electric Representative

For additional information, contact: Jody L. Brooks, (904) 665-6383

Submitted by: AFZ/MHD/JLB





Ver.2.0D 9/21/2013 jer

Building Community

INTER-OFFICE MEMORANDUM
January 2, 2019

SUBJECT:	**ST JOHNS RIVER POWER PARK SYSTEM EMPLOYEES' RETIREMENT PLAN COMMITTEE MEMBER COMPOSITION**
FROM:	Aaron Zahn, CEO
TO:	JEA Board of Directors

BACKGROUND:

As a result of the closure of the St. Johns River Power Park ("SJRPP"), JEA has reviewed the governance of the now closed SJRPP Retirement Plan (the "SJRPP Pension"). Because the SJRPP Pension closed to new members, JEA is proposing a new simpler SJRPP Pension Committee structure.

DISCUSSION:

The SJRPP Pension Committee composition is governed by Article 7.4 of the Plan. In accordance with the SJRPP Pension plan's terms, the Committee must be comprised of at least three persons, and is responsible for the administrative functions of the pension plan, including but not limited to the following:

- Oversight of the funds held by the pension plan, including the adherence to or modification of investment practices followed;
- Approval of pension payments pursuant to the Plan's requirements with concomitant review of challenges to interpretations; and
- Administrative compliance recommendations that fall within the JEA Board's power, but for which the Committee is tasked with review and recommendation responsibility.

The recommended composition of the Committee following the closure of SJRPP is:

1. JEA Treasurer (Chair)
2. JEA Controller
3. Joint Owned Electric Representative

RECOMMENDATIONS:

1. That the Board approve the revised composition of the Committee as follows, and obtain written confirmation of agreement to serve from the employees holding those positions:

    - JEA Treasurer (Chair)
    - JEA Controller
    - Joint Owned Electric Representative

47092190;1

2. That each of the Committee members be allowed to identify a designee for a meeting by informing the designee and obtaining a written response (via email or signature, digital or otherwise) confirming the agreement to serve.

_____

Aaron Zahn, CEO

47092190;1

Resolution 2019-01

A RESOLUTION TO APPROVE THE REVISED COMPOSITION OF THE ST. JOHNS RIVER POWER PARK SYSTEM EMPLOYEE RETIREMENT PLAN

WHEREAS, the closure of the St. Johns River Power Park ("SJRPP") required a review of certain procedural aspects of its operation, including the post closure administration of the SJRPP Retirement Plan (the "Plan"); and

WHEREAS, the four members of the committee that administers the Plan ("Plan Committee") presently includes the General Manager and Vice President, Electric, SJRPP Employee Representative, Controller, and Treasurer; and

WHEARAS, the composition of the Plan Committee is governed by Article 7.4 of the Plan; and

WHEREAS, due to the closure of the SJRPP, the composition of the Plan Committee needs to be revised; and

WHEREAS, JEA staff recommends that the new Plan Committee be represented by the following: Joint Owned Electric Representative, JEA Controller and JEA Treasurer.

BE IT RESOLVED by the JEA Board of Directors that:

Section 1. Request for Board Approval. The JEA Board hereby approves changes to the St. Johns River Power Park Retirement Plan Committee member composition pursuant to Section 7.4. The Plan Committee shall now be made up of the following three members to be chaired by the JEA Treasurer: Joint Owned Electric Representative, JEA Controller and JEA Treasurer.

Section 2. Effective Date. This resolution shall become effective upon signature of the Chair.

Dated this ____ day of January, 2019.

JEA

By: _____
G. Alan Howard, Chair

Attest:

_____
Reverend Frederick Newbill, Secretary

Approved as to form:

_____
Jody Brooks, Chief Legal Officer



Building a strategic framework for JEA

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Building Community

Given changes in the utility sector, the time is now to develop a strategic plan

1 **Technology**	Emerging energy economics of the supply stack shifting	
	Emerging operational technologies laying the foundation for digital transformation	
2 **Policy**	Push for decarbonization gaining momentum	
	More comprehensive policies (e.g. net metering, Energy Efficiency)	
3 **Customer**	Rising bar on customer experience driven by non-utility players	
	Customer awareness of emerging technologies rising	
4 **Capital**	Entry of players with competitive capital has potential to change returns and competitive play profile (e.g. Canadian and European investors, activists)	

Objectives of the effort: Develop a 10 year strategy for JEA that drives an increase in the value of JEA now and in the future. The strategy will:

Position JEA to succeed in the face of trends that challenge the traditional utility model

Proactively shape talent and culture to meet changing needs

Drive growth in its core business

Identify investments required to meet customer needs

Maintain affordability for customers

Define key metrics and benchmarks and the strategic initiatives needed to achieve success

Include a clear tracking structure, supported by continuous change management and capability building

Building Community

A successful strategic plan is underpinned by 7 core principles informing our approach

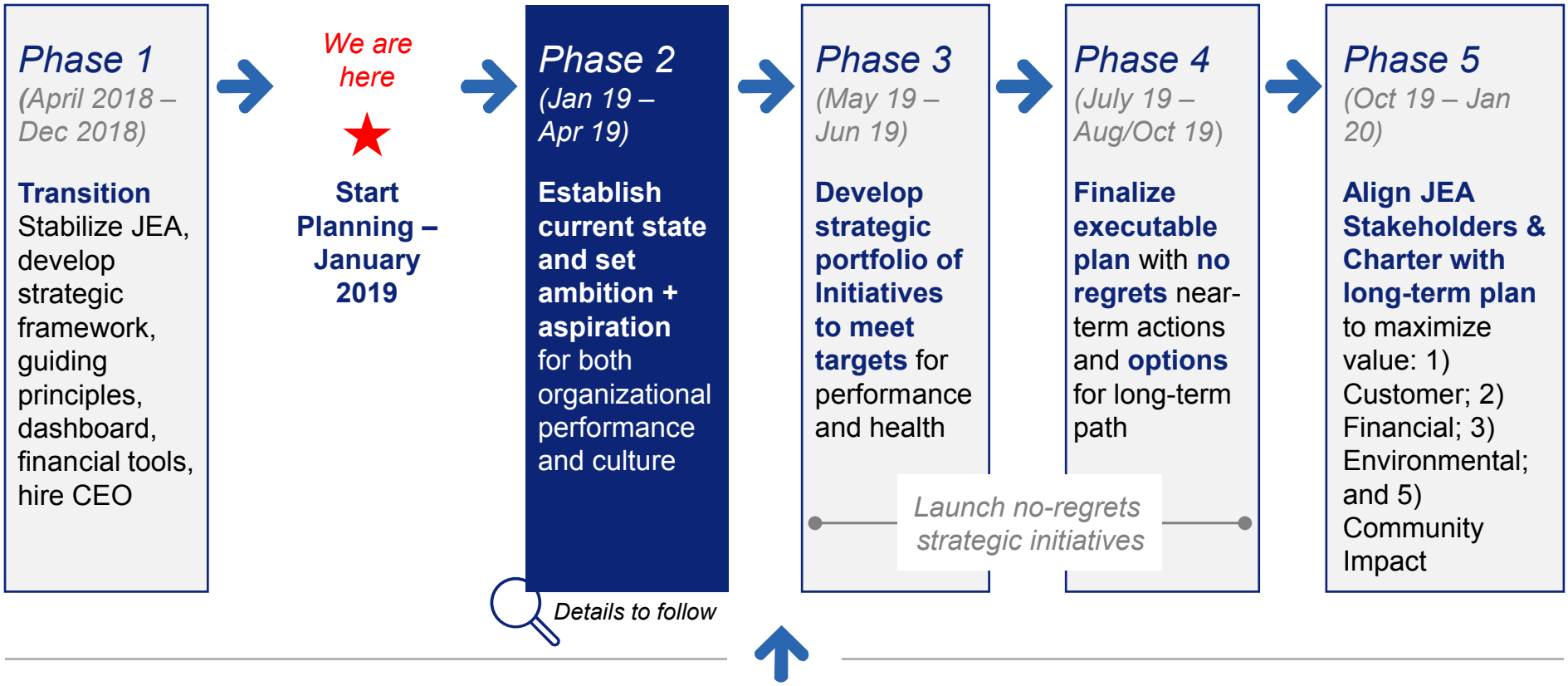


- A strategic plan responsive to trends
- A clearly articulated vision for the future
- Defined goals and metrics for success
- An aligned organization
- Discrete initiatives, clearly prioritized
- Owners accountable for driving each initiative
- A clear process to track and measure progress

Building Community

Our path to an executable strategic plan will follow an phased approach

Internal stakeholder alignment (Board, SLT, appointed employees, Union)



External stakeholder consultation and feedback (e.g. City of Jacksonville)

Building Community

Phase 1 will assess both JEA performance and health to set aspirations for strategy effort

Phase 2 (January Through April)

Develop status quo / business as usual financial projections to show impact on JEA performance of external trends

Assess current state of JEA health and culture *using organizational health index*

Develop scenarios *to assess potential strategic responses to trends*

Set metrics and targets for performance and health *in line with existing strategic framework*

Set performance and health ambition + aspirations for JEA

Building Community

The big idea: leaders need to measure and manage organizational health with the same rigor as performance

PERFORMANCE

What an enterprise does to improve how it **buys** raw materials, **makes** them into products, and **sells** them into the market to drive financial and operational results

DELIVER RESULTS

HEALTH

How an organization ***aligns*** itself, ***executes*** with excellence, and ***renews*** itself to sustainably achieve performance aspirations

RUN THE PLACE

We will assess JEA's baseline health and culture using the Organizational Health Index (OHI)

JEA
Building Community

The Organizational Health Index (OHI) offers proven insights and expert support to build an enduring organization that can sustain performance

CONDUCTED AN EXHAUSTIVE ACADEMIC REVIEW



800
books & articles



200
fact-based insights

INTERVIEWED KEY LEADERS ACROSS OUR CLIENT BASE



100
client executives



30
functional leaders

DEVELOPED THE ORGANIZATIONAL HEALTH INDEX (OHI) SURVEY



20
minute survey



3-5
precise recommendations

5m+
participants surveyed





~1,700
companies

Building Community

What to expect at the end of the effort



Fully vetted financial forecasts for status quo scenario and alignment around implication and case for change

Understanding of JEA current state organizational health and implications for current and future state performance

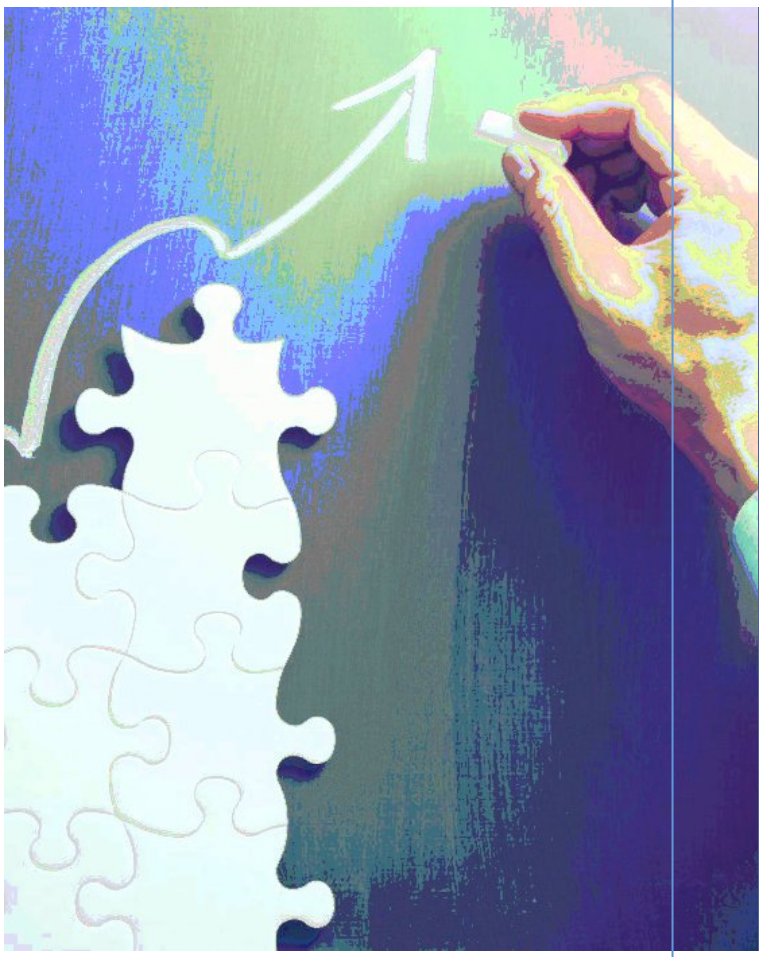
Specific, measurable, achievable targets for JEA performance and health aligned against JEA's existing strategic framework

Pipeline of initiatives with initial estimate of value that exceeds strategic targets including **"quick win" initiatives** with short implementation timelines

Fully executable strategic plan for JEA

Building Community

Next steps



January 15: Launch Organizational Health Index surveys

March 25: Present and discuss “status quo baseline scenario” for business as usual financial projections at JEA at Board meeting

April 23: JEA Board review and finalize “status quo baseline scenario” for business as usual financial projections



Organizational Health Index

Using Organizational Health to Drive Performance

OrgSolutions
By McKinsey

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With many different types of transformations facing leaders today…

- Digital transformation
- Talent transformation
- Merger / Integration
- Turnaround
- New business strategy
- Good to great performance
- Leader transitions

Organizational health is more important than ever in sustaining and unlocking business performance

Do our people understand and are aligned with our vision and strategy?

Does our organization have what it needs to execute its strategy / objectives?

Do we have the capabilities and talent to achieve our objectives?

Is our organization able to renew itself to keep up with the rate of innovation and enable sustainable performance?

The big idea: Leaders need to measure and manage organizational health with the same rigor as performance

Performance

What an enterprise does to improve how it ***buys*** raw materials, ***makes*** them into products, and ***sells*** them into the market to drive financial and operational results

Health

How an organization ***aligns*** itself, ***executes*** with excellence, and ***renews*** itself to sustainably achieve performance aspirations

SOURCE: Scott Keller and Colin Price, Beyond Performance: How Great Organizations Build Ultimate Competitive Advantage. 2011

Powered by decades of research, the Organizational Health Index (OHI) provides analytical rigor for measuring and achieving health

Exhaustive academic review

Leader interviews

The Organizational Health Index (OHI) Survey



800
books & articles



100
client executives



20
minute survey



200
fact-based insights



30
functional leaders



3-5
precise recommendations

5m+
participants surveyed

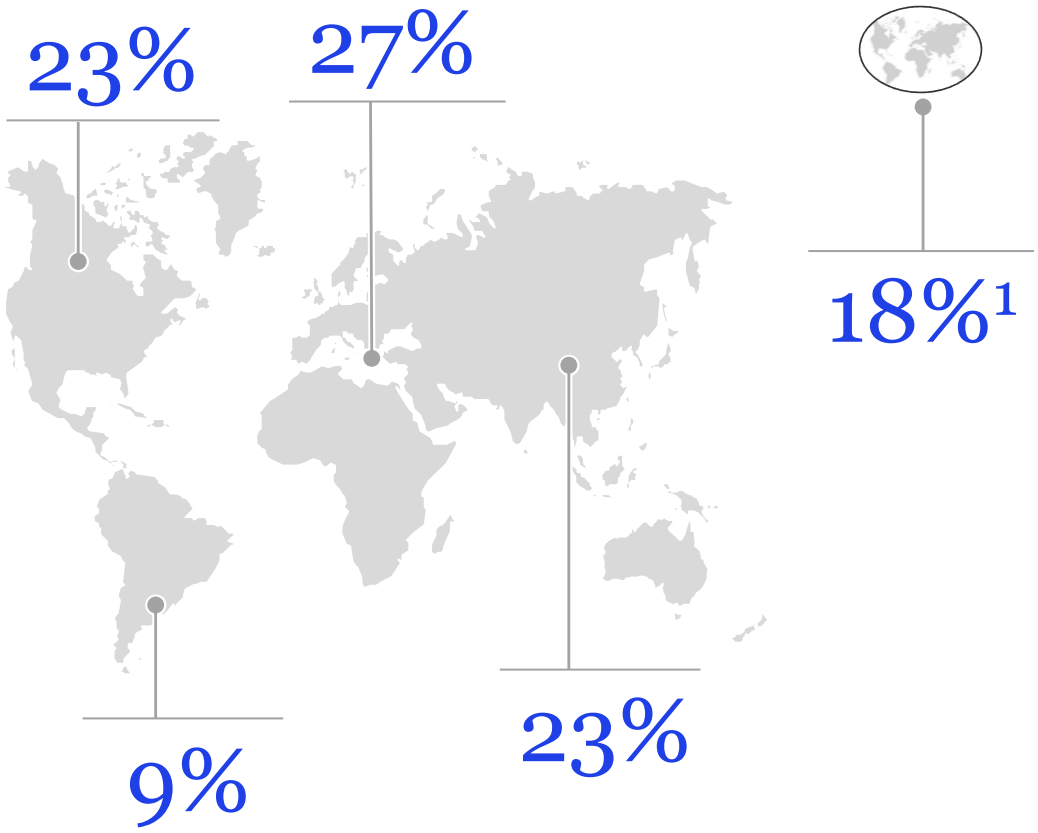




~1,700
companies

With 1+ billion data points, the OHI offers an unparalleled depth and breadth of knowledge, across geographies and industries

Global reach and relevance,
% of OHI surveys



Surveys administered in 100+ countries

Robust industry benchmarks

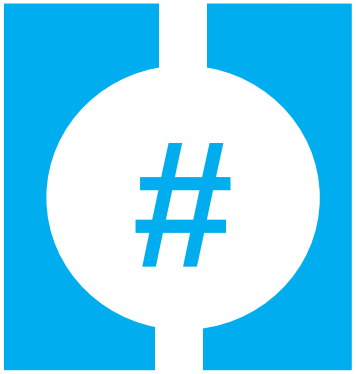
- Global Energy & Materials
- Banking
- High Tech, Media, Telecom
- Consumer
- Advanced Industries
- Public Sector
- Travel, Transportation & Logistics
- Insurance
- Infrastructure
- Asset Management & Institutional Investors
- Pharmaceuticals and Medical Products
- Healthcare Systems & Services
- Professional Services
- Social Sector
- Multi-sector Conglomerate

1 Represents the percentage of companies that surveyed globally

The OHI Survey digs deep to find what's happening under the surface and provides a detailed picture of organizational health

Three major measurements

1 OHI Score



Offers a benchmark of overall health against which to measure progress

Relative to a global standard

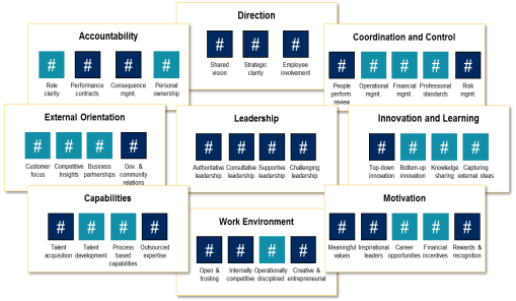
9 Health Outcomes



Interprets if what is happening on the ground is working, and how well

Agreement scale

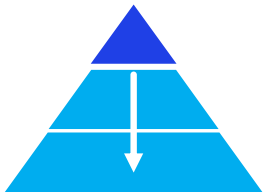
37 Management practices



Identifies employees' perceptions of what's happening on the ground

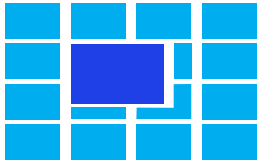
Frequency scale, from "almost always" to "almost never"

The healthiest companies align strongly to one of four "recipes", e.g. patterns of behaviors and processes, and offer a blue print for success



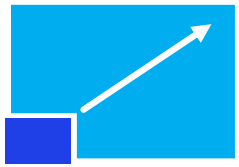
Leadership Factory

Drive performance by **developing and deploying strong leaders**, supporting them through coaching, formal training and the right growth opportunities



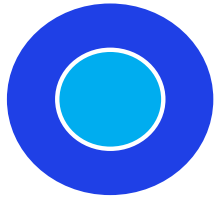
Market Shaper

Get ahead through **innovating at all levels** and operationalizing quickly based on **deep understanding of both customers and competitors**



Continuous Improvement Engine

Gain competitive edge by **involving all employees** in driving performance and innovation, gathering insights and sharing knowledge



Talent/ Knowledge Core

Create value by **attracting and inspiring top talent**

Risk management	Capturing external ideas	Internally competitive	Career opportunities
Personal ownership	Business partnerships	Employee involvement	Talent acquisition
Challenging leadership	Role clarity	Creative & Entrepreneurial	Rewards & recognition
Career opportunities	Customer focus	Consequence management	Personal ownership
Performance contracts	Top-down innovation	Capturing external ideas	Knowledge sharing

Organizations with very strong alignment to a recipe are almost 6x as likely to be top quartile in health than those with weak alignment[1]

1 SOURCE: OHI3 surveys, January 2016, n = 501 including 1,539,047 respondents

Running an OHI typically takes ~5-7 weeks with managing health becoming part of an ongoing journey

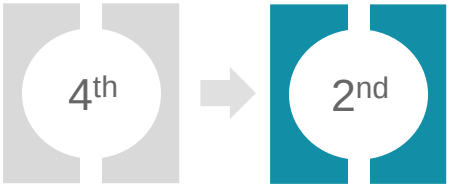
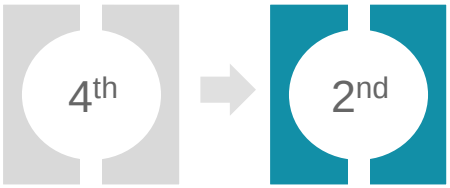
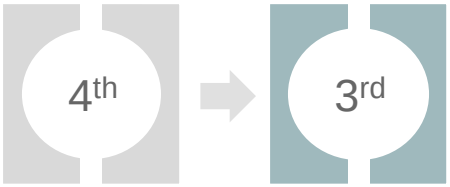
	2-3 weeks	2-3 weeks	1-2 weeks
	Preparation	**Data collection**	**Interpretation**

Activities	• **Set up OHI survey**, incl.
	  • Determine survey scope
	  • Finalize survey design
	  • IT testing
	• **Craft survey launch communications,** e.g., CEO memo, survey invite, reminder memos
	• **Determine launch plan**
		• **Run survey** with respective communications
		• **Monitor response rates,** incl. methods to maximize employee participation
		• **Understand health** across the organization and demographic groups
			• **Prepare Top Team workshop** on results
			• **Develop communication plan** for cascade of survey results to all levels of organization
			• Start to **align on emerging themes and health priorities** with the Top Team as part of wider embedded health journey

OHI tech-nology	 Easy survey content editing	 Up to minute response rates and totals/splits by demographics	 Results filtering and comparison according to demographics

OHI Helpdesk (24/5) with • Advice on tools • Troubleshooting, password reset

By improving organizational health, the OHI has helped companies across industries, sectors and regions exceed their performance goals

	Health (OHI score)	Performance
EMEA automobile manufacturer	**Over 3+ years:** 	• **13% increase** in volume • Negative to **positive EBIT**
APAC telecom carrier	**Over one year:** 	• **Double EBITDA** over 3 years • **40% of target achieved** within 9 months of implementation
Americas energy company	**Over one year:** 	• **Share price increased** from 61 to 74 USD over 2 years

Case study: A global bank underwent a cultural transformation anchored on the OHI (1/2)

Top Quartile | Second Quartile | Additional detail on next page
Third Quartile | Bottom Quartile

Situation

Client context

- Over several years, this client undertook a bank-wide culture transformation, based around a set of behaviours and principles:

Principles

- Client focus
- Excellence
- Sustainable performance

Behaviors

- Integrity
- Collaboration
- Challenge

- To embed the banks cultural aspiration, an initiative structure was set up which was sponsored by the CEO, and led by senior executives

Approach

McKinsey supported the design of the initiative governance and project management office, as well as a set of individual initiatives sponsored by senior leadership, **in particular with emphasis on practices of healthy banks**:

Culture Transformation

1. Engaged the corporate center in a culture transformation based on an OHI diagnostic
   - Focused on direction-setting, people development, leadership, mindsets and culture

Empowerment

2. Identified and piloted a set of levers to increase empowerment throughout the organization using a proprietary diagnostic

Leadership Development Strategy

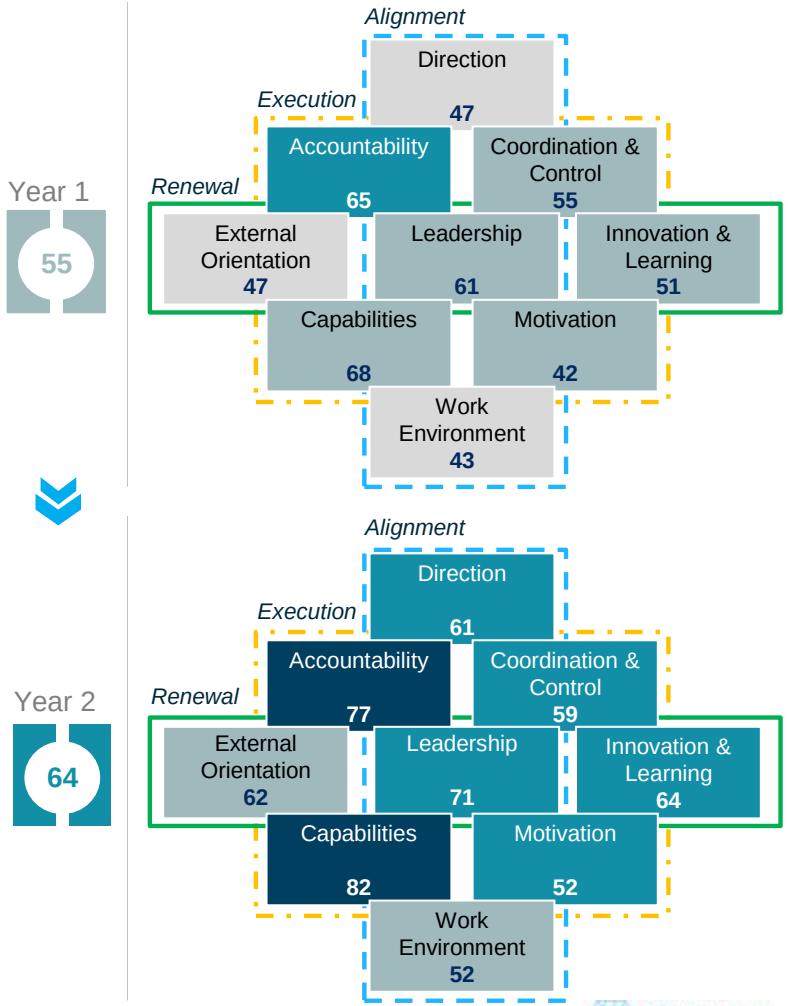
3. Co-created a comprehensive leadership development strategy based on new leader segmentation and on-the-job training

Voice of the Client

4. Articulated a new "Client Promise" and developed a set of initiatives designed to truly embed customer centricity in employee activities

Impact

A follow up OHI identified improvement across all dimensions of 9 points including a move from the third to second quartile overall health



OrgSolutions By McKinsey

Case study: Initiatives were undertaken across all levels of the organization to reinforce the impact (2/2)

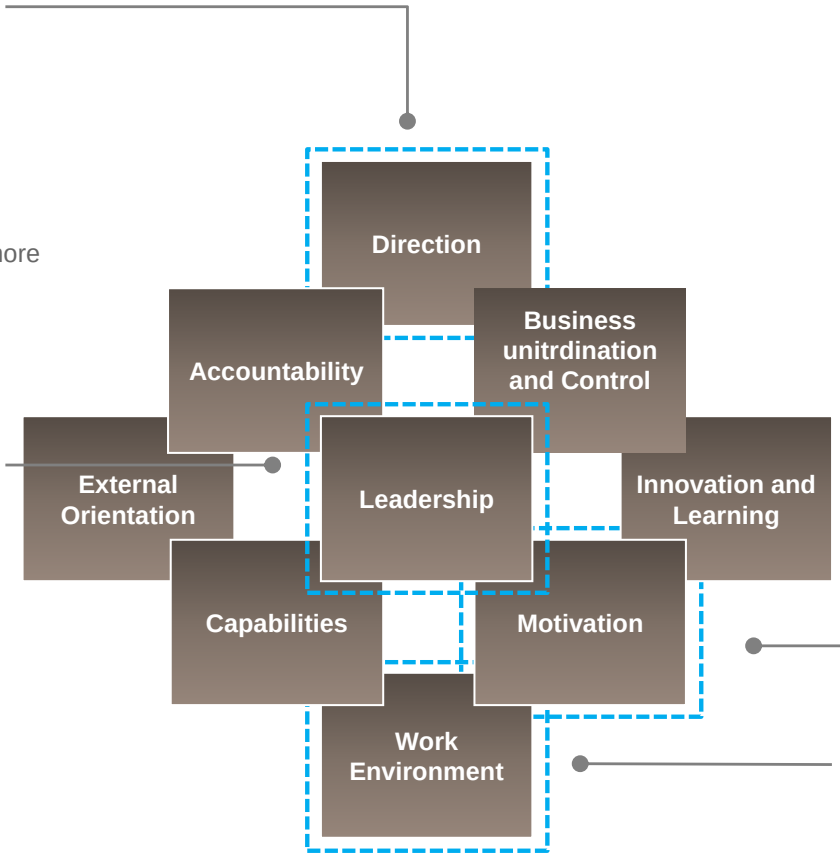
Prioritized OHI dimensions for culture transformation

Direction setting and engagement
Initiatives implemented

- Clearly articulated each unit's direction
  - Change story agreed
  - Increased transparency on strategic/organizational plans
- Created multi-channel comms strategy on
  - OHI results and health priorities
  - New target operating model
  - Health initiatives, e.g., career paths
- Increased employee involvement through more interactive engagement approach to e.g.,
  - Regional panel discussions
  - Intranet

Leadership
Initiatives implemented

- Conducted regular leadership offsites to improve
  - Team effectiveness and collaboration
  - Direction setting and employee engagement
- Improved approach to selecting leaders
  - Increased consideration of personal leadership skills for assignment of new leadership roles
  - Plans to improve development of key talents/key succession candidates
- Dedicated working sessions on leadership style for senior leaders, cascaded to teams
  - On collaboration
  - To increase inclusiveness of individual leadership styles



People Development
Initiatives implemented

- Launched unit-specific career path initiative
  - Clearer differentiation between leader and expert roles
  - More transparency on possible career paths within unit
- Increased focus on personal and professional development
  - Improved mid-year conversations
  - Objective to encourage role rotations and broader experience profiles

Mindsets and Culture
Initiatives implemented

- Made expected principles and behaviors tangible for all employees
  - Descriptions tailored to different employee groups within unit
  - Management Committee role modeling
- Launched unit-specific guidelines for objective setting on principles and behaviors

Case Study: OHI helps a private equity firm return portfolio organisation to profitability

Situation

Client:

- Leisure organisation (part of a European Private Equity firm portfolio)
- OHI undertaken as part of strategy work across entire portfolio
- Challenging financial situation with declining market, particularly within Southern Europe operations

Approach

- Portfolio Top team interviews
- Company-level OHI analysis
- Reflective “Mirror Workshop” with the Portfolio CEO and Senior team
- Individual and team debriefs with the Portfolio CEO and PE Firm Directors
- Action planning workshop with Portfolio Leaders to integrate health in performance initiatives

Insight & Action

Insights

- Customer experience is crucial to strategy, with Org Health issues a barrier:
- Lack of any vision and values – missing the bigger picture and sense of purpose
- Individual employee performance is poorly recognised and rewarded
- Employees seemed frustrated in their desire to innovate and improve

Action

- **New vision and values** – communicated via road-show including CEO and CFO visits
- Location iPads & intranet upgrade in order to **better surface new ideas and share news**
- Flattened Org Structure with **more rotational/step-up opportunities**
- **Encouraged ownership** at frontline by increasing autonomy and responsibility at lower job-levels
- **Rewards for those who go ‘above and beyond’** and/or surface new ideas
- Employees given 3 tokens a day to give out to any customer based on discretion

Impact

- Portfolio organization demonstrates impressive increase in terms of both Performance and Health
  - **with 20 point overall increase in OHI score and**
  - **EBITDA up 84.6%**
  - **Revenue up 19.7%**
- 14% increase in customers, including a 7% increase in market share
- 20+ point increase in Shared Vision, Knowledge Sharing, Meaningful Values and Consultative Leadership

“[This was] one of the single most satisfying moments of my professional career, because it shows we've helped our people - and achieved what we set out to. We won with the customer by increasing market share, but more importantly we've won with our own employees"

- Portfolio CEO

advance copy

APRIL 2014
McKinsey Quarterly

The hidden value of organizational health—and how to capture it

Aaron De Smet, Bill Schaninger, and Matthew Smith

New research suggests that the performance payoff from organizational health is unexpectedly large and that companies have four distinct "recipes" for achieving it.

The problem
Building a healthy organization is difficult. "One off" reorganization initiatives often bring only ephemeral benefits. Attempts to close every benchmark and best-practice gap also end in disappointment.

Why it matters
Sustained organizational health is among the most powerful assets a company can build. Healthy companies generate total returns to shareholders three times higher than those of unhealthy ones.

What to do about it
Companies that consistently outperform their peers typically follow one of four distinct organizational "recipes," each characterized by a distinct set of management practices. Leaders should identify the one that most closely matches their strategic aspirations. The trick then is to be truly great in a handful of practices rather than trying to master them all, while avoiding "recipe killers."

For the past decade, we've been conducting research, writing, and working with companies on the topic of organizational health. Our work indicates that the health of an organization is based on the ability to align around a clear vision, strategy, and culture; to execute with excellence; and to renew the organization's focus over time by responding to market trends. Health also has a hard edge: indeed, we've come to define it as the capacity to deliver—*over the long term*—superior financial and operating performance.

In previous articles and books, such as *Beyond Performance*,[1] we (and others) have shown that when companies manage with an equal eye to performance and health, they more than double the probability of outperforming their competitors. Our latest research, at more than 800 organizations around the world, revealed several new twists:

- We found that the linkage between health and performance, at both the corporate and subunit level, is much clearer and much larger than we had previously thought. With the benefit of more data and a finer lens, we discovered that from 2003 (when we began collecting data on health) to 2011, healthy companies generated total returns to shareholders (TRS) three times higher than those of unhealthy ones.

- We further discovered that companies consistently outperforming their peers generally followed one of four distinct organizational "recipes." We had already recognized these patterns but hadn't understood their strong correlation with health, operational success, and financial performance.

- We also uncovered a practical alternative to the common (but too often disappointing) approach of seeking to improve corporate health by closing every benchmark and best-practice gap. More tailored initiatives that combine efforts to stamp out "broken" practices while building signature strengths not only are more realistic but also increase the probability of building a healthy organization by a factor of five to ten.

[1]Scott Keller and Colin Price, *Beyond Performance: How Great Organizations Build Ultimate Competitive Advantage*, first edition, Hoboken, NJ: John Wiley & Sons, 2011. See also Scott Keller and Colin Price, "Organizational health: The ultimate competitive advantage," *McKinsey Quarterly*, June 2011, mckinsey.com.

In short, we're more convinced than ever that sustained organizational health is one of the most powerful assets a company can build. We're also clearer on how to achieve it, including the pitfalls to avoid on the road. We hope this is welcome news to leaders worried about the long term, who frequently complain to us that the benefits of their one-off reorganization initiatives are ephemeral.[2]

How we track health

For the past ten years, we have measured and tracked organizational health in hundreds of companies, business units, and factories around the world. We ask employees (more than 1.5 million and counting) about their perceptions of the health of their organizations and what management practices they do or don't see in them. We then produce a single health score, or index, reflecting the extent to which employees say that their organizations are "great" in each of nine dimensions (or outcomes) of organizational health. To establish more precisely what each organization looks like, as well as its strengths and weaknesses, we also ask employees how frequently they observe[3] four to five specific management practices—how managers run the place—that drive those nine outcomes. Exhibit 1 provides some flavor of how the management practices, 37 in all, line up against the outcomes.

When we have done this with similar units—such as factories, processing units, and regions—in a given company, we have frequently found a strong correlation between organizational health (as measured by our survey) and the unit's financial or operating performance.

For example, when we established health scores at 16 refineries in the same energy group, we noted a sharp linear relationship between those scores and each refinery's performance as defined by gross profit per unit of output. Health explained 54 percent of the variation in the units' profits.

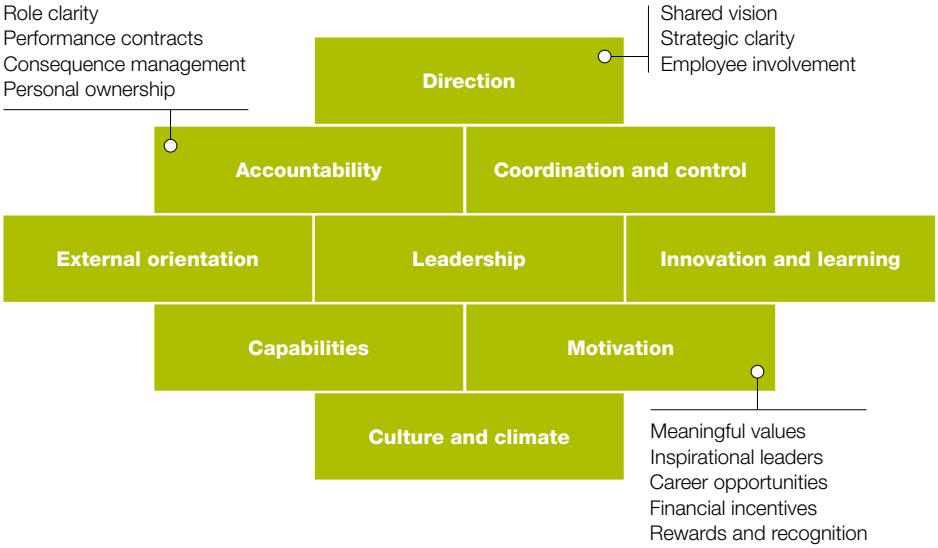
[2]These were the fortunate ones. Our global survey shows that only one-third achieve change goals.

[3]On a scale ranging from "never or almost never" to "always or almost always."

Exhibit 1

The organizational-health index tracks nine dimensions of organizational health, along with their related management practices.

In all, the index covers 37 related management practices. Here are selected examples of practices for 3 of the dimensions.



In the insurance industry, we found similar results when we compared 11 claims-processing sites. In this case, we found a strong correlation between health (as defined by the site-specific summary score) and performance (defined as a carrier's specific proprietary amalgamated metric across indemnity, expense, and customer-satisfaction metrics). Health differences explained about one-third of the variation in performance.[4] This is a significant number, since the remaining two-thirds includes known determinants of performance, such as competition, macroeconomic forces, and local-market dynamics (we did not evaluate the relative importance of these forces, which, unlike organizational health, leaders cannot control).

After replicating these findings across many clients and industries, we began to wonder about the strength of the health effect. Could health possibly explain performance variations across companies, industries, and geographies?

[4]The explanatory power rose to 56 percent when a single outlier was removed.

When we compared the health metrics of more than 270 publicly traded companies[5] with their financial-performance metrics, we found that the healthiest generated total returns to shareholders that were three times higher than those of companies in the bottom quartile and over 60 percent higher than those of companies with "middle of the road" health profiles. We have not yet isolated the specific health effect for the sample as a whole, but judged by the energy and insurance-company examples, it is likely to be substantial.

Management practices matter

The most interesting findings, though, came when we looked more closely at the healthiest organizations in our database. Obviously, all had high health scores as measured by the nine outcomes of health. But when we delved deeper and looked at the 37 practices that management teams focus on to deliver those outcomes, we discovered that four combinations of practices, or "recipes," were associated with sustained success. Indeed, further analysis showed that companies strongly aligned with any of these four organizational recipes were five times more likely to be healthy and to deliver strong, sustained performance than companies with mixed (or random) recipes.

Each of the four clusters we identified from the data reflects a distinct underlying approach to managing, including core beliefs about value creation and what drives organizational success. Each can be described by the specific set of management practices prioritized by companies that follow it (Exhibit 2).

The hallmark of the first, or *leader-driven*, recipe is the presence, at all of an organization's levels, of talented, high-potential leaders who are set free to figure out how to deliver results and are held accountable for doing so. This open, trusting culture is typical of highly decentralized organizations or of new businesses, where the resolve of strong leaders, effectively multiplied by their peers across the organization, is essential to create something from nothing. While most organizations use career opportunities to

[5]The full database includes many nonpublic companies and government organizations that were excluded for this analysis.

motivate employees, companies in this cluster use career opportunities as a leadership-development practice. Role modeling and real experience are more important than passing along sage lessons.

Organizations following the second, or *market-focused*, recipe tend to have a strong external orientation toward not only customers but also competitors, business partners, regulators, and the community. These companies strive to be product innovators, shape market trends, and build a portfolio of solid, innovative brands to stay ahead of the competition. The best ones both respond to demand and develop products that help shape it (a strong recent example would be Apple as it reshaped several consumer-technology markets). They have a shared vision and the strategic clarity to ensure that employees explore the right market opportunities, as well as strong financial management to provide individual accountability and to ensure that responses to market trends are in fact profitable.

Exhibit 2

Top 5 out of 37 management practices prioritized by companies that follow given approach

Leader driven	Market focused	Execution edge	Talent and knowledge core
Career opportunities	Customer focus	Knowledge sharing	Rewards and recognition
Inspirational leaders	Competitor insights	Employee involvement	Talent acquisition
Open and trusting	Business partnerships	Creative and entrepreneurial	Financial incentives
Financial incentives	Financial management	Bottom-up innovation	Career opportunities
Risk management	Government/ community relationships	Talent development	Personal ownership

The third recipe, which we call *execution edge*, includes companies that stress continuous improvement on the front line, allowing them to raise quality and productivity constantly while eliminating waste and inefficiency. These companies place a heavy emphasis on sharing knowledge across employees and sites—not just as a way to foster innovation, but, paradoxically, also as the primary way to drive standardization. Knowledge sharing helps to manage the frequent trade-offs between the top-down need for networkwide consistency and bottom-up encouragement of employees; without it, the best ideas might not get disseminated across different units of an organization. Such companies are unlike market-focused ones, which push alignment and consistency more strongly from the top down by analyzing external trends and developing a clear strategy for where the market is going.

The fourth and final recipe, *talent and knowledge core*, is found frequently among successful professional-services firms, professional sports teams, and entertainment businesses. Such organizations emphasize building competitive advantage by assembling and managing a high-quality talent and knowledge base. They typically focus on creating the right mix of financial and nonfinancial incentives to acquire the best talent and then on motivating their employees and giving them opportunities. In contrast to companies in the leader-driven group (whose value is created through teams directed by a strong leader), talent and knowledge-core organizations succeed thanks to highly skilled individual performers.

Implementing a healthy recipe

The case of a global chemical manufacturer we know highlights the power of the recipe approach. This company faced increasing energy costs, intensifying international competition, stricter environmental regulation, and the shutdown of one of its sites in an environmental-permit dispute. It had to move quickly to reduce its costs, improve its maintenance productivity, and raise production.

This company's mining operation had approximately 450 employees distributed in an area more than five times the size of Manhattan. A health-feedback session where the voice of the organization was "mirrored" back to it showed clearly that the appropriate recipe was

execution edge. After an action-planning workshop, executives developed interventions to encourage the most important practices for this recipe: knowledge sharing, employee involvement, and a creative and entrepreneurial environment. Efforts were made to redefine the role of frontline supervisors (including retraining), to engage the frontline workforce, and to step up the impact of employee communication. These initiatives led to greater employee involvement in decisions and more bottom-up knowledge sharing.

For example, the company introduced regular one-on-one visits between miners and supervisors to discuss productivity strategies, to review progress meeting production targets, and to engage in "micromine planning." Supervisors became the bottom-up conduit for cross-fertilizing these ideas in daily shift-production meetings, weekly "step back" meetings, and monthly management meetings.

Other miners and supervisors, motivated no doubt by the continuing emphasis on accountability for production, voluntarily adopted the best solutions. Not unexpectedly, the miners and supervisors began to feel greater ownership of their work, and employee engagement increased by 20 percent.

As for the operational-performance goals, wrench time[6] increased to 45 percent, from a baseline of 22 percent. Productivity, in turn, rose by 50 percent over a two-year period, generating additional profits of $350 million. Costs fell sharply, with annual run-rate savings of approximately $180 million.

It is worthwhile noting that the transformation blended health objectives with performance goals. Neither was treated in isolation. One reinforced the other, making each immediately relevant and maximizing the likelihood that the organization will sustain performance and respond successfully if challenged again by severe market disruption.

[6] An indicator of maintenance performance: a measure of the amount of time that craft personnel spend actually carrying out their primary tasks (for instance, using tools to make a repair), as opposed to time spent traveling from project to project or sitting in meetings.

Building a healthier organization

What can be learned from the four healthy organizational clusters our latest research identified? How can companies adapt accordingly? We certainly wouldn't suggest that they blindly seek to replicate one of the cluster recipes, ingredient by ingredient or practice by practice. Just as great chefs don't copy and paste the recipes of others, companies must take these general archetypes as inspiration and identify the pattern of healthy practices that best fits their own organizations and strategies. In the continuing search for a better-functioning organization, companies should consider the following issues.

The imperative of alignment between strategy and health

Successful companies match their organizations to their aspirations. Once a company has identified the most appropriate organizational recipe for the chosen strategy, it should align the organization as far as possible with that mix of practices. If its most important day-to-day practices do not support its strategy, or are not consistent with the direction communicated by its leadership, the misalignment can often undermine both overall performance and health.

Such misalignments often happen in strategic shifts. A large technology company we know changed its product and service mix and rapidly accelerated its globalization strategy. It then realized that what it really needed was a new focus on developing high-potential leaders who could direct next-generation businesses and operate with a global mind-set. Such moves would bring the company closer to the leader-driven recipe. Its old execution focus was no longer a powerful competitive weapon.

This company developed what it called "critical paths" for a ladder of opportunities available to high-potential leaders. These paths culminated in an important role, such as general manager for a large region, and promoted to prominence leaders who were visibly inspirational. When the company's own research showed that trust accounted for 90 percent of its employees' perceptions of how effective their managers were, it focused its development efforts accordingly. (Coincidentally, trust was one of its three core cultural values.)

The company ultimately avoided the "commodity hell" it feared. It reliably increases its margins every year, leads its industry in segments where it elects to compete, and is recognized by respected analysts as a leading "talent factory."

The importance of selection

Our earlier research had already shown that to be in the top group of healthy organizations, companies must do better than bottom-quartile ones across the full suite of 37 management practices. But a better-than-bottom score is generally enough for practices that are not essential to a company's recipe. The trick is to be truly great in a handful of practices—and not to worry a lot about the rest, which is just as well because no company has the capacity, resources, or management time to be great at all 37. The power of the four recipes our research unearthed is that they provide an indication of where to concentrate improvement efforts.

We discovered that 73 percent of the companies that strongly or very strongly follow one of the four recipes, *and* are not in the bottom quartile for any practice, enjoy top-quartile health. By contrast, only 7 percent of companies that have at least one broken practice *and* a less-than-strong embrace of any of the recipes are in the top quartile. Taken together, this represents a better than 10:1 ratio of effectiveness. It also suggests that the right course is to fix all broken practices (by improving them enough so that a company escapes the bottom quartile) and to turn a targeted handful of practices into true strengths. Trying to exceed the median benchmark on a large number of practices is not effective.

The danger of recipe killers

Our research also identified recipe killers—the management equivalent of baking a beautiful chocolate soufflé but then adding too much salt and rendering the dish inedible. The new data suggest that, just as concentrating on too many practices diminishes an organization's odds of achieving top health and success, adding the wrong practices to the recipe can be extremely harmful.

One example is the overemphasis on command-and-control leadership styles in companies trying to follow the execution-edge recipe. Most people think execution requires that approach. Actually, execution requires tremendous on-the-ground energy, so the best

execution-driven organizations employ internal competition and bottom-up innovation to empower the front line to excel. Overuse of top-down processes would kill that dynamic—and, indeed, in our data set the least healthy execution-edge organizations are those that have the authoritative-leadership practice in their top ten.

• • •

Building organizational health can be a powerful lever for improving the long-term performance of companies. Leaders can't ignore this lever, given the accelerating pace of change facing most industries.

Companies can achieve organizational health in several ways—the four key ones we have discussed here. But gratifying simplicity masks hidden risks. Choose your recipes and ingredients carefully, as the wrong mix may leave a bad taste in the mouths of employees, executives, and investors alike.

The authors would like to thank Michael Bazigos, Scott Blackburn, Lili Duan, Chris Gagnon, Scott Rutherford, and Ellen Viruleg for their contributions to the research presented in this article.

Aaron De Smet is a principal in McKinsey's Houston office, **Bill Schaninger** is a principal in the Philadelphia office, and **Matthew Smith** is a principal in the Washington, DC, office.

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Organizational health: A fast track to performance improvement

Working on health works. It's good for your people and for your bottom line.

by Chris Gagnon, Elizabeth John, and Rob Theunissen

The central idea underlying our organizational work for the past decade has been that the best way to run a business is to balance short-term performance and long-term health.

Healthy companies, we know, dramatically outperform their peers. The proof is strong—the top quartile of publicly traded companies in McKinsey's Organizational Health Index (OHI) delivers roughly three times the returns to shareholders as those in the bottom quartile—so strong, indeed, that we've almost come to take it for granted.

But now we see new, longitudinal evidence that redoubles our conviction. Companies that work on their health, we've found, not only achieve measurable improvements in their organizational well-being but demonstrate tangible performance gains in as little as 6 to 12 months. This holds true for companies across sectors and regions, as well as in contexts ranging from turnarounds to good-to-great initiatives.

Our recommendation is clear: start managing your organizational health as rigorously as you do your P&L, providing pathways for leaders at all levels to take part and embedding and measuring the new ways of working.

HEALTH AND THE BOTTOM LINE

We think of organizational health as more than just culture or employee engagement. It's the organization's ability to align around a common vision, execute against that vision effectively, and renew itself through innovation and creative thinking. Put another way, health is how the ship is run, no matter who is at the helm and what waves rock the vessel.

The case for health

Over the past ten years, we've monitored the health of more than 1,500 companies across 100 countries. We do this by aggregating the views of their employees and managers (more than four million to date) on management practices that drive nine key organizational dimensions—or "outcomes," as we call them. We assign scores to each practice and outcome, allowing a company to see how it compares to others in the database.

We've long seen a strong, static correlation between health and financial performance. But our latest research is more dynamic: it highlights the potential for the vast majority of companies to *improve* their health and how this can correspond with enhanced performance. Our findings include the following:

- *Almost all companies perform better if they improve their health.* Around 80 percent of companies that took concrete actions on health saw an improvement, with a median six-point increase in their overall health (Exhibit 1). The majority of these companies moved up an entire quartile against all other companies in our database. Over the same period that the companies in our sample were making changes to their health, their earnings[1] and total returns to shareholders (TRS) were also increasing disproportionately—by 18 percent and 10 percent, respectively (against an average 7 percent increase in earnings and an average 9 percent increase in TRS for those companies in the S&P 500).

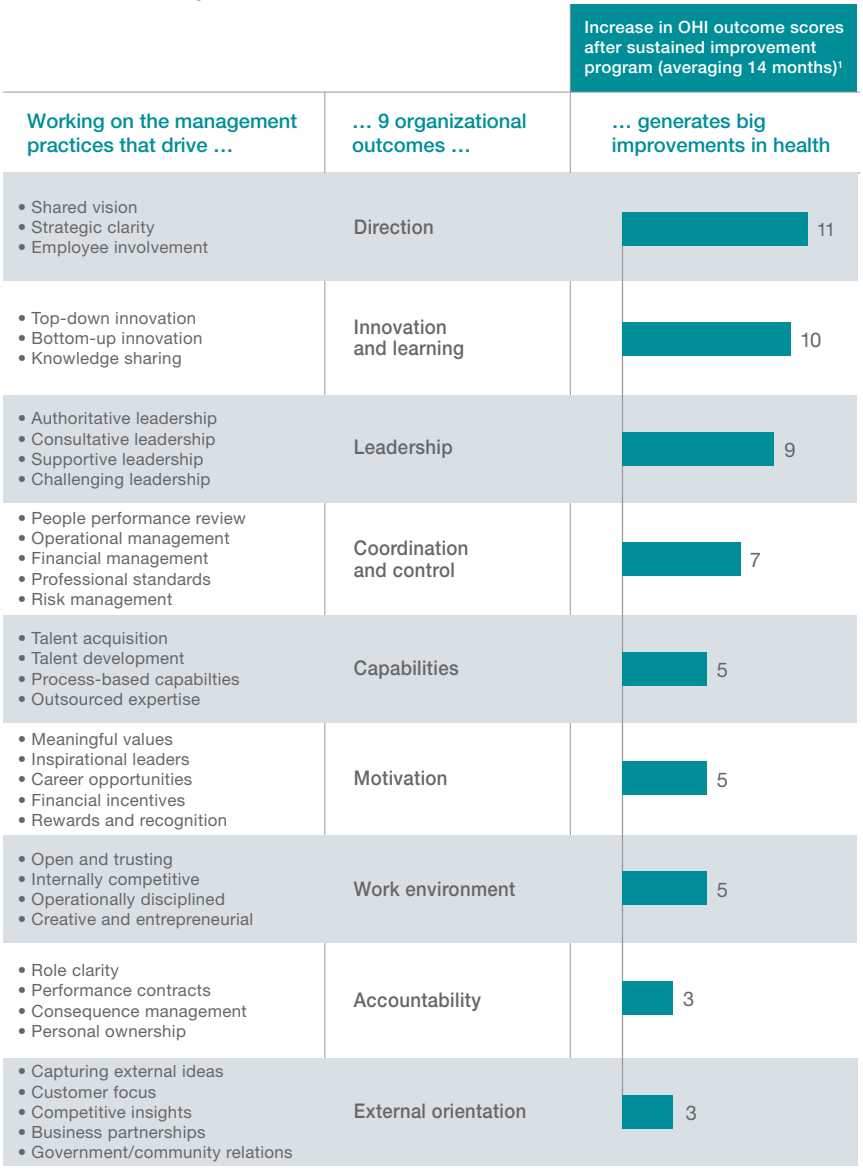
- *The unfit are the most likely to make the biggest health advances.* After working on their health, companies in the bottom quartile saw a 9-point health improvement, with notably strong improvements in the company direction (+17 points) and innovation and learning (+14 points) outcomes. This group of "health workers" made progress across every outcome.

[1] The earnings metric we used for this analysis was earnings before interest, taxes, depreciation, and amortization (EBITDA).

- *Those at the top achieve the biggest financial rewards.* Companies whose health-improvement efforts took them from the second quartile of the OHI to the top quartile recorded the biggest financial-performance boost, a clear sign that working on health is an important factor in going from "good" to "great."

Exhibit 1

Companies that take concrete actions to improve their health can deliver impressive results.



[1]OHI = Organizational Health Index; n = 64 companies with 252,339 individual respondents; start and end dates differ for each company.

McKinsey&Company | Source: Organizational Health Index by McKinsey

3

Could the causality run the other way? In other words, when companies improve their financial performance, might their people align, execute, and renew better and therefore be more likely to identify healthy changes in the characteristics of their organizations? In theory, yes. In practice, though, we've seen the opposite, over and over again. Consider, for example, the experience of a European entertainment company: Over the past three and a half years, it's moved from the third quartile of the OHI to the top decile. Financial performance has improved dramatically during that period as well (its market share is up 7 percent, customer volume is up 15 percent, and EBITDA is up 85 percent). But when the company was acquired recently by a larger competitor, it was the improvement in health that particularly stood out. The acquirer's CEO said that, in his mind, organizational health accounted for at least 10 percent of the entertainment company's value. Health, in short, isn't some survey artifact; it's something you can see and feel when you're inside a healthy company and a prerequisite for sustained performance.

Speed and rigor

Given all the data and practical experience that supports working on health, companies' obsession with the P&L alone continues to puzzle us. It's right that leaders manage their P&L meticulously, but why not do the same for their health? In fact, why not measure health frequently throughout the year, since it's a leading indicator of performance, whereas financial results are a lagging one? Similarly, why do the vast majority of employee-performance dialogues focus on progress against financial targets, and not on whether behavior is contributing to organizational health?

In private conversations, executives often confess to being quite torn on this issue. They of course want a healthy organization, but they worry about how long it will take to realize tangible benefits from efforts to improve health and about distracting people from other mission-critical priorities. Our experience suggests that these concerns are misplaced. Just as anyone can compete in a 5K race if he or she trains properly, so too can companies be conditioned to improve their health in a short period of time—and those improvements can reinforce those mission-critical priorities.

The key to speed is a rigorous approach. This starts with making the quest for organizational health an integral part of forward-looking leadership: senior leaders need to consider themselves architects, not passive bystanders. Then it means integrating health into monthly and quarterly performance reviews, with data to show how both are trending versus targets. Supporting priorities include tying financial incentives to accomplishing health goals;

4

creating and holding accountable a health team dedicated to embedding the right behaviors in the organization; and weaving health into the performance initiatives already under way.

A FOCUSED APPROACH TO ACHIEVING ORGANIZATIONAL HEALTH QUICKLY

So how do you make health gains quickly? In our experience, there are four areas forward-looking leaders must invest in to build a healthy, performance-driven organization (besides, of course, ensuring that they are fully aligned on the business strategy; strategic and organizational misalignment are a surefire path to poor health and general operating dysfunction). The first, most important step is choosing the performance culture—or what we call the "recipe"—that will best drive their organization's performance. Then it's about moving to adopt that recipe as quickly as possible, addressing the mind-sets that will drive new forms of behavior, building a committed team of people at all levels to get involved, and, finally, developing fast feedback loops to monitor progress and course correct if necessary. These actions will help companies target resources on the right priorities, move swiftly, and make the new habits stick.

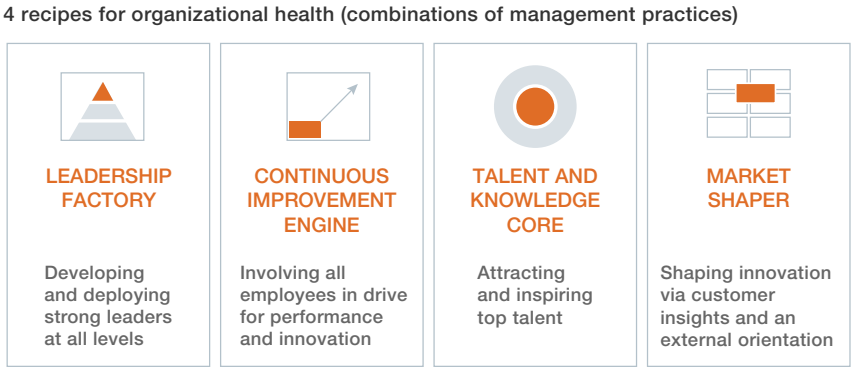
Pick a health recipe

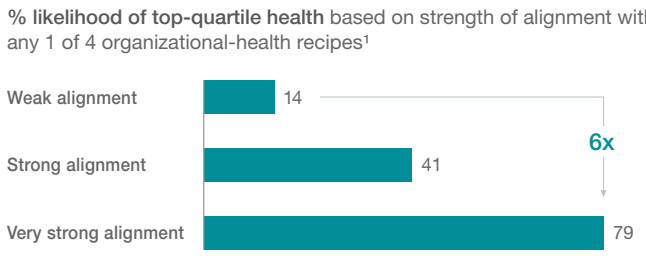
It's clear that there is no such thing as a single winning performance culture. But based on our OHI analysis, we have identified four combinations of practices (or "recipes") that, when applied together, drive superior health—and quickly. We call these four the Leadership Factory (organizations that drive performance by developing and deploying strong leaders, supporting them through coaching, formal training, and the right growth opportunities); the Continuous Improvement Engine (organizations that gain their competitive edge by involving all employees in driving performance and innovation, gathering insights and sharing knowledge); the Talent and Knowledge Core (organizations that accelerate their performance by attracting and inspiring top talent); and the Market Shaper (organizations that get ahead through innovating at all levels and using their deep understanding of customers and competitors to implement those innovations).

They all sound pretty good, right? The reality is, though, that organizations can't do all of them, which is why a focus on *one* of them will lead to better and speedier results. Our research shows that when organizations are closely aligned to any one of these four recipes, they are six times more likely to enjoy top-quartile health than companies with weak alignment or diffuse efforts (Exhibit 2). Achieving such alignment requires focus on a small set

Exhibit 2

While there's no such thing as a single winning performance culture, any one of four 'recipes' can produce superior organizational health.





[1]68% of sample had weak alignment, 22% had strong alignment, and 10% had very strong alignment; n = 501 organizations with 1,539,047 individual respondents.

McKinsey&Company | Source: Organizational Health Index by McKinsey

of organizational-health practices (usually no more than five to ten) that work in concert with each other. Contrast that with what happens more commonly: leaders in various parts of the business copy different external "best practices" across myriad management disciplines. This approach diffuses people's efforts, can easily result in conflicting approaches, and hinders development of the sort of common performance culture that connects employees regardless of where they sit.

A family-owned Asian conglomerate faced this very challenge: People across the organization employed "best practices" from multiple sources and were adapting them in different ways. As the conglomerate's leaders sought to change its conservative, risk-averse culture to a more innovative and entrepreneurial one, they began placing greater emphasis on organizational health and chose the Continuous Improvement Engine (CIE) recipe to govern their health strategy. Three themes were central to that strategy: improving knowledge sharing across business units, developing

innovation and entrepreneurship, and improving employee motivation. Heads of HR across the business units drove the subsequent learning initiatives under the CEO's sponsorship, launching a corporate academy on innovation, promoting regional innovation conferences, and providing extrinsic motivators such as nontraditional career paths for innovators and entrepreneurs. This consistent and coherent approach led to a nine-point improvement in health.

Get to the heart of the mind-sets

Don't be fooled by the symptom; understand the cause. To create rapid and lasting progress on the set of practices that will drive health, companies have to identify and address the deep-rooted mind-sets influencing employee behavior and then define new ones to replace them.

When seeking to understand and address these mind-sets, we like to use the image of an iceberg popularized by MIT academics Otto Scharmer and Katrin Kaufer.[2] Above the surface (the tip of the iceberg) is the visible behavior repeated and reinforced by the organization every day. Under the surface are employees' thoughts and feelings (both conscious and unconscious); their values and beliefs (the things that are important to them); and their underlying needs, including their fears and the threats to their identity. These below-the-surface factors have to be understood and addressed before shifts in behavior and culture can be realized to drive organizational health.

Once a company has identified the mind-set or mind-sets it wants to instill in employees, it needs a set of actions to change the working environment and drive adherence. Here, McKinsey's long-established influence model defines practical interventions that help structure a way forward.[3] Is there a clear change story to foster an understanding of why a new approach is required? What incentives should be introduced to reinforce that new approach? Are training programs required to improve the skills of people in the organization? Are leaders across the business role modeling the appropriate mind-sets? Being clear on these four dimensions is likely to be critical to the long-term success of a program for improving organizational health.

A global equipment manufacturer was under pressure from cost-competitive entrants, challenging its long run of dominance in a specialized, capital-intensive industry. With the development costs of its most recently released

[2] See Otto Scharmer and Katrin Kaufer, *Leading from the Emerging Future: From Ego-System to Eco-System Economies*, San Francisco, CA: Berrett-Koehler, 2013.

[3] See Tessa Basford and Bill Schaninger, "The four building blocks of change," *McKinsey Quarterly*, April 2016, McKinsey.com.

product coming in at several times its original budget, the company needed to drive down costs to maintain its market position. Leaders had been trying to address this problem, but their lack of results only led them to more frustration.

The breakthrough came when, supported by the OHI, they realized there were deeply rooted mind-sets across the organization that were holding it back. The leadership team ultimately identified five of these mind-sets—the most important of which was how, historically, the organization had prioritized on-time delivery and product performance, often at the expense of product cost. In practice, engineers felt it was their job to design incredible products, with cost being an output rather than an input. To shift this thinking, the leaders set out to demonstrate that adding value for customers, as well as efficient processes, were just as important as on-time delivery and product performance. They launched a number of highly visible initiatives that gave them the opportunity to role model the appropriate new behavior and highlight the rewards associated with it, then rolled the initiatives out across key parts of the organization—especially in engineering, operations, and supply-chain management.

The company also found simple and low-cost ways to embed the new mind-sets. One of these included giving all employees who attended a health town hall or participated in an initiative a lanyard with a red and green card. The red card shared the company's performance-limiting mind-sets, while the green card shared the performance-accelerating ones it sought to embed. This simple reinforcement made it quickly obvious who had the lanyards and who did not, providing a constant signal for all employees to take part in the program. It also served as a vehicle for providing feedback: in initiative team meetings, employees called out "red" behaviors by holding up their red card, allowing everyone to pause and colleagues to reset their approach. Employees reinforced "green" behavior, too, thereby encouraging others that they were on the right track. Thanks to these steps, the company's current pipeline of products is on track to meet its delivery, performance, *and* cost targets.

Engage employees at all levels

It requires strong leadership and role modeling for change to take hold quickly. But change is not a top-down exercise. Health improvement happens quickly and sustainably when you drive it top to bottom, bottom to top, and side to side. This is best done by engaging a committed community or network of formal and informal influencers.

Influencers exist at all levels of an organization, ranging from assistants to middle managers. Such people often have an oversized impact on motivating

colleagues. They may be rising stars or simply well-liked and enthusiastic team players with a positive attitude. And while in many cases they are not immediately visible to leaders, they can be unearthed via simple survey-based technology that asks employees to identify people who meet the characteristics of an influencer. Companies that map them—the exercise should take no more than one to two weeks—are often surprised by how deep many of these people are within the organization. Such influencers reinforce leadership's case for change, role model the new mind-sets, collect feedback on what's going well and what's not, and excite and engage the front line.

An electronics company in Europe successfully unleashed the power of a group of influencers as part of its drive to become more innovative and customer focused. Employees had been generally upbeat about the transformation, but the company noted that attitudes didn't change and leaders were struggling to translate their vision into new forms of behavior. Senior leaders therefore identified a minimum of two people in each location or function who were acknowledged and respected by their peers, regardless of their level in the hierarchy, and invited them to help communicate the progress of the transformation, to suggest ways to intervene locally, and to act as role models. They assigned a project manager to coordinate this network of change agents, keeping in touch and checking in with them to facilitate knowledge sharing. Thanks to these influencers' interventions—sharing information with the front line, taking time to talk to customers and feeding the information back to senior leaders, and calling out colleagues who did not adopt the desired attitudes—substantial behavioral changes began to take hold quickly.

Get 'on the pulse'

Organizational health is organic, and, like the human body, it evolves over time. If health is to be nurtured and improved quickly, it needs to be monitored and measured regularly. The days of conducting a survey and then waiting 12 months to remeasure are gone. This "on the pulse" measuring strategy, which requires fast feedback loops, pinpoints where course corrections are needed. Simple technology tools that put out one question a day provide real-time measurement while reducing survey fatigue. Weekly health huddles with teams offer instant feedback. And integral performance and health reviews reveal how an organization's health is evolving in reaction to the actions taken. Leaders, as architects of the effort to improve organizational health, can then make changes to ensure that the new mind-sets are taking hold. High-performing organizations require leaders who can manage performance and health in concert.

A high-performing European telecom company embarked on a digital transformation only to discover that its highly directive and execution-

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oriented management approach (a profile that had served it well for decades) was getting in the way of rapid renewal. It was at the bottom of the class in health, according to the OHI, with eight out of nine outcomes in the third or fourth quartile. Recognizing that the company had to be more agile if it was to respond to the industry shifts and technology disruptions, the company's leaders focused initially on four practices aimed at increasing employee motivation and giving the company a new performance edge: rewards and recognition, consequence management, role clarity, and personal ownership.

After three months of using the survey technique of one question a day, the company found that it was making progress across all practices except rewards and recognition. Such a fast feedback loop enabled the team to intervene quickly, celebrate the successes, and revisit its approach to rewards and recognition. As a result, leaders combined their internal learnings with external best practices and redefined their interventions to improve the ways in which they rewarded and recognized high-performing teams and individuals.

A global electronics company took a different approach, introducing a simple survey of no more than ten pertinent questions to check whether critical new practices—such as giving and asking for feedback—were being embedded. The responses, which were shared with and discussed by all the teams, showed which teams were taking the effort seriously. The results of the survey reinforced the right behaviors until they became routine.

Companies often tell us that, while organizational health sounds like a great idea, it doesn't feel like a necessity to achieving their short-term goals. They also worry that it's going to be too much work. Both reactions are misguided. Far from being a distraction, a focused health-improvement plan should actually help companies achieve their short-term goals. And it will not be an added burden—in most cases, working healthy is doing what you're already doing but doing it differently. It's about redefining how to connect, engage, and communicate with employees. It's about sharing a company's vision and mission in a way that inspires employees to act in its best interests. Above all, it's about adopting a more innovative and effective style of leading, executing, and innovating. Working on health works, and it works quickly. Q

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The yin and yang of organizational health

Sustained performance over the long term and successful transformation in the near term require many of the same ingredients.

by Lili Duan, Rajesh Krishnan, and Brooke Weddle

Actions necessary to support longer-term corporate-performance objectives, on the one hand, and a rapid performance transformation, on the other, might seem at odds. But our research paints a different picture. When coupled with organizational health, long- and short-term performance can become interdependent and complementary—just as yin and yang in Chinese philosophy are inseparable, unable to exist without each other, despite their apparent opposition.

Simply put, healthy organizations are more likely to orient themselves toward the long term. And companies in the midst of a rapid performance transformation boost the odds of sustaining those efforts when they improve their health. The evidence for these propositions is substantial, and it underscores the fundamental link between organizational health and performance.

HEALTH AND THE LONG TERM

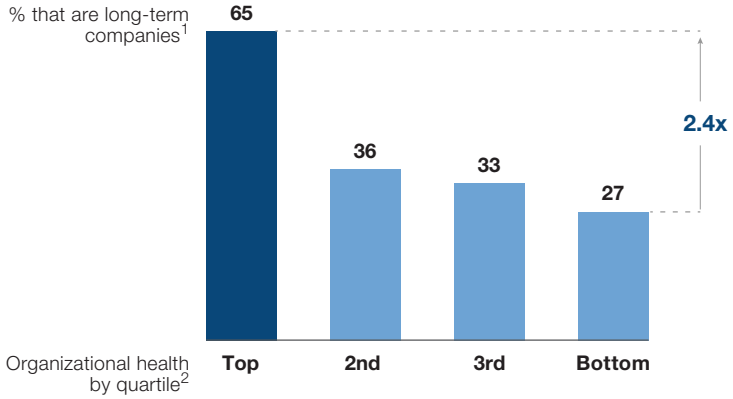
Renewal has always been central to our definition of organizational health, which emphasizes a company's ability to deliver superior financial and operating performance *over the long term*. Our conviction that there is a link between organizational health and a long-term orientation was reinforced recently when we analyzed a set of 51 companies for which we have rich proprietary data on both characteristics.

Our health data come from McKinsey's Organizational Health Index (OHI), which aggregates the views of employees and managers on a set of nine key organizational dimensions that have proved critical to health. For long-termism, we drew on a metric created by the McKinsey Global Institute and McKinsey's Strategy and Corporate Finance Practice that differentiates those companies with a long-term orientation from others. Known as the Corporate Horizon Index (CHI), it assesses five factors, including consistency of investment patterns, earnings quality, and the extent to which companies focus on value-creation fundamentals rather than the targets emphasized by Wall Street analysts.

When we compared the 51 companies for which we have both CHI and OHI data, we found a strong, two-way correlation between health and long-term performance (Exhibit 1). On the one hand, the healthiest organizations are the ones that focus more on long-term value creation. On the other hand, companies focusing on long-term performance tend to have higher organizational-health scores. What's more, companies focusing on long-term value creation outperform their peers on all nine of the key organizational

Exhibit 1

Companies with a strong long-term orientation were predominantly the healthiest.



[1]Businesses in McKinsey's Corporate Horizon Index (CHI) categorized as long or short term by reference to patterns of investment, growth, earnings quality, and earnings management.
[2]McKinsey's Organizational Health Index (OHI) measures an organization's performance across 37 different management practices, looking at how behaviors, actions, and processes contribute to 9 dimensions of organizational health. The quartiles are based on the global OHI database with 750 organizations and 1,583,787 individual respondents.

Source: McKinsey analysis of 51 companies for which both CHI and OHI data are available

outcomes that contribute to organizational health. These are early findings; our next step is to identify specific management practices that simultaneously boost health and contribute to a long-term orientation.

HEALTH AND TRANSFORMATIONS

Transformations, as anyone who has lived through one well knows, are tough, emotional, and even searing experiences. Leaders of these efforts sometimes worry that the decisive, short-term actions needed to improve financial results will undermine their organization's health. However, our work suggests it's quite possible to *improve* organizational health during transformation efforts—helping to achieve and sustain the transformational gains, while further strengthening the fabric of the company.

What's more, by analyzing OHI data from a statistically significant sample of organizations that have worked with McKinsey's Recovery & Transformation Services unit, we have hit on a list of "power" practices, which increase a company's odds of sustaining top-quartile health (Exhibit 2). Companies prioritizing them during the first year of the transformation effort improve their health by twice as much as companies that don't. These practices are only one piece of the organizational-health puzzle (for more on the whole puzzle, see "Organizational health: A fast track to performance improvement," on McKinsey.com), but especially during the early stages of transformational change, they pack a particular punch, as we will describe in the remainder of this article.

Set a clear direction

Health in a transformation starts with strategic clarity and a shared vision that has been translated into crisp goals and milestones. The translation process helps the company decide what it will and will not do (including where it will and will not compete). And the broad communication of it to leaders and employees helps them avoid working on initiatives that are not germane to the strategy or that might even send mixed signals about what the strategy is.

One public utility drove strategic clarity by taking its "bankable plan" on a road show, visiting different sites and departments to state the case for change and to discuss ways to realize it. This company created simple communication devices, such as a vision "one-pager," which brought the strategy to life for employees by visually depicting how it would play out across the value chain, including where there would be new investments and what would change. In another example, a mining company produced banners and commitment cards with the performance and health goals of the transformation clearly stated as a visual reminder.

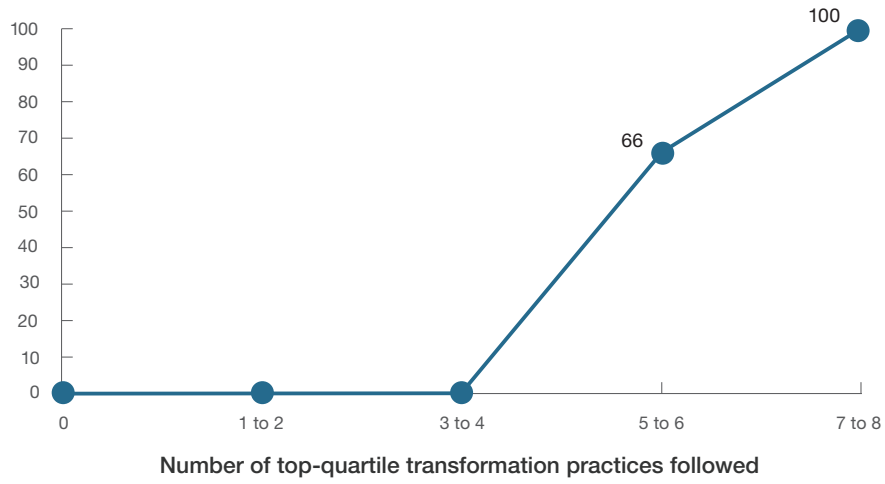
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Exhibit 2

Management practices that jump-start health improvement during transformation efforts …

Priority theme	Relevant OHI practice[1]
Setting the direction	**Strategic clarity**—rallies business units, teams, and employees around goals **Shared vision**—enables leaders to align employees across all levels
Providing clarity and meaning	**Employee involvement**—engages people through a consistent and meaningful set of values **Role clarity**—holds employees accountable via clear roles and responsibilities
Sparking ideas and innovation	**Capturing external ideas**—invigorates company's innovation efforts and best practices with ideas from outside **Bottom-up innovation**—encourages and rewards employees' initiatives and new ideas
Fostering strong operations	**Operationally disciplined**—monitors adherence to clear behavioral and performance standards **Supportive leadership**—builds a positive environment characterized by care for employees' welfare

… also increase a company's odds of sustaining top-quartile health.



[1] OHI = Organizational Health Index; these practices had the greatest improvements in their OHI scores when resurveyed and the highest standardized correlation coefficients.

Make it meaningful to employees

The companies that made the biggest gains on health in a transformation took the extra, critical step of ensuring that their employees' day-to-day behavior was guided by the company's vision and strategy. This requires thinking through how to match the personal goals of employees with the company's goals—going beyond "cascading" the strategy into key performance indicators and targets to involving employees up front in setting the company's strategic objectives, ensuring that the right talent is in place to achieve those objectives, and making sure that each individual's "stake" in the strategy reflects his or her aspirations.

At an industrial company, the top team made a concerted effort to engage every employee so as to generate ideas that would improve the top and bottom lines. As a result, roughly 1,500 of the more than 5,000-strong workforce owned at least one of the more than 2,000 "transformation" initiatives, with many more owning important activities that were part of these initiatives.

Spark ideas and innovation

Organizational health improves during a transformation when companies embrace fresh ideas. Sometimes this means looking outside for best practices to help innovate and invigorate the business. Leaders should rightly be wary of the cookie-cutter approach, but there are proven ways to increase the flow of ideas and challenge incremental thinking. The industrial company mentioned above consciously set out to address the "not invented here" syndrome that had prevailed in the organization. Employees were encouraged to start working more closely with customers, for example, to enhance support services, and similarly with vendors to change product specifications to drive higher utilization in their processes. It even tapped recent hires to find out how competitors managed their supply chain, improving importing and exporting processes in emerging markets. These efforts sparked fresh ideas and created a deep sense of ownership among employees. Encouraging "bottom-up" innovation also generates such ownership—and it, too, showed up in our data as a transformation accelerant.

Build strong operational discipline, in a supportive way

Organizations seldom get fit without strong operational discipline. It's important to start at the top, with explicit targets for operating performance that are then replicated at other levels. Operational discipline requires the communication of clear standards of work so that employees understand how to achieve goals and metrics consistently. This also helps leaders ensure that the day-to-day work complies with those standards, and it allows leaders to

emphasize the core values of efficiency and productivity. Maintaining operational discipline puts a premium on another management practice: supportive leadership, which includes creating a sense of teamwork and mutual support throughout the organization and demonstrating concern for the welfare of employees.

Boosting operational discipline sometimes demands financial incentives or recognition that rewards new forms of behavior. A consumer-goods company in Asia–Pacific set aside a discretionary fund for employees who embodied the new way of working and who went above and beyond their routine jobs to help the company achieve the objectives of the transformation. Managers also formally recognized this extra effort, thanking fellow colleagues publicly on a near-daily basis and following up constructively with employees who were struggling. This approach helped to sustain momentum long after the initial impetus had begun to wane.

The common thread running through these findings and examples is sustainability. Healthy organizations are better at sustaining themselves over the long haul. And transformations are more sustainable when companies prioritize improving their organizational health—which, as our research suggests, isn't just desirable, it's quite feasible. By enhancing sustainability, stronger organizational health connects the yin of long-termism with the yang of aggressive performance improvement, making it a worthy goal for any leader worried about his or her legacy.

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Building Community

AGENDA ITEM SUMMARY

January 15, 2019

SUBJECT:	**GOVERNANCE – BOARD-MANAGEMENT DELEGATION POLICY UPDATE**

Purpose: ☒ Information Only ☐ Action Required ☐ Advice/Direction

Issue: The Board has the authority to delegate any act authorized by the JEA Charter to any officer, employee or agent of JEA as it may deem necessary or desirable for prudent management of JEA (JEA Charter, sect. 21.04(s)). Additionally, Policy 4.2 of the JEA Board Policy Manual indicates that the Board would establish a Board-Management Delegation Policy that would specify how JEA's enumerated Chartered powers are delegated. The Board has historically delegated certain powers and responsibilities to the Managing Director/CEO and other staff members through specified actions brought before the Board. The various delegated responsibilities have been captured in numerous management directives and Board documents, but have not been captured in one overall document or policy. The Chief Legal Officer is working with outside counsel and the Senior Leadership Team to capture all of the historic delegations in one policy document for Board review and approval. Attached is a draft of the Board-Management Delegation Policy and Board Governance Guidelines.

Significance: High.

Effect: Have one Board-Management Delegation Policy that specifies the delegated powers of the Board and the levels within the organization that has the delegated responsibility. Approves modifications to certain levels of delegated authorities adopted by previous actions of the Board. Replace, amend or convert other JEA Board governance documents through the adoption of the Board-Management Delegation Policy and Board Governance Guidelines.

Cost or Benefit: The Board-Management Delegation Policy and the Corporate Governance Guidelines will provide organizational clarity necessary for the day-to-day management of the organization and Board governance.

Recommended Board action: This item is to provide an update on the status of the Board-Management Delegation Policy and Board Governance Guidelines and no Board action is recommended.

For additional information, contact: Jody Brooks, 665-6383

Submitted by: /JLB



Commitments to Action

1. Earn Customer Loyalty
2. Deliver Business Excellence
3. Develop an Unbeatable Team



Drafts of New Governance Documents

DRAFT PREPARED BY JLB
January 16, 2019

DELEGATION OF AUTHORITY POLICY

A. Purpose

Consistent with the Charter, the JEA Board Policy Manual, and the JEA Board Governance Guidelines, this JEA Delegation of Authority Policy (the "***Policy***") has been established by the JEA Board of Directors (the "***Board***") to:

- Indicate levels of delegated authority for certain categories of action;
- Set out matters specifically reserved for approval or concurrence by the Mayor, City Council, JEA Board, and those matters delegated to JEA senior leadership team; and
- Establish expense approval limits for each level.

The approval limitations set forth herein apply to any decision to renew, extend, amend, purchase or exercise any other form of delegated authority. No approval of an initial transaction shall in any way be deemed to grant approval over any subsequent decisions to renew, extend, amend, purchase or exercise any delegated authority.

At the time of the ratification of this Policy, the Board consists of seven (7) members, and the senior leadership team (the "**SLT**") is comprised of:

- Managing Director and Chief Executive Officer ("**MD/CEO**")
- President and Chief Operating Officer ("**P/COO**")
- Chief Financial Officer ("**CFO**")
- Chief Public and Shareholder Affairs Officer ("**CPSAO**")
- Vice President and Chief Compliance Officer ("**CCO**")
- Vice President and Chief Human Resources Officer ("**CHRO**")
- Vice President and Chief Legal Officer ("**CLO**")
- Vice President and Chief Supply Chain Officer
- Vice President/General Manager, Electric Systems
- Vice President/General Manager, Wastewater Systems
- Vice President and Chief Customer Officer

Nothing contained in this Policy creates or is intended to create an employment contract between the JEA and any of its employees. This Policy may be changed, deleted or discontinued by the Board, however, from time to time the SLT titles and positions may be modified by the MD/CEO and incorporated into the appropriate level of authority by the MD/CEO without the need of Board approval.

Policy effective [ ] 2019.

- Vice President and Chief Environmental Services Officer
- Vice President and Chief Information Officer ("**CIO**")

B. General and Delegated Authority

Other than as expressly provided in this Policy, all matters not specifically reserved for the Board and necessary for the day-to-day management of the organization and implementation of JEA objectives are delegated to the senior leadership team and may be sub-delegated as appropriate. The following approval authority levels are established as follows:

Level	Delegated Individual/Body
0	Mayor City Council
1	Board
2	MD/CEO
3	P/COO CFO
4	CPSAO VP GM
5	Chief Procurement Officer ("CPO")
6	Directors
7	Managers
8	Operational Procurement Officer

In addition to matters specifically addressed in the related policies noted at the end of this Policy, the following table illustrates the various levels of authority provided to each individual or body. There are certain powers that are shared by individuals occupying different levels of authority, or that require approval from multiple individuals within the same level of authority. Please refer to the Notes section for specific delegated responsibilities within each delegated level of authority. Unless otherwise indicated in the Notes, any individual in an authority level may provide approval for that level.

Generally and unless otherwise specifically indicated in the Notes column, in circumstances where an individual or body is unavailable to authorize a certain action that would fall under their respective delegated authorities under this Policy, any individual or body occupying the higher level of authority may do so on behalf of the absent delegate, and such authorization shall have the same effect as it would had it been performed by the delegated individual or body.

#		Level 0	Level 1	Level 2	Level 3	Level 4	Level 5	Level 6	Level 7	Level 8	Notes
Ordinary Course Transactions											
1.	Manage and conduct the affairs of JEA's business in the ordinary course of business			X							
2.	Decide all matters and take all actions not reserved to, or to be taken or approved by the senior leadership team or not otherwise dealt with in this Policy			X							
3.	Review and approve customer rates		X								
4.	Approve and enter into ordinary course transactions not requiring approval by the Board			X							
5.	Review and approve matters that come before the City Council, including the annual budget		X								
6.	Review of any matters required by the JEA Charter that cannot be delegated		X								
7.	Review of all matters with the potential to have a material impact on the reputation of JEA		X								
8.	Approve of or make changes to the annual budget that exceeds $[XX,XXX,XXX].[1]		X								

[1] JEA Charter Sec. _____.

#		Level 0	Level 1	Level 2	Level 3	Level 4	Level 5	Level 6	Level 7	Level 8	Notes
Finance											
9.	Approve lending or extend credit to private enterprise		X								JEA must retain either ownership interest or have power to manage or control the project. According to Article VII, Section 10 of the Florida Constitution, a public agency such as JEA is not permitted to enter into financing agreements for the benefit of private corporations with no retention of power and/or joint ownership (Article VII, Section 10(d)).
10.	Approve and enter into credit facilities	X									Section 21.04(j) of the Charter of the City of Jacksonville requires City Council approval of the aggregate indebtedness of JEA in its consideration.
11.	Approve and enter into joint financing agreements	X									Section 8 of Chapter 80-514, Laws of Florida, requires that contracts entered into under Section 2(a) of Chapter 80-513 (i.e., an agreement to "jointly finance" a project) are invalid unless approved by two-thirds (2/3) of the membership of the City Council.

#		Level 0	Level 1	Level 2	Level 3	Level4	Level 5	Level 6	Level 7	Level 8	Notes
12.	Approve and enter into joint project agreements	X									Pursuant to clauses (i) and (ii) of Section 21.04(n) of the Charter of the City of Jacksonville, City Council approval is required if the "joint project agreement" involves either the transfer of any function or operation that exceeds 10% of the total of the utility system, or the issuance of debt not previously authorized by Section 21.04(i)(2) of the Charter.
13.	Approve and enter into hedging and derivative instruments within scope approved by the Board				X						Level 3: CFO only
14.	Approve and enter into guarantees, indemnitees, or other forms of contingent liabilities				X						Level 3: CFO only
15.	Establish bank accounts and bank signing authorities				X						Level 3: CFO only
16.	Dispose of fixed assets with a market value above $[XX,XXX,XXX]				X						Level 3: P/COO and CFO
17.	Manage cash and hedging				X						Level 3: CFO only
18.	Submit business plan and annual budget			X							
19.	Approve business plans and annual budgets submitted by the MD/CEO		X								
20.	Manage annual financial disclosure documents		X								

#		Level 0	Level 1	Level 2	Level 3	Level4	Level 5	Level 6	Level 7	Level 8	Notes
21.	Review and approve reports by senior leadership team as to financial performance, customer satisfaction, quality performance, human resource issues, and other related organization operational matters to keep the Board operationally informed		X								

#		Level 0	Level 1	Level 2	Level 3	Level4	Level 5	Level 6	Level 7	Level 8	Notes
Purchases											
22.	Approve and execute procurement actions, including but not limited to • Contracts • Requests for advertising • Purchase acquisitions • Requests for award • Requests for change orders, purchase orders, contracts, and agreements										Signature authorization shall be in accordance with JEA Procurement Code, Article 3 and the Procurement Operational Procedures.[2]
23.	Approve payment authorization for contracts								X		Payment authorizations must be reviewed and approved by the appointed manager responsible for administering the applicable contract.
24.	Approve purchasing card statements								X		Purchasing card statements must be reviewed and approved by the cardholder's supervisor/manager.
25.	Approve check requests for business promotion expenses							X			Level 6: Any Director

[2] Confirm. For discussion.

#		Level 0	Level 1	Level 2	Level 3	Level4	Level 5	Level 6	Level 7	Level 8	Notes
26.	Approve check requests for dues and memberships and professional licenses							X			Approval must be reviewed in accordance with provisions specified in Procedure OS A0500 PS 520.[3]
27.	Approve check requests for recruiting expenses and relocation					X					Level 7: Any appointed manager may approve the payment of recruitment expenses for the initial recruitment trip. Department director or higher management level must authorized subsequent recruitment visits.[4]
28.	Approve other check requests							[X]	[X]		Level 7: Manager of Procurement Receipts and Accounts Payable OR Level 5: Director, Procurement Services[5]
29.	Review and approve work orders							X			Work orders must be reviewed in accordance with Financial Services Work Order Request and Capital Funds Transfer. Contact Budget Services for additional information.[6]

[3] Confirm.

[4] Confirm. This delegation is in accordance with provisions specified in Managing Directive No. 119 (last revised February 2012).

[5] Confirm. This delegation is in accordance with Procedure OS A0504 PS-AP 512 (last revised September 2004).

[6] Confirm whether this process is still effective. For discussion.

#		Level 0	Level 1	Level 2	Level 3	Level 4	Level 5	Level 6	Level 7	Level 8	Notes
30.	Review and approve time-critical items in the absence of MD/CEO					X					Chief Officers, Vice Presidents and General Managers are designated as authorized signatories for documents for which such VP or GM is process owner when the MD/CEO is absent. This particularly concerns items where delay, due to absence of MD/CEO, might adversely affect JEA and its daily operations.[7] Where the document in question involves expenditures that exceed $[XX,XXX,XXX] of JEA funds, the MD/CEO must be contacted for approval or disapproval before any action is taken, unless the Chief Officer, Vice President or General Manager have been previously authorized, in writing, to approve/disapprove such documents.[8]
31.	Approve purchasing, leasing, or acquiring any property or assets out of the ordinary course of business		X								A "Capital Asset Request" form must be prepared and signed prior to purchase/lease for budgeted capital assets that exceed $[XX,XXX,XXX].

[7] Confirm. Please note that this delegation does not follow the general rule of the DoA that individuals/parties occupying higher levels of authority step into the shoes of the unavailable or absent individuals/parties occupying lower levels of authority.

[8] Confirm. This language was derived from JEA's original draft DoA however it is inconsistent with another section of the same document which states that "Matters involving financial amounts above $10M" are reserved for the Board (Row #3 of this DoA).

#		Level 0	Level 1	Level 2	Level 3	Level4	Level 5	Level 6	Level 7	Level 8	Notes
Personnel and Employment Matters											
32.	Appoint and remove members of the Board	X									
33.	Appoint, hire, or terminate • MD/CEO		X								
34.	Appoint, hire, or terminate • P/COO • CFO • CPSAO			X							
35.	Appoint, hire, or terminate any • VP • GM				X						Level 3: P/COO
36.	Appoint, hire, or terminate all other staff within budget					X					Level 4: CHRO and "Level above hiring manager"[9]
37.	Appoint, hire, or terminate all other staff outside of budget			X		X					Level 4: CHRO
38.	Ratify collective bargaining agreements	X	X								
39.	Review, approve and execute any and all employment agreements		X								
40.	Approve standard offer letters of employment					X					Level 4: CHRO
41.	Approve non-standard offer letters of employment				X	X					Level 3: CFO Level 4: CLO
42.	Approve executive-level offer letters of employment and agreements			X	X						Level 3: CFO

[9] Confirm. Who holds the title of "hiring manager"?

#		Level 0	Level 1	Level 2	Level 3	Level4	Level 5	Level 6	Level 7	Level 8	Notes
43.	Review and approve salary adjustments for MD/CEO		X								
44.	Review and approve salary adjustments for any employee/staff other than MD/CEO			X	X	X					Level 3: CFO Level 4: CHRO
45.	Conduct engagement and succession planning for the position of MD/CEO		X								
46.	Conduct engagement and succession planning for the position of P/COO			X							
47.	Approve all types of "pay-for-performance" or incentive plans for MD/CEO		X								
48.	Approve all types of "pay-for-performance" or incentive plans for any employee/staff other than MD/CEO			X	X						Level 3: P/COO and CFO
49.	Approve recruitment costs and relocation payments for: (i) budgeted costs below $[XX,XXX] and (ii) unbudgeted costs below $[XX,XXX]							X			Level 6: Any Director consistent with COJ Ordinance
50.	Approve recruitment costs and relocation payments for: (i) budgeted costs below $[XX,XXX] and (ii) unbudgeted costs below $[XX,XXX]					X					Level 4: Any VP or GM consistent with COJ Ordinance

#		Level 0	Level 1	Level 2	Level 3	Level4	Level 5	Level 6	Level 7	Level 8	Notes
51.	Approve recruitment costs and relocation payments for: (i) budgeted costs between $[XXX,XXX -XXX,XXX], and (ii) unbudgeted costs between $[XXX,XXX – XXX,XXX]			X	X						Level 3: P/COO and CFO consistent with COJ Ordinance
52.	Approve recruitment costs and relocation payments for: (i) budgeted costs that exceed $XXX,XXX], and (ii) unbudgeted costs that exceed $[XXX,XXX]		X								There is no cap with the approval of the Board.
53.	Approve severance commitments			X	X	X					Level 3: CFO Level 4: CLO All severance agreements shall be reviewed by the CLO. Unless otherwise authorized in writing, only the MD/CEO or CFO may execute a severance agreement binding JEA. Pursuant to Section 215.425 of the Florida Statutes, there is a limitation on severance
54.	Approve travel and travel expense statements for staff from the Managerial level and below, and Civil Service personnel to a maximum of $1,500							X			Level 6: Any Director Travel authorization and reimbursement for travel expenses must be completed in accordance with Management Directive No. 120.[10]

[10] Confirm. This delegation is in accordance with provisions specified in Managing Directive No. 120 (last revised July 2011).

#		Level 0	Level 1	Level 2	Level 3	Level 4	Level 5	Level 6	Level 7	Level 8	Notes
55.	Approve travel and travel expense statements for staff from the Director level and below, and Civil Service personnel to a maximum of $[XX,XXX]					X					Level 4: Any VP[11]
56.	Approve travel and travel expense statements for staff from the VP level and below, and Civil Service personnel to a maximum of $[XX,XXX]				X						Level 3: Any Chief Officer[12]
57.	Approve travel and travel expense statements for staff from the Chief Officer level and below, and Civil Service personnel, and travel for any JEA employee exceeding $[XX,XXX]			X							[13]
58.	Approve travel and travel expense statements for the MD/CEO		X								The Chair or Vice Chair of the Board[14]
59.	Approve travel and travel expense statements for any Board member(s)		X								A Quorum of the Board must approve.[15]

[11] Confirm. Same as FN above.

[12] Confirm. Same as FN above.

[13] Confirm. Same as FN above.

[14] Confirm. Same as FN above.

[15] Confirm. Same as FN above.

#		Level 0	Level 1	Level 2	Level 3	Level 4	Level 5	Level 6	Level 7	Level 8	Notes
60.	Approve travel and travel expense statements for any contractor								X		Level 7: Contract managers responsible for administering the applicable contract[16]
61.	Approve travel expense statements for any elected officials, regulators, and stakeholders responding to JEA's invitation to visit facilities or attend important functions		[X]	[X]							Either the Board or the MD/CEO[17]
62.	Review and approve employee time records								X		Time records must be approved at the managerial level or above, unless delegated by a member of the senior leadership team or a member of the Board. The MD/CEO and any officer or VP may sign any time sheet.
63.	Certification of payrolls (bi-weekly and semi-annually)					X					Level 4: CHRO[18]
64.	Review initial application for educational assistance					X					Level 4: CHRO[19]
65.	Approve reimbursement for educational assistance					X					Level 4: CHRO[20]

[16] Confirm. Same as FN above.

[17] Confirm. Same as FN above.

[18] Confirm. There is no office or committee designated to Employee Services listed on the JEA website.

[19] Confirm. Based on the description of the role of the CHRO on the JEA website, this is covered.

[20] Confirm. Same as FN above.

#		Level 0	Level 1	Level 2	Level 3	Level4	Level 5	Level 6	Level 7	Level 8	Notes
66.	Review meal allowance summary and voucher requests								[X]		Meal allowance summaries and voucher requests may be approved by any supervisory appointed employee.
67.	Approve expenditures for meals and/or refreshments for working sessions							X			Level 6: Any Director[21] These working sessions should be at least 2 hours long in length and may be for: (a) Board members and employees, customers, vendors, or other stakeholders; or (b) Managers and employees, customers, vendors, or other stakeholders.
68.	Approve all corporate-level business expenditures including banquets, tables at approved community events, or any other expenditures undertaken to promote customer loyalty and retention						X				Level 6: Any Director[22]
69.	Approve all individual customer-related business expenses to promote customer loyalty and retention – Cap?										Any of MD/CEO, P/COO, or any VP[23]

[21] Confirm. This delegation is in accordance with provisions specified in Procedure OS A0000 181 (last revised December 2004).

[22] Confirm. Same as FN above.

[23] Cnfirm. Same as FN above.

#		Level 0	Level 1	Level 2	Level 3	Level 4	Level 5	Level 6	Level 7	Level 8	Notes
70.	Approve all regulatory and economic development related business expenditures										Any of MD/CEO, P/COO, or CCO[24]
Legal Matters and Other Agreements											
71.	Approve standard confidentiality agreements			X		X					Level 4: CLO
72.	Approve non-standard confidentiality agreements			X	X	X					Level 3: P/COO Level 4: CLO
73.	Approve outside counsel engagement agreements					X					All outside counsel engagements require the approval of the General Counsel and the Level 4: CLO
74.	Approve press releases			X	X						Level 3: P/COO
75.	Approve media/investor relations			X							
76.	Approve other external communications and release of information to the public (i.e. analysts, portfolio managers, reports, or other persons)			X	X						Level 3: P/COO and CFO
77.	Approve communications to governmental and regulatory agencies			X	X	X					

[24] JEA to confirm. Same as FN above.

#		Level 0	Level 1	Level 2	Level 3	Level4	Level 5	Level 6	Level 7	Level 8	Notes
78.	Review and approve settlement of any litigation claim or commercial dispute (including any administrative proceeding in front of a governmental/regulatory agency) below $[X,XXX,XXX][25]			X							
79.	Review and approve settlement of any litigation claim or commercial dispute (including any administrative proceeding in front of a governmental/regulatory agency) that exceeds $[X,XXX,XXX][26]		X								
80.	Review of all tort insurance claims and refunds				X	X					Level 3: CFO Level 4: CLO
81.	Appoint, hire, or terminate services from external auditors				X						Level 3: CFO All such engagements must be pre-approved by the Finance and Audit Committee of the Board

[25] Currently $150,000.

[26] Confirm. For discussion.

#		Level 0	Level 1	Level 2	Level 3	Level4	Level 5	Level 6	Level 7	Level 8	Notes
REAL ESTATE SERVICES PROCUREMENT DIRECTIVE (last revised [May 26, 2016]) - *Please refer to this Directive for more complete instructions*.[27] All documents to be executed on behalf of JEA pursuant to this Directive may be executed by the MD/CEO, or the Real Property Procurement Officer.											
82.	Approve purchases of real property the value of which exceeds $[XXX,XXX]		X								
83.	Approve purchases of real property the value of which is between $[XXX,XXX – XXX,XXX]		X								Board: *The Government, Legal and Real Estate Affairs Committee must approve.*
84.	Approve purchases of real property the value of which is $[XX,XXX] or less									X	Level 8: Real Property Procurement Officer (designated by the MD/CEO)
85.	Approve donations of real property to JEA									X	Level 8: Real Property Procurement Officer (designated by the MD/CEO)
86.	Approve condemnations		X								
87.	Prepare declaration of real property surplus									X	Level 8: Real Property Procurement Officer (designated by the MD/CEO)
88.	Oversee sealed bidding for the sale of real property the value of which exceeds $[XX,XXX]									X	Level 8: Real Property Procurement Officer (designated by the MD/CEO)
89.	Oversee public auction for the sale of real property the value of which exceeds $[XXX,XXX]									X	Level 8: Real Property Procurement Officer (designated by the MD/CEO)

[27] Confirm whether the specific operational and procedural steps within this Directive will remain, or whether JEA envisions this DoA Policy will incorporate all detail from such Directive.

#		Level 0	Level 1	Level 2	Level 3	Level4	Level 5	Level 6	Level 7	Level 8	Notes
90.	Approve selling of surplus real property the value of which is more than $[XX,XXX]		X								
91.	Approve selling of surplus real property the value of which is between $[XX,XXX – XXX,XXX]		X								Board: *The Government, Legal and Real Estate Affairs Committee must approve.*
92.	Approve selling of real property the value of which is $[XX,XXX] or less									X	Level 8: Real Property Procurement Officer (designated by the MD/CEO)
93.	Approve easements and/or other right related to real property the value of which is more than $[XXX,XXX]		X								
94.	Approve easements and/or other right relating to real property the value of which is between $[XX,XXX – XXX,XXX]		X								Board: *The Government, Legal and Real Estate Affairs Committee must approve.*
95.	Approve easements and/or other right related to real property the value of which is $[XX,XXX] or less									X	Level 8: Real Property Procurement Officer (designated by the MD/CEO)
96.	Approve donations of property rights to JEA									X	Level 8: Real Property Procurement Officer (designated by the MD/CEO)
97.	Approve real property leases of $[X,XXX,XXX] or more in total value				X	X				X	Level 3: CFO Level 4: CIO Level 8: Real Property Procurement Officer (designated by the MD/CEO)

#		Level 0	Level 1	Level 2	Level 3	Level 4	Level 5	Level 6	Level 7	Level 8	Notes
98.	Approve real property leases of less than $[X,XXX,XXX] in total value									X	Level 8: Real Property Procurement Officer (designated by the MD/CEO)

#		Level 0	Level 1	Level 2	Level 3	Level 4	Level 5	Level 6	Level 7	Level 8	Notes
FUEL MANAGEMENT SERVICES PROCUREMENT DIRECTIVE (last revised [August 28, 2017]) - *Please refer to this Directive for more complete instructions*.[28] All documents to be executed on behalf of JEA pursuant to this Directive may be executed by the MD/CEO, or the Fuels Procurement Officer.											
99.	Approve procurement contracts of $[X,XXX,XXX] or more in total value				X	X				X	Level 3: CFO Level 4: VP/GM, Electric Systems Level 8: Fuels Procurement Officer (designated by the MD/CEO)
100.	Approve procurement contracts of $[X,XXX,XXX] or less in total value									X	Level 8: Fuels Procurement Officer (designated by the MD/CEO)

[28] Confirm whether the specific operational and procedural steps within this Directive will remain, or whether JEA envisions this DoA Policy will incorporate all detail from such Directive.

#		Level 0	Level 1	Level 2	Level 3	Level 4	Level 5	Level 6	Level 7	Level 8	Notes
BYPRODUCT SERVICES PROCUREMENT DIRECTIVE (last revised [December 20, 2010]) - *Please refer to this Directive for more complete instructions.*[29] All documents to be executed on behalf of JEA pursuant to this Directive may be executed by the MD/CEO, or the Byproducts Procurement Officer.											
101.	Approve procurement contracts of $[X,XXX,XXX] or more in total value				X	X				X	Level 3: CFO and P/COO Level 4: CCO Level 8: Byproducts Procurement Officer (designated by the MD/CEO)
102.	Approve procurement contracts of $[X,XXX,XXX] or less in total value									X	Level 8: Byproducts Procurement Officer (designated by the MD/CEO)
103.	Approve procurement contracts for a term of one year or more					X				X	Level 4: CLO Level 8: Byproducts Procurement Officer (designated by the MD/CEO)
104.	Approve procurement contracts for a term of one year or less									X	Level 8: Byproducts Procurement Officer (designated by the MD/CEO)

C. Reporting

As part of the framework established by this Policy, the senior leadership team is required to report regularly to the Board concerning the authority exercised. Reports by the senior leadership team shall cover such areas as financial performance, customer satisfaction, quality performance, risk management, human resource issues and other items related to organizational operations. The senior leadership team must report to the Board on a regular basis on serious occurrences and unresolved customer complaints.

[29] Confirm whether the specific operational and procedural steps within this Directive will remain, or whether JEA envisions this DoA Policy will incorporate all detail from such Directive.

D. Related Policies and Documents

1. Charter
2. JEA Procurement Code
3. Real Estate Services Procurement Directive
4. Fuel Management Services Procurement Directive
5. Byproduct Services Procurement Directive
6. Management Directive 110

DRAFT
January 16, 2019

JEA
BOARD GOVERNANCE GUIDELINES

A. The Roles and Function of the Board of Directors and Management

1. *The Board of Directors* — The business and affairs of JEA ("***JEA***") are conducted under the oversight of the seven-member volunteer Board of Directors (the "***Board***"). The Board is responsible for selecting the Managing Director and Chief Executive Officer of JEA (the "***CEO***"), and the CEO shall be empowered with the authority and responsibility to manage JEA's day to day operations. The CEO shall select the senior leadership team. The members of the Board serve as appointed representatives of the City of Jacksonville, act as advisors and counselors to the CEO and the senior leadership team, and oversee management performance on behalf of JEA's ratepayers.

2. *Management* — The CEO and senior leadership team are responsible for managing JEA's business operations, subject to the oversight of the Board.

B. Board Composition and Leadership

1. *Appointment* — The members of the Board shall be appointed by the Mayor, subject to confirmation by the City Council of the City of Jacksonville, for a term of four (4) years or until an outgoing member's successor has been appointed and has qualified.

2. *Size of the Board* — The Board shall consist of seven (7) members.

3. *Criteria and Qualifications* — Each member of the Board shall have been a resident and elector of the City of Jacksonville for at least six (6) consecutive months prior to such member's appointment. No member of the Board shall hold any other public office or position. If at any time during a member's tenure on the Board, such member shall cease to possess the qualifications required for membership on the Board, such member shall cease to be a member and a vacancy shall exist on the Board.

4. *Vacancy; Removal* — Any vacancy, however created, shall be filled for the unexpired term in the same manner as the position was originally filled, and the person filling the vacancy shall have and retain all the qualifications prescribed for membership on the Board. Any member appointed to the Board for two (2) consecutive full terms shall not be eligible for the succeeding term. The members may be removed by the mayor at any time with or without cause, but a removal must be approved by a two-thirds vote of the City Council.

5. *Board Compensation* — The members of the Board, other than the chairperson of the Board, shall not be entitled to compensation, pension, or other retirement

benefits on account of service on the Board, but members and employees shall be entitled to payment of reasonable expenses as provided by the City Council. Members of the Board shall be subject to the provisions of s. 286.012, Florida Statutes, relating to voting at meetings of the Board, and to the provisions of ss. 112.311 through 112.3175, inclusive, Florida Statutes, as from time to time amended, relating to financial disclosure and conflicts of interest.

6. *Succession Polices of the Board* — If a member's principal occupation or business affiliation changes substantially during his or her tenure as a member, other than as a result of retirement, such member should offer to resign from the Board so that the Mayor and the City Council may evaluate the appropriateness of the member's continued service and recommend to the Board acceptance or rejection of the resignation offer.

7. *Chairperson of the Board; Officers* — The Board shall elect a chairperson of the Board, a vice-chairperson and secretary, and may elect one or more assistant secretaries, each of whom shall serve for one (1) year or until such officer's successor is chosen. The entire working time of the chairperson of the Board shall be devoted to the performance of the duties of such office, and he or she shall have no outside employment or business. The chairperson of the Board shall be a graduate of an accredited college or university, or have at least ten years' managerial experience in a consumer-oriented industry or comparable enterprise.

8. *Service on Other For-Profit Boards* — Members of the Board, other than the chairperson of the Board who may not serve on other boards, are encouraged to evaluate carefully the time required to serve on other boards, taking into account board and committee meeting attendance, preparation, participation and effectiveness on these boards. Members should advise the Nomination Committee before accepting an invitation to serve on another board to permit evaluation of whether any regulatory issues or potential conflicts are raised by the member accepting such an invitation and to confirm that the member will continue have the time required for preparation, participation and attendance at Board meetings. Candidates for Board membership shall disclose all such other board service.

9. *Risk Assessment* — The Board shall maintain oversight of JEA's risk management processes. The [Government, Legal and Real Estate Affairs][1] Committee shall periodically evaluate JEA's risk management process and system in light of the nature of the material risks JEA faces and the adequacy of JEA's policies and procedures designed to address risk, and recommend to the Board any changes deemed appropriate by such committee. The Compensation Committee shall periodically evaluate whether there are any risks arising from JEA's compensation policies for all employees and overall actual compensation practices which are reasonably likely to have a material adverse effect on JEA,

[1] To be confirmed.

and recommend to the Board any changes deemed appropriate by such committee. The Finance and Audit Committee shall periodically assess any major financial risk exposures and the steps management has taken to monitor and control such exposures, including JEA's policies with respect to financial risk assessment and financial risk management. To the extent risk oversight is a focus of one or more committees of the Board, those committees shall report key findings periodically to the full Board.

10. *Board's Interaction with the Public* — The CEO[2] shall be responsible for establishing effective communications with JEA's ratepayers, employees, communities, suppliers, creditors, and corporate partners. It is the policy of the Board that the CEO speaks for JEA. The Board will instruct the CEO of its policies in writing. As long as the CEO uses any reasonable interpretation of the Board's written policies, the CEO is authorized to establish all further policies, make all decisions, take all actions, establish all practices, and pursue all activities, such decisions of the CEO to have full force and authority as if decided by the Board itself. Salary, benefits, and other terms of employment for the CEO will be determined by contract.

11. *Board Member Orientation and Continuing Education* — JEA shall provide the members of the Board with an orientation and education program to familiarize them with JEA's business operations and plans, industry trends and corporate governance practices, as well as ongoing education on issues facing JEA and on subjects that would assist the members in effectively discharging their duties.[3]

C. Board Operations

1. *Board Meetings* — The Board may meet at such times and places designated by it, but shall hold regular meetings as necessary, and generally once a month. Special meetings may be held upon the call of the chairperson or any three (3) members of the Board. A majority of the membership of the Board shall constitute a quorum for the purpose of meeting and transacting business. Each member shall have one vote. All meetings of the Board are public meetings open to the public at all times, in accordance with s. 286.011, Florida Statutes.

2. *Selection of Agenda Items for Board Meetings* — The Chairperson, in consultation with the CEO, shall set the agenda for each Board meeting. At least once each year, the Board will discuss JEA's strategic plan and the following year's capital and operating budgets. Members of the Board are encouraged to suggest the inclusion of items on any Board or committee agenda.

3. *Board and Committee Materials Distributed in Advance* — Board members should receive materials related to agenda items sufficiently in advance of Board

[2] To be confirmed.

[3] To be confirmed.

and Board committee meetings so that the members may prepare to discuss the items at the meeting. When appropriate, sensitive subject matters may be discussed at a meeting without advance distribution of written materials to the Board or Board committee.

4. *Board Member Responsibilities* — Members must exercise their business judgment to act in the best interests of JEA and those of its ratepayers. In discharging this obligation, members reasonably may rely on JEA's senior executives and its advisors and auditors. Members are expected to attend and participate in all meetings of the Board, to spend the time needed to prepare for such meetings, and to meet as frequently as necessary to discharge their responsibilities.

5. *Board Presentations and Access to Employees* — Members of the senior leadership team may be invited to attend a part or all of a Board meeting in order to participate in discussions. Generally, the executive responsible for an area of JEA's operations the Board is to consider shall be responsible for presenting such topics to the Board. Board members shall be entitled to complete access to all other members of management, including, but not limited to the senior leadership team, and other JEA employees.

6. *Board Access to Independent Advisors* — The Board and its committees may seek advice from outside advisors as appropriate, and each member, acting in good faith, is entitled to rely on the advice, reports, opinions and statements prepared or presented by counsel, auditors, experts, or advisors.

D. Board Committees

1. *Committees* — The current committees of the Board are the Finance and Audit, Compensation, Nominating, and Government, Legal and Real Estate Affairs Committees. Other committees may be established from time to time as appropriate.[4]

2. *Assignment and Term of Service of Committee Members* — The Board is responsible for the appointment of committee members and chairs based on recommendations of the Nominating Committee.

3. *Agenda, Frequency, Length and Reports of Committee Meetings* — The chair of each committee shall approve the agenda, length of and attendance at each committee meeting and determine the frequency of meetings. The committee chairs shall report a summary of their meetings to the Board at the next regularly scheduled Board meeting following such committee meetings.

[4] To be confirmed.

E. Board and Management Evaluation

1. *Formal Evaluation of the CEO and Other Officers* — The Compensation Committee shall review corporate goals and individual goals and objectives relevant to the compensation of JEA's CEO and members of the senior leadership team of JEA.[5] The Compensation Committee shall also evaluate the CEO's and the members of the senior leadership team's performance in light of such goals and objectives at least annually and communicate the results to the CEO and the Board. Based on such evaluation, the Compensation Committee shall approve the compensation for the CEO and the members of the senior leadership team. The CEO may not be present during the discussion or approval of his or her compensation. The CEO may be present during discussion and approval of, but may not vote upon, compensation of the members of the senior leadership team.

2. *Board Self-Assessment* — The Board shall review on an annual basis the functioning and effectiveness of the Board and its committees and conduct a self-evaluation of the Board and its committees performed by the individual members of the Board and, to the extent the Board deems appropriate, shall recommend changes to increase the effectiveness of the Board and its committees.

3. *Succession Planning* — The Board, with the assistance of the Nominating Committee and Compensation Committee, shall plan the succession to the position of CEO and certain other senior leadership team positions. To assist the Board and the committees, the CEO shall annually assess members of the senior leadership team and their succession potential. The CEO shall also provide the Board and the committees with an assessment of persons considered potential successors to certain senior leadership team positions.

4. *Management Development* — The CEO shall annually report to the Board on JEA's program for management development.

F. Periodic Review of Guidelines

These Corporate Governance Guidelines provide for the corporate governance of JEA, and should be interpreted in the context of all applicable laws and Article 21 of the Charter of the City of Jacksonville, Florida, as amended from time to time. They are subject to periodic review and modification by the Board as the Board deems appropriate in the best interests of JEA, or as required by applicable laws and regulations.

[5] Needs to be confirmed and consistent with overall compensation strategy.



Current Governance Documents

BY-LAWS OF JEA

ARTICLE 1
OFFICES

The principal office of JEA shall be located in Jacksonville, Florida. Branch offices of JEA may be established at such places as JEA may designate from time to time.

ARTICLE II
MEMBERS OF JEA GOVERNING BODY

Section 1. **General Powers.** The affairs of JEA shall be managed by the JEA governing body ("Board") as provided in Article 21, Charter of the City of Jacksonville, as amended, and other applicable laws.

Section 2. **Appointment, Number, Tenure, and Expense Reimbursement.** The membership of the JEA Board shall be constituted in number, qualifications, manner of appointment and tenure as provided in Article 21, Charter of the City of Jacksonville, as amended. Members of the JEA Board shall receive reimbursement for all expenses incurred which are reimbursable by law.

ARTICLE III
OFFICERS

Section 1. **Elections.** The Officers of the JEA Board shall be a Chair, Vice-Chair, and a Secretary who shall be elected by the members and who shall serve as such officers for one year or until a successor is chosen. The Chair may serve for two consecutive one-year terms, which shall not include any period served as replacement Chair during the unexpired portion of the predecessor's term. Elections of Officers shall be conducted at the first regular meeting in March which may be preceded by a meeting of the nominating committee composed of the JEA Board acting as a whole or such other membership as the Chair may designate.

Section 2. **Vacancies.** A vacancy in any office because of death, illness, removal or otherwise, may be filled by the remaining members for the unexpired term.

Section 3. **Chair.** The Chair shall preside at all meetings of the JEA Board unless the Chair delegates otherwise. The Chair shall designate from time to time such special committees as the Chair deems appropriate and shall designate the subject matter assigned to each committee for consideration. In the event of the Chair's prolonged absence or disability, the Vice-Chair shall exercise all functions of the Chair for a period of up to thirty (30) days, at the expiration of which a special election shall be conducted by the JEA Board and a permanent Chair elected.

Section 4. Vice-Chair. The Vice-Chair shall perform such duties as are assigned by the Chair in addition to the functions for which the Vice-Chair is responsible under Section 3 above.

Section 5. Secretary. The Secretary shall cause the minutes to be kept of each meeting of the members in the Minute Book designated for that purpose. In the event of the Secretary's absence or disability, the Chair shall designate another member to be responsible for keeping of minutes during the Secretary's absence and for their inclusion in the Minute Book. When so directed by the Chair, the Secretary shall cause all notices to be given in accordance with these By-Laws and other applicable laws; the Secretary shall be responsible for the proper care and custody of all records pertaining to JEA affairs and for custody of the Seal of JEA. The Secretary shall be responsible for the Register of the address of each Board member and of such other persons as may be designated by the Chair or by the Executive Committee. The Secretary shall perform such other duties as from time to time may be assigned by the Chair or by the Executive Committee.

ARTICLE IV
COMMITTEES

Section 1. Executive Committee. There shall be an Executive Committee comprised of as many members of the JEA Board as may be determined by the Chair. The Executive Committee shall function for and on behalf of the seven (7) members of the JEA Board to the extent that such action may be lawfully delegated; however, the designation of the Executive Committee and delegation thereto of authority to act in proper circumstances for the full membership of the JEA Board shall not operate to relieve the members of any responsibility imposed upon them individually or collectively by law. The Chair of the JEA Board shall preside at meetings of the Executive Committee, and it shall meet from time to time at such times and places as the Chair may designate.

Section 2. Ordinary Committees.

(a) Standing Committees. The Chair may appoint standing committees from time to time which shall be composed of as many members of the JEA Board as determined by the Chair. The Chair shall name one of the committee members as committee chair and one as committee vice-chair. A standing committee shall continue until such time as it is terminated by the Chair.

(b) Special Committees. The Chair may appoint special committees from time to time, and the Chair may specify that one or more individuals who are not members of the JEA Board shall work with and assist the special committee. The Chair shall name one of the committee members as committee chair and one as committee vice-chair; both positions must be filled by current members of the JEA Board. When a special committee has fulfilled its function or when the best interests of JEA have been served, the committee shall be terminated without formal action.

Section 3. **Term of Committee Members.** Each member of a committee shall serve until the expiration of his/her term of office as a JEA Board member, until that member's successor is appointed and has accepted such appointment, or until the committee is terminated.

Section 4. **Powers of the Committee and the Committee Chair.** The committee chair, or vice-chair in the absence of the chair, shall have the power and authority to call meetings of the committee upon reasonable verbal or written notice to the members, and to set the date, time and place of such meetings. This function may also be performed by a majority of the remaining members of the committee upon inaction by the chair. A committee secretary may be designated by the committee chair. A committee may submit reports to the Chair and members of the JEA Board in writing as determined by the committee chair. Committee reports shall contain both majority and minority reports of committee members. A committee may by motion recommend to the JEA Board that action be taken on matters under consideration by the committee. Matters under consideration by the committee may include resolutions or other proposed actions presented to the committee by the JEA Managing Director.

Section 5. **Committee Vacancies.** The Chair shall fill vacancies in the membership of any committee. Should the Chair of the JEA Board fail to fill a vacancy within a reasonable length of time after such a vacancy occurs, then such vacancy may be filled by a majority of the members of the JEA Board acting in any regular or special meeting.

Section 6. **Conduct of Committee Business.** A majority of the entire membership of the committee shall constitute a quorum, and an act of the majority of the committee present at any meeting shall constitute the act of the committee. Should a quorum not be present at a scheduled meeting, the committee chair, or vice-chair in the absence of the chair, may appoint as many JEA Board members as necessary to constitute a quorum. Such appointment is for the purpose of that meeting only. All JEA Board members may attend and participate in any committee meeting, but only committee members have the right to make motions and to vote. Except as provided otherwise herein, Roberts Rules of Order shall govern the conduct of committee business, unless the majority of the committee present at such meeting shall elect to utilize other rules or procedures consistent with applicable law and these By-Laws.

ARTICLE V
CONDUCT OF AUTHORITY BUSINESS

Section 1. **Regular Meetings.** Regular meetings shall be held at least monthly at the principal offices of JEA in the City of Jacksonville, or at such other public place within the City of Jacksonville as may be determined by the Chair, and at such times as the Chair or a majority of the members may designate. More frequent regular meetings may be held at the pleasure of a majority of the members.

Section 2. **Special Meetings.** Special meetings of the members may be called by the Chair or by any three (3) members and shall be held at the principal offices of JEA in the

City of Jacksonville, or at such other public place within the City of Jacksonville as may be determined by the Chair.

Section 3. Notice of Special Meetings and Purpose. Notice of each special meeting of the members shall be given by the Chair or by the three (3) members who may have called such special meeting. Such notice shall be in writing and shall be provided to every member not less than two (2) working days before the meeting and shall state the purpose, time and place of the special meeting. Attendance by a member at a special meeting shall constitute waiver of notice. A member may, however, appear at a meeting for the sole purpose of objecting to the transaction of any business on the ground that the meeting was not lawfully called without losing the right to object to improper notice. No business shall be transacted at any special meeting other than the purpose specified in the notice unless a majority of the members in attendance at such special meeting agree to transact other business.

Section 4. Teleconference or Videoconference Meetings. The Chair may allow Board member(s) to attend a regular or special meeting by teleconference or videoconference, provided that all JEA Board members attending the meeting and all other persons participating in the meeting may hear (or if by videoconference, see and hear) each other at the same time. Whenever any Board member attends a meeting by teleconference or videoconference, the Chair shall conduct the meeting in a manner so as to allow, to the fullest extent possible, simultaneous communication. A Board member or other person wishing to speak must first identify himself/herself to the Chair and request recognition from the Chair before speaking. Visual presentations shall be described in detail for any Board member attending by teleconference who is unable to view the presentation. It is the Board's preference that meetings be held with a quorum physically present except, on occasion, when the Board needs to transact business for a special matter typically conducted at a special meeting.

Section 5. Quorum and Votes Required for Action. The majority of the Board members shall constitute a quorum for the purpose of meeting and transacting business. Four (4) affirmative votes shall be required to accomplish an act of business. Pursuant to Chapter 286, Florida Statutes, no member who is present at any Board meeting may abstain from voting except when there is, or appears to be, a possible conflict of interest. In such case, the abstaining Board member shall comply with the disclosure requirements of Chapter 112, Florida Statutes.

Section 6. Vacancies. Any vacancy occurring in the office of a member of the JEA Board shall be filled for the unexpired term in the manner provided in Article 21, Charter of the City of Jacksonville, as amended.

Section 7. Rules and Procedures. Except as provided otherwise herein, Robert's Rules of Order shall govern the conduct of the JEA Board business, unless the majority of members shall elect to utilize other rules or procedures consistent with applicable law and these By-Laws.

ARTICLE VI
AMENDMENTS TO BY-LAWS

These By-Laws may be amended, repealed or altered, in whole or in part, by the affirmative votes of four (4) members at any regular or special meeting, provided such subject has been included in an agenda item.

ARTICLE VII
EFFECT OF BY-LAWS

Noncompliance with these By-Laws shall not operate to invalidate any JEA Board action otherwise valid under applicable law.

APPROVED BY THE BOARD

Date: 1-16-19

Form Approved :

Office of General Counsel

Column A - JEA Board Policy Manual - Adopted on February 16, 2010

JEA
Board Policy Manual

Adopted in its entirety by the JEA Board on February 16, 2010: _____
Board Secretary

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Adopted in its entirety by the JEA Board on February 16, 2010.

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Adopted in its entirety by the JEA Board on February 16, 2010.

Column A - JEA Board Policy Manual - Adopted on February 16, 2010

JEA Board Policy Manual

Record of Amendments:

Policy #	Title	Date Approved by Board

Column A - JEA Board Policy Manual - Adopted on February 16, 2010

JEA Board Policy Manual

POLICY TYPE: ENDS

POLICY 1.0 **POLICY TITLE: *GLOBAL ENDS***

JEA exists to provide clean, safe, reliable, and reasonably priced electric, water and sewer services to the citizens of Jacksonville and portions of surrounding counties while remaining environmentally sound and financially strong while providing revenue for the City of Jacksonville.

1.1 **Quality of Electric Service:** Provide clean, safe and reliable electric service to all prescribed consumers.

1.2 **Quality of Water Service:** Provide clean, safe and reliable water service to all prescribed consumers.

1.3 **Quality of Sewer Services:** Provide clean, safe and reliable sewer services to all prescribed consumers.

1.4 **Cost of Service:** Provide all utility services at a reasonable and accurate cost.

1.5 **Environmentally Sound:** Provide all utility services in a manner that is environmentally sound and sustainable.

1.6 **Informative Communication:** Effectively communicate with consumers and other stakeholders.

Adopted in its entirety by the JEA Board on February 16, 2010.

JEA Board Policy Manual

POLICY TYPE: ENDS

POLICY 1.1 **POLICY TITLE: *QUALITY OF ELECTRIC SERVICE***

Provide clean, safe and reliable electric service to all prescribed consumers.

1.1.1 Annually update an Electric Integrated Resource Supply Plan (IRP) to ensure consumers' future electricity supply needs are met at the lowest evaluated total lifecycle cost while maintaining fuel diversity.

a. Develop resources or agreements to ensure that JEA's electric energy supply is 10% nuclear by 2017.

1.1.2 Minimize the frequency of electric distribution system outages and report status through the System Average Interruption Frequency Index (SAIFI-2).

1.1.3 Minimize the frequency of electric distribution system voltage sags and report status through the System Average Root Mean Square Frequency Index (SARFI-80).

1.1.4 Minimize the duration of electric distribution system outages and report status through the System Average Interruption Duration Index (SAIDI).

Adopted in its entirety by the JEA Board on February 16, 2010.

JEA Board Policy Manual

POLICY TYPE: ENDS

POLICY 1.2 **POLICY TITLE: *QUALITY OF WATER SERVICE***

Provide clean, safe and reliable water service to all prescribed consumers.

1.2.1 Annually update a Total Water Management Plan (TWMP) to ensure consumers' future water supply needs are met at the lowest evaluated cost while also ensuring water resources are available for future generations.

a. The TWMP is to include evaluation of water supply alternatives.

1.2.2 Minimize the duration of water distribution system low pressure events and report status of the number of cumulative minutes water pressure drops below 30 pounds per square inch (psi) for all existing water distribution system pressure monitoring points.

1.2.3 Conduct water testing in accordance with the standards of the Florida Department of Environmental Protection (FDEP) and the Environmental Protection Agency (EPA) and report testing results to all water consumers and stakeholders.

Adopted in its entirety by the JEA Board on February 16, 2010.

JEA Board Policy Manual

POLICY TYPE: ENDS

POLICY 1.3 **POLICY TITLE: *QUALITY OF SEWER SERVICE***

Provide clean, safe and reliable sewer service to all prescribed consumers.

1.3.1 Minimize the frequency of sewer back-ups and overflows and report status by

a. the number of Sanitary Sewer Overflows (SSO's) per 100 miles of existing sewer pipe

b. the total number of sewer system cave-ins

1.3.2 Limit the total amount of nutrients discharged into the St. John's River from all wastewater treatment facilities.

a. Reduce the total nutrient discharge into the St. John's River to meet JEA's Florida Department of Environmental Protection (FDEP) Total Maximum Daily Load (TMDL) allocation.

b. Increase the amount of reclaimed water produced and distributed.

Adopted in its entirety by the JEA Board on February 16, 2010.

JEA Board Policy Manual

POLICY TYPE: ENDS

POLICY 1.4 **POLICY TITLE: *COST OF SERVICE***

Provide all utility services at a reasonable and accurate cost.

1.4.1 All utility services are to be reasonably priced.

a. Pricing for all utility services is to be frequently benchmarked against other state and regional utilities to demonstrate competitiveness.

b. Pricing for each utility service for all classes of consumers is to be based on the cost to serve each consumer class. Cost of service studies are to be conducted in no more than five year intervals.

1.4.2 Minimize the number of consumer bills that are inaccurate, are estimated due to the lack of a current meter reading, or are untimely. The expectation is 99.9% accurate and timely.

Adopted in its entirety by the JEA Board on February 16, 2010.

JEA Board Policy Manual

POLICY TYPE: ENDS

POLICY 1.5 **POLICY TITLE: ENVIRONMENTALLY SOUND**

Provide all utility services in a manner that is environmentally sound and sustainable.

1.5.1 The CEO is expected to comply with all existing environmental regulations that apply.

1.5.2 Conservation: Pursue all options to communicate and incentivize customer conservation and efficiency while avoiding excessive customer cost.

a. Electric System: Establish an electric conservation fund by collecting an additional one cent per kwh for every kwh over 2750 on monthly residential consumption and by allocating 50 cents per mwh of base rate revenues (a total of approximately 0.5% of electric gross revenues.) The funds are to be spent for customer conservation initiatives and incentives only.

1.5.3 Renewable Energy Supply: Explore all options for renewable electric energy supply while avoiding excessive customer cost since a state or federal Renewable Electricity Standard (RES) is yet to be established and the timing for setting a standard remains uncertain.

Adopted in its entirety by the JEA Board on February 16, 2010.

JEA Board Policy Manual

POLICY TYPE: ENDS

POLICY 1.6 **POLICY TITLE: INFORMATIVE COMMUNICATION**

Effectively communicate with consumers and other stakeholders.

1.6.1 To influence consumer paradigms of utility expectations.

1.6.2 To influence public dialogue on local, state and national energy and water and sewer issues.

1.6.3 To inform consumers of as well as the reasons for significant potential or pending changes to utility services or charges.

1.6.4 To inform consumers of conservation incentives and other activities that if implemented would reduce their consumption and, therefore, result in higher or lower utility cost than if the incentives or activities were not employed.

Adopted in its entirety by the JEA Board on February 16, 2010.

Column A - JEA Board Policy Manual - Adopted on February 16, 2010

JEA Board Policy Manual

POLICY TYPE: EXECUTIVE LIMITATIONS

POLICY 2.0 **POLICY TITLE: *GENERAL EXECUTIVE CONSTRAINT***

The CEO shall not cause or allow any organizational practice, activity, decision, or circumstance that is either unlawful, imprudent, or in violation of commonly accepted business and professional ethics and practices.

2.1 **Treatment of Consumers:** With respect to interactions with consumers or those applying to be consumers, the CEO shall not cause or allow conditions, procedures, or decisions that are unsafe, untimely, undignified, or unnecessarily intrusive.

2.2 **Treatment of Staff:** With respect to the treatment of staff, the CEO may not cause or allow conditions that are unfair, unsafe, undignified, disorganized, or unclear.

2.3 **Financial Planning/Budgeting**: The CEO shall not cause or allow financial planning for any fiscal year or the remaining part of any fiscal year to deviate materially from the Board's Ends priorities, risk financial jeopardy, or fail to be derived from a multiyear plan.

2.4 **Financial Condition and Activities**: With respect to the actual, ongoing financial conditions and activities, the CEO shall not cause or allow the development of financial jeopardy or material deviation of actual expenditures from Board priorities established in Ends policies.

2.5 **Workforce Readiness and Succession Planning:** The CEO shall not allow the workforce to be unprepared to meet current or future business demands.

2.6 **Asset Protection:** The CEO shall not cause or allow corporate assets to be unprotected, inadequately maintained, or unnecessarily risked.

2.7 **Compensation and Benefits**: 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.

2.8 **Communication and Support to Board:** The CEO shall not cause or allow the Board to be uninformed or unsupported in its work.

2.9 **Regulatory/Legislative Requirements:** The CEO will not fail to effect regulatory and legislative action favorable to the organization.

2.10 **Enterprise Risk Management:** The CEO shall not cause or allow conditions, procedures or decisions which fail to identify, measure, monitor and manage, within established risk tolerances, potential events that may affect achievement of the Ends.

2.11 **Procurement Activities:** The CEO shall not fail to develop procurement policies and procedures that adhere to all applicable federal, state and local laws and ordinances and provide for increased public confidence in the procurement activities of JEA.

Adopted in its entirety by the JEA Board on February 16, 2010.

JEA Board Policy Manual

POLICY TYPE: EXECUTIVE LIMITATIONS

POLICY 2.1 **POLICY TITLE: *TREATMENT OF CONSUMERS***

With respect to interactions with consumers or those applying to be consumers, the CEO shall not cause or allow conditions, procedures, or decisions that are unsafe, untimely, undignified, or unnecessarily intrusive.

Accordingly, the CEO will not:

2.1.1 Elicit information for which there is no clear necessity.

2.1.2 Use methods of collecting, reviewing, transmitting, or storing client information that fail to protect against improper access.

2.1.3 Fail to operate facilities with appropriate accessibility and privacy.

2.1.4 Fail to establish with consumers a clear understanding of what may be expected and what may not be expected from service offered.

2.1.5 Fail to operate without clearly established and updated Customer Service procedures and published rules and regulations for service.

2.1.6 Fail to operate without mechanisms for collecting consumer complaints that provide for resolution at the lowest staff level and also include prompt response when warranted.

Adopted in its entirety by the JEA Board on February 16, 2010.

JEA Board Policy Manual

POLICY TYPE: EXECUTIVE LIMITATIONS

POLICY 2.2 **POLICY TITLE: *TREATMENT OF STAFF***

With respect to the treatment of paid and volunteer staff, the CEO may not cause or allow conditions that are unfair, unsafe, undignified, disorganized, or unclear.

Accordingly, the CEO will not:

2.2.1 Operate without written personnel rules and regulations that

- a. clarify rules for staff
- b. provide for effective handling of grievances
- c. protect against wrongful conditions such as nepotism and grossly preferential treatment for personal reasons.
- d. allow for volunteerism in the community
- e require high ethical standards
- f. recognize the need for work/life balance

2.2.2 Operate without written job descriptions and performance requirements and reviews that

- a. characterize the nature of work to be performed
- b. identify technical, behavioral and physical skills required
- c. identify clear standards of accountability

2.2.3 Fail to provide a safe work environment.

2.2.4 Fail to identify and provide training necessary to accomplish the quality of work expected.

2.2.5 Allow discrimination or retaliation against any staff member for non-disruptive expression of dissent.

2.2.6 Fail to acquaint staff with the CEO's interpretation of their protections under this policy.

2.2.7 Allow staff to be under prepared to deal with emergency situations.

2.2.8 Fail to insure that the company's Core Values are routinely communicated and reinforced to all employees.

Adopted in its entirety by the JEA Board on February 16, 2010.

JEA Board Policy Manual

POLICY TYPE: EXECUTIVE LIMITATIONS

POLICY 2.3 **POLICY TITLE: *FINANCIAL PLANNING/BUDGETING***

The CEO shall not cause or allow financial planning for any fiscal year or the remaining part of any fiscal year to deviate materially from the Board's Ends priorities, risk financial jeopardy, or fail to be derived from a multiyear plan.

Accordingly, the CEO will not:

2.3.1 Risk incurring those situations or conditions described as unacceptable in the Board policy "Financial Condition and Activities."

2.3.2 Fail to include credible projection of revenues and expenses, separation of capital and operational items, cash flow, and disclosure of planning and budgeting assumptions.

2.3.3 Fail to identify the source for capital expenditures (e.g. internally generated cash, new debt, carry over funds from previous fiscal year).

2.3.4 Fail to adhere to approved tariff rates and fees.

2.3.5 Fail to set and follow an annual budgeting process that results in a final budget submittal to City Council by July 1 proceeding the budgeted fiscal year.

2.3.6 Provide less for Board prerogatives during the year than is set forth in the "Cost of Governance" policy.

Adopted in its entirety by the JEA Board on February 16, 2010.

JEA Board Policy Manual

POLICY TYPE: EXECUTIVE LIMITATIONS

POLICY 2.4 **POLICY TITLE: *FINANCIAL CONDITION AND ACTIVITIES***

With respect to the actual, ongoing financial conditions and activities, the CEO shall not cause or allow the development of financial jeopardy or material deviation of actual expenditures from Board priorities established in Ends policies.

Accordingly, the CEO will not:

2.4.1 Fail to operate within the budget established for the fiscal year.

2.4.2 Make budget transfers in excess of $5,000,000 without Board approval.

2.4.3 Fail to inform the Board in monitoring reports when reserves are required to meet current expenditures.

2.4.4 Fail to maintain financial and accounting separation between electric, water and wastewater, and District Energy funds as required by regulatory agencies and bond covenants.

2.4.5 Fail to operate within established financial parameters nor fail to engage the board when established parameters are considered inadequate to affect a desired bond rating.

Current financial parameters:

a. Debt Service Coverage

b. Fixed Charge coverage

c. Cash on Hand

d. Working Capital

e. Line of Credit

f. Fuel Rate Reserve

2.4.6 Operate in violation of JEA's Debt Management Policies.

2.4.7 Fail to settle payroll and debts in a timely manner.

2.4.8 Allow tax payments or other government-ordered payments or filings to be overdue or inaccurately filed.

2.4.9 Fail to establish reasonable security measures to protect against loss of receivables.

2.4.10 Fail to aggressively pursue receivables after a reasonable grace period.

Adopted in its entirety by the JEA Board on February 16, 2010.

JEA Board Policy Manual

POLICY TYPE: EXECUTIVE LIMITATIONS

POLICY 2.5 **POLICY TITLE: *WORKFORCE READINESS AND SUCCESSION PLANNING***

The CEO shall not allow the workforce to be unprepared to meet current or future business demands.

Accordingly, the CEO will not

2.5.1 Permit there to be fewer than two other executives sufficiently familiar with Board and CEO issues and processes to enable either to take over with reasonable proficiency as an interim successor to protect the Board from sudden loss of CEO services.

2.5.2 Fail to prepare for long term CEO succession.

2.5.3 Fail to prepare for Executive Team succession.

2.5.4 Operate without strategic and tactical plans to have and maintain the right people, in the right place, with the right talent, skills and knowledge.

2.5.5 Fail to develop a workforce that recognizes the value of cultural diversity in internal operations and in serving customers.

Adopted in its entirety by the JEA Board on February 16, 2010.

JEA Board Policy Manual

POLICY TYPE: EXECUTIVE LIMITATIONS

POLICY 2.6 **POLICY TITLE: *ASSET PROTECTION***

The CEO shall not cause or allow corporate assets to be unprotected, inadequately maintained, or unnecessarily risked.

Accordingly, the CEO will not:

2.6.1 Fail to insure adequately against theft and casualty and against liability and losses to Board members, staff, and the organization itself.

2.6.2 Allow unbonded personnel access to material amounts of funds.

2.6.3 Subject facilities and equipment to improper wear and tear or insufficient maintenance.

2.6.4 Unnecessarily expose the organization, the Board, or its staff to claims of liability.

2.6.5 Operate without written claims policies that address fair treatment of claimants, legal liability, ratepayer costs and sound business practices.

2.6.6 Fail to protect corporate assets including, but not limited to, property rights, corporate image, physical assets, intangible assets, intellectual property, information, and files from loss or significant damage.

2.6.7 Receive, process, or disburse funds without sufficient controls.

2.6.8 Invest funds in violation of JEA's Investment Policies.

2.6.9 Fail to ensure that all employees and outsourced contract service providers understand their responsibility to comply with all applicable laws and regulations and JEA's Code of Ethics.

Adopted in its entirety by the JEA Board on February 16, 2010.

Column A - JEA Board Policy Manual - Adopted on February 16, 2010

Revisions Approved by the Board of Directors o June 17, 2014

JEA Board Policy Manual

POLICY TYPE: EXECUTIVE LIMITATIONS

POLICY 2.7 **POLICY TITLE: *COMPENSATION AND BENEFITS***

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:

2.7.1 Change the CEO's own compensation and benefits, except as those benefits are consistent with a package for other appointed employees.

2.7.2 Promise or imply unconditional permanent or guaranteed employment.

2.7.3 ~~Administer compensation and benefits that fail to address individual accountability, motivate and reward for knowledge and skills, encourage organizational flexibility and responsiveness or are inconsistent with the geographic and professional market for the skills employed.~~

Promote a compensation philosophy that is contradictory to JEA's compensation 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 geographic area reside. The 50th percentile pays competitively for behavior that meets expectations. Additional consideration will be given to behaviors that exceed 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

Adopted in its entirety by the JEA Board on February 16, 2010.

JEA Board Policy Manual

POLICY TYPE: EXECUTIVE LIMITATIONS

POLICY 2.8 **POLICY TITLE: *COMMUNICATION AND SUPPORT TO BOARD***

The CEO shall not cause or allow the Board to be uninformed or unsupported in its work.

Accordingly, the CEO will not:

2.8.1 Neglect to submit monitoring data required by the Board in Board-Management Delegation policy "Monitoring CEO Performance" in a timely, accurate, and understandable fashion, directly addressing provisions of Board policies being monitored, and including CEO interpretations consistent with Board-Management Delegation policy "Delegation to the CEO," as well as relevant data.

2.8.2 Allow the Board to be unaware of any actual or anticipated noncompliance with any Ends or Executive Limitations policy of the Board regardless of the Board's monitoring schedule.

2.8.3 Allow the Board to be without decision information required periodically by the Board or let the Board be unaware of relevant trends.

2.8.4 Let the Board be unaware of any significant incidental information it requires including anticipated media coverage, threatened or pending lawsuits, and material internal and external changes.

2.8.5 Allow the Board to be unaware that, in the CEO's opinion, the Board is not in compliance with its own policies on Governance Process and Board-Management Delegation, particularly in the case of Board behavior that is detrimental to the work relationship between the Board and the CEO.

2.8.6 Present information in unnecessarily complex or lengthy form or in a form that fails to differentiate among information of three types: monitoring, decision preparation, and other.

2.8.7 Allow the Board to be without a workable mechanism for official Board, officer, or committee communications.

2.8.8 Deal with the Board in a way that favors or privileges certain Board members over others, except when (a) fulfilling individual requests for information or (b) responding to officers or committees duly charged by the Board.

2.8.9 Fail to submit to the Board a consent agenda containing items delegated to the CEO yet required by law, regulation, or contract to be Board-approved, along with applicable monitoring information.

2.8.10 Fail to provide a process to retain relevant background information on previous Board policy decisions.

Adopted in its entirety by the JEA Board on February 16, 2010.

JEA Board Policy Manual

POLICY TYPE: EXECUTIVE LIMITATIONS

POLICY 2.9 **POLICY TITLE: *REGULATORY/LEGISLATIVE REQUIREMENTS***

The CEO will not fail to effect regulatory and legislative action favorable to the organization.

Adopted in its entirety by the JEA Board on February 16, 2010.

JEA Board Policy Manual

POLICY TYPE: EXECUTIVE LIMITATIONS

POLICY 2.10 **POLICY TITLE: *ENTERPRISE RISK MANAGEMENT***

The CEO shall not cause or allow conditions, procedures or decisions which fail to identify, measure, monitor and manage, within established risk tolerances, potential events that may affect achievement of the Ends.

Accordingly, the CEO will not

2.10.1 Fail to establish and maintain a written Enterprise Risk Management (ERM) Plan and an ERM program that includes management-level policies, procedures and process controls to help ensure that the enterprise-wide business risk exposures are properly identified, managed and, when appropriate, reported to the Board.

Adopted in its entirety by the JEA Board on February 16, 2010.

JEA Board Policy Manual

POLICY TYPE: EXECUTIVE LIMITATIONS

POLICY 2.11 **POLICY TITLE: *PROCUREMENT ACTIVITIES***

The CEO shall not fail to develop procurement policies and procedures that adhere to all applicable federal, state and local laws and ordinances and provide for increased public confidence in the procurement activities of JEA.

Accordingly, the CEO will not

2.11.1 Fail to develop and disseminate simple, clear and up-to-date rules for all procurement.

2.11.2 Fail to ensure the fair and equitable treatment of all persons who deal with the JEA procurement system.

2.11.3 Fail to provide increased economy in all procurement activities and to maximize to the fullest extent practicable the purchasing value of JEA funds.

2.11.4 Fail to foster effective, broad-based competition within the free enterprise system

2.11.5 Fail to provide safeguards for the maintenance of the procurement system quality and integrity.

2.11.6 Fail to provide a clear and timely administrative remedy process to all those aggrieved during any phase of the procurement process.

2.11.7 Fail to provide effective access for Small and Emerging Local Businesses

Adopted in its entirety by the JEA Board on February 16, 2010.

JEA Board Policy Manual

POLICY TYPE: BOARD MANAGEMENT DELEGATION

POLICY 3.0 **POLICY TITLE: *GLOBAL BOARD-MANAGEMENT DELEGATION***

The Board's sole official connection to the operational organization, its achievements, and conduct will be through a chief executive officer titled Managing Director / CEO, referred to within this document simply as CEO.

3.1 **Unity of Control:** Only officially passed motions of the Board are binding on the CEO.

3.2 **Accountability of the CEO:** The CEO is the Board's only link to operational achievement and conduct, so that all authority and accountability of staff, as far as the Board is concerned, is considered the authority and accountability of the CEO.

3.3 **Delegation to the CEO:** The Board will instruct the CEO through written policies that prescribe the organizational Ends to be achieved and describe organizational situations and actions to be avoided, allowing the CEO to use any reasonable interpretation of these policies.

3.4 **Monitoring CEO Performance:** Systematic monitoring of CEO job performance will be solely against the only expected CEO job achievements: organizational accomplishment of Board policies on Ends and organizational operation within the boundaries established in Board policies on Executive Limitations.

3.5 **CEO Remuneration:** Salary and benefits and other terms of employment for the CEO will be determined by contract.

3.6 **Core Competencies:** Executive Core Competencies are included in the Appendix.

Adopted in its entirety by the JEA Board on February 16, 2010.

JEA Board Policy Manual

POLICY TYPE: BOARD MANAGEMENT DELEGATION

POLICY 3.1 **POLICY TITLE: *UNITY OF CONTROL***

Only officially passed motions of the Board are binding on the CEO.

Accordingly,

3.1.1 Decisions or instructions of individual Board members, officers, or committees are not binding on the CEO.

3.1.2 In the case of Board members or committees requesting information or assistance without Board authorization, the CEO can refuse such requests that require, in the CEO's opinion, a material amount of staff time or funds, or are disruptive. The CEO shall promptly inform the Board if requests from Board members or committees are refused.

Adopted in its entirety by the JEA Board on February 16, 2010.

JEA Board Policy Manual

POLICY TYPE: BOARD MANAGEMENT DELEGATION

POLICY 3.2 **POLICY TITLE: *ACCOUNTABILITY OF CEO***

The CEO is the Board's only link to operational achievement and conduct, so that all authority and accountability of staff, as far as the Board is concerned, is considered the authority and accountability of the CEO.

Accordingly,

3.2.1 The Board as a body and individual board members will never give instructions to persons who report directly or indirectly to the CEO.

3.2.2 The Board will not evaluate, either formally or informally, any staff other than the CEO. However, the CEO will discuss his evaluation with the Board of the executives identified as potential interim CEO successors (refer to 2.5.1)

3.2.3 The Board will view CEO performance as identical to organizational performance so that organizational accomplishment of Board-stated Ends and avoidance of Board-described means will be viewed as successful CEO performance.

Adopted in its entirety by the JEA Board on February 16, 2010.

JEA Board Policy Manual

POLICY TYPE: BOARD MANAGEMENT DELEGATION

POLICY 3.3 **POLICY TITLE: *DELEGATION TO THE CEO***

The Board will instruct the CEO through written policies that prescribe the organizational Ends to be achieved and describe organizational situations and actions to be avoided, allowing the CEO to use any reasonable interpretation of these policies.

Accordingly,

3.3.1 The Board will develop policies instructing the CEO to achieve specified results, for specified recipients, at a specified cost. These policies will be developed systematically from the broadest, most general level to more defined levels and will be called Ends policies. All issues that are not ends issues as defined here are means issues.

3.3.2 The Board will develop policies that limit the latitude the CEO may exercise in choosing the organizational means. These limiting policies will describe those practices, activities, decisions and circumstances that would be unacceptable to the Board even if they were to be effective. Policies will be developed systematically from the broadest, most general level to more defined levels, and they will be called Executive Limitations policies. The Board will never prescribe organizational means delegated to the CEO.

3.3.3 As long as the CEO uses *any reasonable interpretation* of the Board's Ends and Executive Limitations policies, the CEO is authorized to establish all further policies, make all decisions, take all actions, establish all practices, and pursue all activities. Such decisions of the CEO shall have full force and authority as if decided by the Board.

3.3.4 The Board may change its Ends and Executive Limitations policies, thereby shifting the boundary between Board and CEO domains. By doing so, the Board changes the latitude of choice given to the CEO. However, as long as any particular delegation is in place, the Board will respect and support the CEO's choices.

3.3.5 Should the CEO violate a Board policy, he or she shall promptly inform the Board. Informing is simply to guarantee no violation may be intentionally kept from the Board, not to request approval. Board response, either approving or disapproving, does not exempt the CEO from subsequent Board judgment of the action nor does it curtail any executive decision.

Adopted in its entirety by the JEA Board on February 16, 2010.

JEA Board Policy Manual

POLICY TYPE: BOARD MANAGEMENT DELEGATION

POLICY 3.4 **POLICY TITLE: *MONITORING CEO PERFORMANCE***

Systematic monitoring of CEO performance will be solely against the only expected CEO job achievements: organizational accomplishment of Board policies on Ends and organizational operation within the boundaries established in Board policies on Executive Limitations.

Accordingly,

3.4.1 Monitoring is simply to determine the degree to which Board policies are being met. Data or information that does not do this will not be considered to be monitoring information.

3.4.2 The Board will acquire monitoring information by one or more of these methods:

a. By internal report, in which the CEO discloses interpretations and compliance information to the Board.

b. By external report, in which an external, disinterested and independent third party selected by the Board assesses compliance with Board policies (e.g. external financial audit).

c. By direct Board inspection, in which a designated member or members of the Board assess compliance with the appropriate policy criteria.

3.4.3 In every case, the Board will judge (a) the reasonableness of the CEO's interpretation and (b) whether data demonstrate accomplishment of the interpretation.

3.4.4 The standard of compliance shall be any reasonable CEO interpretation of the Board policy being monitored. The Board is the final arbiter of reasonableness.

3.4.5 All policies that instruct the CEO will be monitored at a frequency and by a method chosen by the Board. The Board can monitor any policy at any time by any method, but will ordinarily depend on a routine schedule:

[Example of monitoring schedule] – (final schedule will be set after policies are developed)

Policy	Method	Frequency	Schedule
Ends	Internal	Annually	
Treatment of Customers	Internal	Annually	
Treatment of Staff	Internal	Annually	
Financial Planning/Budgeting	Internal	Quarterly	End of Qtr.
Financial Condition & Activities	Internal External	Quarterly Annually	End of Qtr. Close of Yr.
Asset Protection	Internal	Annually	
Emergency CEO Succession	Internal	Annually	
Communication and Support to Board	Internal	Annually	

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Compensation and Benefits	Internal	Annually

In addition to the monitoring reports above, the Board must receive the following information each month. It is understood that this data is supplemental, not monitoring:

Financial Report	Internal	Monthly	End of Month
Operating Report	Internal	Monthly	End of Month

Adopted in its entirety by the JEA Board on February 16, 2010.

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POLICY TYPE: BOARD MANAGEMENT DELEGATION

POLICY 3.5 **POLICY TITLE: *CEO REMUNERATION***

Salary and benefits and others terms of employment for the CEO will be determined by contract.

Adopted in its entirety by the JEA Board on February 16, 2010.

Column A - JEA Board Policy Manual - Adopted on February 16, 2010

JEA Board Policy Manual

POLICY TYPE: GOVERNANCE PROCESS

POLICY 4.0 **POLICY TITLE: *GLOBAL GOVERNANCE PROCESS***

The purpose of the Board, on behalf of the owners of JEA, the citizens of Duval County, is to see to it that JEA (a) achieves appropriate results for appropriate persons for an appropriate cost (as specified in Board Ends policies) and (b) avoids unacceptable actions and situations (as prohibited in Board Executive Limitations policies).

4.1 **Governing Style:** The Board will govern in accordance with legal requirements, observing the principles of the Policy Governance model, with an emphasis on (a) outward vision rather than internal preoccupation, (b) encouragement of diversity in viewpoints, (c) strategic leadership more than administrative detail, (d) clear distinction of Board and chief executive roles, (e) collective rather than individual decisions, (f) future more so than past or present, and (g) proactivity rather than reactivity.

4.2 **Board Job Description:** Specific responsibilities of the Board as an informed agent of the ownership are those that ensure appropriate organizational performance.

4.3 **Agenda Planning:** To accomplish its responsibilities with a governance style consistent with Board policies, the Board will follow an annual agenda that (a) completes a re-exploration of Ends policies at least annually and (b) continually improves Board performance through education and deliberation.

4.4 **Board Officers:** Board officers assure the integrity of the Board's process and record's. Board officers are: Chairman, Vice-Chairman, Secretary & Assistant Secretary.

4.5 **Rules of Order:** Board meetings will be conducted in an orderly and fair process consistent with the requirements of Florida law, Ordinances of the City of Jacksonville, the JEA Charter, Bylaws and these governance policies. Meetings will be led by the Chairman, or, in the absence of the Chairman, the Vice-Chairman, or, in the absence of both, by the Chairman's designee.

4.6 **Board Member's Code of Conduct:** The Board commits itself to lawful, ethical and businesslike conduct, following all requirements of Florida Law, Ordinances of the City of Jacksonville, and the JEA Charter including proper use of its authority and appropriate decorum when acting as Board members.

4.7 **Board Member's Individual Responsibility:** The leadership success of the Board is a direct result of the individual and collegial participation of its members.

4.8 **Board Committee Principles:** Board committees, when used, will be assigned so as to reinforce the wholeness of the Board's job and not to interfere with delegation from the Board to the CEO.

4.9 **Board Committee Structure:** A committee is a Board committee only if its existence and charge come from the Board, regardless of whether Board members sit on the committee. The only Board committees are those which are set forth in the Bylaws or in this policy. Unless otherwise stated, a committee ceases to exist as soon as its task is complete. The CEO will attend meetings of each committee, but shall not have a vote.

4.10 **Cost of Governance:** The Board will invest in continuous improvement of its governance capacity.

Adopted in its entirety by the JEA Board on February 16, 2010.

JEA Board Policy Manual

POLICY TYPE: GOVERNANCE PROCESS

POLICY 4.1 **POLICY TITLE: *GOVERNING STYLE***

The Board will govern in accordance with legal requirements, observing the principles of the Policy Governance model, with an emphasis on (a) outward vision rather than internal preoccupation, (b) encouragement of diversity in viewpoints, (c) strategic leadership more than administrative detail, (d) clear distinction of Board and chief executive roles, (e) collective rather than individual decisions, (f) future more so than past or present, and (g) proactivity rather than reactivity.

Accordingly,

4.1.1 Unique Requirements of Florida Law for Public Boards: In conducting its duties as a Board in Florida, the Board is required to comply with the Florida Sunshine Law, which prohibits any two or more members of the Board from meeting unless the meeting has been properly noticed and conducted in accordance with the legal requirements. In addition, Florida Law contains requirements regarding Public Records, conflicts of interest and voting which must be followed in the conduct of the Board's business.

4.1.2 The Board will cultivate a sense of group responsibility and will be a proactive Board versus a reactive Board. The Board, not the staff, will be responsible for excellence in governing. The Board will be the initiator of policy, not merely a reactor to staff initiatives. The Board will use the expertise of individual members to enhance the ability of the Board as a body rather than to substitute the individual judgments for the Board's values.

4.1.3 The Board will direct, control, and inspire the organization through the careful establishment of broad written policies reflecting the Board's values and perspectives. The Board's major policy focus will be on the intended long-term impacts outside the staff organization, not on the administrative or programmatic means of attaining those effects.

4.1.4 The Board will enforce upon itself whatever discipline is needed to govern with excellence. Discipline will apply to matters such as attendance, preparation for meetings, policymaking principles, respect of roles, and ensuring the continuance of governance capability. Although the Board can change its Governance Process policies at any time, it will diligently observe those currently in force.

4.1.5 Continual Board development will include orientation of new Board members in the Board's governance process and periodic Board discussion of governance process improvement.

4.1.6 The Board will allow no officer, individual, or committee of the Board to hinder or serve as an excuse for the Board not fulfilling its commitments.

4.1.7 Each member of the Board will respect the final determination of the Board concerning any particular matter, regardless of the member's personal position concerning such matter.

Adopted in its entirety by the JEA Board on February 16, 2010.

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POLICY TYPE: GOVERNANCE PROCESS

POLICY 4.2 **POLICY TITLE: *BOARD JOB DESCRIPTION***

Specific responsibilities of the Board are those that ensure appropriate organizational performance.

Accordingly,

4.2.1 The Board is the authoritative link between the organization and the ownership.

4.2.2 The Board will provide governing policies that realistically address the broadest levels of all organizational decisions and situations:

a. Ends: The organizational outcomes to its recipients including the relative worth of such outcomes in cost or priority. (What good for which recipients at what cost)

b. Executive Limitations: Constraints on executive authority that establish the prudence and ethics boundaries within which all executive activity and decisions must take place.

c. Board-Management Delegation: Specification of how power is delegated and its proper use monitored; clarity on the CEO's role, authority, and accountability.

d. Governance Process: Specification of how the Board develops, carries out, and monitors its own responsibilities.

4.2.3 The Board will measure the CEO's performance against its Ends and Executive Limitations Policies.

4.2.4 The Board will measure its own performance against its Governance Process and Board-Management Delegation Policies quarterly.

4.2.5 Board members will respect their fiduciary responsibilities to protect and enhance the value of JEA as a citizen-owned enterprise with due diligence using sound business judgment consistent with JEA's legislative charter.

Adopted in its entirety by the JEA Board on February 16, 2010.

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POLICY TYPE: GOVERNANCE PROCESS

POLICY 4.3 **POLICY TITLE: *AGENDA PLANNING***

To accomplish its responsibilities with a governance style consistent with Board policies, the Board will follow an annual agenda that (a) completes a re-exploration of Ends policies at least annually and (b) continually improves Board performance through education and deliberation.

Accordingly,

4.3.1 The Board will establish its annual agenda during an annual retreat to be scheduled around March of each year.

a. The Board will review and re-establish its Ends policies as often as necessary with review always taking place at least during the annual retreat.

b. Consultations with selected groups in the ownership, or other methods of gaining ownership input, will be scheduled as part of the annual agenda.

c. Governance education and education related to Ends determination (presentations by futurist, demographers, advocacy groups, staff, etc.) will be scheduled as part of the annual agenda.

4.3.2 The agenda for the Board's monthly meeting will be established through consultation with the Chair and the CEO.

a. The agenda along with supporting item documentation will be made available to Board members seven days prior to monthly Board meetings.

b. The Board will attend to consent agenda items as expeditiously as possible.

c. A Board member may bring up new business at the appropriate time on the agenda during any meeting, however, if a formal response or presentation is necessary, a request should be made to the CEO no later than two weeks before the Board meeting to allow others on the Board to receive information in advance.

d. CEO monitoring will be on the agenda if reports have been received since the previous meeting, if plans must be made for direct inspection monitoring, or if arrangements for third-party monitoring must be prepared.

Adopted in its entirety by the JEA Board on February 16, 2010.

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POLICY TYPE: GOVERNANCE PROCESS

POLICY 4.4 **POLICY TITLE: *BOARD OFFICERS***

Board officers assure the integrity of the Board's process and record's. Board officers are: Chairman, Vice-Chairman, Secretary & Assistant Secretary.

Accordingly,

4.4.1 The Chairman, a specially empowered member of the Board, ensures the integrity of the Board's process and, secondarily, occasionally represents the Board to outside parties.

a. The Chairman's role is to see that the Board behaves consistently within its own rules and those rules and regulations imposed upon it from outside the organization.

(1) Meeting discussion content will consist of issues that clearly belong to the Board to decide or to monitor according to Board policy.

(2) Information that is neither for monitoring performance nor for Board decisions will be avoided or minimized and always noted as such.

(3) Deliberation will be fair, open, and thorough but also timely, orderly, and kept to the point.

b. The authority of the Chairman consists in making decisions that fall within topics covered by Board policies on Governance Process and Board-Management Delegation, with the exception of (a) employment or termination of the CEO and (b) areas where the Board specifically delegates portions of this authority to others. The Chairman is authorized to use any reasonable interpretation of provisions in these policies.

(1) The Chairman is empowered to chair Board meetings with all the commonly accepted powers of that position, such as ruling and recognizing.

(2) The Chairman has no authority to make decisions about policies created by the Board within Ends and Executive Limitations policy areas.

(3) The Chairman may represent the Board to outside parties in announcing Board-stated positions and in stating Chairman decisions and interpretations within the area delegated to that role.

(4) The Chairman may delegate this authority but remains accountable for its use.

(5) The Chairman may appoint members and a Chairman for each Board committee, unless otherwise stipulated by Board policies or the organization's Bylaws.

c. Expected Traits for chairman: *(Does the Board want to include some basic core traits for the chair?)*

4.4.2 The Vice-Chairman or, in the absence of the Vice-Chairman, the immediate Past-Chairman will serve as Chair in the absence of the Chairman.

4.4.3 The Board Secretary is an officer of the Board whose purpose is to ensure the integrity of the Board's documents.

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a. The Secretary's role is to see to it that all Board documents and records are accurate and timely.

(1) Policies will be current in their reflection of Board decisions. Decisions upon which no subsequent decisions are to be based, such as consent agenda decisions, motions to adjourn, and staff or Board member recognitions, need not be placed in policy.

(2) Policy Governance principles will be followed in policy development.

(3) Board policies and By-laws are to be consistent with the legal requirements of Florida Law, Ordinances of the City of Jacksonville and the JEA Charter and are to be known by the Board.

(4) Board expectations for format, brevity, and accuracy of Board minutes will be known to the CEO.

b. The authority of the secretary is access to and control over Board documents and records.

4.4.4 The Assistant Secretary will serve as Secretary in the absence of the Secretary.

4.4.5 All Board officers are accountable to the Chairman unless otherwise determined by Board policy.

Adopted in its entirety by the JEA Board on February 16, 2010.

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POLICY TYPE: GOVERNANCE PROCESS

POLICY 4.5 **POLICY TITLE: *RULES OF ORDER***

Board meetings will be conducted in an orderly and fair process consistent with the requirements of Florida Law, Ordinances of the City of Jacksonville, the JEA Charter, Bylaws and these governance policies. Meetings will be led by the Chairman, or, in the absence of the Chairman, the Vice-Chairman, or, in the absence of both, by the Chairman's designee.

Accordingly,

4.5.1 Board meetings will be conducted with punctuality and order.

a. Board meetings shall be called to order at the time specified in the notice of meeting and upon satisfaction of a quorum.

b. Meeting order shall be maintained and all members treated with dignity, respect, courtesy, and fairness during discussion and debate and in all other respects.

c. Board members must keep their comments relevant to the issue under consideration.

d. In order to conduct business, a quorum of four (4) board members must be present. Four affirmative votes are required to decide all motions before the Board regardless of number in attendance.

4.5.2 Board meetings will be conducted at a level of informality considered appropriate by the Chairman yet with predictable discipline.

a. Discussion of a matter not on the previously distributed agenda may occur only after Board consent that the matter be heard.

b. Proposals that the Board take action, or decide a particular matter, shall (unless otherwise agreed to by unanimous consent) be made by main motion of a Board member, discussed, and then voted on. Motions require a second to proceed to discussion and subsequent vote.

c. The Chair may not make motions but can engage in debate and is required to vote.

d. A motion to amend a main motion may be amended but third level amendments are not to be heard.

e. A motion to refer to a committee, postpone, or table, may be made with respect to a pending main motion, shall take precedence over the pending motion and, if carried, shall set the main motion (the initial proposal) aside accordingly.

f. Board members may speak to a pending motion on as many occasions, and at such length, as the Chair may reasonably allow.

g. A vote on a motion shall be taken when discussion ends, but any Board member may, during the course of debate, move for an immediate vote (close debate or call the question) which, if carried, shall end discussion and the vote on the main motion shall then be taken. Votes may be made by voice vote or by roll call. All members of the Board are required to vote unless a conflict of interest is declared.

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g. A motion to adjourn a Board meeting may be offered by any Board member or, on the conclusion of all business, adjournment of the meeting may be declared by the Chair.

4.5.3 When further rules of order are to be developed by the Board, the Board will consider the Standard Code of Parliamentary Procedure (Robert's Rules of Order) as a resource guide. The representative from the Office of General Council may serve the Board as a resource on Parliamentary Procedure.

Adopted in its entirety by the JEA Board on February 16, 2010.

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POLICY TYPE: GOVERNANCE PROCESS

POLICY 4.6 **POLICY TITLE: *BOARD MEMBER'S CODE OF CONDUCT***

The Board commits itself to lawful, ethical and businesslike conduct, following all requirements of Florida Law, Ordinances of the City of Jacksonville, and the JEA Charter including proper use of its authority and appropriate decorum when acting as Board members.

Accordingly,

4.6.1 Members are expected to represent the interests of the ownership. This accountability supersedes any conflicting loyalty such as that to advocacy or interest groups and membership on other Boards or staffs. It also supersedes the personal interest of any Board member acting as a consumer of the organization's services.

4.6.2 Members must avoid conflict of interest with respect to their fiduciary responsibility. Such conflicts of interest include but are not limited to the following:

a. There will be no self-dealing or business by a member with the organization. Members will annually disclose their involvements with other organizations or with vendors and any associations that might be reasonably seen as representing a conflict of interest.

b. When the Board is to decide upon an issue about which a member has an unavoidable conflict of interest, that member shall announce and declare publicly any conflict of interest and withdraw without comment not only from the vote but also from the deliberation.

c. Board members will not use their Board position to obtain employment in the organization for themselves, family members, or close associates. Any such existing relationship is expected to be disclosed to the Board. A Board member who applies for employment must first resign from the Board.

4.6.3 Members may not attempt to exercise individual authority over the organization except as explicitly set forth in Board policies.

a. Members' interaction with the CEO or with staff must recognize the lack of authority vested in individuals except when explicitly authorized by the Board.

b. Members' interaction with the public, the press, or other entities must recognize the same limitation and the inability of any Board member to speak for the Board except to repeat explicitly stated Board decisions.

c. Except for participation in Board deliberation about whether the CEO has achieved any reasonable interpretation of Board policy, members will not express individual judgments of negative performance of employees or the CEO.

4.6.4 Members will respect the confidentiality appropriate to issues of a sensitive nature.

4.6.5 Members will be properly prepared for Board deliberation.

4.6.6 Members are expected to support the legitimacy and authority of the final determination of the Board on any matter, without regard to the member's personal position on the issue.

4.6.7 Members who have any question about the appropriateness of their conduct should consult with the Office of General counsel or appropriate Ethics offices for information.

Adopted in its entirety by the JEA Board on February 16, 2010.

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POLICY TYPE: GOVERNANCE PROCESS

POLICY 4.7 **POLICY TITLE: *DIRECTORS' INDIVIDUAL RESPONSIBILITY***

The leadership success of the Board is a direct result of the individual and collegial participation of its members.

Therefore, each Board member is expected to participate in the following ways:

4.7.1 Time Investment to Accomplish Board Responsibilities - As Board contemplation, deliberation and decision-making are processes which require wholeness, collaboration and participation, attendance at Board meetings is expected of Board members.

a. Expected Commitments:

(1) Monthly Board Meetings

(2) Annual Team Building

(3) Quarterly Review

(4) Bond Rating Agency Trip, 3 days (Board Chair is expected to attend. However, full participation is highly encouraged.)

b. Optional Involvement:

(1) Internal educational meetings with staff upon request

(2) Industry related seminars and conferences

(3) Visit other utilities and related industries

4.7.2 Preparation and Participation - Board members will prepare for Board and committee meetings and will participate productively in discussions, always within the boundaries of discipline established by the Board. Each member will contribute his or her own knowledge, skills and expertise to the Board's efforts to fulfill its responsibilities.

4.7.3 Members as Individuals - The CEO is accountable only to the Board as an organization, and not to individual Board members. Accordingly, the relationship between the CEO and individual members of the Board, including the Chairman, is collegial, not hierarchical.

Adopted in its entirety by the JEA Board on February 16, 2010.

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POLICY TYPE: GOVERNANCE PROCESS

POLICY 4.8 **POLICY TITLE: *BOARD COMMITTEE PRINCIPLES***

Board committees, when used, will be assigned so as to reinforce the wholeness of the Board's job and not to interfere with delegation from the Board to the CEO.

Accordingly,

4.8.1 Board committees are to help the Board accomplish its responsibilities and are not assigned to perform staff functions. Committees ordinarily will assist the Board by preparing policy alternatives and implications for Board deliberation. In keeping with the Board's broader focus, Board committees will normally not have direct dealings with current staff operations unless specifically outlined in committee objectives.

4.8.2 Board committees may not speak or act for the Board except when formally given such authority for specific purposes. Expectations and authority will be carefully stated in order to prevent conflict with authority delegated to the CEO.

4.8.3 Board committees cannot exercise authority over staff. The CEO works for the full Board, and will therefore not be required to obtain the approval of a Board committee before an executive action.

4.8.4 Committees will be formed for a specific purpose only. Its purpose and function will be documented in a written charge. All committees are accountable to the Board as a whole.

4.8.5 This policy applies to any group that is formed by Board action, whether or not it is called a committee and regardless of whether the group includes Board members, it does not apply to committees formed under the authority of the CEO.

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POLICY TYPE: GOVERNANCE PROCESS

POLICY 4.9 **POLICY TITLE: *BOARD COMMITTEE STRUCTURE***

A committee is a Board committee only if its existence and charge come from the Board, regardless of whether Board members sit on the committee. The only standing Board committees are those which are set forth in the Bylaws or in this policy. Unless otherwise stated, a committee ceases to exist as soon as its task is complete. The CEO will attend meetings of each committee, but shall not have a vote.

Accordingly,

4.9.1 Nominating Committee: The purpose of the Nominating committee is to recommend Board officers for election by the Board as a whole.

a. The Nominating Committee will be comprised of three members. The current Chairman (which shall serve as chair of the committee) and the two most immediate past Chairman still remaining on the Board will constitute the committee. If one or more past chairman is no longer serving on the Board, the Chairman shall select Board members to fill out a committee of three.

b. The Nominating Committee shall be formed no later than January of each year and will make its recommendation to the Board for action at its March meeting.

4.9.2 Finance and Audit Committee: The purpose of the Finance and Audit committee is to assist the Board in fulfilling its oversight responsibilities by reviewing financial information, systems of internal controls, and audit process, including a high level review of the operating and capital budgets. The committee will provide an open avenue of communication between the Board, Management, Audit Services, and external auditors.

a. The Finance and Audit committee will be comprised of three members appointed annually by the chair and confirmed by the Board. Two members will constitute a quorum.

b. The committee will meet at least four times per year. A schedule of regular meetings will be established by the committee annually. Special meetings may be called by any committee member. Meeting dates, times and location will be announced to the entire Board.

c. The committee shall oversee:

(1) Internal controls and risk assessment

(2) Internal Audit Services

(3) Compliance with laws, regulations and code of conduct

(4) Financial Reporting

d. The committee will oversee the External Auditor

4.9.3 Other Committees may be established as designated by the Chair.

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POLICY TYPE: GOVERNANCE PROCESS

POLICY 4.10 **POLICY TITLE: *COST OF GOVERNANCE***

The Board will invest in continuous improvement in its governance capacity.

Accordingly,

4.10.1 The Board will use appropriate methods to improve its governing skills.

a. Training and retraining will be used liberally to orient new members as well as to maintain and increase existing members' skills and understandings.

b. Outside monitoring assistance will be arranged so that the Board can exercise confident control over organizational performance. This includes but is not limited to a financial audit.

c. Outreach mechanisms will be used as needed to ensure the Board's ability to listen to owner viewpoints and values.

d. Knowledgeable industry experts will be made available to the Board in various ways to continuously improve the Board's awareness of emerging utility industry issues.

4.10.2 Costs for appropriate Board governance will be included during annual budget preparations. Any expenditure required will be in accordance with JEA procurement policies. Items may include but not be limited to the following as annually decided by the Board:

a. training

b. attendance at conferences, industry site visits and Rating Agency presentations

c. audit and other third-party monitoring of organizational performance

d. surveys, focus groups, opinion analysis, and meeting costs.

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APPENDIX

A1 Executive Core Competencies

A2 JEA Charter (Article 21 of City of Jacksonville Ordinance Code)

A3 By-Laws of JEA

Adopted in its entirety by the JEA Board on February 16, 2010.

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Executive Core Competencies

Models Integrity

- Demonstrates high ethical standards and models important values for others to follow.
- Behaves and expresses oneself in an open and honest manner; is consistent in word and deed
- Is a fair person who does not manipulate or take advantage of others
- Tells the truth even when it is difficult
- Utilizes values and principles to guide his/her decisions
- Builds respect and trust from others by following through on commitments
- Represents information accurately and completely
- Assumes responsibility for own behavior; admits to mistakes

Makes Quality Decisions

- Examines and integrates data from a variety of sources to make quality decisions
- Prioritizes decisions and initiatives in ways that ensures the highest value for the organization
- Makes educated and effective decisions in a timely manner, even when data is limited
- Makes high-quality strategic decisions for the organization even when the consequences may be controversial
- Seeks the input of others to ensure that decisions made will be best for the organization and will minimize conflict with other initiatives
- Takes appropriate risks that weighs the positive and negative impact of each decision on the organization

Takes Initiative

- Assumes full ownership and accountability for own performance
- Takes on challenging work, even in the face of obstacles
- Initiates action on projects without being pressured from others to do so
- Reacts quickly to address problems that threaten organizational objectives
- Seeks out opportunities to extend or expand upon the organization's position in the market place
- Is passionate, highly engaged and highly energetic

Communicates Effectively

- Listens actively to ensure understanding of each person's point of view
- Clearly articulates (through speech or in writing) own knowledge and ideas so they are easily understood and applied to others
- Communicates through appropriate channels

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- Identifies sources of motivation and appeals directly to co-workers in a language meaningful to them
- Is engaging with others and demonstrates professionalism through body language, including eye-contact, confidence, and focus
- Addresses difficult problems and perceptions that, if left untreated, could undermine the success of the organization
- Ensures regular, consistent, and meaningful communication throughout the organization

Drives Results

- Seeks to achieve improved or even unprecedented results and demonstrates personal accountability for outcomes
- Creates a positive environment in which results flow from a desire to achieve
- Sets strategic goals and measurable performance expectations for defining success
- Drives execution with speed and discipline, and delivers on personal and organizational commitments
- Demonstrates ownership for performance of entire organization, and holds self and organization accountable for decisions and results
- Assesses financial implications of initiatives; allocates resources to improve results while maintaining financial discipline
- Actively monitors performance of self and others relative to performance objectives

Focuses on the Customer

- Places high priority on identifying and meeting internal and external customer needs
- Provides high quality, valuable and consistent service to customers
- Ensures that customers understand and receive the fullest value possible from the products and services of the organization
- Assures that products and services meet customer needs and expectations
- Adapts and personalizes services to meet individual customer needs
- Anticipates changing customer needs and develops ways to meet or exceed those needs
- Utilizes follow-up procedures to ensure consistency and determine where improvements can be made to maintain high customer satisfaction

Fosters Teamwork

- Shares relevant expertise and knowledge to ensure team members have adequate information to make decisions and achieve objectives
- Identifies and removes barriers that interfere with the team's success and provides suggestions to enhance team effectiveness
- Contributes to inclusive culture by valuing others' viewpoints, encouraging others to share ideas, and treating others in an accepting, respectful manner

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- Recognizes and capitalizes on the strengths of others to accomplish organizational objectives
- Exhibits willingness to listen to others' views even if not same as own
- Does not take conflicts personally; handles conflict in a positive manner and seeks mutual understanding
- Directly confronts behaviors that undermine team effectiveness

Manages and Supports Change

- Effectively copes with changing environments, tasks and responsibilities
- Facilitates the acceptance and implementation of change to enhance the organization
- Encourages others to embrace change and use it as an opportunity to be creative and improve performance
- Identifies the changes necessary to move the organization forward
- Embraces and promotes change initiatives with a positive and enthusiastic attitude
- Ensures that change initiatives are aligned with strategic initiatives, values, and mission of the organization
- Leads change initiatives with frequent and consistent two-way communication
- Leverages resources to promote and sustain change efforts

Visionary Strategist

- Develops the strategies and actions needed to accomplish desired organizational objectives
- Communicates the organization's vision in a way that is meaningful and actionable for employees
- Researches and analyzes marketplace, political, economic, and other external influences to formulate vision and strategy, and position the organization in the marketplace
- Collaborates with Executive Team and Board of Directors to determine vision and strategy, and ensures support throughout the organization
- Reviews the planning, organization, and direction of initiatives to ensure support of the mission statement and values
- Considers both short and long-term implications of a strategy
- Accurately anticipates the implications of events or decisions for various stakeholders in the organization and plans strategy accordingly

Manages Performance

- Motivates others to achieve results through both respect and holding them accountable
- Provides others with constructive feedback, guidance, and coaching for improving performance
- Sets clear performance expectations and strategic goals, regularly monitors performance, and provides accurate evaluations

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- Encourages the use of development activities (e.g., workshops, mentoring), to improve performance and achieve desired results for the organization
- Identifies and provides important assignments to facilitate the development of key personnel
- Balances levels of support, direction, and autonomy based on employee needs and level of experience

Delegates to Others

- Plans delegated assignments to ensure an optimal match between value of task and value of the resource attached to it
- Determines when to assign responsibilities to others and clarifies expectations to ensure effectiveness
- Provides others with the resources, authority, and support to complete delegated tasks successfully
- Develops employees for assuming additional responsibilities; anticipates talent gaps and accelerates development plans to fill gaps
- Recognizes individuals who are successful in completing delegated assignments

Maintains Positive Public Relations

- Seeks and builds relationships with external constituencies (e.g., elected officials, government agencies, other utility leaders, trustees, investment bankers) to strengthen the organization's impact and reputation in the community
- Treats others outside the organization in an accepting, respectful manner
- Understands the needs of the cities, board members and the community, and leverages this information to shape policies and initiatives
- Represents the organization with credibility to print and media sources (includes providing information, clarifying facts, etc.)
- Researches constituencies to determine the best way to communicate to them
- Ensures that customers experience and understand the full value they derive from the organization

Actively Supports Board of Directors

- Keeps Board of Directors informed on progress towards implementing strategic initiatives and other important information
- Updates the board on large-scale progress of the organization towards its objectives
- Shows an appreciation for the unique role of a board member
- Maintains a cordial, productive relationship with each board member
- Educates the Board on the strategies and priorities that balance the needs of customers with operational needs
- Keeps board members informed on important issues – "no surprises"

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Leads Others Effectively

- Develops and communicates compelling rationales that build commitment and support for one's perspectives, strategies, and initiatives
- Builds diverse, high-performing teams that accomplish organizational changes, goals, and priorities
- Listens to the diverse ideas, perspectives, and contributions of others across the organization
- Builds trusting, collaborative relationships across organizational boundaries to achieve goals
- Leads with integrity and values, and a focus at all times on the mission of the organization
- Challenges and motivates others in a way that is inclusive, tactful, empowering, and maximizes performance
- Leads with a vision that inspires others to adopt the goals of the organization as their own
- Ability to interact and get along with employees at all levels

Leverages Industry Acumen

- Monitors and analyzes financial data and key cost drivers (e.g., personnel) to evaluate options and make decisions
- Understands overall financial and operational performance of an organization in order to effectively position it in the marketplace
- Establishes and maintains realistic budgets in accordance with the organizations policies
- Follows appropriate legal and fiduciary requirements when reconciling and reporting financial transactions
- Considers multiple options for reducing costs and keeping the organization as efficient as possible
- Seeks to develop financial acumen and understand key financial related issues
- Grows continuously in business knowledge and experience

Plans for the Future

- Identifies and balances risks and benefits when developing plans
- Assesses financial implications of projects and initiatives; allocates resources to improve results while maintaining financial discipline
- Provides the information, resources, implementation time, and talent needed to make plans and their implementation successful
- Identifies need for and ensures contingency plans are developed
- Assigns or directly monitors and evaluates the external environment when developing plans
- Aligns and allocates resources and time according to strategic priorities and company interests

Embraces Diversity

- Promotes the active recruiting of diverse individuals

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- Communicates and clarifies the link between diversity and achieving the organization's strategic goals
- Demonstrates visible support for programs that remove barriers (e.g., stereotypes) between diverse individuals
- Actively monitors organization to ensure equality and fairness for all members; objectively allocates compensation, rewards, and opportunities
- Promotes an inclusive culture where different viewpoints are valued and encouraged

Negotiates Collaboratively

- Strives to understand each party's position by asking in-depth questions and probing for specific needs and issues
- Defines and evaluates specific points of agreement and disagreement
- Seeks win-win solutions that meet the underlying interests of all parties
- Discloses appropriate and important information to establish openness and trust
- Keeps arguments or disputes issue-oriented rather than personal
- Maintains flexibility in negotiating style, adapting style to the specific needs of a given situation

Manages Politics

- Accurately discerns unspoken feelings and motivations, and leverages to determine what to say or how to proceed
- Adapts dress and demeanor as appropriate to a situation
- Appropriately manages impressions of oneself, one's department and the organization
- Keenly aware of and adheres to the norms and practices of the organization's culture
- Leverages appropriate channels of influence to more efficiently gain resources and accomplish goals
- Creates and maintains both formal and informal networks within the organization that facilitate the achievement of goals
- Chooses battles wisely and matches urgency to the importance of the concerns under discussion

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JEA Procurement Code

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2004
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DEFINITIONS

Award is the written approval of the JEA Awards Committee that the Formal Procurement action was in accordance with the JEA Procurement Code and Florida Statutes. Once an Award is approved, JEA will either issue a Purchase Order or execute a Contract with the successful Company.

Awards Committee is the body composed of appointed personnel that approves Procurement actions as defined in this Code.

Best and Final Offer is a Company's final offer following the conclusion of contract negotiations.

Bond Insurance means an agreement supplied by an insurance company in conjunction with a debt issue that provides for the guarantee of payment of principal and interest to the debt holder.

Cap means an agreement obligating the seller of the Cap to make payments to the buyer of the Cap, each payment under which is based on the amount, if any, by which a reference price or level or the performance or value of one or more underlying interests exceeds a predetermined number, sometimes called the strike/Cap rate or price.

Change Order means a written order issued by the JEA Project Manager, after the execution of the Contract authorizing, including but not limited to, additions, deletions, or revisions of the Supplies or Services, or an adjustment in the Contract Price, the Contract Term, or Contract performance. The JEA Project Manager may issue a Change Order without the consent of the Company. A revised Purchase Order shall be issued to the Company after a Changer Order is issued. Additionally, a Contract Amendment may be issued to formalize the material changes to the Contract.

Chief Procurement Officer means the person holding the position created in Section 2-203 (Designation and Qualifications of the Chief Procurement Officer) as the head of the central Procurement office of JEA.

Code means the JEA Procurement Code.

Collar means an agreement to receive payments as the buyer of an Option, Cap, or Floor, and to make payments as the seller of the Collar of a different Option, Cap, or Floor.

Company means any person or legal entity that provides or desires to provide Supplies or Services to JEA.

Construction means the process of building, altering, repairing, improving, or demolishing any structure or building, or other improvements of any kind to any real property. It does not include the routine operation, routine repair, or routine maintenance of existing structures, buildings, or real property.

Contract means all types of JEA agreements for the Procurement of Supplies or Services, regardless of what these agreements may be called.

Contract Amendment means any written amendment issued by the Chief Procurement Officer or Designee, after the execution of the Contract formalizing any material revisions to the Contract, including but not limited to, additions, deletions, or revisions to the Supplies or Services, or an adjustment in the Contract Price, the Contract Term, or Contract performance.

Collaborative Procurement means Procurement by, or on behalf of, more than one public entity or Utility Industry Partner and may include Procurements resulting from unsolicited offers.

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Cost-Reimbursement Contract means a Contract under which a Company is reimbursed for costs that are allowable and allocable in accordance with the Contract terms and the provision of this Code, and a fee, if any.

Data means recorded information, regardless of form or characteristic.

Design-Build Contract means a single Contract with a Design-Build Firm for the design and Construction of a Construction project.

Design-Build Firm means a Company that:

(a) Is certified under Sec. 489.119 F.S. to engage in contracting through a certified or registered general contractor or a certified or registered building contractor as the qualifying agent; or

(b) Is certified under Sec. 471.023 F.S. to practice or to offer to practice engineering; or

(c) Is certified under Sec. 481.219 F.S. to practice or to offer to practice architecture; or

(d) Is certified under Sec. 481.319 F.S. to practice or to offer to practice landscape architecture.

Design Criteria Package means concise, performance-oriented drawings or Specifications of a JEA Construction project.

Design Criteria Professional means a Company that holds a current certificate of registration under Chapter 481 F.S. to practice architecture or landscape architecture or a Company that holds a current certificate as a registered engineer under Chapter 471 F.S. to practice engineering and who is employed by or under contract to JEA for the providing of professional architect services, landscape architect services, or engineering services in connection with the preparation of a Design Criteria Package.

Designee means a duly authorized representative of a person holding a position of authority.

Determination means a finding or decision made in the course of the Procurement process required by the Code.

Emergency means a reasonably unforeseen breakdown in machinery, a threatened termination of an essential service, the development of a dangerous condition, the development of a circumstance causing curtailment or diminution of an essential service or the opportunity to secure significant financial gain, to avoid delays to any governmental entity, or avoid significant financial loss, through immediate or timely action.

Employee means an individual drawing a salary from JEA, whether appointed or not.

Ex Parte Communication means any oral or written communication relative to a Solicitation, evaluation, Award or Contract controversy that occurs outside of an advertised public meeting pursuant to Section 286.011 F.S.

Floor means an agreement obligating the seller of the Floor to make payments to the buyer of the Floor, each payment under which is based on the amount, if any, that a predetermined number, sometimes called the strike/Floor rate or price, exceeds a reference price, level, performance or value of one or more underlying interests.

Forward Supply Agreement means a supplier has agreed to supply or cause to be supplied appropriate investments in appropriate amounts and for appropriate periods and to pay consideration to an

entity either over time or up-front in an amount determined by bid or negotiation for the right to supply such investments to the escrow holder or other recipient identified by the entity.

Hedge means any transaction which is entered into and maintained to reduce the risk of a change in the value, yield, price, cash flow, or quantity of, or the degree of exposure with respect to, assets or liabilities which the buyer has acquired or incurred, or anticipates acquiring or incurring.

Industry Association means a voluntary association of firms having membership in a not-for-profit corporation with specified common interests.

COMMENTARY:

Examples of Industry Associations are American Public Power Association, Large Public Power Council, Florida Municipal Electric Association, Southern Electric Reliability Council, National Electric Reliability Council, Electric Power Research Institute and the Edison Electric Institute.

Informal Purchases means purchases of Supplies or Services of $300,000 or less; or electrical Services of $75,000 or less; or architectural or engineering Services of less than $35,000.

Invitation for Bids means all documents, regardless of medium, whether attached to or incorporated by reference in Solicitations for bids.

JEA means that independent agency of the City of Jacksonville as defined in Article 21 of the JEA Charter.

JEA Board means the members of the JEA appointed to serve as provided by Section 21.03 of the JEA Charter.

JEA Charter means Article 21 of Chapter 92-341, Laws of Florida, as amended from time to time.

Letter of Credit means a commitment, usually made by a commercial bank, to honor demands for payment of an obligation upon compliance with conditions and/or the occurrence of certain events specified under the terms of the commitment.

Liquidity Support means lines of credit, usually made by a commercial bank, provided to a debt issuer to pay the principal amount of debt either upon maturity or upon demand by the debt holder for payment in conjunction with the issuance of debt, often in the form of commercial paper, in the event that the remarketing agent or the dealer is unable to remarket the debt.

Office of General Counsel means the General Counsel, City of Jacksonville or Designee.

Operational Procedures means the Chief Procurement Officer's written instructions applicable to JEA Procurements and Procurement activities that have been promulgated in accordance with this Code.

Option means an agreement giving the buyer the right to buy or receive, sell or deliver, enter into, extend or terminate, or effect a cash settlement based on the actual or expected price, level, performance, or value of, one or more underlying interests.

Organizational Element means any subdivision of JEA —team, area, activity, department, group, business unit, etc.-- that utilizes any Supplies or Services procured under this Code.

Procurement means purchasing, renting, leasing, or otherwise acquiring; or selling, renting, leasing or otherwise disposing of any Supplies or Services. It also includes all functions that pertain to the acquisition or disposal of any Supplies or Services, including description of requirements, selection and solicitation of sources, preparation and Award of Contract.

Procurement Appeals Board means the body comprised of appointed personnel as designated in this Code to hear appeals regarding Procurement issues as designated in this Code.

Procurement Officer means the person designated by the Chief Executive Officer to procure Supplies, Services or Real Estate as set forth in this Code.

Professional Services means Services the value of which are substantially measured by the professional competence of the Company performing them and which are not susceptible to realistic competition by cost of Services alone. Professional Services shall include, but are not limited to, Services customarily rendered by attorneys; certified public accountants; and insurance agents, financial advisors, personnel consultants, systems consultants, and management consultants. For purposes of this Code, Professional Services shall not include Services customarily rendered by architects, landscape architects, professional engineers and registered surveyors.

Project Manager means the JEA Employee assigned responsibility for the successful management of a particular Construction project or Architect-Engineer and Land Surveying Services project. The duties of the Project Manager include Contract administration and making written Determinations with respect thereto.

Public Partner means any state or territory of the United States, or any county, city, town or other subdivision of any state or territory of the United States, or any public agency, public authority, educational, health, or other institution of such subdivision.

Purchase Description means the words used in a Solicitation to describe the Supplies or Services to be purchased, and includes Specifications attached to or made a part of the Solicitation.

Qualified Proposers List means the list of Qualified Proposers for design, engineering, architecture, surveying and other similar work as maintained by Procurement.

Real Estate means land, including buildings and improvements, its natural assets, easements or a permanent interest therein.

Repurchase Agreement means a transaction in which one party (seller) agrees to transfer to the other party (buyer) securities against the transfer of funds by the buyer with a simultaneous agreement by the buyer to transfer to the seller such securities at a date certain or upon demand against the transfer of funds by the seller.

Request for Proposals means all documents, regardless of medium, whether attached to or incorporated by reference in Solicitations for proposals.

Request for Qualifications and Statement of Interest means all documents, regardless of medium, whether attached or incorporated by reference, utilized for soliciting information to determine most qualified Design-Build Firms.

Responsible Bidder means a Company that has the business judgment, experience, facilities and capability in all respects to perform fully the Solicitation requirements, and the integrity and reliability that will assure good faith performance.

Responsible Bidder's List means the list of Responsible Bidders for Construction, reconstruction, repair, maintenance and other similar work as maintained by Procurement.

Responsive Bidder means a Company that has submitted a response that conforms in all material respects to a Solicitation.

Securities Lending means an activity in which securities are loaned to a dealer or financial institution by a lending party in exchange for a fee and collateral comprising securities with a market value greater than the loaned securities. Loaned securities are due upon demand by the lending party.

Services mean the furnishing of labor, time or effort by a Company. This term includes work performed on Construction projects and the receipt, delivery and transmission of electric power, fuel, by-products or thermal energy. This term shall not include employment agreements or collective bargaining agreements.

COMMENTARY:

This definition of Services is very general and includes both Professional Services and other services such as personal, administrative or technical services.

Sole Source means the one justifiable Company that can provide the Supplies or Services.

Solicitation means the document (which may be electronic) issued by the JEA Procurement Department for the Procurement of Supplies or Services.

Solicitation Review Team is the group of JEA staff as further defined in this Code that reviews proposed Solicitations prior to release to the public.

Specifications mean any description of the physical or functional characteristics, or of the nature of an item of Supply or Service. It may include a description of any requirement for inspecting or testing an item of Supply or Service, or preparing such item for delivery. Also commonly referred to as Technical Specifications.

Supplemental Work Allowance (SWA) means funds established prior to Award of a Contract to be used for revisions to Contract terms, existing work, anticipated unknown work or unanticipated work. The SWA shall be expended through a Contract Amendment approved by the CPO if the SWA results in the increase of the Contract Price.

Supplies mean all property, including but not limited to, equipment, materials, repair parts, consumables, tools, printing, and leases of real property, excluding Real Estate.

Swap (Interest Rate or Commodity) means an agreement to exchange, or net, payments at one or more times based on the actual or expected price, level, performance, or value of one or more underlying interests.

Tri-party Repurchase Agreement means an agreement between the buyer, seller and custodian whereby the custodian is not affiliated with either the buyer or the seller, and the custodian is the safekeeping agent for securities involved in a Repurchase Agreement transaction.

Useful Life Cycle of Supplies means that time beginning with the purchase of the item and ending when the item is no longer of significant use to the JEA.

Utility Industry Partner means a company, approved by the Chief Procurement Officer, with whom JEA may legally engage in at least one of the Collaborative Procurement practices or joint ventures set forth in this Article for a specific Procurement or project.

COMMENTARY:

(1) In order to be a Utility Industry Partner for a given project, the firm must be approved by the Chief Procurement Officer after consultation with the Office of General Counsel for that Procurement or project. The determination that the firm is a Utility Industry Partner for one project does not mean that the firm shall be a Utility Industry Partner on any other Procurement or project.

(2) Florida Power and Light Company and the Southern Company are now Utility Industry Partners for the St. Johns River Power Park and Plant Scherer projects, respectively. Examples of prospective Utility Industry Partners include, but are not limited to: publicly-owned or privately-owned utilities; utility industry trade associations; exempt wholesale generators; cogenerators or small power producers; other entities whose business purpose is the generation or transmission or distribution or the promotion of the efficient use of electricity or water.

(3) Utility Industry Partners may also include Companies that provide JEA Supplies, Services or Real Estate who have contractual relationships with other firms that JEA may use to secure Supplies or Services at prices determined by the Awards Committee to be advantageous and desirable to JEA.

ARTICLE 1- GENERAL PROVISIONS

1-101 Purposes, Rules of Construction

(1) *Interpretation.* This Code shall be construed liberally and applied to promote its underlying purposes and policies.

(2) *Purposes and Policies.* The underlying purposes and policies of this Code are:

(a) to simplify, clarify, and modernize the rules governing Procurement by JEA;

(b) to permit the continued development of this Code and Operational Procedures for flexibility and execution of JEA's value chain activities;

(c) to provide for increased public confidence and consistency in the procedures followed in JEA Procurement;

(d) to ensure the fair and equitable treatment of all persons who deal with the JEA Procurement system;

(e) to provide increased economy in JEA Procurement activities and to maximize, to the fullest extent practicable, the purchasing value of JEA funds;

(f) to foster effective, broad-based competition within the free enterprise system;

(g) to provide safeguards for the maintenance of Procurement system quality and integrity, and

(h) to ensure JEA's Procurement activities comply with Florida Statutes.

(3) *Singular-Plural and Gender Rules.* In this Code, unless the context requires otherwise:

(a) words in the singular number include the plural, and those in the plural include the singular; and

(b) words of a particular gender include any gender and the neuter, and when the sense so indicates, words of the neuter gender may refer to any gender.

(4) *Use of Capitals in Text.* This Code comprises numerous defined terms and position titles. The following convention regarding capitalization of the first letter of each word constituting these terms in the text of the Code has been adopted to aid the reader. In general:

(a) the first letter of the first word of a defined term, position title or Organizational Element is capitalized if it begins a sentence;

(b) the first letter of each word of a defined term is capitalized in its definition;

(c) the terms *Authority*, *Code*, *City Charter*, *JEA*, *JEA Board, Office of General Counsel* are capitalized as presented here; and

(d) names of committees, other boards, state offices, laws and solicitation documents are capitalized.

(5) *Job Titles.* This Code includes JEA job titles that may be changed in the future due to JEA organizational changes. It is intended that the appropriate successor job titles shall be substituted in the Code by the Chief Executive Officer when appropriate.

(6) *Interpretation*: Where the word "shall" is used, it connotes a mandatory requirement. Where the word "may" is used, it connotes a permissive.

1-102 Application of this Code

(1) *General Application.* This Code applies only to Contracts and Contract Amendments solicited or entered into after the effective date of this Code.

COMMENTARY:

This Code would not retroactively affect rights and remedies under existing Contracts. The Code will affect rights and remedies under existing Contracts that are amended, extended or renewed after the effective date of this Code.

(2) Application *to JEA Procurement.* This Code shall apply to expenditures of public funds under Contract by JEA, irrespective of their source. It shall also apply to the sale or other disposal of JEA property and Supplies. Nothing in this Code or in Operational Procedures promulgated hereunder shall prevent JEA from complying with the terms and conditions of any grant, gift, bequest, or collaborative agreement.

(3) Application *to St. Johns River Power Park Procurement.* Unless otherwise prohibited by the Agreement for Joint Ownership, Construction and Operation of St. Johns River Power Park Coal Units #1 and #2, as amended, and St. Johns River Power Park Procurement policies and procedures, this Code shall apply to St. Johns River Power Park Procurements to the extent adopted by the St. Johns River Power Park Executive Committee.

COMMENTARY:

The last sentence of subsection (2) enables JEA to comply with conditions contained in grants, gifts, bequests, or agreements between JEA and a public or private party (for example, a lessee) specifying requirements for the design, location, construction, or utilization of facilities, including industrial development facilities.

1-103 Effective Date

(1) *Effective Date.* This Code became effective February 1, 1996, when the Procurement organization set forth in Article 2 was established and functioning.

1-104 Determinations

Written Determinations required by this Code shall be retained in the appropriate official Contract file maintained in accordance with Operational Procedures promulgated by the Chief Procurement Officer.

1-105 Definitions of Terms Used in this Code have been listed alphabetically in the "Definitions" Section.

1-106 Policy of Continuous Improvement

(1) *Suggestions for Improvements*. The JEA Board has delegated the authority to promulgate this Code to the Chief Executive Officer. The Chief Executive Officer intends for this Code to be a dynamic document comprising the best available public sector Procurement practices. To this end, the Chief Executive Officer encourages JEA Employees and others who deal with the JEA Procurement system to submit to the Chief Procurement Officer any ideas or suggestions for improvements to the Code.

(2) *Revisions to the Code*. The Chief Executive Officer may approve revisions to the Code provided the revisions are consistent with applicable law, and in keeping with the JEA Board Governance Policy Manual.

1-107 Public Access to Procurement Information

Procurement information shall be a public record to the extent provided in the Florida Public Records Law and the rules and regulations promulgated by the Division of Library and Information Services of the Department of State.

COMMENTARY:
The purpose of this provision is to achieve maximum public access to Procurement information consistent with Florida Statutes. The Florida Public Records Law is codified in Chapter 119 F.S.

1-108 Small and Disadvantaged Businesses

JEA desires to follow the small and/or disadvantaged business ordinances approved by the City of Jacksonville. Jacksonville Ordinance 2004-602 with revised Chapter 126 was approved and enacted August 10, 2004. Any definitions and policies described in any City of Jacksonville ordinances pertaining to small and/or disadvantaged business programs shall be incorporated into this Code. JEA shall adopt and adhere to any such program developed by the City, as currently exists and as may be amended in the future, unless exempted by the proper authority.

1-109 Office of General Counsel of the City of Jacksonville

(1) *Legal Services*. The Office of General Counsel shall serve as legal counsel and provide necessary legal Services to the JEA Board, the Chief Procurement Officer, the Solicitation Review Team, the Awards Committee, the Procurement Appeals Board and Procurement Officers regarding Procurement matters.

(2) *Contracted Legal Services*. Contracts for outside legal counsel must be awarded and approved pursuant to the provisions of Section 21.07(e) of the JEA Charter and in accordance with Section 2-202 (Procurements Exempted from Competitive Solicitation) of the Code.

COMMENTARY:
The Office of General Counsel should serve as the legal counsel to advise and assist JEA on legal matters. Such legal counsel should designate such assistants as may be deemed necessary to act as advisors to personnel in JEA. In addition, the legal counsel or assistant should provide prompt legal advice to their clients as each occasion demands, so that the Procurement process, where speed is so often necessary, can move ahead promptly.

1-110 Ex Parte Communication Prohibited

(1) *Policy*. Ex Parte Communication denies any Company submitting a bid or proposal fair, open and impartial consideration. Adherence to procedures that ensure fairness is essential to the maintenance of public confidence in the value and soundness of the important process of public Procurement. Therefore, any Ex Parte Communication between a Company (or its employees, agents or representatives) and JEA (its members, Employees, agents, or representatives, other than the Chief Procurement Officer or Designee or JEA's legal counsel) is strictly prohibited.

(2) *Periods*. Ex Parte Communication is prohibited during the following periods:

(a) from the advertisement of a Solicitation through the award of a Contract; and

(b) from the initiation of a protest of an Award or Contract through resolution of such protest.

(3) *Exclusions*. This requirement shall not prohibit:

(a) public meetings called or requested by JEA and attended by bidders or proposers for the purpose of discussing a Solicitation, evaluation or selection process including, but not limited to, substantive aspects of the Solicitation document. Such meetings may include, but are not limited to, pre-bid or pre-proposal meetings, site visits to JEA's, bidders' or proposers' facilities, interviews/negotiation sessions as part of the selection process, and other presentations by bidders or proposers, all of which are requested by JEA. Such authorized meetings shall be limited to topics specified by JEA.

(b) the addressing of the Awards Committee and the Procurement Appeals Board at public meetings advertised and conducted pursuant to Section 286.011 F.S.;

(c) the filing and prosecution of a written protest to any proposed Award to be made pursuant to the Solicitation, evaluation and selection process, which filing and prosecution shall give notice to all bidders or proposers. Protest proceedings shall be limited to open public meetings, with no Ex Parte Communications outside those meetings;

(d) contact by Company currently under Contract with JEA, but only in regard to any work performed on projects unrelated to the Solicitation and which are currently in process;

(e) communications between Company and Chief Procurement Officer or Designee, or JEA Legal Counsel in accordance with the requirements of any administrative remedies process;

(f) questions to the JEA Purchasing Agent, referenced in the Solicitation, regarding matters pertaining to a Solicitation during the time period allotted for Solicitation questions.

1-111 Retention of Procurement Records

All Procurement records shall be retained, made available and disposed of in accordance with the requirements of the Florida Public Records Law and the rules and regulations promulgated by the Division of Library and Information Services of the Department of State.

1-112 Collection of Data Concerning JEA Procurement

(1) *Chief Procurement Officer*. The Chief Procurement Officer shall prepare and maintain statistical Data concerning the Procurement, usage, and disposition of all Supplies and Services, except for Procurements by Procurement Officers in accordance with the requirements of Section 2-201 (Procurement Code Exemptions) and shall employ such trained personnel as may be necessary to carry out this function. Organizational Element managers shall furnish such reports as the Chief Procurement Officer may require concerning usage and needs, and the Chief Procurement Officer shall have authority to prescribe forms to be used in requisitioning, ordering, and reporting of Supplies and Services.

(2) *Procurement Officers*. As directed by the Chief Executive Officer, Procurement Officers operating under the requirements of Section 2-201 (Procurement Code Exemptions) shall prepare and maintain statistical Data concerning the Procurement, usage, and disposition of all Supplies and Services procured and shall employ such trained personnel as may be necessary to carry out this function.

COMMENTARY:

The Chief Procurement Officer and Procurement Officers should endeavor to perform assigned duties in a manner that will ensure that the Supplies and Services procured meet the requirements of JEA. To achieve this goal, the Chief Procurement Officer, Procurement Officers and Organizational Element managers should be free to make recommendations to each other. A close and cooperative relationship should be maintained.

1-113 Record of Procurement Actions Taken Under Section 3-111 (Sole Source Procurements) and Section 3-113 (Emergency Procurements)

(1) *Contents of Records*. The Chief Procurement Officer shall maintain a record listing all Formal Purchases made under Section 3-111 (Sole Source Procurements) and Section 3-113 (Emergency Procurements). The record shall contain:

(a) each Company's name;

(b) the amount and type of each Contract;

(c) a listing of the Supplies and Services procured under each Contract; and

(d) the reason or justification for the Procurement.

(2) *Submission to JEA Board.* A copy of such records listing all Formal Purchases made under Section 3-111 (Sole Source Procurements) and Section 3-113 (Emergency Procurements) shall be submitted to the JEA Board on a quarterly basis.

1-114 Record of Procurement Appeals Board Decisions Taken Under Section 5-301 (The Procurement Appeals Board)

(1) *Submission to JEA Board.* Procurement Appeal Board decisions made under Section 5-301 (The Procurement Appeals Board) shall be submitted to the JEA Board on a quarterly basis.

ARTICLE 2 - PROCUREMENT AUTHORITY, DESIGNATIONS, AND COMMITTEES

2-101 JEA Procurement Policy

Pursuant to the authority granted to the JEA Board under Section 21.09 of the JEA Charter, the JEA Board has authorized the Chief Executive Officer to promulgate the JEA Procurement Code, as long as the Code is in keeping with all laws, and in compliance with the JEA Board Governance Manual.

COMMENTARY:
The JEA Board passed the JEA Board Governance Manual on February 16, 2010, which, in policy 2.11, authorized the Chief Executive Officer to develop procurement policies and procedures.

2-102 Procurement Authority and Duties of the JEA Board

The JEA Board has authorized the Chief Executive Officer to promulgate this JEA Procurement Code. The JEA Board shall consider and decide matters of policy regarding the overall Procurement practices for JEA, as set forth in Policy 2.11 of the Board Governance Manual, which was adopted by the Board on February 16, 2010. The JEA Board shall have the power to audit and monitor the implementation of the requirements of this Code, but shall not exercise authority over the Award or administration of any particular Contract, or over any dispute, claim, or litigation. The JEA Board shall have the same authority over litigation relating to procurement matters as it would have over any other type of litigation.

2-103 Centralization of Procurement Authority

In accordance with the provisions of the JEA Charter and the JEA Board Governance Manual, all rights, powers, duties, and authority relating to the Procurement of Supplies and Services and Real Estate, and the management, control, sale and other disposal of Supplies and Services and Real Estate, are vested in the Chief Executive Officer or the Chief Procurement Officer, as provided in this Code.

2-201 Procurement Code Exemptions

(1) *Types of Procurements*. The following Supplies and Services need not be procured through the Chief Procurement Officer, but shall nevertheless be purchased, leased, sold or otherwise disposed of by the appropriate Organizational Element manager subject to the requirements of Subsections (2) and (3) below:

(a) Generation Fuels, Emission Allowances, and Associated Transport;
(b) Byproducts;
(c) Purchase or Sale of Electric Energy, Electric Generation Capacity, Electric Transmission Capacity and Transmission Services – Short and Long Term Transactions;
(d) Sale of JEA Owned Transmission and Ancillary Services, including applicable Enabling Agreements;
(e) Environmental Allowances;
(f) Real Estate, including easements;
(g) Community Outreach Procurements.

(2) *Procurements by Managers of Organizational Elements*. Prior to Procurement of Supplies or Services or Real Estate by a manager of an Organizational Element:

(a) the Chief Executive Officer shall approve both the directives governing the Procurement, and shall designate the Procurement Officer responsible for a specific area of Procurement.

(3) *Procurement Through the Chief Procurement Officer*. In the absence of a Procurement Officer designated by the Chief Executive Officer and Procurement Directives, the Supplies and Services listed in this section shall be procured through the Chief Procurement Officer in accordance with this Code and Operational Procedures.

(4) *Actions by the Chief Executive Officer*. The Chief Executive Officer may exempt other types of Procurement or may revoke the exempted status of any type of Procurement. The Chief Procurement Officer shall maintain a current list of the types of Procurements that are exempted.

2-202 Procurements Exempted from Competitive Solicitation

The following Services and/or Supplies are exempt from the Code's bidding requirements and may be awarded without competition:

(1) Procurement of attorney and legal related services, which shall include, but not be limited to, court reporters, consultants, and Real Estate property appraisers. Procurement of attorney and legal related services shall be conducted by the Office of General Counsel pursuant to the JEA Charter.

(2) Procurement of Professional Services, as defined in Florida Statute 287.055 for a project where the basic construction cost of which is not in excess of the threshold amount provided in Florida Statute 287.017 for CATEGORY FIVE, which is currently $325,000.00, or for a planning or study activity

when the fee for Professional Services is not in excess of the threshold amount provided in Florida Statute 287.017 for CATEGORY TWO which is currently $35,000.00.

(3) Procurements of authorized investments, investment management firms, trustee, actuarial, advisory, and custody services that are approved by the St. John River Power Park Pension Committee.

(4) Procurements under $200,000 or less and fall under the JEA Cost Participation Policy.

(5) Property and casualty insurance, and Human Resource Benefits may be Awarded through the broker/consultant for those services with ultimate approval by the Awards Committee.

2-203 Designation and Qualifications of the Chief Procurement Officer

The Chief Executive Officer shall designate a Chief Procurement Officer. The Chief Procurement Officer shall be a full-time, appointed JEA Employee with demonstrated executive and organizational ability.

2-204 Authority of the Chief Procurement Officer

(1) *Central Procurement Officer of JEA.* The Chief Procurement Officer shall serve as the central point of contact for JEA Procurement Actions.

(2) *Power to Promulgate Operational Procedures.* Consistent with the provisions of this Code, the Chief Procurement Officer shall promulgate Operational Procedures governing JEA Procurement activities. Whenever practicable, the Operational Procedures shall be updated to incorporate the use of new technologies, best practices, and streamlined procedures for continuous improvement of JEA's Procurement activities. Material revisions to the Operational Procedures shall be approved by the Office of General Counsel prior to the revisions becoming effective.

(3) *Effect of Operational Procedures on Existing Contracts Rights.* Operational Procedures shall apply to Contract Amendments (including extensions and renewals) entered into after the effective date of this Code. No Operational Procedure shall change any commitment, right, or obligation of JEA or a Company under a Contract in existence on the effective date of such Operational Procedure.

(4) *Duties.* Except as otherwise specifically provided in this Code, the Chief Procurement Officer duties shall include but are not limited to:

(a) supervise and coordinate the procurement of all Supplies and Services as needed by JEA;

(b) make Determinations as to what constitutes a minor irregularity in bids and when bids or proposal should be rejected;

(c) conduct or coordinate training as needed;

(d) develop and maintain the standard contract language for procurements in consultation with the Office of General Counsel.

2-205 Delegation of Authority by the Chief Procurement Officer

The Chief Procurement Officer may delegate authority in writing to Designees.

2-301 Creation of the Solicitation Review Team

The Chief Procurement Officer shall create a Solicitation Review Team to ensure all Formal Solicitations are reviewed to ensure, at a minimum, that the following items are properly defined and included in Solicitation:

(1) Price and Payments;
(2) Performance requirements;
(3) Warranties, insurance, and indemnification;
(4) Term and Termination;
(5) Scope of Work;
(6) Audit Requirements;
(7) Minimum Qualifications; and
(8) JSEB Requirements.

2-302 Solicitation Review Team Procedures

The Chief Procurement Officer shall promulgate Operational Procedures that, to the fullest extent possible, will provide for the thorough consideration and expeditious discharge of the Solicitation Review Team's duties. The Solicitation Review Team shall not take votes or recommend policy for JEA. To ensure competitive fairness, its meetings shall not be open to the public.

2-401 Creation of the Awards Committee

(1) There is hereby created an Awards Committee composed of:
   (a) any three to five Vice Presidents/General Managers, or Chief Officers who the Chief Executive Officer may appoint as voting members to perform the duties of the Awards Committee;
   (b) the Chief Procurement Officer as a non-voting member shall be the chair of the Awards Committee meeting and will present the Procurement items at the meeting after obtaining approval from the Budget Organizational Element;
   (c) a representative from the Budget Organizational Element, designated by the Chief Executive Officer, shall serve as a non-voting member of the Awards Committee with the primary role of providing information to and answering inquiries from the public and any Awards Committee members related to the Budget endorsement of the Award amount and other related financial matters; and

(d) a representative from the Office of General Counsel as a non-voting member who shall serve as counsel to the Awards Committee.

(2) *Quorum*. The presence of at least three (3) voting members of the Awards Committee at a meeting shall constitute a quorum. If the Chief Procurement Officer or his/her designee, the Budget Organizational Element representative or his/her designee, or a representative from the Office of General Counsel cannot be in attendance, the meeting shall be cancelled.

COMMENTARY:

The members of the Awards Committee may designate alternates upon permission of the Chief Procurement Officer. The Chief Procurement Officer may also designate an alternate to appear at the meeting in the event of the Chief Procurement Officer's unavailability.

Although the Chief Procurement Officer is a nonvoting member of the Awards Committee, the Chief Procurement Officer is responsible for approving the method of source selection for all items prior to their presentation to the Awards Committee.

2-402 Terms and Qualifications of Members of the Awards Committee

Members of the Awards Committee shall be appointed personnel of JEA and shall serve indefinite terms at the pleasure of the Chief Executive Officer.

2-403 Awards Committee Procedures

(1) The Awards Committee is subject to the Florida Sunshine Law, and all meetings of the Awards Committee shall be properly noticed, and minutes shall be taken. In addition, the voting members of the Awards Committee shall not discuss any matter which foreseeably could come before the Awards Committee with another member unless in a duly noticed meeting.

(2) Each voting member of the Awards Committee shall have one vote. It shall take a majority of the voting members of the Awards Committee for an item to be approved.

2-404 Duties of the Awards Committee

(1) *Scope of Review.* The Awards Committee shall review each Award item presented for compliance with the Code, and it shall consider whether the proposed action on the item is in the best interest of JEA.

(2) *Actions.* The Awards Committee shall, subject to Chief Executive Officer approval, make recommendations to approve, modify or reject Awards items. An Award items are required for the following:

(a) approving new Contracts;

(b) rescinding Solicitations after bids have been received;

(c) rejection of all bids;

(d) rescinding Awards previously approved by the Awards Committee;

(e) terminating Contracts previously approved by the Awards Committee;

(f) approving and authorizing Contract Amendments, Change Orders, contract renewals that exceed 10% of the previous Awarded total contract amount;

(g) approving Change Orders exceeding $1,000,000;

(h) approving Change Orders to Informal purchases that increase the contract amount above the approved Informal threshold;

(i) approving sales agreements that exceed the Informal purchase threshold;

(j) approving procurement actions when required for exempted procurement items in accordance with procurement directives (Section 2-201(2) Procurement Code Exemptions);

(k) ratifying procurement actions both Formal and Informal purchases; or

(l) approving all Sole Source (Section 3-111) and Emergency (Section 3-113) procurements

(3) *Concurrence of Chief Executive Officer.* The actions of the Awards Committee shall be implemented upon the written concurrence of the Chief Executive Officer. JEA shall not execute contracts where the intended expenditures for a specific fiscal period exceed the budget authorization for that period, nor shall JEA execute contracts that in the aggregate exceed the budget authorizations and projections for the same aggregate period.

COMMENTARY:

(1) The requirement for written concurrence includes concurrence by electronic means.

Additionally, procurement actions that combine the procuring of services and the selling of JEA surplus items, (e.g., demolition of excess power generation assets), shall also require Awards Committee approval when the Transaction Value is greater than Informal Purchases threshold. The Transaction Value is defined as the value of the demolition services and the surplus material.

(4) *Procurement Actions which are Exempted from Awards Committee Review.*

(a) Procurement actions set forth in Section 3-102 (Informal Purchases)

(5) *Exemptions by Directives.* The directives developed under the provisions of Section 2-201(2) (Procurement Code Exemptions) may exempt Procurement actions from Awards Committee review and approval.

(6) *Availability of Funding for Procurement Items.* Prior to presentation to the Awards Committee, each Award item shall be reviewed and approved by either the JEA or SJRPP Budget Organizational Element to determine whether sufficient funding is available for the Contract or Agreement. If the Budget Organizational Element is able to validate that sufficient funds are, or are expected to be available for the Award item, they will provide the JEA Budget endorsement at the Awards Committee meeting. If the Budget Organizational Element is unable to validate that sufficient funds are available, the operational Vice President/ General Manager or Chief Officer may certify by signature on the Award document that sufficient funding is or is expected to be available in the appropriate Departmental Budget for the expenses. In these cases, the Award Item may then be presented to the Awards Committee for consideration and the operational Vice President/ General Manager or Chief Officer's endorsement will

serve as the approval in place of the Budget Organizational Element approval pursuant to Article 2-401(1)(c).

(7) *Effect of Approval.* Once the items are reviewed and approved by the Awards Committee and the Chief Executive Officer, JEA is authorized to proceed with required actions to finalize the procurement of the Supplies or Services, including but not limited to, execution of Contracts, issuance of Purchase Orders and notices to proceed, and acceptance of delivery of Supplies and Services, subject to lawfully appropriated funds.

2-501 Creation of the Procurement Appeals Board

There is hereby established a Procurement Appeals Board composed of a chairperson and at least two other members. All members shall be designated by the Chief Executive Officer. A representative from the Office of General Counsel shall serve as counsel to the Procurement Appeals Board.

COMMENTARY:
The Procurement Appeals Board can provide expeditious and inexpensive procedures for the resolution of controversies.

2-502 Terms and Qualifications of Members of the Procurement Appeals Board

Members of the Procurement Appeals Board shall be a JEA Vice President/ General Manager or Chief Officer and shall serve indefinite terms at the pleasure of the Chief Executive Officer. At the discretion of the Chief Executive Officer, the Procurement Appeals Board may be a standing or *ad hoc* committee.

2-503 Procurement Appeals Board Procedures

(1) The Chief Procurement Officer shall promulgate Operational Procedures that, to the fullest extent possible, will provide for the expeditious resolution of controversies. The Procurement Appeals Board is subject to the Florida Sunshine Law, and all meetings of the Procurement Appeals Board shall be properly noticed, and minutes shall be taken. In addition, the voting members of the Procurement Appeals Board shall not discuss any matter which foreseeably could come before the Procurement Appeals Board with another member unless the discussion occurs in a duly noticed meeting.

(2) Each voting member of the Procurement Appeals Board shall have one vote. It shall take a majority of the voting members of the Procurement Appeals Board for an action to be approved.

2-504 Duties of the Procurement Appeals Board

The duties and operation of the Procurement Appeals Board are set forth in Article 5, Administrative Remedies and procedure provided in Appendix A.

ARTICLE 3 – SOURCE SELECTION AND CONTRACT FORMATION

3-101 Formal Purchases

(1) *Formal Purchase.* A Formal Purchase is the procurement of Supplies or Services where the estimated costs or fees exceed the following thresholds:

(a) Construction Services – $300,000 as required under Section 255.20, F.S.;

(b) Electrical Services – $75,000 as required under Section 255.20, F.S.;

(c) Architectural, Engineering, Landscape Architectural, or Surveying and Mapping Services:

i. Where the estimated cost for the basic construction of a project exceeds Section 287.017, Florida Statutes, for CATEGORY FIVE, which is currently $325,000.00; or

ii. Where the estimated fees for a planning or study activity exceeds Section 287.017, Florida Statutes, for CATEGORY TWO, which is currently $35,000.00; and

(d) All other Supplies and Services – $300,000 (to be consistent with Section 3-101(a)(i) of this Code).

(2) If a purchase is determined to be a Formal Purchase, specific procedures which are further detailed in the JEA Operational Procedures.

3-102 Informal Purchases

(1) *Conditions for Use.* Informal Purchases may be made in accordance with Operational Procedures. Procurement requirements shall not be artificially divided so as to constitute an Informal Purchase under this Section.

(2) *Competitive Pricing.* Unless the Procurement is otherwise exempted by this Code, the Operational Procedures for Informal Purchases shall require, at a minimum, the following kind and number of quotations from prospective suppliers:

a. one properly documented quotation for Procurements of $10,000 or less; or
b. three written or properly documented quotations for Procurements exceeding $10,000 but not exceeding the Formal Purchase threshold amounts stated in 3-101 (Formal Purchases).

(3) If the purchase is over $50,000 it shall be publicly advertised for 7 to 10 days.

3-103 Methods of Pre-Source Selection

If found to be in the best interest of JEA, the Chief Procurement Officer or Designee shall authorize the use of Pre-Source Selection methods which are as follows:

(1) *Request for Information (RFI).* A Request for Information (RFI) may request written information about the capabilities of bidders and prepare interested parties for participation in future Solicitations. The publication of a RFI notice does not obligate JEA to make the purchases referred to in the RFI.

(2) *Intent to Bid.* An Intent to Bid is intended to provide information to all bidders of JEA's intent to solicit a bid for Supplies or Services. The Intent to Bid may request a response from Bidders confirming their intent to submit a bid in response to a future JEA Solicitation. The publication of an Intent to Bid notice does not obligate JEA to make the purchases referred to in the Intent to Bid.

3-104 Methods of Source Selection

All JEA Contracts shall be awarded through a competitive sealed bidding process, pursuant to Section 3-105 (Invitation for Bids), unless otherwise provided in the following Section(s):

(a) Procurement Directives issued pursuant to Section 2-201(2) (Procurement Code Exemptions);
(b) Section 3-109 (Multi-Step Competitive Bidding);
(c) Section 3-106 (Request for Proposals);
(d) Section 3-107 (Procurements subject to the Consultant's Competitive Negotiation Act);
(e) Section 3-108 (Competitive Selection Procedures for Design-Build Services);
(f) Section 3-110 (Invitation to Negotiate);
(g) Section 3-102 (Informal Purchases);
(h) Section 3-111 (Sole Source Procurements);
(i) Section 3-112 (Procurement of Standard, Proprietary and Original Equipment Manufacturer Items);
(j) Section 3-113 (Emergency Procurements);
(k) Section 2-202 (Procurements Exempted from Competitive Solicitation);
(l) Article 4 (Procurement of Financial Instruments and Services);
(m) Article 3-114 (Public Private Ventures);
(n). Article 3-115 (Collaborative Procurement Agreements);
(o) Article 3-116 (Joint Projects); or
(p) Article 3-117 (Use of Publicly Procured Contracts).

3-105 Invitation For Bids (IFB)

(1) *Conditions for Use.* An IFB is the preferred method for acquiring Supplies and Services. Contracts awarded using this methodology shall be awarded based on price through a competitive sealed bidding process except as otherwise provided in Section 3-104 (Methods of Source Selection). An IFB shall be used when JEA is capable of precisely defining the Specifications for a Supply or Service. An

Award of Contract is based solely on the dollar amount of the Bid and does not include discussions or negotiations of material terms and conditions with the bidders.

COMMENTARY:
(1) IFBs are used when JEA is seeking the lowest price.

3-106 Request for Proposals (RFP)

(1) *Conditions for Use.* This bidding methodology shall be utilized if the Chief Procurement Officer or Designee determines that it is advantageous to JEA. JEA may use a RFP when (i) the evaluation criteria include quality measures in addition to price, or (ii) the Specifications cannot be precisely defined. Various combinations or versions of Supplies or Services may be proposed by a Company to meet the Specifications of the RFP document.

(2) This Section does not apply to the procurement of professional architectural, engineering, landscape architectural or surveying and mapping services. These types of services shall be obtained in accordance with Section 3-107 (Procurements subject to the Consultant's Competitive Negotiation Act) of this Code.

COMMENTARY:
(1) RFP Awards are based on quality and price, and allow greater flexibility in negotiating contract terms and conditions.

3-107 Consultant's Competitive Negotiation Act (CCNA) (Architectural, Engineering, Landscape Architectural, Or Surveying & Mapping Services)

(1) *Conditions for Use.* Professional architectural, engineering, landscape architectural, or surveying and mapping services shall be obtained in accordance with Florida Statutes 287.055, entitled "Consultant's Competitive Negotiation Act"(CCNA).

COMMENTARY:
(1) The CCNA process is required for these types of services and selection is based on quality measures only.

3-108 Competitive Selection Procedures for Design-Build Services

(1) *Conditions for Use.* JEA shall Award a Design-Build Contract in accordance with Section 287.055(9), Florida Statutes, or the Operational Procedures. The Operational Procedures allow the Award of a Design-Build Contract by the use of a competitive proposal selection process.

COMMENTARY:
(1) Design-Build is used in cases where the general design and construction requirements are known, but the detailed design and engineering is not completed, and this approach has been determined to be in the best interest of JEA.

3-109 Multi-Step Competitive Bidding

(1) *Conditions for Use.* Multi-Step Bidding involves a two phase process in which bidders first submit proposed revisions to both the commercial and technical terms of the Solicitation. During the second phase, the bidder shall submit a bid price based on a revised Solicitation. An Award is based solely on the price of the bid and does not include additional discussions or negotiations of material terms and conditions with bidders after the Award is approved.

COMMENTARY:
(1) Multi-Step Competitive Bidding provides flexibility for JEA to define commercial and technical terms after vendor feedback is obtained during the first step of the Solicitation process.

3-110 Invitation to Negotiate

(1) *Conditions for Use.* The Invitation to Negotiate is a Solicitation which in which JEA identifies one or more responsive Companies with whom JEA may request revised bids or responses, culminating in a Best and Final Offer, from which JEA will make its Award decision. The procedures for conducting an Invitation to Negotiate shall be described in the Operational Procedures.

COMMENTARY:
(1) This sourcing method provides added flexibility for JEA to directly negotiate with vendors during the IFB or RFP process to obtain the best overall pricing and service levels.

3-111 Sole Source Procurements

(1) *Conditions for Use.* A Contract may be awarded for Supplies or Services as a Sole Source when, pursuant to the Operational Procedures, the Chief Procurement Officer or Designee determines that:

(a) there is only one justifiable source for the required Supplies or Services; or
(b) a service is a follow-up of Services that may only be done efficiently and effectively by the Company that rendered the initial Services to JEA, provided the initial procurement was competitive.

3-112 Standard, Proprietary & Original Equipment Manufacturer Procurements

(1) *Conditions for Use.* A Contract may be awarded for Supplies or Services with limited or no competition when the Supplies or Services:

(a) have been selected as a JEA standard in the course of a standards program or through the action of a standards committee (standard); or
(b) must be a certain type, brand, make or manufacturer (proprietary); or
(c) must be obtained from the original equipment manufacturer, manufacturer's representative or a distributor authorized by the original equipment manufacturer because of the

criticality of the item or compatibility within the JEA system (original equipment manufacturer).

3-113 Emergency Procurements

(1) *Conditions for Use.* Notwithstanding any other provision of this Code, the Chief Procurement Officer or Designee may make or authorize Emergency Procurements when there exists an Emergency as defined in this Code, provided that such Emergency Procurements shall be made with as much competition as is practicable under the circumstances. A written determination of the basis for the Emergency and for the selection of the particular Company shall be included in the Procurement file.

3-114 Public Private Ventures

(1) *Conditions for Use.* JEA hereby adopts F.S. §287.05712, as may be amended from time to time, for the receipt of unsolicited proposals for a qualifying project and the entering of contracts with a private entities for such projects, subject to the following conditions:

(a) Application Fee. The purpose of an application fee is to pay for the costs of evaluating the unsolicited proposal. The application fee shall be for the direct costs associated with JEA's engagement of non-JEA staff in the evaluation of the unsolicited proposal. The proposer will be notified of the estimated costs of evaluation and shall either pay the application fee or withdraw the unsolicited proposal.

(b) Public Notice. JEA shall publish public notice in a newspaper of general circulation at least once a week for two weeks stating that JEA has received the unsolicited proposal and JEA will accept other proposals for the same project. The timeframe for allowing other proposals shall be no fewer than 21 days but no more than 120 days after the initial date of publication of the notice.

(c) Receipt of Proposals. Sealed proposals must be received by the Procurement Office no later than the time and date specified for submission in the published notice.

(d) Proposal Evaluations. An evaluation team shall evaluate and rank the proposals based upon factors that include, but are not limited to, professional qualifications and experience, general business terms, innovative design, techniques or cost-reduction terms, and finance plans. Proposers may be invited to make oral presentations regarding their proposals. The recommendations of the Evaluation Team shall be submitted to the Awards Committee for approval, rejection or reconsideration.

(e) Award. For contracts involving long-term debt financing by JEA, the Awards Committee recommendation shall be reviewed and approved by the CEO. Award shall be made to the highest-ranked responsible proposer whose proposal is most advantageous to JEA in accordance with the criteria the Evaluation Team used in evaluating and ranking the proposals. The decision of the CEO shall be final. Written notice of the award shall be given to the successful proposer. Awards made by the CEO shall include authority for all subsequent options of renewal, if any. All contracts shall be in a form acceptable to the CEO and are subject to approval as to legal form by the Office of General Counsel. The Chief Financial Officer or his/her designee shall review all finance plans and documents related to the Private Entity's

performance, payment of subcontractors and similar responsibilities. The Director of Risk Management shall review all insurance and related requirements.

3-115 Collaborative Procurement Agreements

(1) *Authorization.* JEA may participate in, sponsor, conduct, or administer a Collaborative Procurement agreement for the Procurement of any Supplies or Services or Real Estate with one or more public or Utility Industry Partners, nonprofit organizations or purchasing alliances in accordance with an agreement entered into between the participants. Such Procurements shall be in accordance with Operational Procedures.

(2) *Compliance with Code.* JEA shall not enter into a Collaborative Procurement agreement for the purpose of circumventing this Code. When the Chief Procurement Officer determines that the Procurement policies and practices utilized by the public or Utility Industry Partner administering a Collaborative Procurement effort substantially comply with the underlying purposes and policies of this Code, JEA's participation in the Collaborative Procurement agreement shall be deemed to be in compliance with this Code.

(3) *Controversies.* Contract controversies arising from a Collaborative Procurement agreement may be resolved in accordance with Article 5, Administrative Remedies, or in accordance with other procedures established or adopted by the public or Utility Industry Partner administering the Collaborative Procurement.

3-116 Joint Projects

JEA may enter into joint projects with public or Utility Industry Partners, the City of Jacksonville and its other independent agencies or other political subdivisions (e.g., the United States Navy, the Florida Department of Transportation, etc.) independent of the requirements of Article 3, Source Selection. Joint projects may include, but shall not be limited to, the following:

(a) combined water, sewer, drainage and road projects with the City of Jacksonville and Florida Department of Transportation;

(b) projects that provide significant benefit to JEA and its ratepayers.

3-117 Use of Publicly Procured Contracts

JEA may procure from, or in accordance with pricing, or other terms and conditions set forth in contracts of the City of Jacksonville and its other independent agencies or political subdivisions, other city and state or governmental agencies, school board districts, community colleges, federal agencies, the public or governmental agencies of any state, or from state university systems, and procurement authorities of JEA separate systems, independent of the requirements of Article 3, Source Selection. These Procurements shall be awarded through the Awards Committee in accordance with the Operational Procedures promulgated in accordance with Section 2-403 (Awards Committee Procedures).

COMMENTARY

St. Johns River Power Park and Unit 4 of Plant Scherer are separate systems of JEA.

3-118 Use Of Contract Types

(1) Any type of Contract subject to this Code that will promote the best interest of JEA may be used provided that, to the maximum extent practicable, all Formal Contracts, except master Contracts, must contain a not-to-exceed maximum amount. All subsequent orders or work authorizations under master Contracts must be in writing and contain a not-to-exceed maximum amount.

(2) A Cost-Reimbursement Contract may be used only when a determination is made that such Contract is likely to be less costly to JEA than any other type or that it is impracticable to obtain the Supplies or Services required except under such a Contract.

COMMENTARY:

(1) JEA has restrictions upon the use of funds in a fiscal year other than that in which the funds are appropriated. This section permits multi-year Procurement so that JEA may:

(a) procure larger quantities and obtain the benefits of volume discounts; and

(b) encourage Companies to make capital investments or investments in process changes required to reduce the cost of Supplies or Services they provide JEA.

(2) A multi-year Contract should be used only for master Contracts, unit price Contracts and Supplies or Services needed on a continuing basis with annual quantity requirements that can be reasonably estimated in advance. Multi-year Procurements should attract more competitors to submit bids or offers for the large Contract Awards and thereby provide JEA with the benefits of increased competition.

(3) In some cases, potential vendors are reluctant to enter into multi-year Contracts because of volatility or fluctuations in the vendor's cost of materials or components. To facilitate volume discounts through multi-year Contracts in these situations, Contracts may be structured with fixed and variable cost elements, where the variable cost elements escalate or de-escalate based upon materials or component prices at the time of order. For example, multi-year Contracts for cable and transformers may contain a variable price element based upon the published metals market cost of copper. In no situation, however, shall JEA enter into a Contract with variable price elements that requires JEA to order Supplies when such Supplies exceed any not-to-exceed price established in the Contract or when JEA determines that such order is not in its best interest.

3-119 Form Of Contract Documents

(1) *Formal Contracts.* The Office of General Counsel shall approve as to form all initial Contract documents requiring the signature of multiple parties for Contract documents exceeding the Informal Purchase amount. Contract Amendments do not require OGC form approval, unless specifically requested by JEA, and can be signed by the Chief Procurement Officer after review by a qualified JEA Employee.

(2) *Informal Contracts.* Purchase order formats may be used for Contracts that do not require the formality of signatures by both parties. If a Contract is executed for an Informal Purchase, it does not do not require OGC form approval, unless specifically requested by JEA, and can be signed by the Chief Procurement Officer after review by a qualified JEA Employee.

COMMENTARY:

(1) The Operational Procedures shall specify when a Contract should be established for a particular Procurement.

3-120 Execution of Contract Documents

The Chief Executive Officer shall execute all Contracts. The Chief Executive Officer may delegate to the Chief Procurement Officer the authority to execute Contracts. Contracts and purchase orders may be executed by electronic means or by facsimile signatures.

3-121 Project/Contract Manager Requirements

The role of a JEA Project and/or Contract Manager is as follows:

(a) Focus on making best business decisions for JEA when authorizing work and approving invoices;

(b) Improve Contract compliance by measuring vendor performance, applying liquidated damages, and holding the vendor accountable to Contract requirements;

(c) Unless otherwise approved by the Director of the Organizational Element, payment retainage shall be in accordance with Florida Statute 255.078, as amended;

(d) Take invoice payment discounts when appropriate; and

(e) Ensure all invoices are processed per the Contract pricing and terms.

COMMENTARY:

(1) For Subsection (c), a Director of the Organizational element may reduce the retainage below the amount specified by Florida Statutes: (a) to an amount equal to no less than 20% of the remaining cost to complete the project; (b) where there are no performance issues or quality concerns with the Company to date; and/or (c) Contract is 90% complete.

3-122 Continuing Services Contracts

Continuing services contracts are utilized for recurring work that is projected over a period of time. Individual Tasks issued under a continuing services contract shall not exceed either the amount authorized by the Contract or the amount as authorized by Florida Statutes for the specific category of work.

COMMENTARY

The maximum Individual Task amounts for Professional Services are specified in Florida Statute 287.055 (2)(g), and the maximum amount for Individual Tasks for Construction Services are specified in Florida Statute 355.32 (3)

3-123 Contract Pricing Terms

Contract pricing terms are required in all contracts and are the basis for invoice payment approvals. The appropriate type of pricing terms will depend on the type of contract and work being performed and include, but are not limited to, the following:

(a) Lump Sum/Fixed price Contracts. This type of Contract should be utilized for work that is clearly defined through the delivery of a specific deliverable or project milestone.

(b) Time and Materials and Labor Hour Contracts /Cost Reimbursement Contracts. This type of contract should be used when the scope and/or amount of work is uncertain at the beginning of the contract period.

(c) Unit Price Contracts: This type of contract is most appropriate for operations, repair and maintenance work provided through Continuing Services contracts.

ARTICLE 4 - PROCUREMENT OF FINANCIAL INSTRUMENTS AND SERVICES

4-101 [Deleted]

4-201 Types of Procured Financial Instruments and Services

This Article applies to the Procurement of the following financial instruments and Services:

(a) authorized investments pursuant to the electric system bond resolution, the electric system subordinated bond resolution, the St. Johns River Power Park bond resolution, the bulk power supply system bond resolution, water and sewer bond resolution and any future bond resolutions authorized by the JEA Board;

(b) financial instruments and arrangements, including but not limited to interest rate Swaps, Caps, Floors, Collars, Options and related hedging instruments and Forward Supply Agreements, Float Contracts, Guaranteed Investment Contracts (GICs) and related investment instruments used primarily in escrow agreements relating to debt instruments, Bond Insurance, surety policies, letters of credit, other credit enhancement facilities and Liquidity Support (e.g., continuing covenant agreements, standby bond purchase agreements, LOCs;

(c) purchases in the secondary market of JEA debt issued under the resolutions listed above;

(d) debt underwriting Services to underwrite variable or fixed rate bonds, notes, commercial paper or other debt-related financial instruments issued under the above resolutions, subject to a negotiated sale;

(e) debt underwriting Services to underwrite bonds, notes or other debt-related financial instruments issued under the above resolutions, subject to a competitive bid;

(f) bond counsel and related legal Services;

(g) financial advisory Services;

(h) trustee, registrar, paying agent, escrow agent, custody Services, and other similar fiduciary Services;

(i) credit rating agencies Services;

(j) dealers or remarketing agents that market commercial paper, variable rate demand obligations or other variable rate debt issued under the above resolutions;
(k) Securities Lending arrangements;
(l) financial printing Services, including but not limited to official statement printing;
(m) banking Services;
(n) escrow verification Services and accounting Services related to a debt issue or escrow restructuring; and
(o) letters of credit or Revolving Credit Facilities.
(p) Florida Voluntary Cleanup Tax Credits

4-301 Authorized Investments

(1) *Investments.* Investments shall be procured pursuant to the guidelines outlined in the JEA investment policy approved by the JEA Board on September 5, 1995 (most recently amended 12/20/11) and any subsequent amendments to that policy approved by the JEA Board, and shall be subject to the limitations contained in the bond resolutions under which the investments are to be held. The JEA Board authorizes the Chief Executive Officer or appointed managers designated by the Chief Executive Officer to:

(a) open and close accounts at registered broker/dealers or banks;
(b) purchase or sell securities which are authorized investments and sell securities provided to JEA as payment by customers in lieu of cash. The registered broker/dealer or bank is authorized to act upon any orders and instructions whether written or oral with respect to such account, and for the delivery of securities or money therefrom when received from the aforementioned appointed managers. Any of the aforementioned appointed managers may delegate to JEA Employees the authorization to transmit information regarding the execution and/or consummation of a trade described above. Securities transactions shall be approved in writing by any of the aforementioned appointed managers.

(2) *Execution of Certain Other Agreements.* Master Repurchase Agreements and tri-party master Repurchase Agreements and the related custody agreements shall be executed by the Chief Executive Officer or appointed managers designated by the Chief Executive Officer.

4-302 Financial Instruments and Arrangements

(1) *General.* Financial instruments and arrangements include interest rate Swaps, Caps, Floors, Collars, Options and related hedging instruments, Bond Insurance, surety policies, letters of credit, Forward Supply Agreements, float Contracts, Guaranteed Investment Contracts (GIC's), and related investment instruments used primarily in escrow agreements relating to debt instruments and other credit enhancement and Liquidity Support. Due to the dynamic nature of the marketplace for the foregoing, these types of instruments and arrangements shall be procured in a manner as authorized in this Section or as authorized by the Chief Executive Officer, or Designee on a case by case basis, based on prevailing practices in the

marketplace for such financial instruments and arrangements. Written approval by the Chief Executive Officer or Designee of the Procurement methodology shall be obtained prior to the Procurement, if the Procurement methodology is different than the methods specified below. Final approval of the winning bidder for the various instruments in this Section will be confirmed by the Chief Executive Officer or Designee.

(2) *Selection.* Suggested methods of procuring the Companies that provide these instruments and arrangements and/or executing the transactions are:

(a) competitive bid by the Organizational Element directly or through JEA's financial advisor. Such bid may be restricted to the group of Companies selected to serve as underwriter or otherwise pre-qualified Companies as recommended in writing by JEA's financial advisor (e.g., top rated banks to provide Liquidity Support for JEA's commercial paper program) for interest rate Swaps, Hedges, Caps, Floors, Collars, Options, Bond Insurance, surety policies, letters of credit, Forward Supply Agreements, float Contracts, Guaranteed Investment Contract (GIC's) and related investment instruments used primarily in escrows agreements relating to debt instruments, other credit enhancements, and Liquidity Support.

(b) Request for Information Solicitation by the Organizational Element or through JEA's financial advisor. Such Request for Information may be limited to the group of Companies selected to serve as underwriter or other groups of prequalified Companies as recommended in writing by JEA's financial advisor. If more than one Company is selected based on the RFI, a competitive bid shall be utilized among the Companies selected; and

(c) if considered by the Chief Executive Officer to be in the best interest of JEA and upon the recommendation of JEA's financial advisor, the Chief Executive Officer may negotiate these types of instruments and agreements with one or more Companies from within JEA's underwriting group or other groups of Companies as recommended in writing by JEA's financial advisor. (e.g., an interest rate Swap executed in conjunction with a bond issue without being subject to (a) and (b) above). In the case of interest rate Swaps, interest rate Caps, Collars, Options and any related hedging agreements, the execution of such instruments or agreements shall be subject to the authorizations approved by the JEA Board on September 21, 1993, April 5, 1994 and April 19, 1994 and any subsequent approvals. In the case of interest rate Swaps, Caps, Floors, Collars, Options, and related hedging instruments, such agreements (and any related agreements or arrangements, including without limitation related collateral agreements, that are determined necessary) shall be executed by the Chief Executive Officer or Designee upon confirmation by JEA's financial advisor that the terms and provisions thereof are commercially reasonable and consistent with customary practices in the relevant market for similar agreements.

(3) *Administration.* This section adopts and codifies those resolutions approved by the JEA Board on September 21, 1993, April 5, 1994 and April 19, 1994, and subsequent related resolutions. Any changes to those resolutions shall be approved by the JEA Board in the form of amendments to the Code or through additional resolutions approved by the Board. Bond Insurance, surety policies, and other credit enhancements or Liquidity Support agreements shall be approved by the JEA Board in conjunction with the related debt financing. Companies selected to serve as counterparties for Bond Insurance, surety policies, letters of credit, Forward Supply Agreements, float Contracts, Guaranteed Investment Contracts (GIC's) and related investment instruments used primarily in escrow agreements relating to debt instruments, other credit enhancements, Liquidity Support, and other similar instruments and arrangements, are subject to a written agreement executed by the Chief Executive Officer or Designee.

COMMENTARY:

(1) It is expected that sufficient expertise will be available in the underwriting group so that the interest rate Swaps can be competitively bid within the underwriting group. If the JEA staff determines that a market rate will not be obtained from the existing underwriting group, then additional prequalified bidders may, at the discretion of the Chief Executive Officer, be added to the group.

(2) It is anticipated that interest rate Swaps and other financial instruments outlined in this section will usually be competitively bid.

4-303 Purchases in the Secondary Market of Debt

(1) Purchases in the secondary market of debt issued under bond resolutions cited in Section 4-201(d) (Types of Procured Financial Instruments and Services) shall be purchased pursuant to Section 12.0 of JEA's Investment Policy approved by the JEA Board on September 5, 1995 (most recently amended 12/20/11), and any subsequent amendments to that policy approved by the JEA Board. Such purchases are subject to the applicable covenants contained in JEA's bond resolutions; or

(2) Policies, procedures, resolutions or related documents approved by the Board relating to the purchase or retirement of JEA debt.

4-304 Debt Underwriting Services to Underwrite Bonds, Notes or Other Financial Instruments Issued Under Bond Resolutions, Subject to a Negotiated Sale

(1) *Selection.* The Procurement of debt underwriting Services cited in Section 4-201(d) (Types of Procured Financial Instruments and Services) subject to a negotiated sale shall be in accordance with Section 3-106 (Request for Proposals), and does not require the approval of the Chief Procurement Officer. Several underwriters may be selected to perform underwriting and related Services for JEA. A master underwriting agreement shall be executed by the Chief Executive Officer at the end of the Solicitation process and a separate bond purchase agreement with the underwriter(s) shall be executed by an authorized officer of JEA upon the approval of the JEA Board for each sale of debt. Each such bond purchase agreement shall specify, among other customary matters, the fee to the underwriters.

(2) *Negotiations - Sales.* Board-approved resolutions authorize the sale of debt for each System. The Chief Executive Officer or Designee shall negotiate the sale of bonds, notes or other financial instruments with the designated lead debt underwriter.

4-305 Debt Underwriting Services to Underwrite Bonds, Notes or Other Financial Instruments Issued Under Bond Resolutions, Subject to a Competitive Bid

(1) *General.* Debt underwriting services to underwrite bonds, notes or other financial instruments issued under bond resolutions cited in Section 4-201(e) (Types of Procured Financial Instrument and Services) subject to a competitive bid shall be procured in accordance with (2) below.

(2) *Selection.* Bonds or revenue certificates and refunding bonds or refunding revenue certificates issued pursuant to the JEA Charter if sold by competitive bid shall be sold to the bidder whose bid produces the lowest true interest cost to JEA. The JEA Board may restrict the bidders in any sale by pre-qualification or otherwise and may reserve the right to reject any or all bids. Prior to any sale by competitive bid of bonds or revenue certificates, the JEA Board shall cause notice to be given in such manner and at such time as the JEA Board shall determine. Said notice shall specify such matters relating to the bonds or revenue certificates offered for competitive sale as the JEA Board shall determine and shall state the manner in which bids shall be given. The JEA Board may reserve the right to waive any informalities or irregularities if the JEA Board determines that such action is in JEA's best interest. In no event shall said bonds or revenue certificates be sold at a net interest cost to JEA in excess of the legal limit as established by Section 215.84 F.S., or according to said section as it may from time to time be amended.

4-306 Bond Counsel and Related Legal Services

The Procurement of bond counsel and related legal Services shall be in a manner authorized by the Office of General Counsel. The Office of General Counsel may deem it appropriate to utilize the method contained in the City of Jacksonville Procurement Code Section 126.311 or in accordance with Section 3-106 (Request for Proposals) of the Code, and does not require the approval of the Chief Procurement Officer. Regardless of the Procurement process used, the General Counsel shall make the final selection of the top ranked Company and recommend said Company to the JEA Board for approval.

4-307 Financial Advisory Services

The Procurement of financial advisory Services shall be in accordance with Section 3-106 (Request for Proposals) and does not require the approval of the Chief Procurement Officer.

4-308 Trustee, Registrar, Paying Agent, Escrow Agent, Custody Services relating to fixed rate debt or variable rate and similar fiduciary Services

The Procurement of these Services shall be in accordance with either (1) Section 3-106 (Request for Proposals) and does not require the approval of the Chief Procurement Officer, (2) Section 3-102 (Informal Purchases), (3) competitive bid by Organizational Element or through JEA's financial advisor, such bid limited to a group of Companies as recommended by JEA's financial advisor, and shall be consistent with any applicable requirements contained in JEA's bond resolutions or (4) if considered by the Chief Executive Officer to be in the best interest of JEA and upon the recommendation of JEA's financial advisor, the Chief Executive Officer may negotiate these types of services and agreements with one or more Companies as recommended in writing by JEA's financial advisor.

4-309 Credit Rating Agencies Services

Authority to select appropriate additional credit rating agencies, in addition to the nationally recognized credit rating agencies of Fitch Ratings, Moody's Investors Service and Standard and Poor's, to secure debt ratings and related Services for JEA is delegated to the Chief Executive Officer or Designee. Terms and conditions for such Services shall be negotiated with the credit rating agency selected. Companies selected must be nationally recognized credit rating agencies that comply with bond resolution requirements and are acceptable to JEA's debt underwriter, remarketing agent or dealer in order to provide marketability for bonds, notes, or other financial instruments issued by JEA. The Chief Executive Officer or Designee has the authority to delete any of the Companies providing this Service.

4-310 Dealers or Remarketing Agents that Market Commercial Paper, Variable Rate Demand Obligations (VRDO), or other Variable Rate Debt

Selection. Procurement for dealers or remarketing agents that market commercial paper, VRDO or other variable rate debt issued under bond resolutions cited in Section 4-201(d) (Types of Procured Financial Instruments and Services) shall be by a (1) Request for Information (RFI) Solicitation by the Organizational Element or JEA's financial advisor; such RFI shall be limited to the group of Companies selected to serve as debt underwriters and that participate as dealers or remarketing agents in the commercial paper market, VRDO or other variable rate debt markets, or other pre-qualified groups, as recommended in writing by JEA's financial advisor, (2) as outlined in the then current underwriters' agreement. or (3) if considered by the Chief Executive Officer to be in the best interest of JEA and upon the recommendation of JEA's financial advisor, the Chief Executive Officer may negotiate these types of services and agreements with one or more Companies from within JEA's underwriting group or other qualified Companies as recommended in writing by JEA's financial advisor.

4-311 Securities Lending Arrangements

(1) *General.* Securities Lending arrangements are authorized pursuant to the electric system and bulk power supply system bond resolutions. On November 2, 1993, the JEA Board approved a resolution outlining methods of procuring and entering into Securities Lending arrangements. Responsible Bidders for Securities Lending arrangements shall be selected pursuant to requirements outlined in the JEA investment policy, Section 9.0, approved by the JEA Board on September 5, 1995. This section applies to future bond resolutions that authorize Securities Lending transactions.

(2) *Selection.* Suggested methods of procuring the Companies that provide Securities Lending arrangements are:

(a) competitive bid by the Organizational Element directly or through JEA's financial advisor. One or more counterparties shall be selected by the highest bid of security lending income to JEA that complies with the provisions of the bond resolution under which the securities to be loaned are held;

(b) Section 3-106 (Request for Proposals) or

(c) if considered by the Chief Executive Officer to be in the best interest of JEA and upon the recommendation of JEA's financial advisor, the Chief Executive Officer may negotiate these types of services and agreements with one or more Companies from within JEA's underwriting group as recommended in writing by JEA's financial advisor.

(3) *Administration.* Agreements with one or more counterparties and related custodial agreements shall be executed by the Chief Executive Officer or Designee. These agreements shall also be approved by JEA's financial advisor and as to form by the Office of General Counsel.

COMMENTARY:
Based on the prevailing market practice at the time of selection, JEA shall determine the method expected to produce the best results for JEA in order to select the Companies with which to enter into Securities Lending agreements.

4-312 Financial Printing Services, Including but not Limited to Official Statement Printing

Procurement for these Services shall be obtained by one of the following methods:

(a) competitive bid for official statement printers by the Organizational Element directly or through JEA's financial advisor. JEA shall utilize the printer with the lowest responsible bid; or

(b) Section 3-102 (Informal Purchases).

4-313 Banking Services

Procurement of these Services shall be in accordance with Section 3-106 (Request for Proposals) and does not require the approval of the Chief Procurement Officer. The JEA Board authorizes the Chief Executive Officer or appointed managers designated by the Chief Executive Officer to:

(a) open and continue accounts at any bank under Contract with JEA;
(b) sign and agree to the provisions of said bank's customary corporate signature card, and authorize the said bank to pay or otherwise honor any checks, drafts, or other orders issued from time to time, for debit to said accounts when signed manually or by facsimile impression by any two of certain appointed managers;
(c) authorize the electronic transfer of funds;
(d) act on behalf of JEA in all matters and transactions relating to any of its business with the bank, including the withdrawal of property at any time held by the bank for the account of JEA; and
(e) provide the bank the authority to accept for deposit for the account of JEA, for credit, or for collection, or otherwise, any and all checks, drafts, and other instruments of any kind endorsed by any persons, or by hand stamp impression, in the name of JEA, or without endorsement.

4-314 Escrow Verification Services and Accounting Services Related to a Debt Issue or Escrow Restructuring

Included in JEA's Contract with its external auditors is a provision for the auditors to perform these Services. If these Services can be obtained for a lesser total cost, including internal JEA costs, than provided for in the current Contract with the external auditors, then proposals may be obtained and evaluated pursuant to (1) the provisions of Section 3-106 (Request for Proposals) (2) Section 3-102 (Informal Purchases) or (3) competitive bid by Organizational Element or through JEA's financial advisor.

4-315 Letters of Credit or Revolving Credit Facilities

JEA on occasion has the option to secure certain contractual obligations by providing a Letter of Credit instead of cash payment or deposit. Procurement of such instruments for this purpose shall be limited to the banks selected per Section 4-313 (Banking Services). The Chief Executive Officer is authorized by a JEA Board resolution approved March 7, 1989 to execute individual letters of credit or lines of credit in an amount not to exceed $5,000,000, and in the aggregate not to exceed $25,000,000 outstanding at any time. This section does not pertain to letters of credit or lines of credit that provide credit enhancement or Liquidity Support for JEA's demand obligations or commercial paper programs and which are procured under Section 4-302 (Financial Instruments and Arrangements).

In addition, JEA may determine pursuant to the requirements of the JEA Charter to utilize revolving credit facilities for any legal corporate purposes. The Chief Executive Officer shall determine the need for utilization of such instruments up to a maximum of $25,000,000, and shall execute the applicable documents. The JEA Board shall approve any amount in excess of $25,000,000. Procurement of such instruments for this purpose shall be by one of the following methods:

(a) Request for Information or competitive bid by the Organizational Element or through JEA's financial advisor with banks as recommended by the financial advisor,
(b) Section 3-106 (Request for Proposals) and does not require the approval of the Chief Procurement Officer, or
(c) if considered by the Chief Executive Officer to be in the best interest of JEA and upon the recommendation of JEA's financial advisor, the Chief Executive Officer may negotiate these types of services and agreements with one or more banks as recommended in writing by JEA's financial advisor.

COMMENTARY:
Maximum limits for letters of credit or Liquidity Support for working capital purposes are in addition to those limits required for letters of credits or Liquidity Support utilized instead of cash payments or deposits.

4-316 Sale of Voluntary Florida Cleanup Tax Credits

Procurement for these Services shall be obtained by one of the following methods:

(a) Request for Information or competitive bid by the Organizational Element,
(b) Section 3-106 (Request for Proposals) and does not require the approval of the Chief Procurement Officer, or
(c) if considered by the Chief Executive Officer to be in the best interest of JEA, the Chief Executive Officer may negotiate these types of services and agreements with one or more firms and approved as to form by the Office of General Counsel.

4-401 Ratification of Expenditures

The Chief Executive Officer shall ratify by signature a summary statement of all expenditures made in accordance with JEA's established practices and policies and applicable statutes. Such ratification shall be made on a monthly basis. This section of the Code satisfies the requirement of Section 21.10 of the JEA Charter.

4-402 Reimbursement of Certain Expenditures from Long-term Permanent Financing

United States Treasury regulations in effect upon the effective date of this Code require JEA to make an official written declaration of its intent to incur certain expenditures using temporarily available funds in anticipation of reimbursing such expenditures from the proceeds of debt obligations of JEA. The Chief Executive Officer or Chief Financial Officer or additional Designee is authorized to declare JEA's intention in writing to reimburse previously incurred expenditures out of proceeds of debt obligations to be issued at a later date. The Chief Executive Officer or Designee is authorized to execute documents that

declare that intention and any additional documents necessary to satisfy the Treasury regulations regarding these transactions.

COMMENTARY:
United States tax regulations do change periodically. Future changes on this issue shall be automatically incorporated to this Code without further approval by the JEA Board.

ARTICLE 5 - ADMINISTRATIVE REMEDIES

5-101 Authority to Resolve Protested Solicitations and Awards

(1) *Right to Protest.* Any Company who is aggrieved in connection with a Solicitation or an Award of a Contract may submit a protest to the Chief Procurement Officer.

(2) *Protest Submittal.* All protests shall be submitted in writing and addressed to the Chief Procurement Officer. The protest shall clearly state the following:

(a) the facts and issues supporting the protest,

(b) specifically state how the Company has standing to protest,

(c) and the remedies requested to resolve the protest.

(3) *Timeliness.* Failure to submit a timely protest shall result in the protest being rejected. A protest concerning an Award of a Contract shall be submitted in writing forty-eight (48) hours after such aggrieved Company knows, or should have known, of the facts giving rise thereto. A protest concerning a Solicitation (including any Minimum Qualifications or any Specifications) must be submitted within five (5) calendar days prior to Bid Opening..

(4) *Authority to Resolve Protests.* Prior to the commencement of an action in court concerning a protest, the Chief Procurement Officer or Designee shall have the authority to settle and resolve a Company's protest concerning a Solicitation or Award of a Contract. This authority shall be exercised in accordance with the JEA Operational Procedures. Unless otherwise allowed by Florida Statutes, a Company must exhaust all administrative remedies afforded to it by this Code and Operational Procedures before it can commence an action in a court of law.

(5) *Decision.* The Chief Procurement Officer or Designee shall promptly issue a decision in writing addressed to protesting Company. The decision shall:

(a) recite all relevant facts;

(b) state the reasons for the action taken; and

(c) inform the Company of its right to administrative review as provided in this Article.

(6) Notice of Decision. A copy of the decision under Subsection (5) of this section shall be mailed or otherwise furnished immediately to protesting Company and any other party intervening.

(6) *Finality of Decision.* A decision under Subsection (5) of this Section shall be final and conclusive, unless clearly erroneous or fraudulent and any Company adversely affected by the decision may appeal administratively to the JEA Procurement Appeals Board in accordance with Section 5-303 (Appeals).

(7) *Stay of Procurements During Protests.* In the event of the receipt of a timely protest under Subsection (1) of this Section or under Section 5-303 (Appeals), JEA shall not proceed further with the Solicitation or with the Award of the Contract unless the Chief Procurement Officer, after consultation with the manager of the Organizational Element, makes a written determination that the Solicitation or Award of the Contract without delay is necessary to protect substantial interests of JEA.

COMMENTARY:

(1) It is essential that actual or prospective bidders and proposers have confidence in the procedures for soliciting and awarding Contracts. This can best be assured by allowing an aggrieved Company to protest a Solicitation, Award, or related decision. This section and Section 5-303 (Appeals) would permit actual or prospective bidders and proposers to:

(i) promptly submit a protest to the Chief Procurement Officer concerning a Solicitation or Award; and

(ii) have the protest decision reviewed by the Procurement Appeals Board.

(2) Nothing in this section is intended to affect the ability of the Office of General Counsel to settle actions pending before the Procurement Appeals Board, or the courts.

(3) The public posting of the Awards Committee agenda on the JEA website shall serve as one way in which a Company should know about an upcoming Award. The 48 hour limit for filing a protest shall begin at this public notice in this instance.

(4) Only a Company who is adversely affected by JEA's actions may file a protest under this Section. The purpose behind the standing requirement is to ensure that the protesting Company has a sufficient interest in the outcome of the protest resolution.

5-102 Authority to Debar or Suspend

(1) Authority. The Chief Procurement Officer or Designee is authorized to debar or suspend a Company from bidding on all JEA procurements for actions described in Subsection (2) of this Section. This authority shall be exercised in accordance with Operational Procedures and with the advice and counsel of the Office of the General Counsel.

(2) *Debarment.* After reasonable notice to the Company and a reasonable opportunity was provided for the Company to be heard, the Chief Procurement Officer, after consultation with the manager of the Organizational Element, shall have authority to debar a Company from consideration for the Award of Contracts. The debarment shall be for a period of no more than three (3) years.

(3) Suspension. After reasonable notice to the Company and a reasonable opportunity was provided for the Company to be heard, the Chief Procurement Officer, after consultation with the manager of the Organizational Element, shall have authority to suspend a Company from consideration for Award of Contracts. The suspension shall be for a period not exceeding six (6) months.

(4) *Causes for Debarment or Suspension.* The Chief Procurement Officer's decision to debar or suspend a Company shall depend on the seriousness of the adverse actions of the Company. The causes for debarment or suspension include, but may not be limited to, the following:

(a) conviction of a Public Entity Crime and inclusion on the State of Florida Convicted Vendor List pursuant to Section 287.133 F.S.;

(b) violation of Contract terms or requirements, as set forth below, of a character that is regarded by the Chief Procurement Officer to be so serious as to justify debarment or suspension action:

(i) deliberate failure, without good cause, to perform in accordance with the Contract, Specifications, performance levels, warranty provisions, bonding and insurance requirements, or to comply within the time limits provided in the Contract, or failure to pay subcontractors; or

(ii) a recent record of failure to perform or of unsatisfactory performance in accordance with the terms of one or more JEA Contracts, including the delivery of Supplies, provided that the failure to perform or unsatisfactory performance was not caused by acts beyond the control of the Company,; or

(c) poor performance as reported under JEA's Vendor Performance Program;

(d) debarment or suspension by another governmental entity;

(e) the Company acted fraudulently or in bad faith;

(f) violation of JEA and the City of Jacksonville Ethic Code;

(g) violation of Ex Parte requirements; and

(h) any other cause the Chief Procurement Officer determines to be so serious and compelling as to affect the Company's performance of a Contract.

(5) *Decision.* The Chief Procurement Officer shall issue a written letter to the Company informing it of the decision to debar or suspend that Company. The decision shall:

(a) recite all relevant facts,

(b) state the reasons for the action taken,

(c) state the timeframe for debarment or suspension, and,

(c) inform the debarred or suspended Company involved of its rights to administrative review as provided in this Article.

(6) *Notice of Decision.* A copy of the decision under Subsection (3) of this section shall be mailed or otherwise furnished immediately to the debarred or suspended Company and any other party intervening.

(7) *Finality of Decision.* A decision under Subsection (3) of this Section shall be final and conclusive, unless fraudulent, or the debarred or suspended Company appeals administratively to the Procurement Appeals Board in accordance with Section 5-304 (Protest of Suspension or Debarment Proceedings).

COMMENTARY:

It is strongly encouraged the Office of General Counsel is consulted prior to the commencement of debarment or suspension of a Company. Debarments involve situations that involve a greater degree seriousness, harm, or damage to JEA.

5-103 Authority to Resolve Contract and Breach of Contract Controversies

(1) *Applicability.* This Section applies to controversies between JEA and a Company (the "Parties") that arise under, or by virtue of, a Contract between the Parties and cannot be settled in the normal course of business to the mutual satisfaction of the Parties and after reasonable attempts by the JEA Project Manager to resolve the matter. This includes but is not limited to, controversies based upon breach of Contract, mistake, misrepresentation, failure to perform, payment disputes, or other causes for disputes concerning the Contract terms.

(2) *Authority.* Prior to commencement of an action in a court concerning the controversy, the Chief Procurement Officer or Designee is authorized to settle and resolve a controversy described in Subsection (1) of this Section. This authority shall be exercised in accordance with Operational Procedures and with the advice and counsel of the Office of the General Counsel.

(3) *Decision.* If such a controversy is not resolved by mutual agreement, the Chief Procurement Officer or Designee shall promptly issue a decision in writing. The decision shall:

(a) recite all relevant facts;

(b) state the reasons for the action taken; and

(c) inform the Company of its right to administrative review as provided in this section.

(4) *Notice of Decision.* A copy of the decision under Subsection (3) of this section shall be mailed or otherwise furnished immediately to the Company.

(5) *Finality of Decision.* The decision under Subsection (3) of this section shall be final and conclusive, unless fraudulent, or the Company appeals to the Procurement Appeals Board in accordance with Section 5-306 (Contract and Breach of Contract Controversies).

COMMENTARY:

(1) The word "controversy" is meant to be broad and all encompassing. It includes the full spectrum of disagreements from pricing of routine Contract changes to claims of breach of Contract.

(2) Resolving controversy is a primary duty of the JEA Project Manager assigned to the Contract. Controversies resolved by the JEA Project Manager in the normal course of business are not the subject of this section.

(3) Subsection (2) gives the Chief Procurement Officer the authority to settle all Contract claims and controversies prior to the filing of a suit. This may avoid unnecessary litigation and often is essential for fair treatment of a Company contracting with JEA. On the other hand, some safeguards are needed. Limitations upon the power to settle, including prerequisite approvals, should be established by appropriate Operational Procedure.

5-201 Remedies

The provisions of this part apply where it is determined administratively, or upon administrative review, that a solicitation or Award of a Contract is in violation of this Code.

5-202 Remedies Prior to an Award

If prior to Award it is determined that a Solicitation or a proposed Award of a Contract is in violation of this Code, then the Solicitation or the Award shall be:

(a) canceled; or

(b) revised to comply with this Code.

5-203 Remedies After an Award

If after an Award it is determined that a Solicitation or Contract is in violation of this Code, JEA shall take the following actions:

(a) if the Company awarded the Contract has not acted fraudulently or in bad faith:
  (i) the Contract may be ratified and affirmed, provided it is determined that doing so is in the best interest of JEA; or
  (ii) the Contract may be terminated.

(b) if the Company awarded the Contract has acted fraudulently or in bad faith:
  (i) the Contract may be declared null and void;
  (ii) the Company may be debarred or suspended; and/or
  (ii) the Contract may be ratified and affirmed if such action is in the best interest of JEA, without prejudice to JEA's rights in regard to such damages as may be appropriate.

5-301 The Procurement Appeals Board

(1) *Applicability.* Article 2 establishes the Procurement Appeals Board and Article 5 describes the duties and operation of the Procurement Appeals Board. Appendix A of this Code contains the procedures of the Procurement Appeals Board.

(2) *Authority.* The Procurement Appeals Board is authorized to review and make a final determination of any appeal by a protesting Company from a written decision issued by the Chief Procurement Officer, or a Designee, which is authorized by:

(a) Section 5-101 (Authority to Resolve Protested Solicitations and Awards);
(b) Section 5-102 (Authority to Debar or Suspend); and
(c) Section 5-103 (Authority to Resolve Contract and Breach of Contract Controversies).

5-302 Jurisdiction of the Procurement Appeals Board

(1) *Jurisdiction.* The Procurement Appeals Board shall have jurisdiction to review and determine any appeal by a protesting Company from a determination by the Chief Procurement Officer, or a Designee except:

(i) if an action has been initiated previously in the courts for essentially the same cause of action, or

(ii) within forty eight (48) hours after the action is brought before the Procurement Appeals Board, written objection is made by either the aggrieved Company or the Chief Procurement Officer with the concurrence of the Office of General Counsel.

5-303 Appeals of Protest Decisions Regarding Solicitations or Awards

(1) *Scope*. This section applies to an appeal addressed to the Procurement Appeals Board of a decision under Section 5-101(3) (Authority to Resolve Protested Solicitations and Awards).

(2) *Appeal Submittal.* An aggrieved Company shall submit its appeal in writing to the Chief Procurement Officer who shall forward it to the Procurement Appeals Board. The appeal shall clearly state the following:

(i) the facts and issues supporting the appeal,

(ii) how the Company has standing to appeal, and

(iii) the remedies requested to resolve the appeal.

(3) *Timeliness.* An appeal shall be submitted forty-eight (48) hours of receipt of a written decision pursuant to Section 5-101(3) (Authority to Resolve Protested Solicitations and Awards-Decision). Failure to submit a timely written appeal shall result in the appeal being dismissed.

(4) *Acknowledgement.* In accordance with the Operational Procedures, a JEA representative will contact the protesting Company to acknowledge receipt of the appeal and to schedule the Procurement Appeals Board Review Meeting.

(5) *Standard of Review.* The Procurement Appeals Board shall conduct a *de novo* review of the issue(s) presented for appeal and shall determine if JEA's intended actions are:

(i) in conflict with JEA's Procurement Code and Operational Procedures;

(ii) arbitrary,

(iii) capricious;

(iv) dishonest;

(v) fraudulent;

(vi) clearly erroneous;

(vii) illegal; and/or

(viii) not in the best interests of JEA.

(6) *Burden of Proof.* The burden of proof shall rest with the protesting Firm.

(7) *Decision.* After the Procurement Appeals Board has reviewed the appeal issues, it shall deliberate its decision at the Procurement Appeals Board Review Meeting and announce its decision prior to adjourning the meeting. After adjournment, the Procurement Appeals Board shall issue a written decision restating the decision announced at the Procurement Appeals Board Review Meeting. Decisions rendered by the Procurement Appeals Board shall be final and conclusive, unless clearly arbitrary, capricious, fraudulent, or clearly erroneous.

5-304 Protest of Suspension or Debarment Proceedings

(1) *Scope.* This section applies to a review by Procurement Appeals Board of a decision under Section 5-102(3) (Authority to Debar or Suspend-Decision).

(2) *Appeal Submittal.* An aggrieved Company shall submit its appeal in writing to the Chief Procurement Officer who shall forward it to the Procurement Appeals Board. The appeal shall clearly state the following:

(i) the facts and issues supporting the appeal, and

(ii) the remedies requested to resolve the appeal

(3) *Acknowledgement.* In accordance with the Operational Procedures, a JEA representative will contact the protesting Company to acknowledge receipt of the appeal and to schedule the Procurement Appeals Board Review Meeting.

(4) Timeliness. The aggrieved Company shall file its appeal with the Procurement Appeals Board within thirty (30) days after receipt of a decision under Section 5-102(3) (Authority to Debar or Suspend-Decision). Said appeal shall be sent to the Chief Procurement Officer who shall forward it to the Procurement Appeals Board.

(5) Standard of Review. The Procurement Appeals Board shall conduct a *de novo* review of the issue(s) presented for appeal and shall determine if JEA's intended actions are:

(i) in conflict with JEA's Procurement Code and Operational Procedures;

(ii) arbitrary,

(iii) capricious;

(iv) dishonest;

(v) fraudulent;

(vi) clearly erroneous; and/or

(vii) illegal; and/or

(viii) not in the best interests of JEA.

(6) Burden of Proof. The burden of proof shall rest with the protesting Firm.

(7) Decision. After the Procurement Appeals Board has reviewed the appeal issues, it shall deliberate its decision at the Procurement Appeals Board Review Meeting and announce its decision prior to adjourning of the meeting. After adjournment, the Procurement Appeals Board shall issue a written decision restating the decision announced at the Procurement Appeals Board Meeting. Decisions rendered by the Procurement Appeals Board shall be final and conclusive arbitrary, capricious, fraudulent, or clearly erroneous.

5-305 Contract and Breach of Contract Controversies

(1) *Scope.* This section applies to a review by the Procurement Appeals Board of a decision under Section 5-103(3) (Authority to Resolve Contract and Breach of Contract Controversies).

(2) Appeal Submittal. An aggrieved Company shall submit its appeal in writing to the Chief Procurement Officer who shall forward it to the Procurement Appeals Board. The appeal shall clearly state the following:

(i) the facts and issues supporting the appeal, and

(ii) the remedies requested to resolve the appeal

(3) *Acknowledgement.* In accordance with the Operational Procedures, a JEA representative will contact the protesting Company to acknowledge receipt of the appeal and to schedule the Procurement Appeals Board Review Meeting.

(4) *Timeliness.* The aggrieved Company shall file its appeal with the Procurement Appeals Board within thirty (30) days of the receipt of the decision under Section 5-103(3) (Authority to Resolve Contract and Breach of Contract Controversies). Said appeal shall be sent to the Chief Procurement Officer who shall forward it to the Procurement Appeals Board.*(5) Standard of Review.* The Procurement Appeals Board shall conduct a *de novo* review of the issue(s) presented for appeal and shall determine if JEA's intended actions are:

(i) in conflict with JEA's Procurement Code and Operational Procedures;
(ii) arbitrary,
(iii) capricious;
(iv) dishonest;
(v) fraudulent;
(vi) clearly erroneous;
(vii) illegal; and/or
(viii) in the best interests of JEA.

(5) Burden of Proof. The burden of proof shall rest with the protesting Firm.

(6) Decision. After the Procurement Appeals Board has reviewed the appeal issues, it shall deliberate its decision at the Procurement Appeals Board Review Meeting and announce its decision prior to adjourning of the meeting. After adjournment, the Procurement Appeals Board shall issue a written decision restating the decision announced at the Procurement Appeals Board Review Meeting. Decisions rendered by the Procurement Appeals Board shall be final and conclusive arbitrary, capricious, fraudulent, or clearly erroneous.

APPENDIX A- PROCUREMENT APPEALS BOARD PROCEDURES

Memo for Hearings
Before the JEA Procurement Appeals Board (PAB)

This memo contains information about your hearing before the JEA Procurement Appeals Board (PAB).

Protestant: _____.
Solicitation: _____

1. Time and Place of Hearing

Date: _____

Time: _____

Location: JEA Tower ____ Floor Conference Room
21 W. Church St., Jacksonville, FL 32202

2. Members of the PAB

1. _____ **serving as the Chair**
2. _____
3. _____

- **Ex parte communications between the Protestant and the JEA staff with the members of the PAB are prohibited.**

3. Filing of Additional Materials

JEA shall provide the members of the PAB with the following information prior to the hearing, with a copy to the Protestant:

- The Solicitation, with all addenda, and including bid tabulation and award item, if applicable;
- The written protest at both the Chief Purchasing Officer (CPO) and PAB level;
- The written decision of the CPO;
- The acknowledgement of receipt of the appeal;
- Appointment letter of the members of the PAB;
- Other materials as may be necessary.

The CPO and the Protestant may file additional materials for PAB review. One (1) original and five (5) copies of any additional materials shall be provided AT LEAST TWO (2) BUSINESS DAYS PRIOR TO THE DAY OF THE HEARING. In addition to the copies listed above, a copy of any additional materials submitted by the CPO shall be provided to the Protestant.

Additional materials shall be addressed to:

_____
_____
JEA,
Jacksonville, FL 32202

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4. Special Requirements

Any Persons needing special accommodations to participate in the above hearing please contact _____ no later than three (3) days before the meeting in order to make arrangements.

5. Hearing Preliminaries and Procedure

The Procurement Appeals Board (PAB) is established in the JEA Purchasing Code, Art. 2, sections 2-503 to 2-504, Art. 5, sections 5-301 to 5-305. Procedures are established in the JEA Operational Procedures, which supplements the Purchasing Code.

The PAB consists of at least three (3) members, with one of the members designated as the Chair. The appointment of the members and the designation of the chair are made by the Managing Director.

The hearing shall be a public meeting, held in compliance with the Florida "Sunshine Law".

If a person decides to appeal any decision made by JEA with respect to any matter considered at the hearing, for the purpose of such appeal, that person will need a record of the proceedings; for such purpose, that person may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based.

Ex parte communications between the Protestant and the JEA staff with the members of the PAB are prohibited.

At the time and place established for the hearing, the PAB shall hear testimony and receive other evidence from both the Protestant and the CPO, and will base its decision on the information provided both orally and in writing. The formal rules of evidence pursuant to the Florida Evidence Code will not apply at the hearing. Hearsay evidence may be admissible at the discretion of the PAB chair. The PAB, through the Chair, may limit presentations to a reasonable time. The PAB members may ask questions at any time.

The basis for decision for the PAB is set forth in the Purchasing Code, Article 5.

In general, the hearing procedure shall be as follows:

1. A representative of the PAB will give a brief overview of the hearing procedure;
2. The Protestant or legal representative will present its case based upon the issues and information contained in the protest;
3. Those persons or entities, other than the Protestant, who have legal standing and will be directly affected by the resolution of the protest will be given an opportunity to be heard and present information to the committee;
4. The CPO will make a presentation;
5. The PAB may seek any clarifications of either party;
6. The PAB will reach a decision either supporting or denying the appeal. A PAB member shall make a motion, which will require a second, and the vote will be taken and recorded. A majority vote of the members of the PAB shall be required to support the action;
7. The decision of the PAB may be issued verbally or in writing within three (3) business days of the date of the hearing. If the decision is issued orally at the hearing, the minutes of the meeting may serve as the written evidence of the decision.

TITLE: **REAL ESTATE SERVICES PROCUREMENT DIRECTIVE**

REVISION DATE: **May 26, 2016**

POLICY STATEMENT:

Pursuant to JEA Charter, JEA may sell, lease or otherwise transfer, with or without consideration, any property, real or personal, when in JEA's discretion it is no longer needed or useful, or such sale, lease or transfer is in the best interest of JEA. It is the policy of JEA to acquire, manage, and dispose of interests in real or personal property for utilities system use and expansion or for other uses in an expeditious and economical manner, with a minimum of risk.

JEA recognizes the procurement and sale or lease of Real Property, Tangible Personal Property, and related easements is sufficiently different from the procurement of other supplies and services required by JEA. This Procurement Directive supplements JEA's Procurement Code to provide JEA staff with the authority to make timely procurement commitments and to effectively participate in these markets. The directive applies to all property rights, real or personal, or any estate or interest therein, to be acquired or for the use of the utilities system by purchase, condemnation by eminent domain proceedings, exchange or lease.

ASSIGNMENT OF RESPONSIBILITY:

The CEO designated Real Property Procurement Officer for JEA real property, easements, exchanges and leases is responsible for the implementation and maintenance of this Procurement Directive as it relates to the sale, lease or transfer of JEA real property interests.

The CEO designated Tangible Personal Property Procurement Officer for JEA tangible personal property is responsible for the implementation and maintenance of this Procurement Directive as it relates to the lease of JEA tangible personal property.

The two named Procurement Officers will conduct business in compliance with the JEA Procurement Code as supplemented by this Real Estate Services Procurement Directive.

DEFINITIONS:

Unless otherwise specified herein, all terms used herein will have the same definition specified in the JEA Procurement Code:

Fee Simple – a permanent and absolute tenure of an estate in land with freedom to dispose of it at will, especially in full.

Option to Purchase Agreement – is an arrangement in which, for a fee, a tenant or investor

acquires the right to purchase real property sometime in the future.

Real Property – is land and immovable property on land such as buildings.

Sale and Purchase Agreement (SPA) - is a legal contract that obligates a buyer to buy and a seller to sell a product or service. SPAs are found in all types of businesses but are most often associated with real estate deals as a way of finalizing the interests of both parties before the closing of the property.

Tangible Personal Property – are physical assets of JEA, excluding real property and buildings, that includes, but is not limited to, poles, towers, telecommunication equipment, fiber optic cables, or other such physical assets of JEA used in the operation of the utilities system.

I. FEE SIMPLE REAL PROPERTY ACQUISITIONS

A. Background and Additional Guidance.

It is the policy of JEA to acquire interests in real property for system expansion or for other uses in an expeditious and economical manner, with a minimum of risk.

JEA Real Estate Services will diligently determine and pursue the types of property rights most advantageous to JEA. These rights may include fee simple acquisitions, easement acquisitions, licenses or permits. Levels of approval for each of these property rights acquisitions are outlined in this Procurement Directive.

B. Levels of Approval and Respective Approving Entities (Board, Awards Committee, Procurement Officer) for Fee Simple Acquisitions.

1. Board Approval is Required for Purchases of More than $500.000: If the negotiated purchase price is more than $500,000, the Option to Purchase or Purchase and Sale Agreement will be presented to the Board for its consideration. Prior to presentation to the Board, the Option to Purchase or Purchase and Sale Agreement will be approved by the Procurement Officer and reviewed by Office of General Counsel (OGC). The request for Board consideration may summarize relevant purchase information and may include the following: a comparison of the negotiated price, the appraised value of the property, the assessed value of the property, and/or statements of any conflicts of interest of Board members or JEA employees.

2. Awards Committee Approval is Required for Purchases of $500,000 or Less but More than $50,000: If the negotiated purchase price is $500,000 or less but more than $50,000, it will be presented to the Awards Committee for its consideration. Prior to presentation to the Awards Committee, the Option to Purchase or Purchase and Sale Agreement will be approved by the Procurement Officer and reviewed by OGC. The request for Awards Committee consideration may summarize relevant

purchase information and may include the following: a comparison of the negotiated price, the appraised value of the property, and the assessed value of the property, and/or statements of any conflicts of interest of Board members or JEA employees.

3. The Procurement Officer may Approve Purchases of $50,000 or Less: If the negotiated purchase price is $50,000 or less, the acquisition may be approved by the Procurement Officer. The Procurement Officer may request review by OGC or the Vice-President to whom Real Estate Services reports. Records of property transactions may include the following: a comparison of the negotiated price, the appraised value of the property, the assessed value of the property, Real Estate Services estimate of value, and/or statements of any conflicts of interest of Board members or JEA employees.

4. The Procurement Officer may Approve Donations of Property to JEA: If a property owner donates a parcel to JEA, the Procurement Officer may approve the acquisition. Real Estate Services will coordinate all legal and transfer requirements of the acquisition.

SUMMARY OF FEE SIMPLE ACQUISITIONS:

Purchase Price	Approving Entity
> $500,000	Board
> $50,000 to $500,000	Awards Committee
$50,000 or less	Procurement Officer

II. REAL PROPERTY CONDEMNATION ACTIONS.

A. Background and Additional Guidance.

JEA will use condemnation procedures under the power of eminent domain for acquisition of real property rights only as a last resort. JEA is vested with the power of eminent domain under authority of Article 21, Charter of the City of Jacksonville, Chapter 92-341, Laws of Florida, as amended, and Chapter 361, Florida Statutes. Statutory provisions for eminent domain procedures and supplemental proceedings are found in Chapters 73 and 74, Florida Statutes.

B. Board Approval is Required for All Condemnations.

After determining that the property cannot be purchased by negotiation and upon direction by the Procurement Officer, Real Estate Services will submit legal descriptions of the required property to OGC. OGC will prepare a Resolution authorizing condemnation to be presented to the Board. Real Estate Services will prepare the endorsement memo for the CEO's signature requesting the approval of the Resolution. Real Estate Services will present the endorsement memo and Resolution to the Board for consideration. If the Resolution is approved by the Board, Real Estate Services, on

behalf of JEA, will initiate condemnation proceedings by sending the following to OGC: a certified copy of the Resolution, the survey, the appraisal, title commitment, a copy of the Board approval, and statements of any conflicts of interest of Board members or JEA employees. Condemnation preparation and proceedings are managed and implemented by OGC and Real Estate Services. If a settlement is negotiated, the settlement amount will be presented for approval to the appropriate approving entity consistent with levels of approval stated for fee simple acquisitions in Section I.

III. DISPOSITION OF REAL PROPERTY.

A. Background and Additional Guidance.

JEA will dispose of interests in real property that are no longer needed or useful to JEA.

B. Preparation to Declare Real Property Surplus.

In declaring property surplus, the Procurement Officer must certify that such real property is no longer needed by JEA. The Procurement Officer makes this determination by notifying JEA departments that may have an interest in the real property that it is being considered for surplus disposition. If no JEA departments have a present or future use for the real property, Real Estate Services will notify other municipal agencies of the availability of the property. If another municipal agency has a need for the real property, Real Estate Services will arrange for transfer of ownership consistent with the approval levels outlined in this Procurement Directive. If no municipal agencies have present or future use of the real property, Real Estate Services may notify adjoining property owners and may sell the property according to the procedures in Section IIID below.

C. Levels of Approval and Respective Approving Entities (Board, Awards Committee, Procurement Officer) for Dispositions.

1. Board Approval is Required to Sell Surplus Real Property when the Assessed Value OR the Negotiated Sale Price is More Than $500,000: When either of these situations occurs, Real Estate Services will submit a resolution to the Board for its review and approval. The Resolution for Board consideration may summarize relevant purchase information and may include the following: a comparison of the negotiated price, the appraised value of the real property, the assessed value of the real property, JEA's investment in the property, minimum sale price, and/or statements of any conflicts of interest of Board members or JEA employees. The Resolution will request that the Board declare the real property surplus to the needs of JEA and the real property may be sold at the price stated in the resolution.

2. Awards Committee Approval is Required to Sell Surplus Real Property when the Assessed Value OR the Negotiated Sale Price is $500,000 or Less but More than $50,000: When either of these situations occurs, Real Estate Services will submit an Award to the Awards Committee for review and approval. The Awards Committee

may, at its discretion, forward such a request for Award to the Board for its review and approval. The Award submitted to the Awards Committee for consideration may summarize relevant purchase information and may include the following: a comparison of the negotiated price, the appraised value of the property, and the assessed value of the property, JEA's investment in the property, minimum sale price, and/or statements of any conflicts of interest of Board members or JEA employees. The Award will request that the Awards Committee declare the property surplus to the needs of JEA and the property may be sold at the price stated in the approved Award.

3. The Procurement Officer May Sell Surplus Real Property when the Assessed Value AND the Negotiated Sale Price is $50,000 or less: When both of these situations occur, the Procurement Officer may declare the real property surplus and authorize the sale of the surplus property upon terms and conditions acceptable to the Procurement Officer. The Procurement Officer may request review by OGC or the Vice-President to whom Real Estate Services reports. The Procurement Officer's determination may include, but not be limited to, a review of the following: a comparison of the negotiated price, the appraised value of the real property, the assessed value of the property, JEA's investment in the property, minimum sale price, Real Estate Services estimate of value, and/or statements of any conflicts of interest of Board members or JEA employees.

D. Sale of Real Property.

1. Sealed Bidding for the Sale of Real Property Assessed for More Than $50,000.

   a. When the Procurement Officer determines that sale of real property assessed for more than $50,000 by sealed bidding is in the best interests of JEA, the Procurement Officer shall certify that the real property is surplus to the needs of JEA, and Real Estate Services will solicit sealed competitive bids for the public sale of the real property.

   b. The bids will be evaluated by the Procurement Officer who will determine which bid is the most advantageous to JEA.

   c. In no event shall real property be sold for less than the assessed value as recorded by the Property Appraiser without approval by the Board and City Council.

   d. The public advertisement for bids will disclose the amount of the minimum acceptable bid and any additional bid requirements as may be prescribed by Real Estate Services.

   e. Sale of real property will be made to the highest and best bidder after approval by the Board or the Awards Committee, as appropriate.

f. Upon receipt of the purchase price in cash or by cashier's check, or upon receipt of the mortgage or other instrument evidencing the terms of sale if other than for cash, the JEA shall execute and deliver to the purchaser an appropriate instrument of transfer of title to the real property.

g. If an offer at or above the minimum sale price is not received in the solicited bids or if the sale is not concluded successfully, Real Estate Services may, subject to the proper levels of approval, rebid the property, dispose of the property by public auction, enlist the services of real estate brokers to sell the property, or sell the property by direct sale after negotiation with any prospective purchaser. In no event shall property be sold for less than the assessed value as recorded by the Property Appraiser without approval by the Board and City Council.

2. Public Auction for the sale of Real Property Assessed for More Than $50,000.

a. When the Procurement Officer determines that sale of real property assessed for more than $50,000 by public auction is in the best interests of JEA, the Procurement Officer shall certify that the property is surplus to the needs of JEA, and Real Estate Services shall present a resolution to the Board or Awards Committee, as appropriate, to have the Board or Awards Committee declare the property surplus and authorize the sale of the property for a price not less than the price stated in the resolution.

b. Real Estate Services may engage the services of a qualified real estate auctioneer to hold a public auction to sell real property to the highest and best bidder.

c. In no event shall property be sold for less than the assessed value as recorded by the Property Appraiser without approval by the Board and City Council.

d. The public advertisement will set forth the date, time and place of the auction, the amount of the minimum acceptable bid and any additional bid requirements as may be prescribed by Real Estate Services.

e. As soon as is practicable after the auction, and upon receipt of the purchase price in cash or by cashier's check, JEA shall execute and deliver to the successful bidder an appropriate instrument of transfer of title to the property.

f. If the property is not sold at the public auction, Real Estate Services may, subject to the proper levels of approval, solicit sealed bids for the property, auction the property, enlist the services of real estate brokers to sell the

property, or sell the property by direct sale after negotiation with any prospective purchaser. In no event shall property be sold for less than the assessed value as recorded by the Property Appraiser without approval by the Board and City Council.

3. The Sale Price for Real Property Assessed for $50,000 or Less.

a. If the assessed value of the real property is $50,000 or less, the Procurement Officer may negotiate with any and all prospective purchasers for the sale of the real property without bid upon such terms and conditions as the Procurement Officer may deem advisable.

b. The Procurement Officer may enlist the services of real estate brokers to sell the property. All sales shall be paid by certified check, and the sale price will not be less than the assessed value of the property.

c. The Procurement Officer may direct that the sale of real property valued at $50,000 or less be conducted by competitive procedures, including sealed bids or public auction. If the sale price is more than $50,000 the sale will be approved by the appropriate approval entity.

d. In no event shall property be sold for less than the assessed value as recorded by the Property Appraiser without approval of the Board and the City Council.

Dispositions Summary Chart:

Assessed Value of Property OR Negotiated Sale Price	Approving Entity
> $500,000	Board
> $50,000 to $500,000	Awards Committee

Assessed Value of Property AND Negotiated Sale Price	Approving Entity
$50,000 or less	Procurement Officer

IV. EASEMENTS AND AGREEMENTS RELATING TO REAL PROPERTY.

A. Background and Additional Guidance.

The levels of approval and the respective approving entities delineated below will be used when JEA is granting certain rights or acquiring certain rights in connection with real property. Consistent with the needs of each transaction, JEA will clearly define

the scope of JEA's rights and the rights of other parties.

B. Levels of Approval and Respective Approving Entities (Board, Awards Committee, Procurement Officer).

When the rights under consideration have a Fair Market Value in excess of $50,000, Real Estate Services will confirm OGC support of the action and will prepare a resolution for presentation to the appropriate entity for its consideration of the requested right.

1. Board Approval is Required for Rights Valued at More Than $500,000. If the negotiated purchase price is more than $500,000, a resolution will be presented to the Board for its consideration after a review by OGC. The request for Board consideration may summarize relevant purchase information and may include the following: a comparison of the negotiated price, the appraised value of the property, and the assessed value of the property, and/or statements of any conflicts of interest of Board members or JEA employees.

2. The Awards Committee Approval is Required for Rights Valued at $500,000 or Less but More Than $50,000. If the negotiated purchase price is $500,000 or less but more than $50,000, a resolution will be presented to the Awards Committee for its consideration after review by OGC. The request for Awards Committee consideration may summarize relevant purchase information and may include the following: a comparison of the negotiated price, the appraised value of the property, and the assessed value of the property, and/or statements of any conflicts of interest of Board members or JEA employees.

3. The Procurement Officer May Approve the Purchase or Sale of Rights Valued at $50,000 or Less. If the negotiated purchase price is $50,000 or less, the Procurement Officer may authorize the purchase or sale. The Procurement Officer may request review by OGC or the Vice-President, Organizational Services. Records of property transactions may include the following: a comparison of the negotiated price, the appraised value of the property, Real Estate Services estimate of value, the assessed value of the property, and/or statements of any conflicts of interest of Board members or JEA employees.

4. The Procurement Officer may Approve Donation of Property Rights to JEA: If a property owner donates property rights to JEA, the Procurement Officer may approve the acquisition. Real Estate Services will coordinate all legal and transfer requirements of the acquisition.

Summary Chart:

Value of Rights	Approving Entity
> $500,000	Board
> $50,000 to $500,000	Awards Committee
$50,000 or less	Procurement Officer

V. LEASES – REAL OR PERSONAL PROPERTY

A. Background and Additional Guidance:

This Directive shall apply to leases of Real Property or Tangible Personal Property, whether JEA is lessee or lessor. The Real Property Procurement Officer will negotiate terms including rental rates with the prospective lessee or for JEA as lessor of real property interests. The rental rates are generally at current market value, established at the time of initial lease by an appraisal prepared by an outside real estate appraiser or by a survey of real estate values and market rates conducted internally. The Tangible Personal Property Procurement Officer will negotiate terms of use and lease agreements with prospective user or lessee of JEA tangible personal property.

B. Levels of Approval and Respective Approving Entities for Leases.

1. Leases of $1,000,000 or More in Total Value. If the negotiated lease price is $1,000,000 or more in total value, the responsible Procurement Officer will confirm OGC support of the action. The responsible Procurement Officer will also obtain approval from the Chief Financial Officer for Real Property leases, and approval from the Chief Financial Officer and the Chief Information Officer for Tangible Personal Property leases. The supporting documentation for approval will summarize relevant lease information and may include the following: overview of lease agreement terms, price comparisons of comparable properties or physical assets, and/or statements of any conflicts of interest of Board members or JEA employees.

2. Leases of Less than $1,000,000 in Total Value. If the negotiated lease price is less than $1,000,000 in total value, the responsible Procurement Officer will approve the lease. The supporting documentation for approval will summarize relevant lease information and may include the following: overview of lease agreement terms, price comparisons of comparable properties or physical assets, and/or statements of any conflicts of interest of Board members or JEA employees.

Leases Summary Chart:

Value of Lease	Approving Entity
$1,000,000 or more	Responsible Procurement Officer, CFO, CIO
Less than $1,000,000	Responsible Procurement Officer

VI. EXECUTION OF DOCUMENTS

All documents to be executed on behalf of JEA pursuant to this Procurement Directive may be executed by the Managing Director/Chief Executive Officer, his designee, or the responsible Procurement Officer.

VII. RIGHT TO PROTEST

Any actual or prospective seller, buyer, lessee or lessor who is aggrieved in connection with a solicitation or an Award of a Contract may submit a protest in accordance with JEA Procurement Code.

VIII. EFFECTIVE DATE

This Procurement Directive is effective upon its approval by Managing Director/CEO.

IX. APPOINTMENT

I hereby designate Donald Burch, Manager, Real Estate Services, as the Real Property Procurement Officer for procurement actions relating to fee simple purchases, sales, and leases of real property made under the authority of this Procurement Directive, and

I hereby designate Paul Cosgrave, Chief Information Officer, as the Tangible Personal Property Procurement Officer for procurement actions relating to leases of tangible personal property made under the authority of this Procurement Directive.

Approved:

Paul E. McElroy

Paul McElroy
Managing Director/CEO

6/1/16

Date

TITLE: **Fuel Management Services Procurement Directive**
Procurement of Fuels, Emission Allowances, and Associated Transportation

EFFECTIVE DATE: **August 18, 2014**
Revised: August 28, 2017

POLICY STATEMENT:

JEA employs a staff of professionals in its Fuel Management Services (FMS) Department that develops and administers cost-effective strategies for the procurement of fuel, emission allowances, and associated transportation.

JEA recognizes that the procurement of fuel, emission allowances and associated transportation is sufficiently different from the procurement of other supplies and services required by JEA. This Procurement Directive supplements JEA's Purchasing Code to provide JEA staff with the authority to make timely procurement commitments and to effectively participate in fuel, emission allowance, and transportation markets. It governs the procurement of fuel, emission allowances and associated transportation notwithstanding any provision in JEA's Purchasing Code or current Florida State Statute to the contrary.

ASSIGNMENT OF RESPONSIBILITY:

The Manager of Fuels Management Services is hereby designated by the Managing Director/CEO to serve as the Procurement Officer for Fuels Management Services in accordance with the JEA Purchasing Code, Section 2-201, Procurement Code Exemptions.

In addition to other duties assigned under this Procurement Directive, the Procurement Officer for Fuels Management Services will be responsible for establishing effective processes and procedures to carry out the policies of this Procurement Directive. The Procurement Officer may delegate duties associated with this directive to personnel within JEA, as appropriate.

DEFINITIONS:

Unless otherwise specified herein, all terms used herein will have the same definition specified in the JEA Purchasing Code.

Generating Fuels – Fuel or fuel-related product used in the generation of electricity by JEA including, but not limited to, petroleum coke, coal, limestone, natural gas, #6 residual fuel oil, and #2 diesel fuel oil.

Resale Fuels – Procurement of fuel with the intent to resell.

Fuels – Generating fuels and resale fuels are collectively referred to as fuels herein.

Emission Allowances – Trading credits associated with JEA's activities in purchasing, generating, using, or providing energy. Emission Allowance markets include but are not limited to sulfur dioxide (SO2), nitrogen oxides (NOx), and carbon dioxide (CO2).

PROCEDURE:

The following procedure augments the JEA Purchasing Code. At the option of the Procurement Officer for Fuels, FMS may procure fuel, emission allowances, and associated transportation in a streamlined approach. When market conditions and time constraints allow a standard bid and award process, FMS may utilize Solicitation Review Committee (SRC) and/or Award Committee involvement. Additionally, the Procurement Officer for Fuels shall ensure there are properly appropriated and budgeted funds prior to all items being procured.

I. Public Notice

- Due to the nature of fuel procurement, FMS is not required to advertise individual bid solicitations. FMS will, however, provide general notice on JEA's website of its ongoing intent to engage in future bid solicitations and will solicit bids from those known suppliers on the FMS Bidder List.
- FMS will seek potential suppliers of fuels, with the exception of natural gas, via JEA's website. FMS shall direct newly known suppliers to the JEA FMS Bidders List online application. FMS will attempt to solicit for bids from all suppliers on the appropriate FMS Bidders List.
- A bidder's list is not appropriate for natural gas, transportation or emission allowances. Therefore, FMS shall pursue market opportunities to meet JEA's needs for these commodities.

II. Terms and Conditions

- FMS will develop and maintain a "terms and conditions" document for the supply of each Fuel, as appropriate.
- FMS will periodically revise its terms and conditions as appropriate for use in subsequent Fuel procurements.
- FMS will distribute the current terms and conditions to prospective bidders contained in the bid list for each Fuel.
- In each bid solicitation for Generating Fuels, FMS shall make reference to the terms and conditions specific to which is being procured. The terms and conditions become part of the contract document.
- In a Resale Fuel contract, the terms and conditions will be referenced and provided to customer. The terms and conditions become part of the contract document.

III. Procurement of Fuels, Emission Allowances, and Associated Transportation

FMS will use a competitive bidding process when soliciting for bids. The time available for procurement of fuels, emission allowances, and associated transportation is typically less than that required by JEA's conventional procurement process. Due to the nature of fuel, emission allowance, and transportation markets, FMS staff must request, receive and evaluate bids, and consummate a procurement contract in a much shorter time frame than

required in the standard procurement process. Therefore, at the option of the Procurement Officer for Fuels, FMS may solicit bids, use a broker, or utilize a combination of both methods to expedite the transaction. As market conditions and time constraints allow, a conventional bid and award process as described in the JEA Purchasing Code may be utilized.

- Accelerated Bid Procedure - If a short turnover is required, FMS shall use an accelerated bid process to procure the Generating Fuel by issuing a request for bid via email to all those on the appropriate FMS Bidders List. All those on appropriate FMS Bidders List shall receive the request for bid. Under this method, FMS will receive bids directly for quick evaluation and award.

- Acceptance of Unsolicited Offers - JEA may enter into contracts based on an unsolicited offer for fuels, emission allowances, and/or associated transportation without using the competitive bid process. JEA may engage in negotiations with the party who provided the unsolicited offer to improve the terms, conditions and/or pricing. FMS will be allowed to take advantage of unsolicited offers when such procurements are determined to provide operational and/or economical advantage to JEA and acceptance of such offer is in JEA's best interest.

- Cooperative Procurement - JEA may participate in, sponsor, conduct, or administer a cooperative procurement agreement for the procurement of fuels, emission allowances, and/or associated transportation with one or more public or utility industry partners in accordance with an agreement entered into between the participants, when such action is deemed to be in JEA's best interest.

- Loan or Sale - JEA may loan or sell fuels, emission allowances, and/or associated transportation when it is in the best interest of JEA to do so. JEA will be reimbursed for expenses incurred and compensated at fair market value for services or product loaned or sold.

IV. Contract Approval

Prior to contract execution and approval, FMS shall follow approval guidelines and authorization limits contained in the Energy Market Risk Management Policy.

- Procurement Approval of Contracts of $1,000,000 or more in Total Value:
  All actions taken under this Procurement Directive for these contracts will be approved by the Procurement Officer for Fuels, the Chief Financial Officer, and the Vice President/General Manager Electric Systems, or their designees unless Awards Committee approval is utilized as described below.

- Procurement Approval of Contracts of Less than $1,000,000 in Total Value:
  All actions taken under this Procurement Directive for these contracts will be fully documented by FMS and approved by the Procurement Officer for Fuels or their designee unless Awards Committee approval is utilized as described below.

- Awards Committee Approval:
  As market conditions and time constraints allow, at the option of the Procurement Officer for Fuels, FMS may take a procurement action to the Awards Committee for approval.

V. Documentation

FMS shall follow these documentation requirement as well as any additional requirements as stated in the Energy Market Risk Management Policy.

- Contract Term of One Year or Greater:
  FMS will provide original contract documents to the Manager Procurement Contracts Administration and will maintain a copy and all supporting documentation.

- Contract Term of Less than One Year:
  FMS will maintain original contract documents and all supporting documentation.

VI. Execution of Documents

All documents to be executed on behalf of JEA pursuant to this Procurement Directive may be executed by the Managing Director/Chief Executive Officer, their designee, or the Procurement Officer for Fuels.

VII. Right to Protest

Any actual or prospective bidder who is aggrieved in connection with a solicitation or an Award of a Contract may submit a protest in accordance with the JEA Purchasing Code. Nothing contained in this Fuel Management Services Procurement Directive limits a bidder's ability to submit a protest in accordance with the JEA Purchasing Code.

VIII. Effective Date:

This revised Procurement Directive is effective upon its approval by the Managing Director/CEO.

IX. Appointment

I hereby designate Randall Van Aartsen, Manager, Fuels Management Services, as the Procurement Officer for procurement actions made under the authority of the Fuels Management Services Procurement Directive.

Paul E. McElroy

Paul McElroy
Managing Director/CEO

10/26/17
Date

TITLE: **Byproduct Services Procurement Directive**
Byproduct Marketing and Management

EFFECTIVE DATE: **December 20, 2010**

POLICY STATEMENT:

JEA employs a staff of professionals in its Byproduct Services Department (BPS) that develops and administers cost-effective strategies for the marketing, transportation, beneficial reuse, installation and disposal of Byproducts

JEA produces Byproducts through its normal operations. In efforts to support JEA's environmental sustainability initiatives, and to obtain the best use of rate payer dollars, JEA may either beneficially reuse or landfill Byproducts. In efforts to beneficially reuse the Byproducts, JEA may apply for certification from appropriate state agencies in Florida and other States, may certify contractors to handle the Byproducts in accordance with the certifications received, may sell the Byproducts for use within the certifications, and may procure existing landfill space or lands for landfill purposes in accordance with procedures that will best serve JEA. JEA may operate a landfill for Byproducts through use of JEA forces, or may contract for services relating to operation of a landfill for Byproducts using methods which will produce the best result for JEA, including requiring that contractors operating landfills be certified and experienced in the use of both the Byproduct materials and in landfill operation.

JEA recognizes that the marketing, transportation, beneficial reuse, installation and disposal of Byproducts are sufficiently different from the procurement/management of other supplies and services required by JEA for the following reasons:

- Coal combustion Byproducts (CCB) are an environmentally sensitive material evoking emotional discussions from the media, customers and environmental stakeholders.
- Marketing/beneficial reuse of JEA's Byproducts is a competitive process where judgments on fair market prices, sources of competition and competitive materials require quick action and immediate responses.
- Beneficial reuse of JEA's Byproducts is an environmentally sensitive process. Misapplication or misuse of the Byproduct by a contractor or end-user results in responsibility for the ultimate disposition of the material coming back to JEA. Using certification criteria, past performance and staff judgment as to which contractor is suitable for specific projects is imperative.
- Disposal of JEA's Byproduct can be expensive and environmentally sensitive. When a need to dispose of Byproduct arises, quick competitive pricing and staff judgment as to which landfills can supply the quantity, price and minimize exposure is imperative.
- Any use or disposal of JEA's Byproducts can evoke emotional health concerns. Although JEA's Byproduct is vastly different from traditional CCB's, and extensive

testing and analysis has been performed on the health effects, BPS needs to be able to make subjective determinations as to the applicability of a project, contractor or market.

This Procurement Directive supplements JEA's Purchasing Code to provide JEA staff with the authority to make timely procurement commitments and to effectively participate in opportunities to market, transport, beneficially reuse, install and dispose of Byproducts. It governs the marketing, transportation, beneficial reuse, installation and disposal of Byproducts notwithstanding any provision in JEA's Purchasing Code or current Florida State Statute to the contrary.

ASSIGNMENT OF RESPONSIBILITY:

The CEO designated Procurement Officer for Byproducts is responsible for the implementation and maintenance of this Procurement Directive.

The Procurement Officer for Byproducts will conduct business in compliance with the JEA Purchasing Code, the Management Directive for Byproduct Services, the Byproducts Services Procurement Directive, and the Byproduct Services Operational Procedures.

DEFINITIONS:

Unless otherwise specified herein, all terms used herein will have the same definition specified in the JEA Purchasing Code.

Byproducts – Materials resulting from the process of generating electricity including, but not limited to, bottom ash, bed ash, fly ash, and gypsum.

BPS Operational Procedures – Internal operating procedures of BPS which support this Procurement Directive. These procedures are developed and maintained by the Procurement Officer for Byproducts and may be modified from time to time by the Procurement Officer for Byproducts. These supporting procedures will maintain consistency with this Procurement Directive.

PROCEDURE:

The following procedure augments the JEA Purchasing Code. At the option of the Procurement Officer for Byproducts, BPS may market, install, beneficially reuse, dispose and transport byproducts in a streamlined approach. When market conditions and time constraints allow a standard bid and award process, BPS may utilize Solicitation Review Committee (SRC) and/or Award Committee involvement.

The BPS Operational Procedure will provide detail for each item below.

I. Public Notice

Due to the unique nature of Byproducts, BPS is not required to advertise individual bid solicitations.

II. Management of the Marketing, Transportation, Installation and Disposal of Byproducts

A. Use of Competitive Bid Procedures

BPS will use a competitive bidding process when soliciting for bids. The time available for management of Byproducts is typically less than that required by JEA's conventional procurement process. Due to the unique nature of byproduct management, BPS staff must request, receive and evaluate bids, and consummate a procurement contract in a much shorter time frame than required in the standard procurement process. Therefore, at the option of the Procurement Officer for Byproducts, BPS may use one of the following methods as appropriate for a specific procurement action:

- Accelerated Method - BPS may distribute a bid form to prospective bidders that references the current terms and conditions document. Under this method, BPS will receive bids directly for quick evaluation and award.

- Conventional Method - As market conditions and time constraints allow, a conventional bid and award process as described in the JEA Purchasing Code may be utilized.

As market conditions and time constraints allow, at the option of the Procurement Officer for Byproducts, BPS may take a procurement action to the Awards Committee for approval or may use the approval process detailed in Section IV.

B. Acceptance of Unsolicited Offers

JEA may enter into contracts based on an unsolicited offer for the marketing, transportation, beneficial reuse, installation and disposal of byproducts without using the competitive bid process. JEA may engage in negotiations with the party who provided the unsolicited offer to improve the terms, conditions and/or pricing.

BPS will be allowed to take advantage of unsolicited offers when such procurements are determined to provide operational and/or economical advantage to JEA and acceptance of such offer is in JEA's best interest.

C. Loan or Sale

JEA may loan or sell generating byproducts, when it is in the best interest of JEA to do so. JEA will be reimbursed for expenses incurred and compensated at fair market value for services or product loaned or sold.

Byproduct loan or sale opportunities may be assigned for some time period to another department. Regardless of any assignment, byproduct loan or sale opportunities will be governed by the terms of this Procurement Directive.

D. Cooperative Procurement

JEA may participate in, sponsor, conduct, or administer a cooperative procurement agreement for the procurement of generating byproducts, with one or more public or utility industry partners in accordance with an agreement entered into between the participants, when such action is deemed to be in JEA's best interest.

III. Contract Approval

A. Procurement Approval of Contracts of $1,000,000 or more in Total Value

All actions taken under this Procurement Directive for these contracts will be approved by the Procurement Officer for Byproducts, the Vice President of Fuels, Purchased Power & Compliance, the Chief Financial Officer, and the Chief Operating Officer, or their designees unless Awards Committee approval is utilized as described below.

B. Procurement Approval of Contracts of Less than $1,000,000 in Total Value

All actions taken under this Procurement Directive for these contracts will be fully documented by BPS and approved by the Procurement Officer for Byproducts or their designee unless Awards Committee approval is utilized as described below.

C. Awards Committee Approval

As market conditions and time constraints allow, at the option of the Procurement Officer for Byproducts, BPS may take a procurement action to the Awards Committee for approval.

IV. Documentation

A. Contract Term of One Year or Greater

BPS will provide original contract documents to the Procurement Services Contracts & OGC Liaison and will maintain a copy and all other documentation in BPS files.

B. Contract Term of Less than One Year

BPS will maintain original contract documents and all other documentation in BPS files.

V. Execution of Documents

All documents to be executed on behalf of JEA pursuant to this Procurement Directive may be executed by the Managing Director/Chief Executive Officer, their designee, or the Procurement Officer for Byproducts.

VI. Effective Date

This Procurement Directive is effective upon its approval by Managing Director/CEO.

Approved:

James A. Dickenson — Date: Dec 21, 2010
Managing Director/CEO

Form Approval

Assistant General Counsel

MANAGEMENT DIRECTIVE: 110

TITLE: DELEGATION OF AUTHORITY AND SIGNATURE AUTHORIZATIONS

ORIGINATION DATE: MARCH 7, 1977 **REVISED:** MAY 3, 2013

POLICY STATEMENT: The titles Managing Director (MD) and Chief Executive Officer (CEO) are interchangeable relating to JEA Board delegation of authority in the JEA Purchasing Code, Appointed Pay Plan and per other approved Board items.

The MD/CEO shall delegate to certain JEA employees the responsibility and authority to approve specific documents, as detailed within this MD. Further, the Chief Customer Officer (CCO), Chief Financial Officer (CFO), VP/GM Electric Systems, VP/GM Water Wastewater Systems, Chief Information Officer (CIO), Chief Public Affairs Officer (CPAO), Chief Compliance Officer and the Chief Human Resource Officer (CHRO) are designated as authorized signers for the documents for which he/she is the process owner when the MD/CEO is absent and in such cases where a delay in signing might adversely affect JEA and its daily operations.

ASSIGNMENT OF RESPONSIBILITY: It shall be the responsibility of the Chief Human Resources Officer to implement and maintain this policy.

DOCUMENT LISTING:

The forms and documents currently in use and associated with this MD are listed below. For items A through L, any one of the listed positions may sign except as otherwise noted. Item M requires the signature of all the listed positions, except as otherwise noted. Electronic authorization is the equivalent of a signature.

A. **Employee Time Records**
Time records shall be approved at the managerial level or above, unless delegated by a Manager or Director to a team lead employee. The Managing Director/Chief Executive Officer and any Officer or Vice President may sign any time sheet.

B. **Certification of Payrolls (bi-weekly & semi-annually)**
Director - Employee Services (for all employees, bi-weekly)

C. **Procurement Documents**
Signature authorization for initiation of procurement actions shall be in accordance with the JEA Purchasing Code, Article 12, Section 12-301(3).
Documents for initiation of procurement actions include, but are not limited to, requests for advertising, purchase requisitions, requests for award, requests for change orders, purchase orders, contracts and agreements.

D. **Payment Authorization for Contracts**
Appointed manager responsible for administering the applicable contract.

E. **Purchasing Card Statements** (cardholder's)
Cardholder's supervisory appointed employee.

F. **Check Requests:**
1. **Check requests for business promotion expenses** shall be in accordance with the provisions specified in Procedure OS A0000 181.
2. **Check requests for dues and memberships and professional license** shall be in accordance with the provisions specified in Procedure OS A0500 PS 520.
3. **Check requests for recruiting expenses and relocation** shall be in accordance with provisions specified in MD 119.
4. **Other Check requests**--Must meet requirements of OS A0504 PS-AP 512
Any supervisory appointed employee.

G. **Funds Authorization for JEA Contracts**
Controller

H. **Travel Authorization & Payment of Travel Expenses**—shall be in accordance with provisions specified in MD 120

I. **Initial Application for Educational Assistance**
Managers and above.

J. **Approval of Reimbursement amount (educational assistance)**
Director – Training & Workforce Development.

K. **Meal Allowance Summary and Voucher Requests**
Any supervisory appointed employee.

L. **ESRs (Employee Service Request) and Requests for Personnel Transactions**
Any supervisory appointed employee – Note: these are electronic forms and electronic authorization is the equivalent of a signature.

M. **Work Orders** shall be in accordance with Financial Services Work Order Request and Capital Funds Transfer – Contact Budget Services for additional information.

N. **Time Critical Items—Delegation to Vice Presidents**
1. Chief Officers and Vice Presidents/GMs are designated as authorized signers for the documents for which he/she is the process owner when the MD/CEO is absent. This particularly concerns items where delay, due to the absence of the MD/CEO might adversely affect JEA and its daily operations.
2. If the document in question involves expenditures of more than $10 million of JEA funds, the MD/CEO must be contacted for approval or disapproval before any action is taken, unless the Chief Officer and Vice President have been previously authorized, in writing, to approve/disapprove such documents.

3. The signature requestor will send an e-mail to the MD/CEO advising him of the item and action taken, including the name of the Officer/VP to whom the item was referred for action.
4. The Officer/VP will review the item and, using his/her discretion, has the option to either sign or decline to sign.
5. The Officer/VP will send an e-mail notice of the action taken to the MD/CEO and the signature requestor.

SIGNED: /s/ Paul McElroy
Managing Director/Chief Executive Officer

EFFECTIVE DATE: May 3, 2013

Links : Business Expense and Reimbursement Procedure
Recruiting Expenses and Relocation
Other Check Requests
Travel

Revisions: 5/3/13
3/12/08
12/13/04
11/03/04
6/06/03
10/1/01

MANAGEMENT DIRECTIVE: **801 Environmental Allowances**
TITLE: **Environmental Allowances Transactions**

ORIGINATION DATE: February 13, 2006 **REVISED: March 19, 2014**

POLICY STATEMENT: JEA's Public Affairs department will manage the procurement and sale of all Environmental Allowances for JEA. Environmental Allowances refers to trading credits associated with JEA's activities in providing our customers electric, water and wastewater or other related utility services. Examples of Environmental Allowance markets include, but are not limited to, renewable energy attributes (also known as green tags), wetland mitigation banking credits, wildlife credits, water quality credits, and consumptive use permitting impact offsets and substitution credits.

Air Emission Allowances are procured under a separate and distinct Procurement Directive which is entitled the Fuels Management Services Procurement Directive.

ASSIGNMENT OF RESPONSIBILITY: The Chief Public Affairs Officer is authorized by the Chief Executive Officer to serve as the Procurement Officer for Environmental Allowances according to the JEA Procurement Code, Section 2-602, Exemptions. In accordance with this section of the Procurement Code, the Chief Public Affairs Officer will maintain the Environmental Allowances Procurement Directive. Additionally, the Procurement Officer for Environmental Allowances for this Directive shall establish and update processes and procedures for purchasing environmental allowances.

SIGNATURE: **/s/ Paul McElroy**
Chief Executive Officer

EFFECTIVE DATE: **March 19, 2014**

Building Community

INTER-OFFICE MEMORANDUM
March 13, 2012

SUBJECT: **DELEGATION OF SIGNATURE AUTHORITY**

FROM: Jim Dickenson, Managing Director/CEO

TO: Susan Hughes, Chief Human Resource Officer

In order to ensure timely and efficient administration of processes within the Employee Services area, as Managing Director/CEO I am delegating signature authority to you, as Chief Human Resources Officer, and/or to the Director of Employee Services for the following documents:

- Deferred Compensation Plan amendments, contracts, investment fund changes, and other related administrative documents.
- Vendor contracts for engagement and termination of safety and labor services, actuarial services and consultation, attorney engagement and consulting services, financial consulting services, and other related contract and administrative documents. This also includes contracts with various group insurance carriers and related consulting services.
- Memorandums of Understanding (MOUs), if non-financial. MOUs with financial implications will require signature by the CEO.

This delegation may be modified or deleted if deemed unnecessary once the ongoing review of Management Directive 110 (Delegation of Authority and Signature Authorizations) is completed.

Jim Dickenson, Managing Director/CEO

JD/EW

Ver 1.0 02/22/2008

MANAGEMENT DIRECTIVE: 127

TITLE: Resolution of Certain Disputes and Claims

ORIGINATION DATE: April 19, 1993 **REVISED:** September 21, 2010

POLICY STATEMENT: The Managing Director/ Chief Executive Officer (MD/CEO) is authorized by the JEA Board to settle any disputed claim for monetary damages, fines, penalties, or other financial relief which does not exceed $150,000. Settlement may only be effected if funds are budgeted and available.

ASSIGNMENT OF RESPONSIBILITY: The MD/CEO, or designated representative of the MD/CEO, shall investigate and attempt a resolution of any legitimate claim/dispute brought by or against JEA. Where a monetary resolution is $150,000 or less, or a non-monetary resolution is achievable, the MD/CEO or designated representative will resolve the dispute or claim and complete the attached form.

The respective manager involved in each such resolution shall ensure that funds are available.

The Director, Audit Services, shall maintain the records for each claim or dispute.

SIGNED: /s/ James A. Dickenson
Managing Director/Chief Executive Officer

EFFECTIVE DATE: September 21, 2010

Revisions: 10/1/01
3/21/00
7/7/99
5/27/96
9/21/10

Resolution of Claims & Disputes

($150,000 or less or non-monetary, brought by or against JEA) Date: _____

ck one: _____ Monetary _____ Non-Monetary

Initiated by:(Check one) _____ JEA _____
(Company/Individual Name, if against JEA)

Claim/Dispute Description

_____

_____

_____

_____

Summary of Proposed Resolution

_____

_____

_____

_____

JEA Official Responsible _____ _____
(Signature) (Date)

Asst. General Counsel _____ _____
(Signature) (Date)

mplete one (1) of the following two (2) sections:

1. **Monetary Resolution ($150,000 or less):** **Proposed Amount** _____

Funds Available? _____Yes _____No _____

Recommendations: _____Approval _____Disapproval _____
(Signature - CFO)

_____Approval _____Disapproval _____ _____
(Signature - Appropriate Chief VP)

Final Action: _____**Approved** _____ **Disapproved** _____
(Signature - CEO)

2. **Non-Monetary Resolution:**

Recommendations: _____Approval _____ Disapproval _____
(Signature - Director)

_____
Approval _____ Disapproval _____
(Signature – Appropriate Chief/ VP)

_____
Approval _____ Disapproval _____
(Signature - Appropriate Chief/VP)

Final Action: _____**Approved** _____**Disapproved** _____

:: VP/Chief
Department Director
Director of Financial Planning, Budgets and Rates (only if a Monetary Resolution)

MD 127 APPENDIX A

Building Community

AGENDA ITEM SUMMARY

January 7, 2019

SUBJECT:	**DEMAND PRICING PILOT UPDATE – THE FUTURE PLATFORM**

Purpose:	☒ Information Only	☐ Action Required	☐ Advice/Direction

Issue: In the 57 years leading up to 2006, only 3 years resulted in year over year sales declines for JEA. Our business has changed dramatically since then. Driven by lower per capita consumption, electric sales have decoupled from economic growth, and the impacts of energy efficiency and the growth of distributed generation will continue to put downward pressure on electric sales in the future. Electric utility rate structures like JEA's, in place for more than 100 years, recover most fixed infrastructure costs through a variable, volumetric rate.
.

Significance: So what does a capital intensive, high fixed cost business, caught in a flat to declining unit sales market do? Create a pricing platform for the future that provides *Revenue Stability* to deliver positive *Customer Impact* promoting efficient *System Utilization.*

Effect: If our rate structure matches our cost structure, we can fairly apportion to each customer their share of the cost to use the electric system which means we create an active customer-partner who uses the grid more efficiently, driving down the costs for all. It will position JEA to have a sound foundation that is resilient and innovative to handle market disrupters like technology, energy efficiency and Distributive Energy Resources (DER).

Cost or Benefit: The Demand Pricing Pilot will deliver *Revenue Stability* for the company and bill stability for the customer. It will enable forward positive *Customer Impact* through usage control achieving efficient *System Utilization.* It will also act as a gateway to support customer's desire for emerging integrated home energy management tools and renewables.

Recommended Board action: The item is presented for information. No action is required by the Board.

For additional information, contact: Kerri Stewart, CCO or Ryan Wannemacher, CFO

Submitted by: PEM/KS





Ver.2.0D 9/21/2013 jer

Building Community

INTER-OFFICE MEMORANDUM
January 7, 2019

SUBJECT:	**DEMAND PRICING PILOT UPDATE – THE FUTURE PLATFORM**
FROM:	Aaron F. Zahn, Managing Director/CEO
TO:	JEA Board of Directors

BACKGROUND:

In the 57 years leading up to 2006, only 3 years resulted in year over year sales declines for JEA. Our business has changed dramatically since then. Driven by lower per capita consumption, electric sales have decoupled from economic growth, and the impacts of energy efficiency and the growth of distributed generation will continue to put downward pressure on electric sales in the future. Electric utility rate structures like JEA's, in place for more than 100 years, recover most fixed infrastructure costs through a variable, volumetric rate.

DISCUSSION:

So what does a capital intensive, high fixed cost business, caught in a flat to declining unit sales market do? Create a pricing platform for the future that provides *Revenue Stability* to deliver positive *Customer Impact* promoting efficient *System Utilization.* If our rate structure matches our cost structure, we can fairly apportion to each customer their share of the cost to use the electric system which means we create an active customer-partner who uses the grid more efficiently, driving down the costs for all. It will position JEA to have a sound foundation that is resilient and innovative to handle market disrupters like technology, energy efficiency and Distributive Energy Resources (DER).

RECOMMENDATION:

The item is presented for information. No action is required by the Board.

_____
Aaron F. Zahn, Managing Director/CEO

AFZ/KS

Ver 2.2 02/01/2014


JEA
Demand Pricing Pilot Update
The Future Platform

Customer Value | Financial Value | Community Impact Value | Environmental Value

- ❑ The Consumption Pricing Model
- ❑ The Demand Pricing Model
- ❑ Our Key Learnings
- ❑ The Path Forward

AGENDA



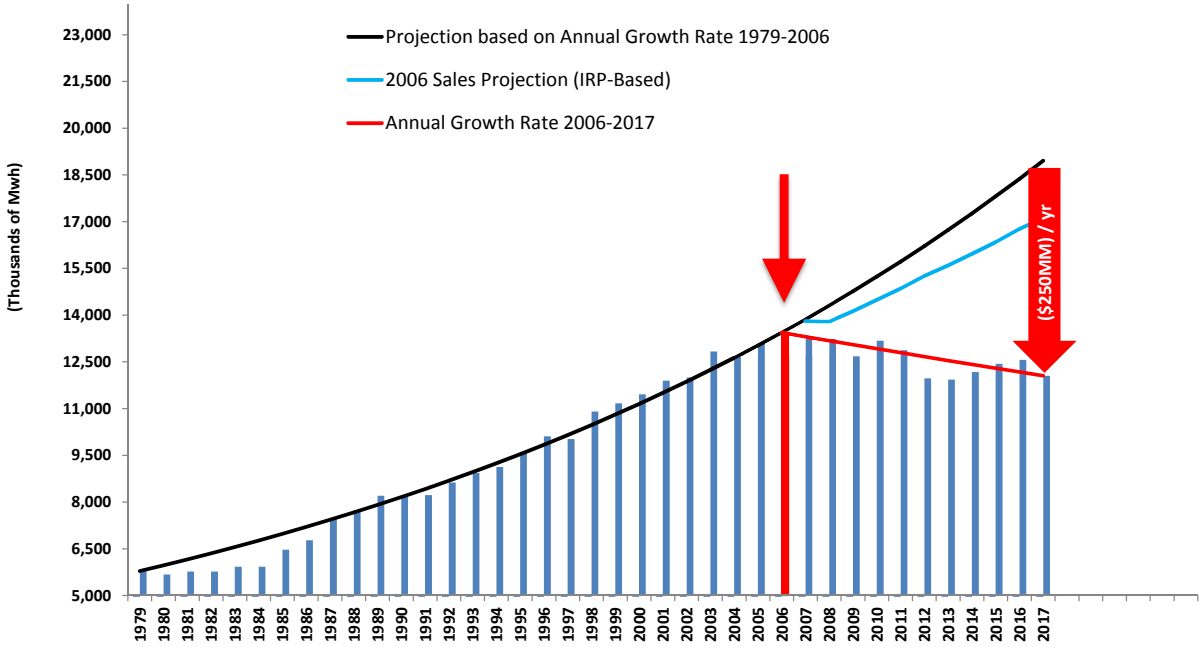
Southside Generating Station Construction in 1949

The Consumption Pricing Model

Demand Rate Pilot Update

Customer Value | Financial Value ✓ | Community Impact Value | Environmental Value

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



THE CONSUMPTION PRICING MODEL

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

Customer Value | Financial Value ✓ | Community Impact Value | Environmental Value

Raise the Basic Monthly Charge

Bill impacts under the demand rate are driven by **customer choice** while bill impacts under a significantly increased fixed charge are **forced** on customers regardless of energy use.

THE CONSUMPTION PRICING MODEL

Ponte Vedra Beach
20kW Usage
↑ $60





Southside
10kW Usage
↑ $60

Arlington
3kW Usage
↑ $60

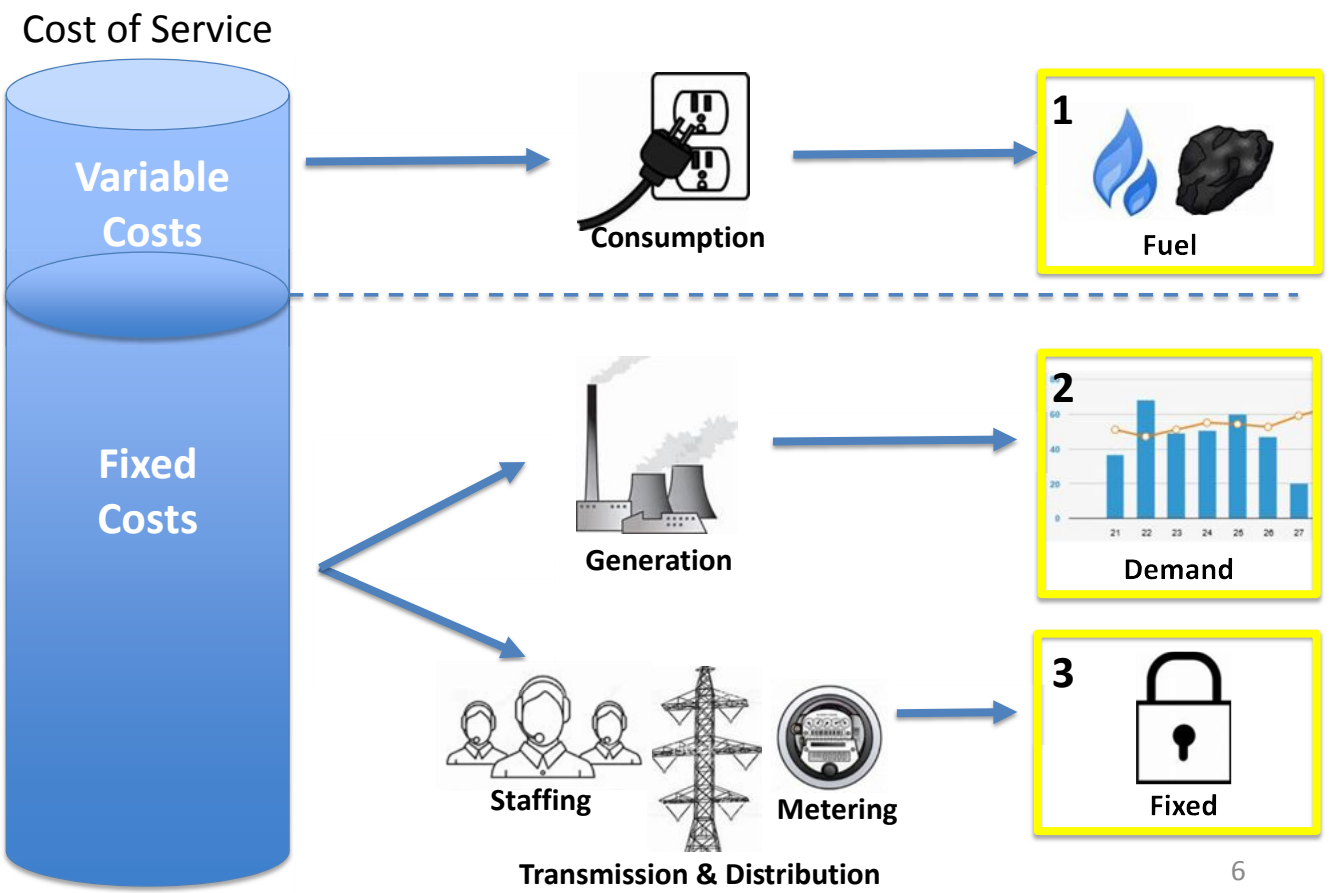


Customer Value ✓ Financial Value ✓ Community Impact Value ✓ Environmental Value ✓

Allow Customer Choice

Our Cost of Service should align with our Customer's use of the electric system. As they reduce usage, we can equally reduce costs to match.

THE DEMAND PRICING MODEL



The Demand Pricing Model

Demand Rate Pilot Update

Customer Value ✓ Financial Value ✓ Community Impact Value ✓ Environmental Value ✓

What is Demand Pricing?

A strategy in which product prices adjust in response to supply and demand.

Common practice in the hospitality, travel, entertainment, and retail industries

THE DEMAND PRICING MODEL

DELTA

tm

STARBUCKS COFFEE

UBER

Marriott HOTELS · RESORTS · SUITES

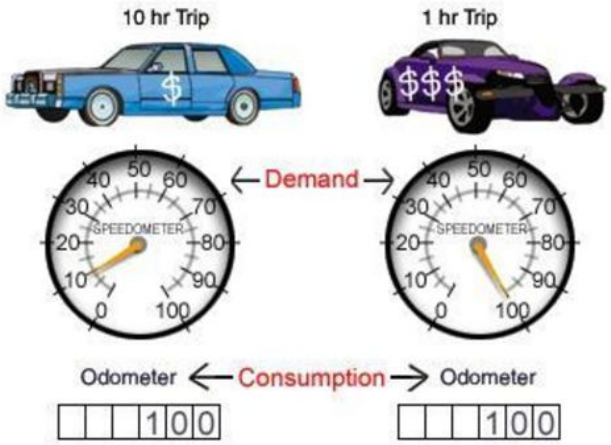
Disney World

8

Customer Value ✓ Financial Value ✓ Community Impact Value ✓ Environmental Value

Demand vs Consumption

Demand (kW) focuses on *when* you use electricity while consumption (kWh) focuses on *how much* you use



THE DEMAND PRICING MODEL

JEA's Opt-In Demand Rate Pilot



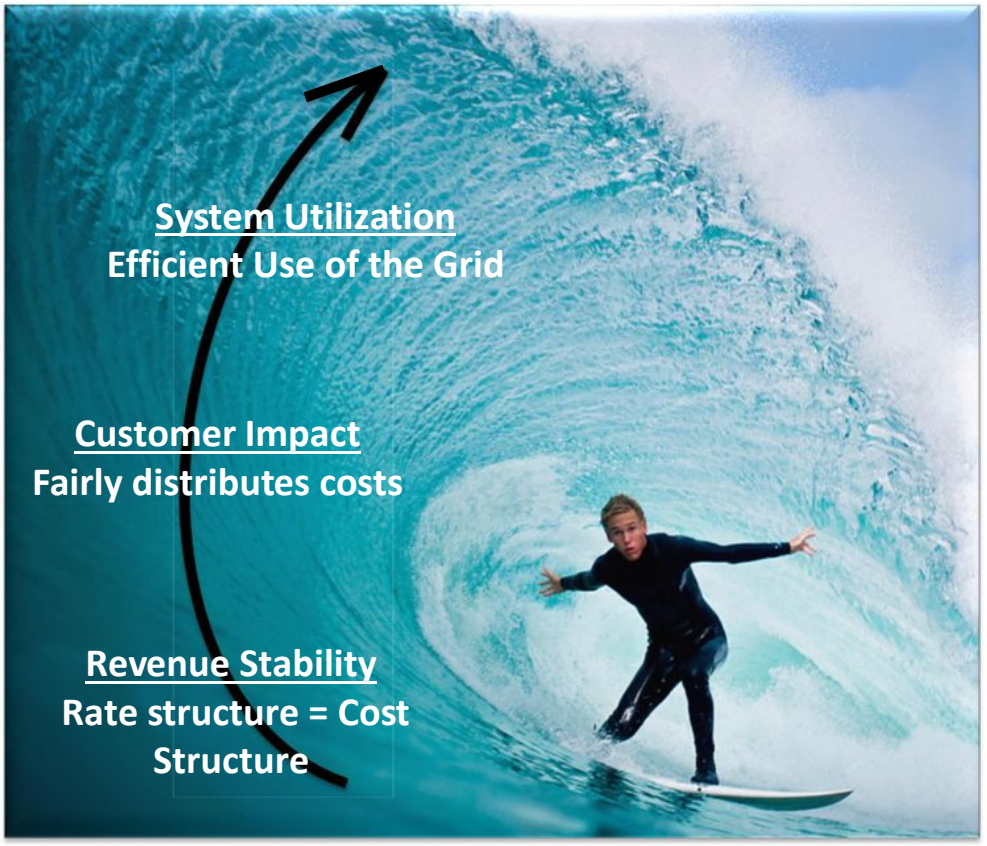
Customer Value ✓ Financial Value ✓ Community Impact Value ✓ Environmental Value

The First Step

Create a pricing platform for the future that provides *Revenue Stability* to deliver positive *Customer Impact* promoting efficient *System Utilization.*

THE DEMAND PRICING MODEL

Pricing Platform for the Future



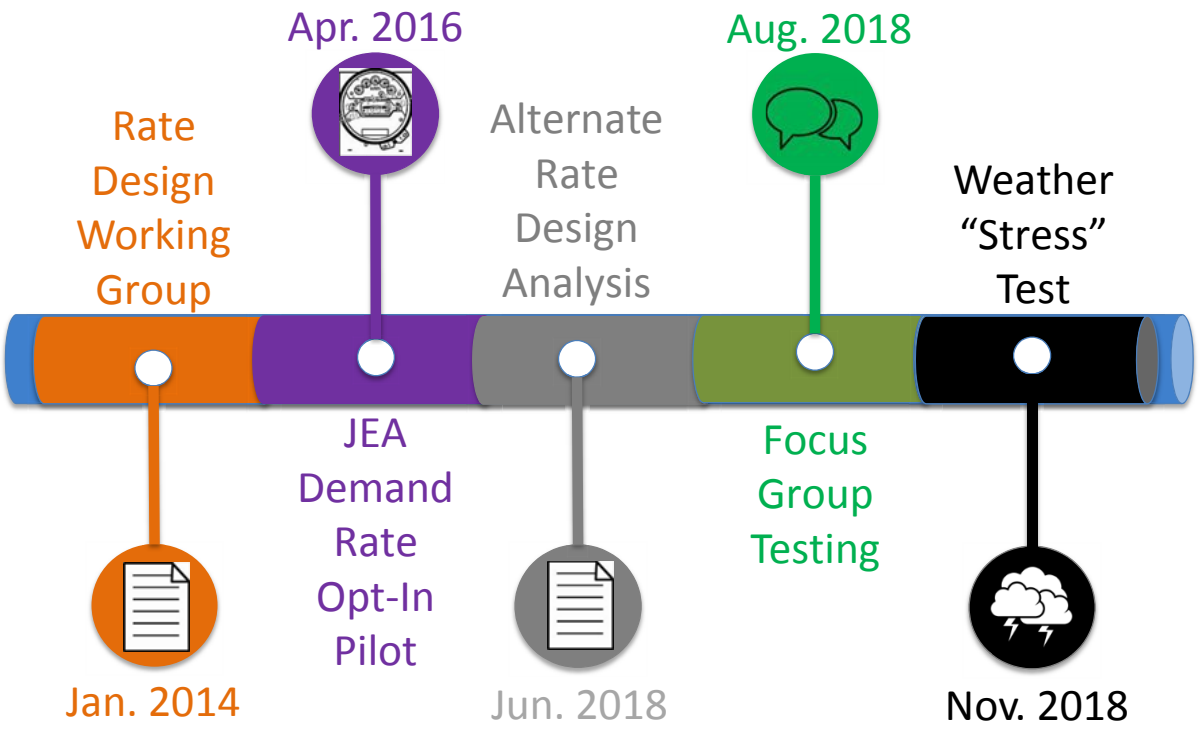
Our Key Learnings

Demand Pricing Pilot Update

Customer Value ✓ Financial Value | Community Impact Value | Environmental Value

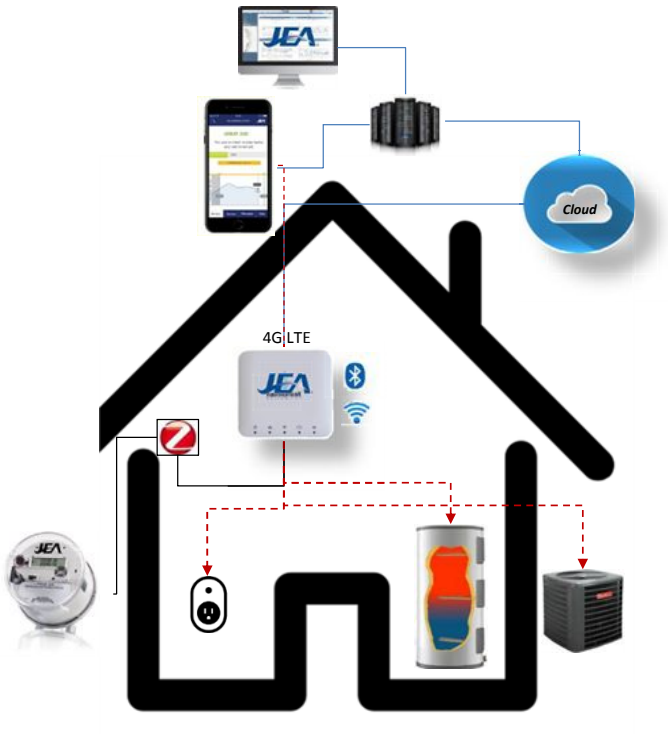
- Demand pricing is less impacted by weather and more stable than kWh
- Customers perceive more and longer demand intervals to be fairer
- Customers like the opportunity to save by avoiding peak periods
- Customers believe that technology (information and control) is needed to manage usage effectively

OUR KEY LEARNINGS



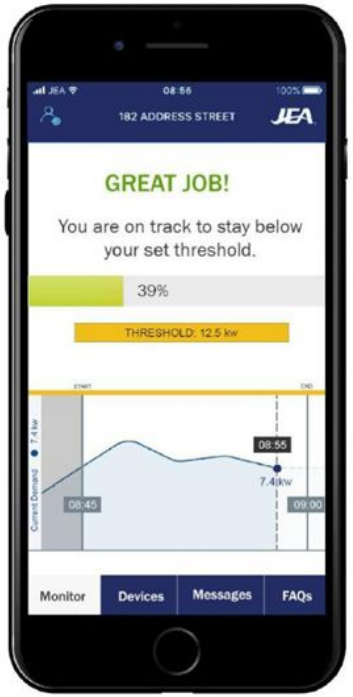
12

Customer Value ✓ Financial Value ✓ Community Impact Value Environmental Value



OUR KEY LEARNINGS

JEA Customer Research & Development – Enabling Tech Home Energy Management Tool







13

The Path Forward

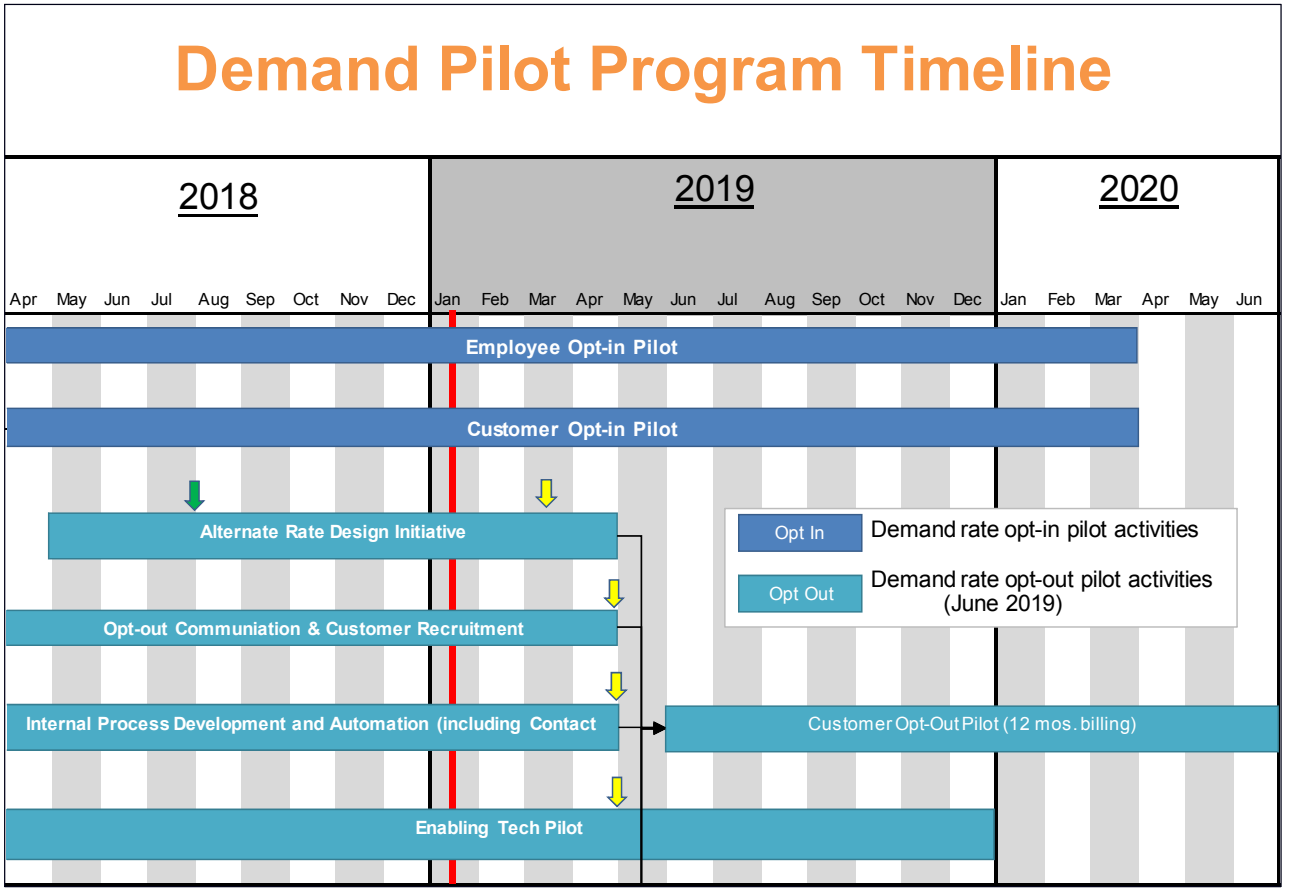
Demand Pricing Pilot Update

Customer Value ✓ Financial Value ✓ Community Impact Value Environmental Value

Opt-Out Demand Pilot Goals

- Study how customer behavior change impacts revenue collected and peak generation
- Test and fine tune…
  - Communications (i.e. alerts), delivery method and timing preferences to customers
  - Customer support responses using segmentation and call center feedback
  - Enabling technology offering
- Evaluate impacts to low income segments
- Review rate robustness to Distributive Energy Resources and technology innovations

THE PATH FORWARD




Questions?
JEA
Demand Pricing
Pilot Update
16

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			

JEA COMPENSATION COMMITTEE MINUTES
May 14, 2018

The Compensation Committee of JEA met on Monday, May 14, 2018, 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 Chair Flanagan called the meeting to order at 10:30 AM with Committee Member April Green in attendance, as well as Board Chair Alan Howard in observance. Board Vice Chair Husein Cumber attended telephonically. Also present were Aaron Zahn, Melissa Dykes, Angie Hiers, Jody Brooks, Mike Hightower, John McCarthy, Gerri Boyce, Gina Kyle and David Bauerlein, Florida Times-Union.

B. Adoption of Agenda – The Agenda was adopted on **motion** by Ms. Green and second by Board Vice Chair Cumber.

C. Approval of Minutes – The November 27, 2017 minutes were approved on **motion** by Ms. Green and second by Board Vice Chair Cumber.

Agenda Item II – New Business

A. Executive Contracts – Jody Brooks, Vice President and Chief Legal Officer reviewed the draft executive contracts for Aaron Zahn, Interim Managing Director/CEO and Melissa Dykes, President/Chief Operating Officer. Committee Members held discussions and recommended to revise the effective date to May 15, 2018 on both agreements, as well as remove the clause in section 2.5 providing 280 hours of leave during each year of employment. The remainder of the contract will remain intact as negotiated by Board Chair Howard. The Committee recommended a position description to the agreement of Ms. Dykes. The Committee felt it was important to provide additional time to Mr. Zahn to outline the roles and responsibilities of Ms. Dykes, while providing the delegation of authority to the Compensation Committee Chair to review upon completion. On **motion** by Ms. Green and second by Board Vice Chair Cumber, the Committee approved the executive contract as amended for Mr. Zahn. Committee Members held discussions related to Ms. Dyke's draft executive contract, requesting the same revision of section 2.5 providing 280 hours of leave during each calendar year of employment. On **motion** by Ms. Green and second by Committee Chair Flanagan, the Committee approved the executive contract for Melissa Dykes. Both contracts will be brought before the Board at the May 15, 2018 meeting for action.

B. Executive Search Firm Selection – Committee Chair Flanagan thanked Angie Hiers, Vice President and Chief Human Resources Officer and John McCarthy, Vice President and Chief Supply Chain Officer for their work on the CEO search firm process. Committee Chair Flanagan provided Committee Members with a Chief Executive Officer Search Services Evaluation Matrix and Recruiting Firm History. Committee Chair Flanagan stated all three firms have standard qualifications and it came down to relevant experience of work completed with a utility, as well as fees.

C. Other New Business

D. Announcements – The next meeting will be scheduled as appropriate.

E. Adjournment – With no further business claiming the attention of this Committee, the meeting was adjourned at 1:28 PM.

DRAFT

APPROVED BY:

_____
Kelly Flanagan, Committee Chair
Date: _____

Submitted by:

_____
Melissa Charleroy
Executive Assistant


JEA
Total Market Compensation Strategy
January 2018
1



COMMITMENT TO RESULTS & VALUE

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



LEADING BY EXAMPLE

DRIVING ORGANIZATIONAL CULTURE

EMPLOYEE ENGAGEMENT & BEHAVIOR

RETAINING AND ATTRACTING TALENT

ALIGNMENT OF COMPANY AND EMPLOYEE GOALS

STRATEGY TO DRIVE THE BUSINESS

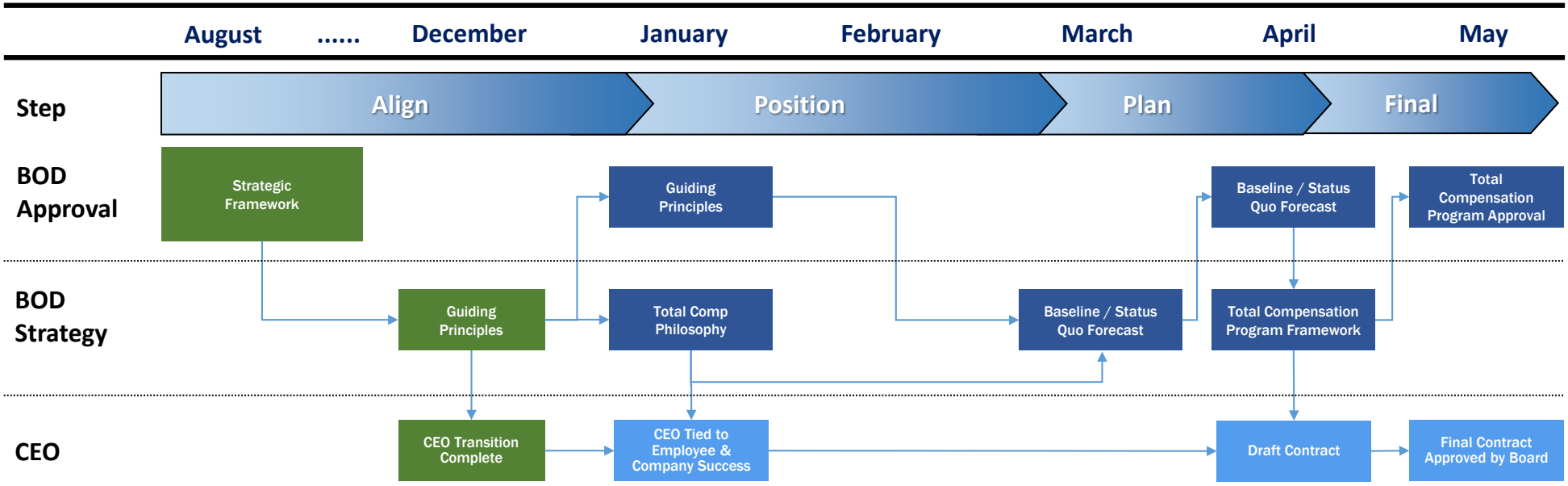
TAKING CALCULATED RISKS & EXECUTE

ACHIEVE EXTRAORDINARY RESULTS

ALIGNMENT OF COMPENSATION TO RESULTS

ALIGNING TO RESULTS & VALUE

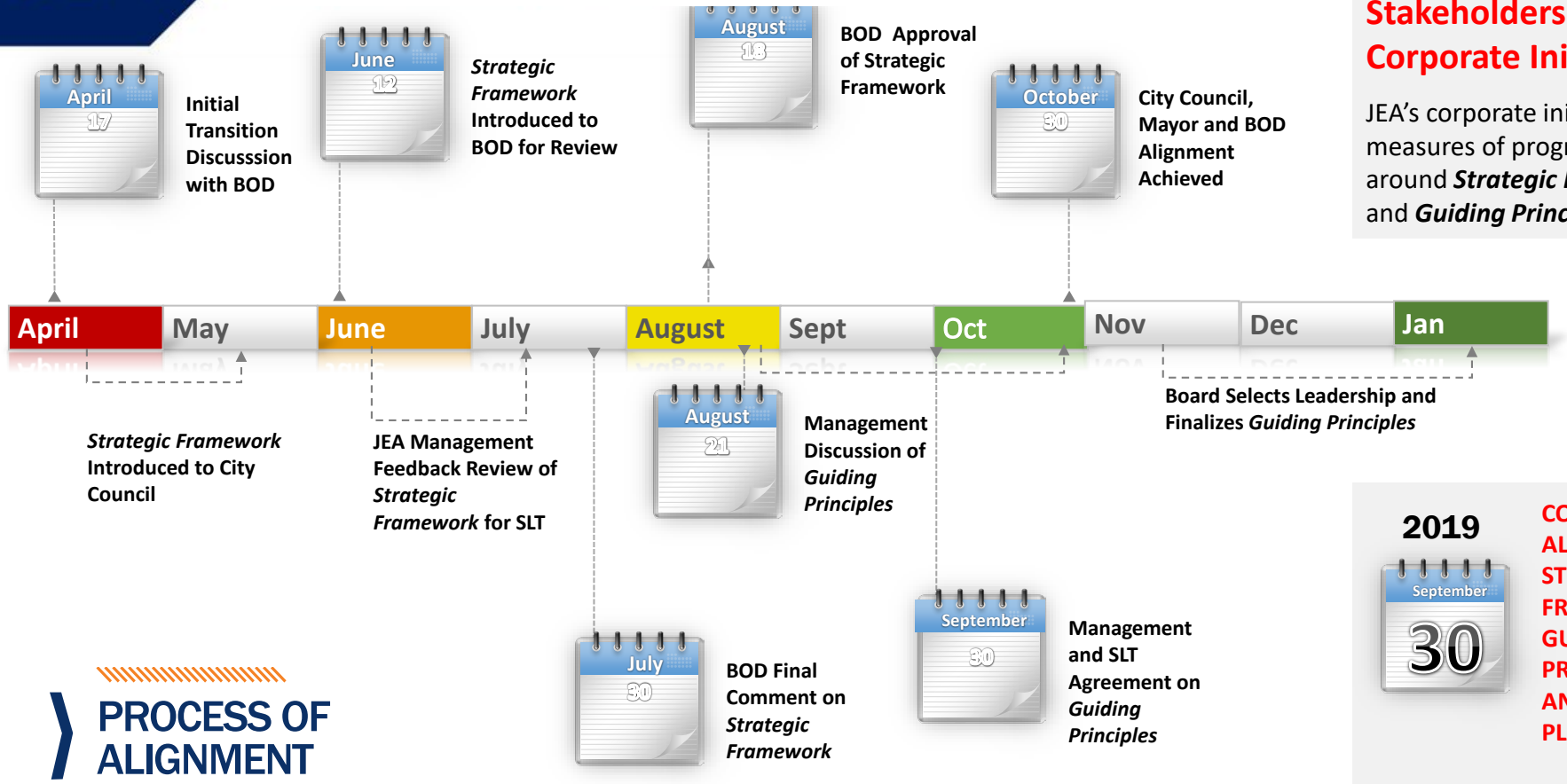
- Board wants all employee compensation to be aligned with: 1) Total Compensation Philosophy; and 2) driving Results vs. Baseline
- Board to agree on TC Philosophy and Baseline before finalizing Total Compensation Program for all employees





TOTAL COMPENSATION PHILOSOPHY

"Guiding Principles" More Than Talk



PROCESS OF ALIGNMENT

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

6

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

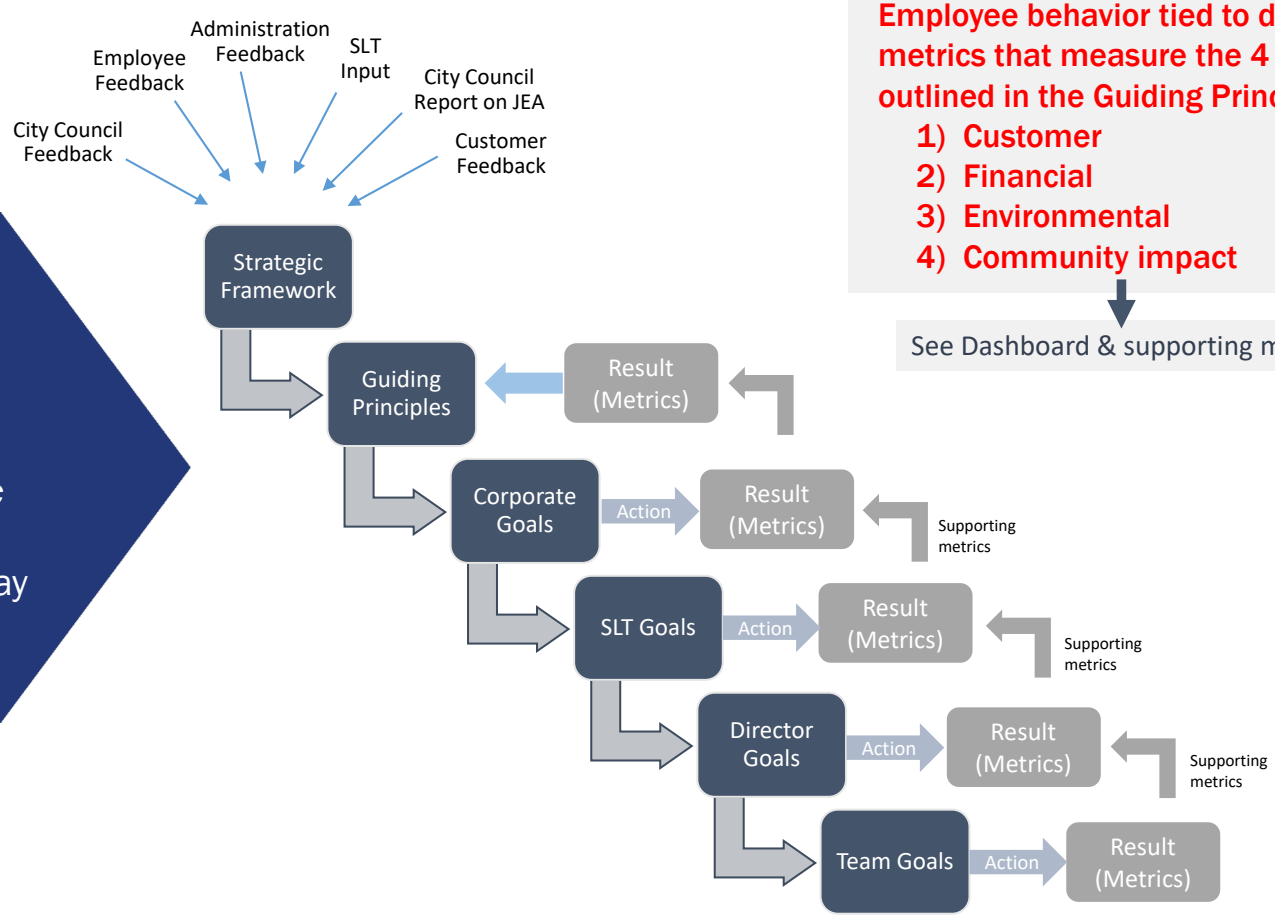
Core Competencies

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



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

8

GUIDING PRINCIPLES

ACCELERATING UTILITY INNOVATION

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

9

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

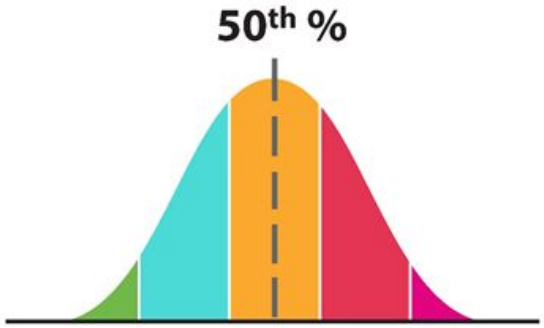
Core competencies accelerate results



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's current total compensation structure aims to compete with the market for talent

JEA'S COMPENSATION PHILOSOPHY

JEA Board Policy Manual

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

"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)

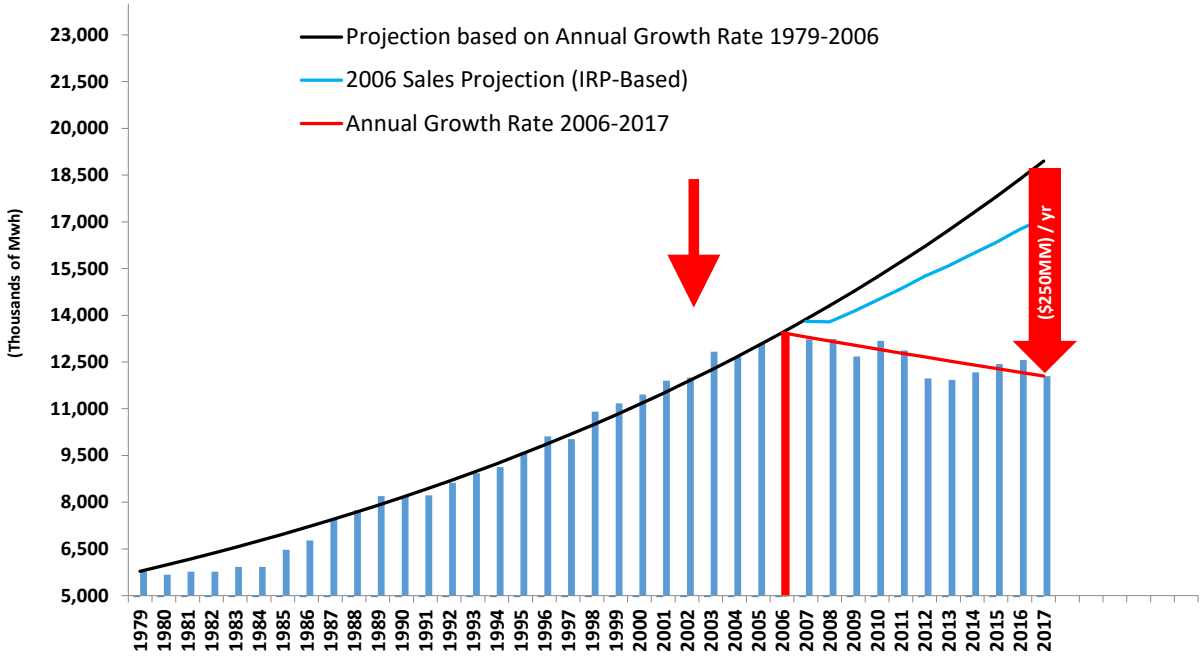
Above numbers exclude healthcare and retirement

Dollars above are in millions

JEA's total compensation structure does not reward value creation

13

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

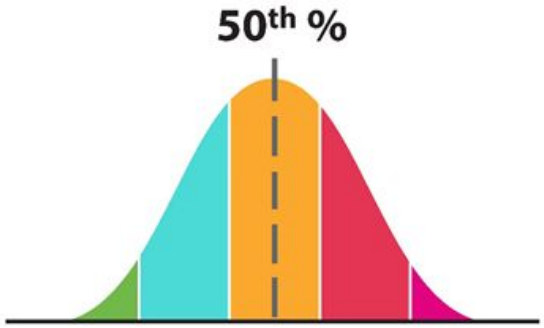
Distributed Generation (2010's tech trend)

- 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



JEA's total compensation structure should both compete with the market for talent & drive results aligned with "guiding principles"

JEA'S COMPENSATION PHILOSOPHY

RECOMMENDED: JEA Board Policy Manual

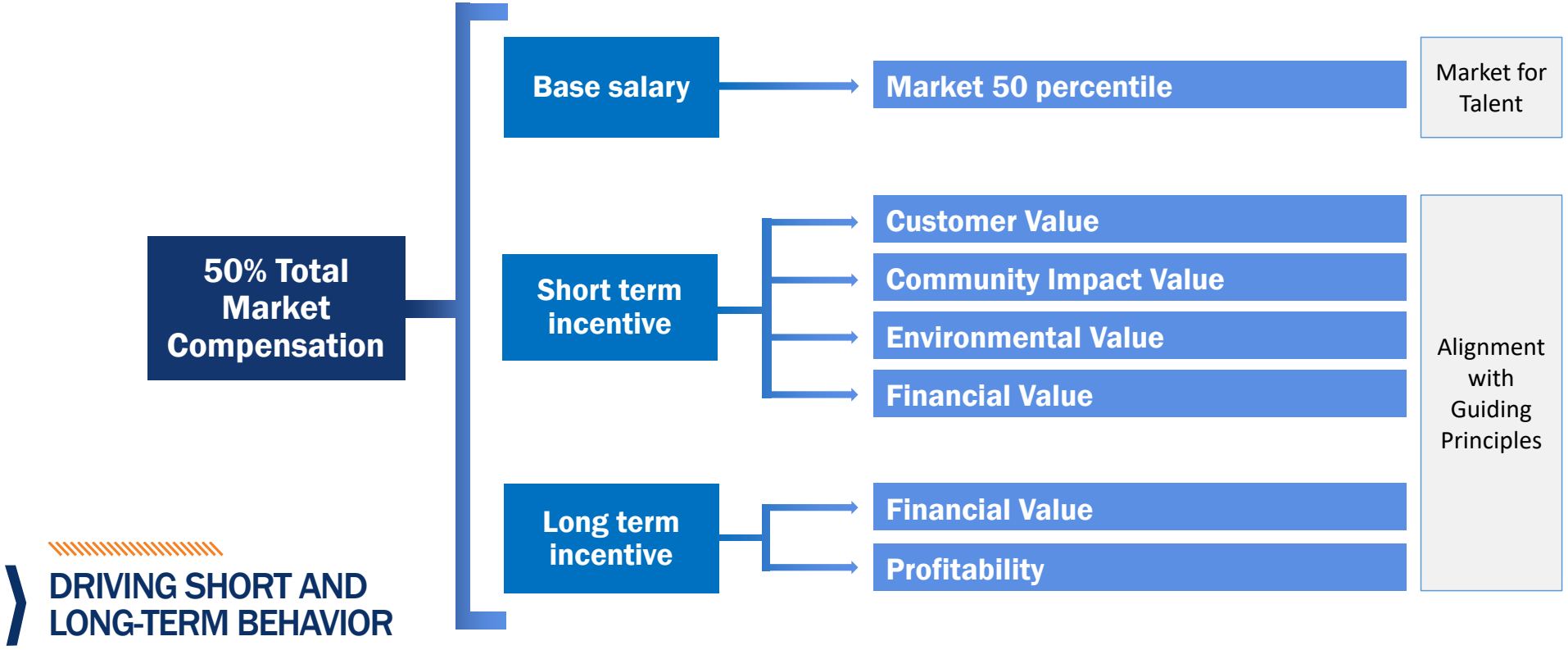
(Revision to Policy 2.7 adopted by JEA Board on June 17, 2014)

"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: P~~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."

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



DRIVING SHORT AND LONG-TERM BEHAVIOR



ADAPTABLE CULTURE

Cultural Values

- Safety
- Service
- Growth²
- Accountability
- Integrity
- *Ideas*

CULTURE EATS STRATEGY









CULTURE IS CELEBRATED

Driving Toward Success

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

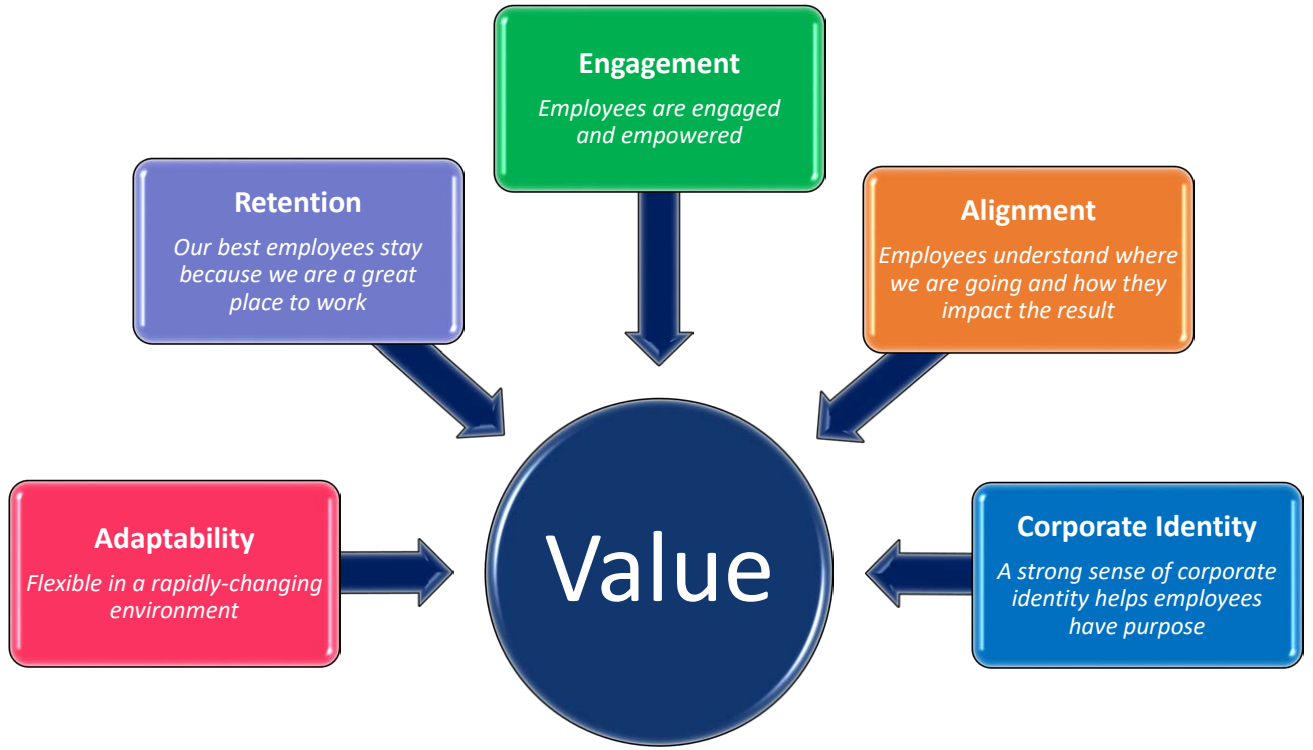
Working Not to Fail

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





ACCELERATING AN INNOVATIVE CULTURE

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*

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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 plan aligned with and to drive the measures set forth in the Strategic Framework~~the recruitment~~;

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

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.

_____
Ryan ~~Wannemaker~~Wannemacher, ~~Interim~~ Chief Financial Officer

Approved:

_____
Jody Brooks, Chief Legal Officer

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

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 *The President & COO role is a newly created position in conjunction with the interim CEO structure. The Current Direct Reports to the President & COO:* • 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.