

JEA SPECIAL BOARD MEETING AGENDA

May 5, 2020 • 1:00 p.m.

WebEx **No physical location will be provided for this meeting.**



I.	WELCOME		
	A.	Call to Order – Board Chair	
	B.	Time of Reflection	
	C.	Introductions	
	D.	Adoption of the Agenda – Action	
	E.	Safety Briefing – Caren Anders, Interim Managing Director/CEO	
	F.	Sunshine Law/Public Records Statement – Jody Brooks, Office of General Counsel	
II.	COMMENTS / PRESENTATIONS		
	Item(s)		Speaker/Title
	A.	Comments from the Public	Public
	B.	Council Liaison’s Comments	Council Member Danny Becton
III.	FOR BOARD CONSIDERATION		
	Item(s)		Speaker/Title
			Discussion Action/Information
	A.	Interim CEO/Managing Director Appointment	Jody Brooks, Office of General Counsel Action
	B.	Introduction to JEA Financial Statements	Joe Orfano, Interim Chief Financial Officer John DiSanto, Ernst & Young Information
C.	Monthly Financials and Operations Dashboard: Introduction and Year-to-Date Performance	Caren Anders, VP/GM Energy Systems Deryle Calhoun, VP/GM Water/Wastewater Systems Information	
D.	Downtown Campus Update and Next Steps on Value Engineering	Nancy Kilgo, Director, Special Projects Ryan Companies CBRE Information	
IV.	BOARD AND COMMITTEE REPORTS		
	Item(s)		Speaker/Title
			Discussion/Action/Information
A.	Procurement of Executive Recruiting Firm – Managing Director/CEO Recruitment	John McCarthy, VP/Chief Supply Chain Officer Action	
V.	OTHER BUSINESS		
	Item(s)		
	A.	Announcement – Next Board Meeting May 26, 2020	
B.	Adjournment		

Board Calendar

Board Meetings: 9:00 a.m. – Fourth Tuesday of Every Month (exception(s): November 17, 2020 and December 15, 2020)

Committees: Finance & Audit Committee: May 18, 2020

Other Committee Meetings TBD

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 subject to Florida's Government in the Sunshine Law, §286.011, Florida Statutes, and shall be open to the public at all times.



INTER-OFFICE MEMORANDUM

April 30, 2020

SUBJECT: INTERIM CEO/MANAGING DIRECTOR APPOINTMENT

FROM: Jody L. Brooks, JEA Chief Legal Counsel

TO: JEA Board of Directors

BACKGROUND:

At the JEA Board meeting on April 28, 2020, the JEA Board removed Melissa Dykes as the Interim CEO/Managing Director and agreed to hold a special meeting to appoint a new interim CEO/Managing Director. The interim CEO/Managing Director would fill the position until such time as the Board can select a permanent CEO/Managing Director.

DISCUSSION:

At the April 28, 2020 meeting, the Board Chair identified Mr. Paul McElroy as a potential candidate to fill the interim CEO/Managing Director position. Mr. McElroy has expressed interest in the position and sent the attached communication to the Board for its consideration. Also attached is a recommendation letter from Ms. Sue Kelly. In addition to Mr. McElroy, the Board may consider other candidates for the position or decide to engage a recruitment firm to identify other interested candidates for the interim position.

FINANCIAL IMPACT:

Compensation and benefits to be paid to the selected candidate for interim CEO/Managing Director and if the Board chooses to engage a search firm to fill the position, the expenses of the recruitment firm.

RECOMMENDATION:

Consider Mr. Paul McElroy and any others that the Board has identified and appoint a new interim CEO/Managing Director, or direct staff to engage a recruitment firm to identify other candidates for the interim CEO/Managing Director position.

Jody L. Brooks, Chief Legal Counsel

CBA/JLB

TO: Board of Directors, JEA c/o Jody Brooks, Chief Legal Officer

Dear Chair Baker, Members:

My name was mentioned at Tuesday's JEA Board meeting as someone the Board might consider to fill the role of Interim CEO while a search is conducted for a permanent replacement. I want to formally let you know that I would be honored to lead the utility on an interim basis.

Two years ago, JEA was a regionally and nationally recognized leader. Its amazing team of professionals excelled in delivering exceptional:

- Customer satisfaction
- Operational performance
- Financial metrics and management practices
- Governance, including ethics, compliance, internal audit

All of this created a high level of community and employee engagement and satisfaction.

During the last two years, the issues surrounding JEA have been well documented and a matter of public record.

At its first meeting, the new JEA Board strongly stated and signaled by its actions and intent to reassure our community the Board will focus on ensuring ethical behavior, reliability and public safety to restore trust in JEA.

Over the past six months, I have been contacted by many leaders in our community to discuss JEA. I have told them that if the Board thinks I can play a role in facilitating their goals, and ultimately their success in restoring public trust in JEA, I will help in any way I can.

I want to share some information (see attached) that was developed in large part prior to my resignation as CEO and managing director in April, 2018. It includes a thorough review of the 5.5 years I served in that position. It might be helpful to the Board as it considers filling the interim CEO position. Also attached, for additional background on my career, is a copy of my resume presented to the JEA Board during the 2012 CEO search. Finally, listed below are the names and contact information for several industry professionals who would gladly speak to any Board member on my behalf.

If there is any way I can assist you, or any individual Board member, please feel free to contact me.

Paul E. McElroy

The Excellent Record of JEA Achievement

Under 5.5 Years of Leadership by Paul McElroy

Author Maya Angelou said, "When someone shows you who they are, believe them the first time."

During his 16 years as a JEA executive, including 6 years as Chief Financial Officer 5.5 years as managing director, Paul McElroy demonstrated the leadership that propelled Jacksonville's public utility to one of the most successful and respected public or private electric, water and sewer operations in the United States. Under McElroy, JEA excelled in financial stability, customer service, employee satisfaction and engagement , as well as operational excellence.

In the days and months since his resignation in April, 2018, it has been well-documented that when McElroy left JEA, the once highly respected utility was thrown into disarray, employee morale was decimated, and customer confidence fell.

Mayor Lenny Curry has appointed seven new board members who face the challenge of rebuilding JEA, restoring credibility with customers, elected officials and community leaders, and returning confidence to its 2,000 employees.

One of the board's first tasks is to hire a competent and qualified interim CEO; someone with proven character and values, including integrity, transparency, accountability and trust. Given the current environment, those requirements are absolute.

In naming an interim CEO, the board should expect demonstrated local, regional and national industry knowledge, experience and skills exercised at a leading nationally recognized utility. Ideally, the new interim CEO will have ten years of C-level experience with five years at the CEO level, as well as experience in serving and sitting on a number of Boards. Knowledge of JEA, Jacksonville, the Southeast Region, and national industry models, norms and trends is preferable.

Paul McElroy is the ideal, proven candidate to lead the JEA on an interim basis. If asked by the Board, he is prepared to accept the interim position until a permanent CEO is hired.

This document will demonstrate, in detail, the significant achievements made at JEA during McElroy's 5.5 years at the helm, including:

- Moved from the 4th quartile to the 1st in J.D. Power customer satisfaction ratings, a 74 percent increase.

- Reduced debt by over \$2 billion and secured AAA and AA bond ratings.
- Invested \$1 billion in infrastructure without assuming debt.
- Locked in the highest JEA annual contribution to the city in history: \$116 million.
- Maintained fair and reasonable rates that are below the state median and industry competitive.
- Closed the coal-fired St. Johns River Power Plant early, saving JEA customers \$400 million, securing \$150 million payment from plant partner FP&L, and making a significant environmental contribution to reducing CO2 emissions 45 percent by 2023.
- Refinanced \$800 million in bonds in a record of three weeks to save customers \$50 million.
- Initiated a JEA funded \$50 million project to change 100 percent of the city's 100,000 streetlights to LED bulbs, cutting power use in half and reducing the city's electric cost.
- Moved toward having a business and employee population that reflects the community.

In a Guest Column that appeared in the Florida Times-Union on September 29, 2019, former Mayor Jake Godbold wrote:

"Before McElroy, most JEA customers weren't happy with the utility, especially its customer service, which is a direct influence on other aspects of the business. Out of 121 utilities, the J.D. Power Customer Service Index said JEA ranked 116. Intent on making customer service the foundation of JEA, McElroy set what seemed like an impossible goal: go from the fourth quartile to the first quartile in J.D. Power rankings in three years, a feat no other utility had accomplished.

"Within three years, in 2015 JEA residential and commercial service went from worst to first, vaulting into the first quartile of customer satisfaction faster than any other organization in the history of J.D. Power surveys. Afterwards, JEA continued to maintain and improve its first quartile presence in both residential and commercial service. In 2016, JEA's commercial service was ranked best in the country.

"When McElroy took over, JEA's balance sheet was stressed. Instead of raising rates on customers, McElroy focused on costs because the utility was spending more while earning less. As a result, despite flattening revenues, rates remained stable and JEA made one-time customer refunds because of the efficiency of its fuel purchases. In addition, JEA paid off debt early, saving customers \$100 million.

"Maybe you think the JEA only makes an annual contribution in lieu of taxes to the city, which under McElroy reached an all-time high. But there's more. During McElroy's leadership, in March of 2018 the City Council auditor released a report that outlined other substantive contributions JEA had made to the community. It included:

Spent \$53 million to install utility infrastructure at Cecil Commerce Center on the city's westside to spur economic development.

- Paid \$20 million to purchase 5,000 acres of land for the city's preservation project.

- Spent \$63 million to assist the Jacksonville Port Authority at its terminals.
- Matched the city's \$15 million fund to phase out septic tanks.
- Launched a \$10 million project to replace 100,000 city street lights with LED bulbs that will reduce the city's street lighting costs around 50 percent.

While McElroy led the organization, he would be the first to say success happened because of a strong, committed team of senior executives and a 2,000 workforce of JEA employees with a proud tradition of performance excellence.

It all began when McElroy, the utility's chief financial officer, was interviewed in 2012 for the head job by the JEA board. During that interview, he set the themes that would determine the direction of the JEA for the following five years.

Vision: Leverage and preserve our expertise in asset deployment, operational excellence, environmental stewardship and financial management to lead a cultural transformation, passionately focused on winning customers' loyalty, strategically valuing all stakeholder relationships and realizing the untapped potential of all employees.

Goals: Actively participate in the growth of Jacksonville, adding value and strength to the economic and moral fabric of our community.

Bring the national JEA story of excellence achievement home to Jacksonville.

Measurement: J.D. Power's Electric Utility Residential and Commercial Satisfaction Index.

McElroy made it clear to the board where the JEA's focus would be under this leadership: Market and Customer Focus; Stakeholder and Regulator Relationships; Human Resources and Organizational Effectiveness, and Strategic Alignment.

He clearly established the values that would guide JEA's work: Safety, Service, Growth², Accountability and Integrity.

Going forward, JEA's three core strategies, he said, would be: Earn Customer Loyalty, Deliver Business Excellence and Develop an Unbeatable Team.

And, McElroy promised to accomplish his goals of making JEA a Premier Service Provider, Valued Asset, and Vital Partner in Advancing the Community

Once selected by the JEA board, McElroy recruited a nationally recognized team of senior executives. He purposefully targeted individuals that had the power of diversity of thought, ability to execute within the JEA culture, and the strength to shift and change that culture.

JEA Strategic Plan: Cascade and Execution

In September 2013, McElroy briefed the board of directors on the “JEA Strategic Plan: Cascade and Execution.”

The plan outlined an intensive and thorough process that required all JEA personnel to participate and called for each individual to make a Commitment to Action (CTA) on how they intended to help execute the strategic plan and meet the organization’s goals.

Over a period of three months, McElroy and his senior executives cascaded the plan and encouraged engagement throughout the organization. A full day session for training, communication and gaining commitments was spent with JEA’s chiefs and another full day with the utility’s directors. Managers participated in six hours training, communication and commitment sessions, followed by all frontline employees who participated in two-hour cascade sessions.

The sessions were repeated quarterly.

Customer Satisfaction-From Worst to First

Prior to 2012, JEA had long relied on its internal focus; utility metrics, score cards, and general utility performance. The utility’s internal measures of performance matched well against utilities in the region and across the country.

However, JEA’S external performance—how it dealt with its customers—sat at the bottom of the barrel. Out of 121 utilities, the J.D. Power Customer Satisfaction Index said JEA was 116. JEA’s customer loyalty was non-existent, and as McElroy has said, “Our customers didn’t think kindly of us.”

Recognizing that as a public utility, customer satisfaction is the significant measure of JEA’s performance in executing its mission and values, McElroy and the senior leadership team zeroed in on new ways to think and compete to win customer loyalty. A comprehensive marketing plan was developed, and a partnership was formed with J.D. Power.

Because of its world-renowned record of performance measurement, J.D. Power gave JEA’s customer base an independent, highly recognized and respected brand.

J.D. Power independently conducts robust evaluations of JEA’s residential and commercial performance four times a year using 120 questions which are in six key segments: Customer Service, Power Quality and Reliability, Billing and Payment, Communication, Price, and Corporate Citizenship.

Intent on making customer satisfaction JEA’s foundation, McElroy set what seemed like an impossible goal: go from the 4th quartile to the 1st quartile in J.D. Power rankings in three years. It was a feat no other utility in the country had ever achieved.

He wanted more than customer satisfaction. McElroy was after JEA loyalty from its one million electric and water-sewer customers.

McElroy formed a team of black belts in Six Sigma, experts in statistical analysis and performance, and JEA purchased J.D. Power’s 120 question survey.

What followed was 60 days of intense analysis to understand each of the measures.

From there, a 120-member team was created from across the utility; linemen, accountants, engineers, customer service reps, meter readers, line maintainers, technicians, etc.

The 120 were divided into six teams with each team assigned one of the six key J.D. Power segments.

The key question for each team to answer: How are we going to improve?

The result: the six teams came up with 210 recommendations to improve service delivery.

The next job: prioritize the 210 recommendations.

Once the prioritization assignment was completed, McElroy charged the six teams with creating solutions for each of the 210 recommendations.

The process took almost two years.

Policies and procedures were changed.

Many IT fixes were implemented.

Different ways people could pay their utility bill were devised.

Investments were made to improve metrics in distribution and reliability as well as outage communication.

From its years of experience, J.D. Power had recommended JEA spend a year focused on only one segment at a time. Attacking all six segments simultaneously with six teams that totaled 120 individuals was revolutionary.

McElroy called the 120-member team JEA's "120 culture warriors."

The results:

The entire JEA organization was engaged and involved.

Within three years, JEA residential and commercial service went from worst to first, vaulting into the 1st quartile of customer satisfaction in the J.D. Power Customer Service Index, faster than any other organization in the history of J.D. Power surveys. It's a record that still stands. JEA accomplished the amazing feat without increasing costs.

That was 2015. In the three years following, JEA maintained and improved its 1st quartile presence in both residential and commercial service.

In 2016, JEA's commercial service was ranked best in the country by J.D. Power.

In JEA's quest to be at the top of the customer satisfaction ladder, the JEA's 2,000 employees changed the culture of the entire organization. From electric to water-sewer; from field employees to office personnel, each employee soon understood his or her responsibility and contribution to maintain J.D. Power's customer satisfaction ranking.

Achieving 1st quartile status in customer satisfaction was just the beginning. Now, this high level of customer service had to be maintained in order to achieve the ultimate goal of customer loyalty.

In the utility's Customer Care Department, teams were formed to work on customer analytics and customer behavior. Another team on emerging customer technologies was created to focus on electrification programs for things like rebates for LED lights, energy efficient appliances, energy efficient cars and electric cars, solar panels; and programs were developed to encourage and make it easier for JEA customers to conserve water and electric energy.

Customer communications were enhanced and project outreach programs developed where JEA customer representatives met in advance with individual neighbors in a community where utility construction is planned. In the case of large construction projects, the JEA held larger community meetings.

JEA's field personnel were trained to be customer friendly when reading, installing or changing out meters, including providing non-JEA assistance to customers, i.e. helping change an automobile tire.

The organization web site was stabilized and redesigned to become a state of the art front door for customers who were wanting more and more to deal with JEA digitally and electronically. Two web sites were consolidated into one so that information accessed via phone was identical to what a customer could access on a computer. In addition, for the first time JEA instituted total web site backup.

A social media customer communications plan was implemented.

Installation began of second generation smart meters and sophisticated outage communication processes were developed so now JEA can contact customers when an outage occurs and provide an estimated restoration time. This eliminates the need for the customer contacting the utility to report an outage.

Community outreach and engagement became a JEA hallmark. A companywide force of JEA employee volunteers called JEA Ambassadors was recruited and dispersed throughout Jacksonville to assist with more than twenty not-for-profit organizations and schools. In addition, the JEA Science Lab was created.

Internal assistance programs for low-income and elderly customers were developed, including a pay as you go metering program for those most in need.

At JEA, creating customer loyalty became a movement.

Stressed Balance Sheet to AAA

For 100 years the utility business operated the same way with big central power plants and three percent growth every year.

But, when McElroy became JEA's CEO in 2012, that trend was beginning to change.

As more and more people and businesses instituted energy conservation, the solar footprint grew, and revolutionary energy-saving electric appliances became more and more commonplace, consumers were using less and less electricity.

Sales were beginning to flatten and growth was stalling. It was a trend nationwide, not just at JEA.

That meant that McElroy and his team had to find ways to maintain stability and reliability in providing electric service, sustain its increasing level of customer satisfaction, pay down debt and invest in the future, all without raising electric rates.

It required a robust examination of JEA's cost structure to make sure the utility could continue to deliver high-value service in an industry with declining customer consumption.

In addition, JEA's balance sheet was stressed.

Rate changes were needed to meet debt service requirements.

The utility's critical credit ratings were being challenged.

And, the capital flexibility needed for the future was in jeopardy.

McElroy knew that improved customer service would not happen by increasing costs because it would also require an increase in the price of electricity to customers. He and his team refused to raise electric rates to make up for flattening revenues. Rather, a new mind set was instituted to improve processes and service delivery in order to lower costs and improve customer satisfaction.

The focus moved from rates to costs.

Instead of the utility charging its customers more because JEA was spending more or earning less, McElroy changed the metric, the accountability for cost, and the organization.

General managers were established for electric and water. The general manager of electric was charged with the responsibility for keeping the dollar costs per megawatt hour at the level it was when McElroy became CEO in 2012. It required serious adjustments in flows and investments and aggressively addressing costs.

An all-in cost per megawatt hour metric was established. Each department head on the power side had a cost per unit of output that rolled up to the total cost per megawatt hour. That constitutes the charge to the customer. Similar metrics were established for the water and sewer systems.

As a result, rates remained stable despite flattening revenues. On numerous occasions, JEA even provided one-time customer refunds because of the efficiency of its fuel purchases.

From a financial planning perspective, JEA started taking a long-range view, looking out as much as ten years rather than just ten months. In addition, a premium was placed on valuable decision making. Both led to a 2017 rate restructuring that allowed the utility to increase its base rate slightly while lowering fuel rates significantly. As a result, customers received a bill decrease while JEA was able to pay off debt early, saving its customer base \$100 million.

Facing the prospect of federal tax reform in late 2017, the utility's leadership decided to take advantage of its ability to advance refund \$1 billion in municipal bonds. Facing an impending deadline, the finance team got into the bond market with the advance refund in three weeks rather than the normal two months, saving JEA rate payers another \$68 million.

Reliable, Environmentally Safe and Cost-Efficient

Reliability is the cornerstone of a successful utility operation. It's not only important in creating customer loyalty, it is critical in controlling costs and creating a strong balance sheet.

JEA's six power plants and 15 generators were proven to be reliable, safe and environmentally compliant. Every unit was expected to be available throughout the year to optimize fuel costs. As a result, JEA annual outages were reduced significantly and outage durations were reduced as well..

JEA was the only municipal utility that uses a "Semi 5" measurement—customers experiencing more than five outages annually—giving the utility the ability to put a laser-focus on "hot spots" and initiate quick fixes. When the "Semi 5" measure began in 2014, 3.5 percent of JEA customers had more than five outages a year. In March, 2018, the number was 0.7 percent.

In addition, JEA significantly improved its outage communication with customers. Instead of customers phoning the utility to report an outage, JEA developed the capability to notify customers when the power goes out and provides an estimated restoration time. If the restoration time changes, JEA re-contacts the customer. Contact can be made by phone, email or text according to the customer's preference.

JEA's monthly electric charge consists of a base rate for power generation and delivery plus a fuel rate. JEA fuel and purchase power costs historically run around \$500 million a year, and is paid for out of a special fuel fund. When the customer pays the monthly bill, part of that payment goes into the fuel fund. Because of rising and falling fuel costs, at times the fuel fund is higher than needed and permits JEA to provide its customers one-time fuel refunds.

In 2015, resulting from strategically accessing the fuels market and strong generating unit operating performance, JEA was able to reduce its fuel rate to customers.

JEA first began investing in solar power in 2009 with a 12-megawatt plant on Jacksonville's westside. In 2018 the utility added another 30-megawatts of solar in eight plants around Jacksonville, and next year JEA has firm plans to begin adding another 250 megawatts of solar, bringing its total to over 300 megawatts to make Jacksonville among the country's leaders in megawatts of solar power per capita.

Closing SJRPP Saved \$400 Million, Reduced Coal-Related Gases

When the St. Johns River Power Park (SJRPP) opened in 1987, it was an energy advantage for Jacksonville, providing the JEA a path to rid itself of a 100 percent dependence on costly imported oil. The billion-dollar cost was the largest construction project in city history.

Eighty percent of the 1200-megawatt coal-fired power facility was owned by JEA and the remaining 20 percent was owned by Florida Power & Light (FP&L).

SJRPP provided Jacksonville customers power for thirty years. The contract between JEA and FP&L was scheduled to end on April 1, 2022, while it was generally assumed the plant would operate for at least another decade.

But, changing environmental regulations that put major restrictions on the release of coal-related gases, the volatile economic shifts in the cost of coal and gas, and the high cost of operating SJRPP, caused FP&L and McElroy and his team to discuss an earlier closing. In March, 2017, JEA announced its agreement with FP&L to shut down the plant early and implode the north Jacksonville landmark in the summer of 2018.

As a result, FP&L paid JEA approximately \$150 million and closing the facility early will save JEA ratepayers approximately \$400 million.

Recruitment, Training and Diversity that Reflects the Community

Prior to McElroy becoming JEA CEO in late 2012, the organization had never employed a true professional to be its Chief Human Resources Officer. Instead, the head of HR traditionally was an executive moved from another department at the utility.

That changed in January, 2013 when McElroy hired a highly recognized HR professional to lead the department and hire and retain the most qualified candidates, provide a diverse slate of candidates for 90 percent or more of the posted positions, and change the workforce to make it reflect the diversity of the community.

HR partnered with Jacksonville Community Council, Inc. (JCCI), a nonprofit civic organization that involves citizens with its professional staff to research and study issues of local importance. The utility also reached out to the U.S. Department of Labor for information and data to compare the demographics of JEA with the demographics of Jacksonville. By doing a zip code analysis of where JEA employees lived, HR determined a significant majority of employees lived in predominantly white zip codes.

Realizing there was an issue with the way people were hired at JEA, it was determined that JEA's recruiting methods were flawed.

A new recruiting strategy that focused communication and outreach into non-traditional communities was developed and executed.

Every area of recruitment and hiring was examined. For instance, prospective JEA employees must take a Civil Service exam that cost the applicant \$40. Knowing that was a financial detriment to some individuals, the system was changed. JEA started absorbing the cost.

HR partnered with high schools and colleges and more than fifty organizations to develop diverse and quality recruits.

Open houses were held prior to recruitment so that potential applicants could be told what to expect during the exam process, whether it's climb 35 feet up a pole, carry a lot of weight for a specified distance, or dig a deep hole. This information gave candidates an opportunity to practice before being tested.

Tutorial videos were placed on JEA's web site showing JEA employees performing the tasks that applicants are required to perform during the testing.

In order to support each line of business, a Human Resources Business Partner is assigned to each Senior Leadership Team member and their business unit to allow direct access for all HR needs, making HR a true business partner.

Laser-like attention was also focused on creating apprenticeship and training programs that allows JEA to grow its own future workforce.

High school graduates were encouraged to enter a craft apprenticeship program, receive a JEA salary, and qualify for tuition reimbursement if the apprentice also attended college.

JEA's Cybersecurity Department partnered with Sandalwood High School for 9th grade students to be trained through their senior year in cybersecurity in conjunction with Florida State College at Jacksonville (FSCJ).

Concerned about the integrity of the testing process, in-house test writing committees were replaced by a professional testing firm.

The JEA Academy was created with training programs for technicians, managers and directors.

Proof that the HR processes implemented under McElroy were working was borne out in JEA's quarterly J.D. Power customer service scores and its annual employee engagement surveys where satisfaction scores consistently are over 70 and have approached 80, up from 64 on a metric of 100. In addition, diversity goals set in HR's five-year plan were expected to be met on schedule in 2019.

The Value of Compliance vs. the High Cost of Non-Compliance

If the JEA—or any utility—is found to not be in compliance with any Federal Energy Regulatory Commission (FERC) rules and regulations, it can be very expensive for the utility. Fines of up to \$1 million a day can be levied.

That's why CEO McElroy created JEA's first Chief Compliance Officer to put compliance responsibility and accountability under one individual.

FERC has over 1,000 requirements on how JEA must operate minute to minute, from loading lines, trimming trees, calculating spare capacity, to credentials of operators. Every aspect of JEA's power production, no matter how small, is covered by FERC rules and regulations.

The utility is proactive in developing and maintaining relationships with regulators and works in a spirit of cooperation. As a result of its commitment to compliance, JEA's operations were within the top ten percent of all utilities in the country.

A Vital Partner with the City

For decades, the City of Jacksonville has relied on the JEA's annual contribution to the city budget. In 2018, the payment was \$116 million, an all-time high.

But that's not all the utility does for the citizens of Jacksonville.

In March of 2018 the City Council auditor released a report that outlined other substantive contributions JEA has made to the community in recent years.

Recently JEA:

- Matched the city's \$15 million fund to phase out septic tanks.
- Launched a \$10 million project to replace 100,000 street lights with LED bulbs that will reduce the city's street lighting costs around 50 percent.
- Spent \$53 million to install utility infrastructure at Cecil Commerce Center on the city's westside to spur economic development.
- Paid \$20 million to purchase 5,000 acres of land for the city's preservation project.
- Spent \$63 million to assist the Jacksonville Port Authority at its terminals.

Nuclear Plant Project That Became a Train Wreck

Sometimes the train goes off the tracks.

That's exactly what happened to JEA's agreement, signed in 2008, to purchase 206 megawatts of nuclear capacity and related energy from the Municipal Electric Authority of Georgia (MEAG) in MEAG's ownership interest in Plant Vogtle Units 3 and 4 nuclear power plants being built by a consortium of Georgia Power, Oglethorpe Power Corporation, MEAG and the City of Dalton, Ga.

The consortium already owned two functioning nuclear power plants in Waynesboro, Ga. named Vogtle 1 and Vogtle 2.

The original price of the Plant Vogtle Units 3 & 4 construction project was \$9 billion and it was estimated the two plants would take five to six years to construct. In addition to the \$9 billion construction price, there was an additional cost of \$1 billion for transmission and other items, plus a carrying cost of \$4 billion, bringing the total cost of the two plants to \$14 billion.

At the time of entering the agreement, JEA's fuel mix was heavy in solid fuel and very invested in coal at St. John's Power Park and pet-coke at the Northside Generating plant. As much as 80 percent of JEA's power was being produced with coal and pet-coke.

In addition, the political climate was changing in 2007-2008 as the debate started to intensify concerning CO2 emissions and climate change. The JEA and other coal-dependent utilities were under intense pressure to reduce CO2 emissions.

In July 2007 Florida Governor Charlie Crist issued an executive order that would require utilities to generate 20 percent of its power by renewable and non-CO2 emitting sources by 2017.

In 2009, Congress passed the American Clean Air and Security Act, effectively eliminating coal generation. That meant JEA would be forced to close the St. Johns Power Park as well as both Northside plants, perhaps as early as 2012. The bill was never brought to the Senate floor, but it was obvious changes were being sought in electric power generation. Subsequently, the EPA issued the Clean Power Plan which was equally onerous regarding electricity produced from coal.

Solar power was extremely expensive and not feasible, and wind power was not commercial.

Natural gas prices were extremely volatile, at times reaching \$10 per mmBtu versus today's more stable, domestic natural gas market with current prices of \$2 per mmBtu.

JEA needed additional electric generating capacity as JEA's electricity sales were growing at 3 percent per year.

Without a viable path forward, Jacksonville faced the real prospect of drastic consequences.

At the time, nuclear power plants were already operating successfully in the southeast. When JEA entered into agreement for Vogtle 3 and 4, there were nine nuclear power plants set to be built. And, the federal government began pushing a nuclear renaissance.

MEAG had a 22 percent stake in Vogtle 3 and Vogtle 4 over a period of 40 years, but the utility determined it would not need its power until the final 20 years of the agreement. MEAG offered for sale its portion of the first 20 years of its agreement to any utility that wanted nuclear generated electricity.

Since the 1980s, the JEA had a long and profitable history of importing and exporting power across state lines with Georgia. Given that history and the grim prospective environmental and political roadblocks, JEA determined the 20-year purchase of MEAG's 22 percent interest in the two plants' nuclear generated power was the correct path to take, given the original cost, budget and schedule.

JEA entered into an agreement to buy 200 megawatts of MEAG's power for twenty years.

The owners—MEAG (JEA), Georgia Power, Oglethorpe Power Corporation and the City of Dalton, Ga.—entered into an Engineering, Procurement and Construction contract with Westinghouse, a wholly owned subsidiary of Toshiba. The original contract had a majority of costs fixed or indexed.

Construction began in 2012 with a scheduled opening for Vogtle 3 in April 2016, and Vogtle 4 four months later.

It didn't take long for difficulties and delays to start.

In 2013, 2014 and 2015 the project continuously fell behind schedule that led to a 2016 global settlement which included a revised schedule and cost estimates. However, even with the project three years behind schedule, JEA was still within the high end of its preliminary project costs.

In December 2016, Toshiba announced a \$6 billion write-off due to nuclear construction contract cost overruns at its wholly owned subsidiary Westinghouse. This caused Westinghouse to declare bankruptcy, abandon the Vogtle EPC contract and a legal agreement setting forth the Toshiba payment schedule for the \$3.7 billion guarantee.

In July 2017 EPC project management responsibilities were assumed by Southern Nuclear.

In August 2017 Southern Nuclear disclosed the revised project schedule and the cost to complete, adding another \$2 billion in cost and 23-30 months to the schedule.

Facing total project cost estimates that exceeded \$26 billion compared with the original estimate of \$14 billion, a go or no-go decision was facing the owners.

Vogtle 3 and 4 was already \$9 billion in the hole and less than 50 percent complete in August 2017. In December 2017 the owners met with the Georgia Public Service Commission (PSC), to determine the fate of the project. The PSC staff had prepared a 55-page report recommending that the project not move forward. In addition, the staff recommended that Georgia Power not be giving any additional rate recovery, meaning that any additional money invested would be paid by shareholders and not ratepayers.

McElroy and the others assumed the PSC would not permit the project to proceed.

After a 15-minute discussion, the PSC overruled its staff recommendation and in a 5-0 vote said the project should continue.

The final chapter on Project Vogtle Units 3&4, with its zero CO2 emissions will unfold over the next 23 years and coincide with projected stricter CO2 emission standards, climate change and sea level rise.

PAUL E. MCELROY

13065 Wexford Hollow Road North
Jacksonville, Florida 32224

E-Mail: mcelroypaule@gmail.com

Cell Phone: (904) 234-9507
Home Phone: (904) 992-2002

EXECUTIVE PROFILE

Senior executive with extensive experience in private and public, for-profit and not-for-profit enterprises, currently serving as CFO of the country's seventh largest public utility. Career profile includes diversified C-level and General Manager executive experience in leading multi-national and multi-location customer service oriented businesses. Proven track record of successful executive leadership in start-up and turnaround situations, as well as refocusing mature organizations to achieve higher growth rates, better customer satisfaction ratings and financial returns. Demonstrated expertise includes strong, yet balanced leadership, as well as developing and implementing organization-wide strategic and business initiatives.

Exceptional strengths include:

- ◆ Strategic Planning
- ◆ Market Positioning and Pricing
- ◆ Relationship Management
- ◆ Customer Service
- ◆ Executive Team Leadership
- ◆ Human Resource Planning
- ◆ Communication Skills
- ◆ Cultural Competency
- ◆ Financial Management
- ◆ Investor Relations
- ◆ Risk Management
- ◆ Change Management

SELECTED ACCOMPLISHMENTS

Executive leadership role in rebalancing JEA business strategies and priorities, resulting in fundamentally stronger policies and practices in risk management, finance, rates, power generation planning, water resource planning and capital investment.

Led the development and implementation of a best practice enterprise risk management program, which has become the primary framework for managing emerging and ongoing risks, as well as serving as the corporate incubator for most strategic initiatives.

Led strategic alliances and partnerships, executing agreements in nuclear, biomass and solar power generation, as well as managing inter-local government utility agreements.

Responsible for strategy development and execution for JEA's \$6.0 billion municipal debt portfolio, including maintaining a unique position in variable rate debt, which accrues annual hard dollar savings of more than \$25 million annually.

Restructured Bombardier's mature inventory finance business into a more competitive, market-focused, customer satisfaction oriented organization. This included changing marketing strategy and pricing, improving customer satisfaction and applying technology to lower operating costs. Portfolio growth increased from \$700 million to \$1.4 billion, operating expenses were reduced from 4% to 2.5% of average assets and ROE increased from 18% to 30%.

Led the initiative for the design and implementation of an e-commerce business and marketing strategy, including on-line application, approval and document delivery.

Grew the market share of Pitney Bowes' captive lease business from 48% to 72%, by transforming the organization's culture to one with a competitive market and customer service focus, applying technology for operational improvement, and leveraging this new platform to develop an open market, competitive business.

Led, within a major international enterprise, the first divisional adaptation and implementation of Six Sigma methodology.

Testified in Federal court as a leasing expert on behalf of Pitney Bowes in a \$400 million class action lawsuit. This testimony resulted in dismissal of the action.

Expert skills, knowledge and experience in designing and delivering investor and rating agency communications and formal presentations.

Directed the development, acquisition and installation of numerous customer oriented information and operations systems. These included automatic credit approval and credit scoring, predictive dialer, inventory finance, risk management, loan origination, loan servicing, collection management, general ledger and payroll.

Led the development and implementation of a best practice internal audit function.

CURRENT AND PAST FUNCTIONAL COMMITTEE MEMBERSHIPS

Corporate Compensation Committee – Established and maintained market-based compensation programs tied to business results, which appropriately rewarded and recognized individual performance.

Corporate Credit Committee – Evaluated and approved transactions valued from \$5 to \$50 million, covering a wide range of collateral, including aircraft, real estate, communication equipment, transportation and industrial production.

Risk Management Committee – Evaluated and approved new lines of business activity, as well as credit lines up to \$20 million.

Futures Group – Worked directly with the CEO of Pitney Bowes and subject matter experts from Harvard, MIT, University of Pennsylvania and the Futures Institute to analyze the potential risks and opportunities technology and market changes would have on the corporation. Conclusions and recommendations led to significant changes in supply chain strategy as well as a number of divestitures and acquisitions.

Human Resource Committee – As a member of the board of directors for a small business, chaired the Human Resources Committee, directing policies and practices for compensation and benefits.

Fuels and Purchase Power Committee – Chair of the JEA committee, which facilitates economic decision making regarding fuels and purchase power, including unit commitment, dispatch, fleet operations, fuel procurement, environmental impacts and finance.

Debt and Investment Management Committee – Quarterly review of financial performance, as well as establishing strategies, goals and objectives for the next twelve months.

CURRENT AND PAST INDUSTRY BOARD AND COMMITTEE MEMBERSHIPS

The Energy Authority (TEA) – past board member, current finance and audit committee member
TEA is a \$1.5 billion energy trading and risk management company, jointly owned by JEA and six other public power entities and operated for the mutual benefit of its owners and other public power systems.

Large Public Power Council, Tax and Finance Committee – Co-chair this committee, which is responsible for monitoring, evaluating and formulating positions regarding emerging or proposed federal legislation and rules affecting the industry.

Large Public Power Council, CEO Roundtable – Three times a year, the CEOs from the largest 25 public power systems meet to formulate lobbying strategy and to share current common experiences. Participated as an alternate representative for JEA, as well as participatie on Tax and Finance Committee matters.

Black & Veatch, Management Consulting Business (MCB), Advisory Board – Black & Veatch's MCB Advisory Board consisted of eight to ten executive-level members from academia, utilites and

suppliers, as well as retired management consultants. The Board met semi-annually to review strategic, market and operational plans and performance, as well as provide advise to the CEO and senior management.

PROFESSIONAL EXPERIENCE

JEA – Jacksonville, FL
Chief Financial Officer

2002 - PRESENT

Responsibilities include Corporate Planning, Strategic Alliances and Partnerships, Demand-Side Management, Treasury, Accounting and Financial Reporting, Internal Audit and Enterprise Risk Management, Budgets, Financial Planning and Rates.

Select Accomplishments

- Developed and executed significant changes in strategy, pricing, financial and capital planning, which ensures continued availability of low-cost capital and operating funding, provide financial flexibility and improve credit ratings.
- Led the development and implementation of the premier enterprise risk management and internal audit programs within the public power sector.
- Led the development, design and public hearing process for the following unique and creative rate and pricing structures (detail attached):
 - Electric System
 - Variable Fuel Rate Policy and Recovery Charge
 - Conservation Charge and Revenue Allocation for Demand-Side Management
 - Environmental Charge
 - Incremental Economic Development Plan
 - Water and Sewer System
 - Base Rate Increase and Rate Structure Changes
 - Environmental Charge
- Developed the strategy and executed JEA's investor communication activities, including writing, producing, editing and participating in annual credit rating agency meetings and presentations.
- Led the municipal markets' most significant treasury team in developing and executing strategies, resulting in hundreds of millions of dollars of debt service savings. Specifically, \$98.4 million of debt service savings in the last eighteen months, with an additional \$25 million anticipated over the next twelve months.
- During the most challenging economic and capital market environment in the last fifty years, led the strategy development and execution for successfully managing a \$2.0 billion variable rate debt program. The ongoing annual debt service savings is approximately \$25 million.
- Represented JEA as the official corporate spokesman and/or presenter to the following entities:
 - Security and Exchange Commission (SEC)
 - U.S. House of Representatives, Staff Briefing
 - Jacksonville City Council and Committees
 - Corporate Spokesman in FPL Litigation
 - American Public Power Association
 - Moody's Investor Services for LPPC
 - Rating Agencies and Investors

BOMBARDIER CAPITAL CORPORATION
Vice President and General Manager

1995 -2001

Mortgage Finance Division – Jacksonville, FL
Consumer Finance Division – Jacksonville, FL
Inventory Finance Division – Colchester, VT

Responsible for business units' return on equity and functional leadership of strategic planning, risk management, marketing, sales, customer service, finance, technology services and operations for North American and U.S. Divisions. Direct reports included six to eight functional Vice Presidents. Asset levels reached \$2.0 billion and the Division's 500 employees served over 50,000 customers and 4,000 retailers. Mortgage and Consumer Finance Division were turnaround assignments. Recruited by Bombardier through a national search conducted by Egon Zehnder.

PITNEY BOWES CREDIT CORPORATION

1977 - 1994

Vice President and Division Manager

Internal Finance Division – Norwalk, CT

Responsible for the Division's return on equity and functional leadership of strategic planning, marketing, sales, customer service, training and operations. This North American Division employed over 300 people, located in three regional and two national business centers, in addition to a headquarters location. The Division managed assets totaling \$1.4 billion and served over 335,000 customers. Direct reports included seven regional Vice Presidents and three functional director level positions.

Director of Marketing

Responsible for product and service development and implementation, pricing, market share and customer satisfaction.

Controller

EDUCATION

University of Pennsylvania – Wharton School

Philadelphia, PA
Advanced Management Program

St. Joseph's College

Rensselaer, IN
B.S. Degree in Accounting

OTHER AFFILIATIONS

Leadership Florida – Executive class of 2012

Leadership Jacksonville – Executive class of 2007

Mountain Top Institute, Jacksonville, FL – Past Director

City of Jacksonville's Dialogue on Race Relations – Participant

VIA EMAIL---April 29, 2020

Mr. John Baker
Chair, JEA Board of Directors

Re: Paul McElroy

Dear Chair Baker:

I watched the first meeting of the new JEA Board online yesterday. I believe that the new Board members have made a good start under your leadership, and thank all of you for your willingness to serve.

I was especially gratified to hear that Paul McElroy may be able to return to JEA as Interim CEO, while the Board conducts the search for a new permanent CEO.

From 2004-2019, I worked for the American Public Power Association, the national trade association for public power utilities located in Arlington, Virginia. From 2004-2014, I was APPA's General Counsel and Senior Vice President of Policy Analysis. From 2014-2019, I was its President and CEO. In both positions, I had the opportunity to work closely with Paul.

As CEO of JEA, one of APPA's largest and most influential members, he and his staff worked diligently to improve JEA's financial position and customer service. These efforts, including the JD Powers awards JEA won for its customer service, were widely appreciated in the public power community. He was regarded as a strong public power CEO by the leadership of APPA and the Large Public Power Council.

But in addition to his "day job" as JEA's CEO, from 2013 to 2018 he served on a volunteer basis as APPA's Treasurer and a member of the Board Executive Committee. I worked closely with him during those years, first as General Counsel and then as CEO. Paul was an excellent treasurer, officer and board member for our organization. APPA had some fiscal challenges that it needed to address during those years, arising in part from a substantial unfunded liability for its defined benefit pension plan. Paul helped APPA work through these issues. Among other things, he helped develop multi-year Association budget, membership dues and pension investment strategies that put the plan on the road to full funding, and substantially improved APPA's overall financial position.

Paul is a dedicated and mature leader, who has good judgment and a steady hand. I think he would be well-suited to come back and lead JEA during this crucial period of rebuilding, and was glad to hear he would be willing to do so.

Please let me know if you have any questions or need further information.

Very Truly Yours,

Susan N. Kelly

4809 North 25th Street
Arlington, VA
22207
sue@suekelly.net

cc: JEA Board Members



INTER-OFFICE MEMORANDUM

April 9, 2020

SUBJECT: INTRODUCTION TO JEA FINANCIAL STATEMENTS

FROM: Melissa H. Dykes, Interim Managing Director/CEO

TO: JEA Board of Directors

BACKGROUND:

JEA Staff is responsible for the preparation and fair presentation of its annual financial statements. As part of the governance process, the JEA Board engages an independent accounting firm to express an opinion on the financial statements based on their audit.

DISCUSSION:

For the benefit of new Board members, the attached presentation is provided to highlight the differences and unique characteristics of JEA's financial statements relative to those prepared in accordance with FASB.

The presentation is being made by John Di Santo of Ernst & Young, LLP (E&Y). JEA has engaged E&Y to conduct the audit of JEA's annual financial statements for a past 16 years.

FINANCIAL IMPACT:

None

RECOMMENDATION:

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

Melissa H. Dykes, Interim Managing Director/CEO

MHD/JEO/RJC

JEA

Financial Statement Presentation Analysis

May 5, 2020



Written by



Building a better
working world

JEA is a Component Unit of the City of Jacksonville

- ▶ JEA is included in the City's Comprehensive Annual Financial Report (CAFR)
- ▶ JEA's independent governing body appointed by Mayor and confirmed by City Council.
- ▶ City has the ability exercise influence over JEA through formal budgetary approval.
- ▶ As a governmental entity, JEA follows accounting standards of the Governmental Accounting Standards Board (GASB)
- ▶ Differs in many areas from FASB and investor owned utilities.

Financial Statement Requirements Under GASB

- ▶ Management's Discussion and Analysis section.
- ▶ Basic financial statements, including footnotes.
- ▶ Required supplementary information
 - ▶ Pension and OPEB Plan information
- ▶ Other required reporting
 - ▶ Uniform guidance audit
 - ▶ Federal financial assistance
 - ▶ FEMA costs for Hurricanes Matthew and Irma

Regulatory Accounting

- ▶ As a utility, JEA follows regulatory accounting pursuant to GASB 62 paragraphs 476-501.
- ▶ Regulatory accounting allows for deferral of certain costs and revenues on the balance sheet that will not be immediately recovered through the rate making process.
- ▶ Criteria to qualify for regulatory accounting
 - ▶ Rates are established and approved by the Board
 - ▶ Rates are set to recover costs of providing regulatory services
 - ▶ Rates can be charged to and collected from customers

Regulatory Accounting

- ▶ Regulatory accounts reflected as “Costs to Be Recovered From Future Revenues” and “Revenues to be used for Future Costs” on the balance sheet.
- ▶ Deferred costs to be recovered from future revenues
 - ▶ Debt- related costs
 - ▶ Unfunded pension and OPEB costs
 - ▶ Environmental project costs
 - ▶ Storm costs

Regulatory Accounting

- ▶ Deferred regulatory credits
 - ▶ Fuel stabilization
 - ▶ Environmental charges
 - ▶ Non-fuel purchased power
 - ▶ Excess pension and OPEB contributions
 - ▶ Self-insurance medical reserves
 - ▶ Customer benefit stabilization

Deferred Inflows and Outflows of Resources

- ▶ GASB requires reporting of “deferred outflows of resources” and “deferred inflows of resources” pursuant to GASB 65.
- ▶ Represents current and future inflows and outflows of resources that do not meet the GASB definition of assets and liabilities.
- ▶ Only GASB can dictate what is recorded as deferred inflows and outflows of resources.

Deferred Inflows and Outflows of Resources

- ▶ JEA reports the following deferred outflows of resources on its balance sheet after total assets.
 - ▶ Unrealized pension and OPEB contributions and losses
 - ▶ Deferred losses on bond refundings
 - ▶ Change in fair value of hedging derivatives
 - ▶ Asset retirement obligations

Deferred Inflows and Outflows of Resources

- ▶ JEA reports the following deferred inflows of resources on its balance sheet after total liabilities.
 - ▶ Revenues to be used for future costs (regulatory liabilities)
 - ▶ Unrealized pension and OPEB gains and losses
 - ▶ Change in fair value of hedging derivatives

Balance Sheet Accounts - Assets

GASB differences from FASB

- ▶ All investments reported at fair value.
- ▶ Unbilled receivables reported for utility services provided and unbilled due to timing of billings.
- ▶ Costs to be recovered from future revenues.
- ▶ Deferred outflows of resources.

Balance Sheet Accounts - Liabilities

GASB differences from FASB

- ▶ Net pension and OPEB liabilities calculated differently under GASB model.
- ▶ Asset retirement obligations calculated differently under GASB model.
- ▶ Deferred inflows of resources.

Balance Sheet Accounts - Net Position

GASB differences from FASB

- ▶ “Equity” classifications are very different and reflect availability of resources; titled “Net Position”.
- ▶ Since JEA is a governmental utility, there are no “ownership interests”.
- ▶ 3 classifications
 - ▶ Net investment in capital assets
 - ▶ Net book value of capital assets.
 - ▶ Less outstanding debt and related items used to acquire or construct those capital assets.
 - ▶ Restricted net position
 - ▶ Restricted by enabling legislation or contract.
 - ▶ Unrestricted net position
 - ▶ Generally available for use.
 - ▶ Can be designated by governing body.

Income Statement Accounts

GASB differences from FASB

- ▶ Operating and non-operating items are generally similar.
- ▶ Investment earnings include realized and unrealized gains and losses.
- ▶ Contributions section to classify City contributions and developer contributions.
- ▶ GASB recognizes “special items” which are classified after contributions.
 - ▶ Items that are unusual or infrequent but not both
 - ▶ As opposed to extraordinary items which are classified and reported similar to FASB model
 - ▶ Items that are BOTH unusual and infrequent

Statement of Cash Flows GASB vs. FASB Differences

- ▶ Two (2) primary differences
 - ▶ GASB requires the use of the direct method.
 - ▶ GASB does NOT permit the use of the “indirect method” of reporting cash flows whereas FASB permits either the direct or indirect method.
 - ▶ GASB segregates financing activities into “capital” and “non-capital” financing activities.
- ▶ Direct method requires reconciliation of operating income to net cash provided by or used in operating activities.
- ▶ Noncash items are generally similar to FASB and use of indirect method.

Footnote Disclosures

- ▶ Pension, OPEB and asset retirement obligation disclosures are different from FASB (generally more streamlined).
- ▶ Use of regulatory accounting and rate making process is required to be disclosed.
- ▶ Details of regulatory assets (costs to be recovered from future revenues) and regulatory credits (revenues to be used for future costs) are required to be disclosed.
- ▶ All other disclosures are generally similar to FASB requirements.

Upcoming Accounting Changes

- ▶ Two (2) new accounting standards that will significant impact JEA's financial reporting.
 - ▶ GASB 84 on fiduciary activities
 - ▶ GASB 87 on leases.
- ▶ GASB has recently issued an Exposure Draft which is expected to be adopted to defer the implementation of these standards by one year as a result of COVID-19
- ▶ GASB is also researching a new reporting model and revenue recognition

GASB 84 - Fiduciary Activities

- ▶ Will require pension, OPEB and other fiduciary activities to report financial statements as part of JEA's reporting entity.
 - ▶ SJRPP Pension Plan
 - ▶ OPEB Plan
- ▶ Will require additional audit effort and additional disclosures.
- ▶ Will impact the timing of information needed from JEA's actuaries.
- ▶ Effective for JEA this fiscal year (2020)
 - ▶ GASB will extend one additional year to FY2021 for COVID-19

GASB 87 - Leases

- ▶ Will require leased assets and lease obligations to be recorded for ALL leases (if material).
- ▶ Will require the use of various estimates and assumptions to be made by management.
- ▶ Good news is that it excludes utility power purchase agreements.
- ▶ Effective for JEA in fiscal year 2021.
 - ▶ GASB will extend an additional year to FY 2022 for COVID-19.

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Corporate Metrics Dashboard

As of March 31, 2020	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 YTD	2020 Goal	Variance
Metrics for FY20 Goals											
Customer Value											
IDP Customer Satisfaction Index - Residential	4th Quartile	3rd Quartile	3rd Quartile	1st Quartile	2nd Quartile	1st Quartile	2nd Quartile	1st Quartile	2nd Quartile	Top 1/2 of 2nd Quartile	Below
IDP Customer Satisfaction Index - Business	4th Quartile	4th Quartile	4th Quartile	1st Quartile	1st Quartile	1st Quartile	1st Decline	2nd Quartile	1st Quartile	Top 1/2 of 2nd Quartile	Meets
Overall First Contact Resolution	N/A	N/A	78.5%	80.9%	79.4%	79.4%	79.4%	79.0%	80.2%	>=80%	0.3%
Grid Performance: Average Outage Length (CAIDI)	35	40	52	51	54	64	45	47	57	50-54	-6%
Grid Performance: CEM4	N/A	N/A	4.8%	5.1%	3.6%	3.2%	1.0%	0.4%	0.5%	1.5%-2.0%	-77%
Water Unplanned Outages (% cust.)	2%	3%	1%	2%	4%	1%	5%	3%	0.60%	2%	-70%
Water Distribution System Pressure (avg min < 30 psi)	34.9	20.0	2.1	2.8	2.1	3.7	1.8	8.8	1.1	2.0	-45%
Information Technology Mean Time to Recover	N/A	N/A	105	<=90 min	-17%						
Community Impact Value											
Capital Invested (\$000)	\$273,774	\$234,718	\$158,392	\$204,708	\$298,045	\$307,918	\$374,456	\$497,341	\$169,775	\$381,695 - \$500,974	TBD
Safety: % of safety checks closed on time	N/A	N/A	93%	93%	TBD						
Safety: % of work orders closed in a timely manner	N/A	N/A	100% (energy only)	80% w/in 1-2 weeks	TBD						
JEA Volunteers	237 Activities	465 Activities	670 Activities	753 Activities	985 Activities	913 Activities	1,050 Activities	7,183	2,773	4,500-4,800 hours	TBD
ISEB Spend (\$000)	\$9,168	\$10,121	\$7,302	\$9,318	\$9,983	\$13,365	\$15,760	\$18,772	\$9,065	\$17,000	TBD
Employee Training Hours	N/A	N/A	36,437	50,000	TBD						
Environmental Value											
Electric System Environmental Compliance (permit exceedances)	5	4	3	2	4	6	2	0	0	<4	100%
Consumptive Use Permit Compliance	Yes	Yes	Yes	Yes	Yes						
Nitrogen to the River (tons)	650	767	579	553	527	558	550	396	161	466	65%
Sanitary Sewer Overflows (SSO's) (per 100 miles of pipe)	0.6	0.6	0.7	0.6	0.7	1.2	0.7	0.7	0.23	0.6	60%
Financial Value											
Generation Fleet Reliability (forced outages rate)	1%	2%	3%	2%	2%	2%	2%	5%	0.27%	2.25-2.50%	88.0%
Percent of Net O&M Budget	92%	90%	88%	93%	93%	93%	93%	94%	93%	97.5%	4.6%
Cost Reduction Metric (\$000)	N/A	N/A	N/A	N/A	\$25,156	\$10,087	\$10,495	\$15,131	\$6,833	\$5,300	29%

Metrics We Watch	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 Forecast
Customer Value									
Innovation (# of Ideas Submitted)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	541
Innovation (\$\$ of dollars: improvements)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$781,129
Grid Performance: SAIDI	*actual 83.86	68.05	70.83	98.81	70.94	99.48	67.39	60.04	74.6*
Grid Performance: SAIFI-2	*actual 5.31	4.25	3.24	4.39	3.61	3.76	3.61	2.97	2.79*
Grid Performance: SARR ₁₀₀	*actual 47	46	38	44	43	40	37	30	36*
Pipeline Failures	*actual N/A	N/A	N/A	N/A	N/A	N/A	N/A	1,639	1,473
Financial Value									
Net Write-Offs	0.19%	0.15%	0.15%	0.16%	0.14%	0.14%	0.13%	0.12%	TBD
Change in Net Position (\$000)	\$182,642	\$79,975	\$156,269	\$323,008	\$210,016	\$254,620	\$126,488	\$197,424	\$219,362
Debt to Capitalization	73%	71%	72%	67%	64%	59%	57%	52%	49%
City Contribution (\$000)	\$104,188	\$106,687	\$109,188	\$111,688	\$129,187	\$115,823	\$116,620	\$132,648	\$118,824
Electric sales (000's MWh)	13,855	11,930	12,172	12,434	12,561	12,050	12,364	12,366	12,190
Water Sales (000's gal)	35,345	33,088	32,468	34,558	36,358	37,245	36,187	37,696	38,375
Sewer Sales (000's gal)	24,490	23,624	23,527	24,922	25,818	26,713	26,340	27,727	27,963
Reclaim Sales (000's gal)	1,330	1,110	1,301	1,784	2,644	3,290	3,120	3,884	4,225
Environmental Value									
Renewable Energy Production (000's MWh)	121	122	121	131	128	131	173	171	173
Diverse State of Candidates (% of recruitments)	N/A	N/A	N/A	98%	99%	100%	100%	100%	100%
Economic Development Program Participants	N/A	0	0	1	0	0	4	5	3
Organizational Sentiment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	TBD
Safety: Recordable Incident Rate	1.5	1.8	2.4	1.7	1.8	2.1	1.5	1.5	0.59

Strategic Metrics - Long Term Influence	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 Forecast
Customer Value									
Residential Electric Bill in FL (% of State Median)	101%	101%	99%	99.5%	101%	100%	98%	98.6%	98.6%
Residential Water/Sewer Bill in FL (% of State Median)	110%	104%	102%	100%	96%	94%	92%	90.3%	89.1%
Financial Value									
Consolidated Return on Equity	13%	8%	10%	12%	13%	13%	9%	11.0%	9.7%
Return on Net Assets	4%	2%	3%	4%	5%	5%	4%	5.0%	5.0%
Unlevered Free Cash Flow: EBITDA less CAPEX (\$000)	\$606,131	\$532,972	\$632,212	\$591,925	\$547,897	\$573,259	\$367,007	\$275,589	\$328,593
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	\$2,952,733	\$3,172,095
City Contribution NPV	-	-	-	-	-	\$1,998,311	\$1,998,311	\$1,998,311	\$1,998,311
Electric Credit Ratings	Aaa2/AA-/AA-	A2/A+/AA	A2/A+/AA						
W/WW Credit Ratings	Aaa2/AA/AA	A2/AA/AA	A2/AA/AA						
Environmental Value									
CO ₂ Emissions (lbs/MWh), net basis, w/ Scherer	1,631	1,828	1,851	1,731	1,799	1,593	1,516	1,526	1,300
CO ₂ Emissions Mass(10 ³ Short Tons), w/ Scherer	8,881	10,414	11,194	10,425	10,609	8,916	7,731	7,329	7,526
Aquifer Withdrawal Limit	104	100	103	107	112	114	112	117	120
Residential Water Use Efficiency (gal. per capita per day)	88	80	75	79	81	82	75	78	80

*All metrics reported unless otherwise specified with possible asterisk

MANAGEMENT DISCUSSION

Financial

- Electric Enterprise:**
 - FY20 MarYTD sales up 0.5% compared to FY19 MarYTD
 - FY20 MarYTD sales per customer down 1.4% compared to FY19 MarYTD
 - FY20 MarYTD degree days up 3.2% compared to FY19 MarYTD
 - FY20 MarYTD total customers up 1.9% compared to FY19 MarYTD
 - Operating revenue decreased \$12m vs. FY19 due to contributions to the fuel stabilization fund, partially offset by withdrawals from the debt management stabilization fund to decrease debt.
 - Operating expenses decreased \$51m vs. FY19 driven by lower fuel and purchased power costs.

Water and Sewer:

- FY20 MarYTD Water sales up 6.8% compared to FY19 MarYTD
- FY20 MarYTD Sewer sales up 5.7% compared to FY19 MarYTD
- FY20 MarYTD Reclaimed sales up 33.4% compared to FY19 MarYTD
- FY20 MarYTD Sales per customer up 4.7% compared to FY19 MarYTD
- FY20 MarYTD Rain Days down 24.6% (14 days) compared to FY19 MarYTD, FY20 MarYTD irrigation up 18.2% versus FY19 MarYTD
- FY20 MarYTD Total customers up 2.7% compared to FY19 MarYTD
- Operating revenues increased by \$25m vs. FY19 due to withdrawals from the debt management stabilization fund to decrease debt, higher sales, and new accounts.
- Operating expenses increased \$6m vs. FY19 due to higher depreciation.
- S&P downgraded Water and Sewer ratings to AA+ from AAA

DES:

- Stable, minimal change from FY19

Operations

- Electric Enterprise:**
 - CAIDI: All of our reliability metrics including CAIDI were effected by a severe but localized storm on February 6th and 7th, resulting in a degradation in our reliability.
 - CEM4: 2,183 of our 485,433 customers served experienced more than 4 outages in the last 12 months.
 - Environmental Permit Exceedances: Energy has experienced 0 permit exceedances.
 - EFOR: The Generation EFOR achievements were due to minimal operational issues with the running units, as well as, reduced service hours associated with planned outages and the offline economy status of Northside Unit Current Fiscal Year projection for EFOR, at current rate, is 0.12%

Water and Sewer:

- Unplanned Water Main Outages: 360 customers experienced an unplanned outage in the month of March.
- Water Distribution System Pressure (avg min per monitor station < 30 psi): 1.1 YTD is the average minutes pressure dropped lower than <30 psi.
- CIIP: Average daily flow of 113 MGD is 19% below CY20 limit of 140 MGD; reclaimed usage at 18 MGD
- Nitrogen to River: FY20 Forecast is 377 tons. JEA has a limit of 683 tons per year and provides the CDI with 37 tons.
- SSO's Impacting Waters of the US: 12 YTD, root cause analysis is performed on each SSO.

2020 Goal-Meets	2020 Goal-Exceeds
Top 1/2 of 2nd Quartile	1st Quartile
80%	>80%
50-54	<46
1.5%-2.0%	<1.5%
1.9-2.1%	<1.9%
2-3	<2
<90 min	<60 min
\$400,000 - \$450,000	\$450,000 - \$500,000
93%	>93%
80% w/in 1-2 weeks	90% w/in 1-2 weeks
4500-4800 hours	>4800 hours
\$15M-\$17M	>\$17M
50,000	60,000
4-6	<4
Yes	Yes
466-500	<466
0.58-0.68	<0.58
2.25%-2.5%	<2.25%
95-97.5%	>95%
\$3.85M-\$5.3M	>\$5.35M



INTER-OFFICE MEMORANDUM

April 15, 2020

SUBJECT: DOWNTOWN CAMPUS UPDATE AND NEXT STEPS ON VALUE ENGINEERING

FROM: Melissa H. Dykes, Interim Managing Director/CEO

TO: JEA Board of Directors

BACKGROUND:

JEA has been planning for a new corporate headquarters for several years to address business continuity risks while meeting our headquarter needs in a cost-effective manner. The Board approved a lease with Ryan Companies US, Inc. (Ryan) at its June 25, 2019, meeting. The lease was executed by JEA on July 9, 2019, after approval by the Jacksonville City Council of the site Purchase and Sale Agreement (PSA) between Ryan and the City of Jacksonville.

DISCUSSION:

JEA and Ryan continue to plan for the project. Ryan received final design approval from the City's Downtown Development Review Board (DDRB) on December 12, 2019, conditioned on streetscape and tree shading requirements, redesign of the perimeter security elements (bollard and landscape planter elements), and designing the southeast garage corner at Adams and Julia streets to enhance pedestrian experience for the building corner and hardscaping. Ryan has continued with site due diligence including environmental review, preliminary site development submittals to the City, geotechnical investigations, preliminary structural design, and garage design. Ryan has kept JEA and its consultants (CBRE - Owner's Representative and ASD|SKY - program consultant) abreast of progress on all aspects during the planning process.

JEA is nearing completion of programming work to compile and confirm building size, functions, and planned departmental adjacencies. The building size programming work was completed and provided to Ryan in January 2020. The current building program consists of approximately 196,900 square feet of rentable area in the main building. There is an additional 9,000 to 10,000 square feet in the garage storefront space that will be available to JEA or for lease to third parties by JEA that will not be included in the rentable square footage in the lease.

JEA asked Ryan and CBRE to examine value engineering and programming options to consider whether the elements of the project including size, design, functions and program assumptions should be adjusted to reduce overall project cost. With schematic design nearing completion, this is an important review step in the overall project prior to breaking ground on construction. JEA Staff is seeking guidance from the Board on targets for each of these elements. Staff will then incorporate this guidance into a final program for the building prior to the land closing in early June. At JEA's request, Ryan Companies received an extension in the land acquisition date to early June to allow JEA to engage the new Board in this important discussion.

JEA is negotiating a second lease amendment with Ryan to address design and program changes, funding process for draws on tenant improvement allowance under Ryan's loan agreement, tenant improvement construction and garage storefront tenant improvement build out, and associated budget and project schedule updates. Ryan continues to express a strong interest in performing TI construction work to control schedule, coordination and project efficiency and JEA is negotiating with Ryan for that effort. The outcome from the TI construction negotiations will be incorporated into the lease amendment

to be considered by the Board. This lease amendment needs to be executed prior to land closing. JEA will issue a Request for Proposals for Tenant Improvement (TI - interiors) design services as a separate work effort to be coordinated with Ryan's building core and shell design.

GENERAL SCHEDULE (dates subject to change):

Confirmation of HQ Changes	May 5, 2020
Revised Project & Program Approval	May 29, 2020
Sitework Commencement	July 2020
Foundation Commencement	August 2020
Estimated Completion	April 2022

FINANCIAL IMPACT:

The lease executed in July includes a maximum indebtedness of \$160,500,000 over the 15 year lease for all rents and building operating expenses. Additionally, JEA will pay separately for interior Tenant Improvement buildout that exceeds the TI allowance in the lease, including materials, tenant equipment, workstations and construction separate from the lease, and for the tenant improvements in the garage storefront space occupied by JEA uses. JEA has a continuing right of first offer (ROFO) to consider a purchase of the property if Landlord desires to sell the property, and did not exercise this ROFO in connection with a recent notice by Ryan Companies for a potential sale after initial occupancy. JEA is seeking guidance on project and program scope to consider cost reductions and efficiency gains.

RECOMMENDATION:

Provide guidance on value engineering and programming elements that can be further developed and included as part of the anticipated 2nd Amendment to the Lease in May. Consider designating a Board member to work with staff on the final programming and design decisions to be presented to the full Board in May. Lease amendment(s) will be presented to the Board for approval.

Melissa H. Dykes, Interim Managing Director/CEO

MHD/NKV

[Back to Agenda](#)



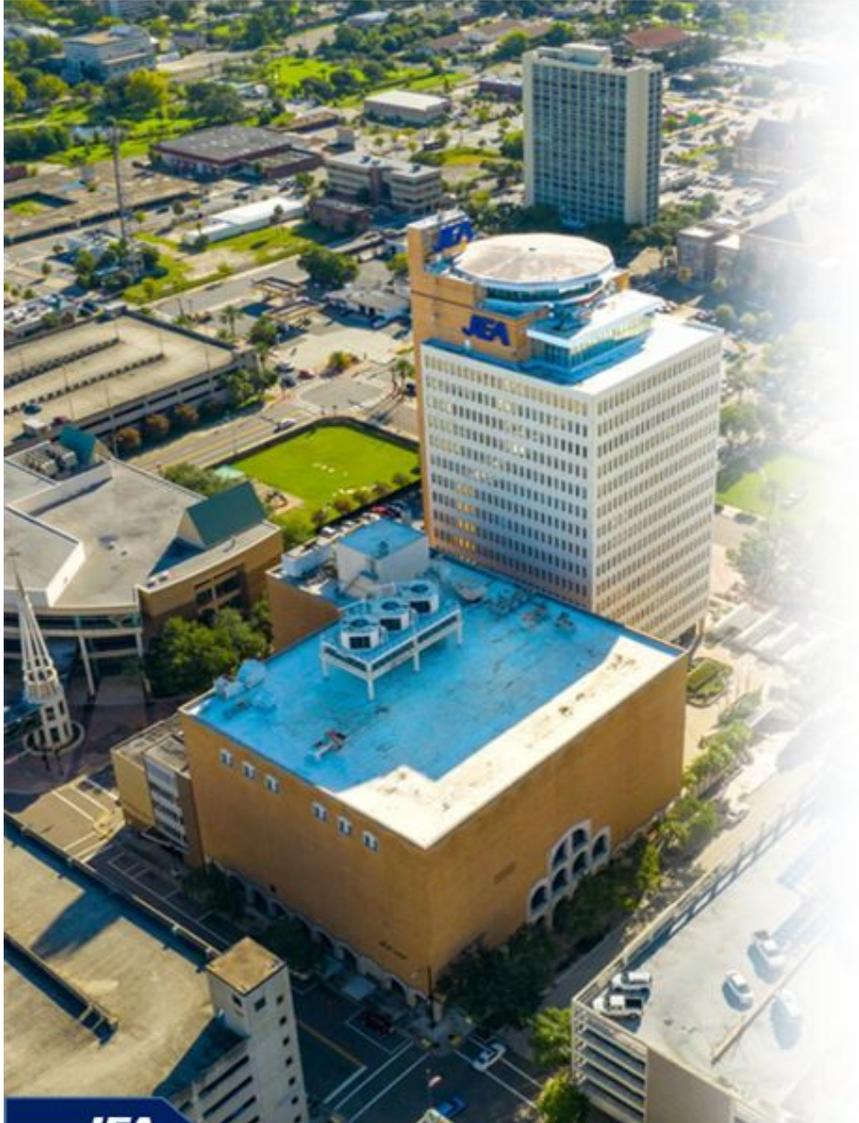
CORPORATE CAMPUS REVIEW

JEA[®]

APRIL 2020

BUILDING PROJECT RATIONALE

The current JEA building was built in 1962 and analysis completed has shown that any improvements needed on the current building would rival the price of a new building.



Considerations identified as part of this process:

- **Business Continuity**
- **Facilities Planning**
 - Major facilities upgrades in multi-year ERM plan
- **Headquarters Considerations**
 - Performance issues in normal operations
 - Plumbing
 - Elevators
 - Fire systems
 - Electrical systems/generators
 - Low voltage
 - Performance issues during storm & emergency operations response
 - Wind and water intrusion (windows, roof)
 - Elevators
 - Basement garage water intrusion
 - Right sizing space needs and specific purpose design
 - Conscious decision by Board on build vs. lease existing
 - Eliminate possible multiple moves & associated expense
 - Single tenant building – security/operations controls
 - Branding – customer & employee centric

BUILDING PROJECT HISTORICAL TIMELINE

2014 – 2015

Internal JEA analyses under our Enterprise Asset Management and Enterprise Risk Management program reveal business continuity risk in downtown campus and need to invest very significant capital dollars to remediate. Staff begins analysis to study whether those investments are a wise use of customers' money compared to other viable alternatives.

September 2016

JEA receives report from Fairlead, Haskell, and ETM recommending new build.

June to October 2018

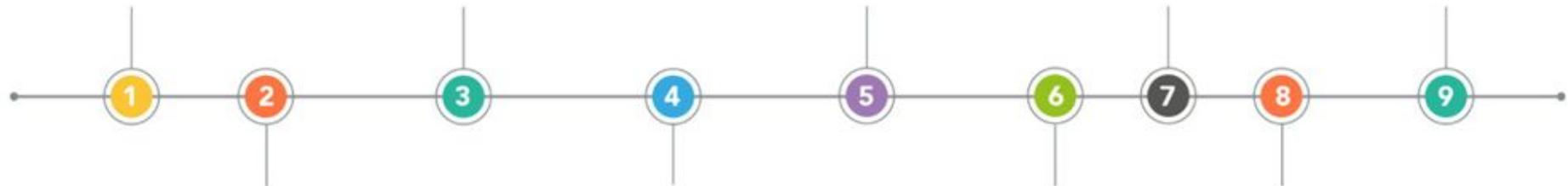
Board input on lease versus build; build chosen for JEA brand and operational protections provided in a single tenant building; development of Board advised grading criteria and development of competitive process for site and building identification; release of Corporate Campus Invitation to Negotiate

June 2019

Approval of land sale to Ryan by City; approval of lease by JEA Board

Now

New Board Slate to discuss and approve final building modifications



August 2015

Staff presented to the Finance & Audit Committee that our downtown campus was identified as a business continuity risk and requested authorization to study an optimal solution that met certain business criteria; Board approved further study.

June – September 2017

Block 48 was identified as a possible site for a new JEA downtown Campus and the Board authorized staff to negotiate a land swap for the site; discussions included possible purchase rather than swap.

April 2019

Selection of Ryan Companies by JEA Board after detailed financial, legal, real estate presentation

July 2019 – Present

Site due diligence
Schematic design
Programming
Design review (DDRB)

BUILDING PROJECT PARTNERS



CURRENT PROJECT OVERVIEW

FOUNDED

1938

PROJECTS DELIVERED IN
**NEARLY EVERY
STATE**

REVENUE

\$2.0 BILLION

1,200+
EMPLOYEES

60+

EMPLOYEES HAVE
CONTRIBUTED TO YOUR
NEW HEADQUARTERS

HEALTHCARE
INDUSTRIAL
RETAIL
SENIOR LIVING
NATIONAL BUILD-TO-SUIT



ATLANTA

AUSTIN

CEDAR RAPIDS

CHICAGO

DALLAS/FORT WORTH

DES MOINES

KANSAS CITY

MILWAUKEE

MINNEAPOLIS

PHOENIX

ROCHESTER

SAN DIEGO

SEATTLE

TAMPA

TUCSON

RYAN PROJECT TEAM



Doug Dieck
Regional President



Mike Harryman
Senior Project Executive



Jon Jay
Project Architect



Brad Hill
Director of Construction



Robert Miller
Estimator II



Max Bosso
Director of Real Estate
Development

CURRENT PROJECT OVERVIEW



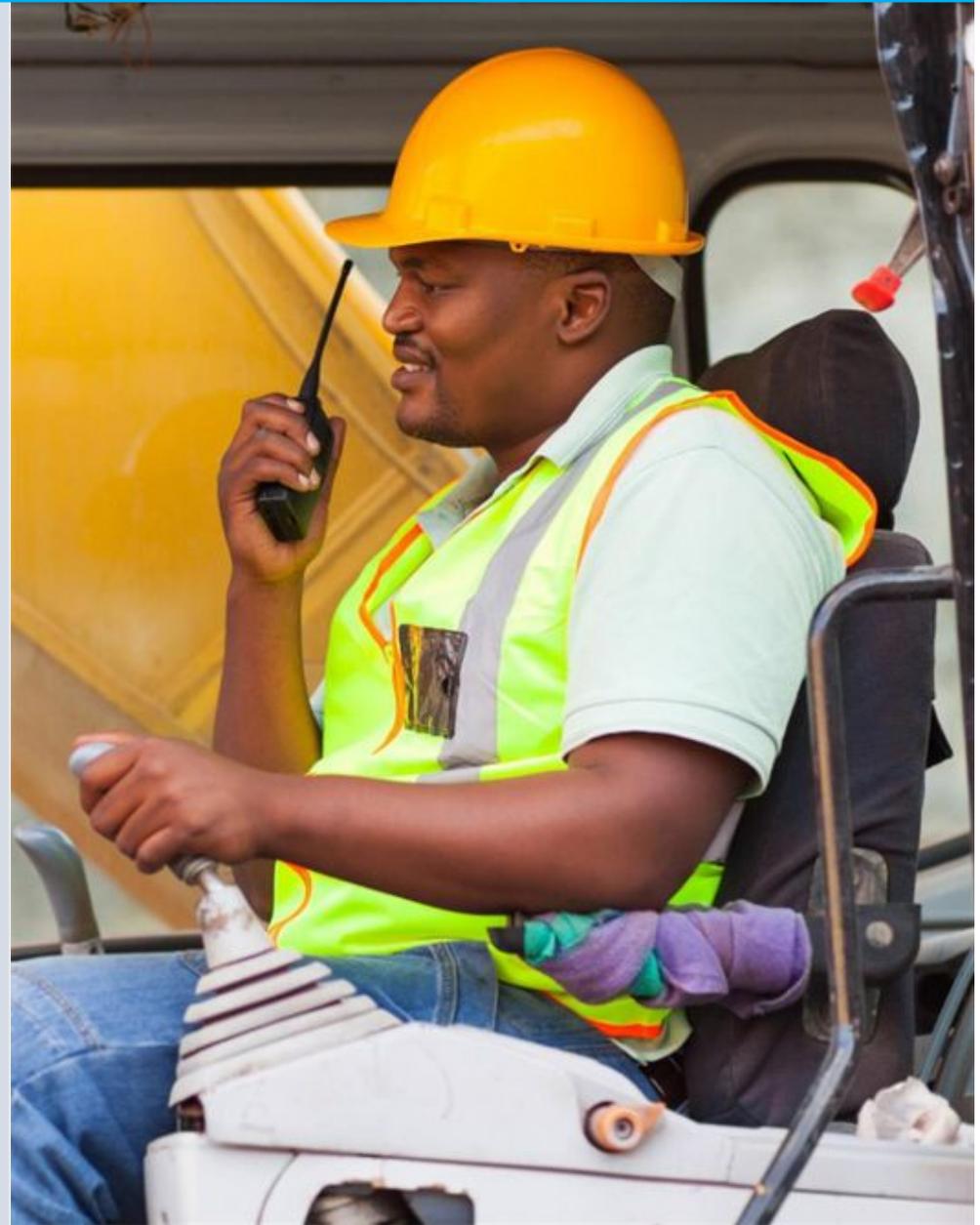
Public and Government Approvals

- Jacksonville Downtown Investment Authority approved the building allocation on August 21, 2019.
- Jacksonville Downtown Development Review Board (DDRB) approved conceptual submittal on September 19, 2019 with final approval on December 12, 2019.
- St. Johns Water Management District issued a permit exemption on October 21, 2020
- FDEP approval of Remedial Action Plan (RAP) was received on November 12, 2019, with the first phase of the plan beginning December 10.
- Jacksonville Environmental Protection Board approves the noise variance request on February 18, 2020.
- The 10-set submittal was approved by the City of Jacksonville on March 5, 2020.

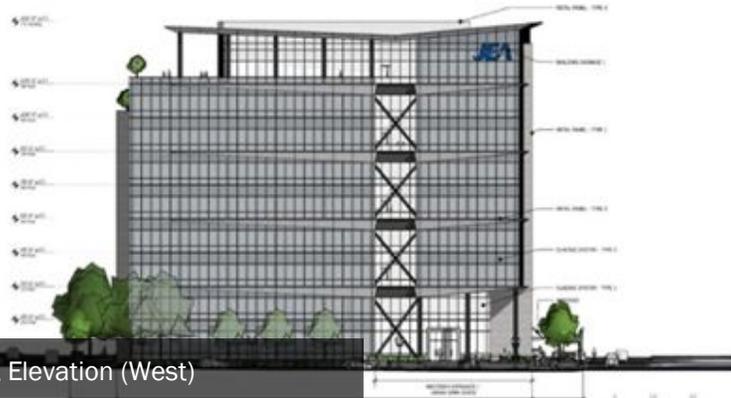
CURRENT PROJECT OVERVIEW

Preconstruction and Design

- JEA, CBRE and Ryan conduct an initial project meeting on April 9, 2019
- JEA approves building elevations August 15, 2019
- Programming began with JEA, CBRE, Ryan A+E and ASD |SKY on August 27, 2019
- JEA approved the building program on January 23, 2020.
- The schematic design (SD) package was completed on February 7, 2020.
- SD pricing was provided to JEA for review and consideration on March 6, 2019.



CURRENT PROJECT OVERVIEW



Pearl Street Elevation (West)



West Adams Street Elevation (South)



West Monroe Street Elevation (North)



Julia Street Elevation (East)

PROGRAM/SIZE MODIFICATION REVIEW

JEA developed a cohesive program through departmental input focusing on efficiency in operations. The building team was requested to evaluate further efficiency opportunities.

Schedule Importance

- Revised Program Approval 5/5/2020
- Updated Design & Pricing 5/18/2020
- Revised Pro Forma and 2nd Lease Amendment Approval 5/26/2020
- Execute 2nd Lease Amendment 5/30/2020
- Loan & Land Closing 6/8/2020

If milestones are not met lease would undergo significant restructuring. Loss of value and time may be significant.

Recent Work

Design Review

- Evaluate Structure & Exterior
- Evaluate Floor layout

Program Review

- Position Need/Adjacency
- Vacancy
- Workplace Standards

Influences

- Amenities
- Parking
- Value Engineering

TARGET EVALUATION

REVISED DESIGN PROGRAM WORKSHEET

CURRENT PROGRAM

TOTAL RSF: 196,900 TOTAL SEATS: 913 GARAGE SPACE: 841

Required Decisions:	Early Finish	Late Finish
Program Size - Total HQ Square Footage	4/28/20	5/5/20
Supporting Garage Size - Total Spaces	4/28/20	5/5/20
Resiliency Direction - Final Direction	4/28/20	5/5/20
Direction on Exterior	4/28/20	5/5/20

Targets:	Current Program	Recommended Target	High Target	Low Target
Program Size - Total HQ Square Footage	196,900	173,975	143,576	196,900
Program Shift - SF Reductions		22,925	53,324	-
RSF/PPL:	179	170	160	179
Supporting Garage Size - Total Spaces	841	742	651	760
Resiliency Direction - Final Direction	130 MPH		157 MPH	143 MPH

Subsequent Saving Targets:	Current Program	Target Savings	High Target	Low Target
Program Shift	\$75,965,809	(\$3,998,847.19)	(\$6,149,782.46)	\$0.00
Program Influences - Amenities		(\$708,615.57)	(\$1,417,231.15)	\$0.00
Program Influences - Parking		(\$1,643,961.93)	(\$3,160,905.38)	(\$1,347,543.87)
VE Reductions		(\$1,146,655.67)	(\$1,146,655.67)	(\$630,327.84)
Resiliency	\$2,092,000			\$2,092,000.00
Total Shell Savings		(\$7,498,080.37)	(\$11,874,574.66)	\$114,128.29
Total Shell Cost	\$78,057,809	\$70,559,729	\$66,183,234	\$78,171,937
TI Budget Reductions		(\$3,788,553)	(\$6,540,715)	\$0
Total Gross Savings		(\$11,286,634)	(\$18,415,290)	\$114,128
Total Gross Cost	\$78,057,809	\$66,771,175	\$59,642,519	\$78,171,937

RECOMMENDATION IMPACTS TO CURRENT SCENARIO

Pro Forma Impact

- Gross reduction in costs:  \$11.3 M +/-
- Gross reduction in lease:  \$18.3 M +/- NPV savings

Program Review

- Reduction in space  12%
- Reduction in parking  12%
- Reduction in interior standards  7.5% (5% space; 2.5% quality)

Considerations

- Hoteling and Change Management will now be Critical Factors
- Attraction and Retention of Talent impacted if additional moves are pursued

BOARD DISCUSSION

	Existing HQ	Current Program New HQ	Recommended Program New HQ	Target Direction by Board
Employees	881	913	881	
Square feet of building	360,000	196,900	174,000 +/-	
Parking (garages)	513 spaces	841	742 +/-	
Seating	1 to 1	1 to 1	1 to .85	
SF per person	320 SF/P	179 SF/P	170 SF/P	
Workplace amenities and standards		16,250 SF	12,188 SF (-25% from Current Planning)	
Resiliency		130 MPH winds w/other resiliencies	130 MPH winds w/other resiliencies	
Value engineering options			\$1.2 M reduction	



INTER-OFFICE MEMORANDUM

April 15, 2020

SUBJECT: PROCUREMENT OF EXECUTIVE RECRUITING FIRM –
MANAGING DIRECTOR/CEO RECRUITMENT

FROM: Melissa Dykes, Interim Managing Director / CEO

TO: JEA Board of Directors

BACKGROUND:

As the eighth largest municipal utility in the country, JEA's CEO is responsible for leading a large, complex organization. JEA currently does not have a permanent Managing Director/Chief Executive Officer. The first step in the process for the recruitment of a CEO is the selection of an executive recruiting firm.

DISCUSSION:

JEA staff prepared a Request for Proposal (RFP) to solicit responses from the leading executive recruiters in the industry to find and select the most qualified candidate for JEA's permanent Managing Director/Chief Executive Officer. It is important for this solicitation, and particularly for the scoring criteria, to reflect the values and input from the JEA Board of Directors in selecting the executive recruiting firm.

Historically, the Board has designated a Board member to serve as an evaluator for proposals received, and provide his/her scoring and recommendation for selection of an executive recruiting firm to the full Board for approval.

FINANCIAL IMPACT:

Fees from top executive recruiting firms are typically a percentage of the annual salary for the candidates that are placed, and expenses related to the search.

RECOMMENDATION:

The Board provide input and feedback on the RFP, particularly the scoring criteria. The Board approve publishing the RFP, incorporating any Board recommendations, to solicit responses from the top executive recruiting firms in the Utility Industry. The Board designate a Board member to serve as the scorer for proposals received, or specify another scoring arrangement satisfactory to the Board in its selection of an executive recruiting firm.

Melissa Dykes, Interim Managing Director/CEO

MHD/JPM/JGM

**REQUEST FOR PROPOSALS
FOR
CHIEF EXECUTIVE OFFICER (CEO) SEARCH FIRM SERVICES**



**JACKSONVILLE, FL
SOLICITATION NUMBER 98864**

PROPOSALS ARE DUE ON TBD, 2020 BY 12:00 PM EST

**PROPOSAL EMAILED TO:
ELAINE SELDERS AT
SELDEL@JEA.COM
JEA PROCUREMENT SERVICES**

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DRAFT

Solicitation

1. REQUEST FOR PROPOSALS

1.1. SCOPE, BACKGROUND AND INVITATION

1.1.1. SCOPE OF WORK (RFP)

The purpose of this Request for Proposal (RFP) is to evaluate and select a firm ("Firm" or "Company" or "Proposer") that can provide executive search firm services for a Chief Executive Officer (CEO), for the best value to JEA (the "Work" or "Services"). "Best Value" means the highest overall value to JEA with regards to pricing, quality, design, and performance.

JEA intends to select one Firm to provide the Services. The Services will include the following:

- Develop job description for the Chief Executive Officer
- Develop a candidate profile
- Develop and implement a recruitment strategy and process, including recommending appropriate advertisements through local, regional and national channels, professional journals and publications
- Design, conduct and finalize the interview process, prepare interview questions for the JEA Board's consideration
- Coordinate the candidates' schedules and participation in the interviews
- Receive and review resumes of applicants, and determine that the candidates meet minimum qualifications, and follow up with telephone interviews to clarify each applicant's qualifications and experience
- Conduct in-depth reference checks with individuals to evaluate candidates' past job performance, criminal history, financial background, and any other pertinent factors
- Verify selected candidate's educational background, employment record, and any other information identified in the strategy process
- Assist the JEA Board and/or JEA Search Committee in evaluating these candidates and further identifying the top candidates for serious consideration and interviews
- Ascertain the strengths and personal dimensions of each candidate and report to the JEA Board and/or JEA Search Committee
- Debrief the JEA Board and/or JEA Search Committee following each candidate interview and identify additional candidates if necessary
- Prepare and present to the JEA Board and/or JEA Search Committee a written summary of candidates with the most promising qualifications and experience
- Create a recommended candidate list
- Negotiate an offer for hire with candidates and assist the JEA Board and/or JEA Search Committee with compensation negotiations, if requested
- Notify applicants and candidates not selected
- Advise the JEA Board and/or JEA Search Committee any other areas, services, or important steps to take that are not listed above

JEA intends to establish such a contract so that the selected firm is the best positioned to perform the Services and recruit a CEO that best fits JEA, demonstrating proven ability to recruit CEOs with extensive experience in the utility industry and/or municipalities. The ideal candidate for CEO shall create and implement a long-term strategic vision for JEA.

1.1.2. BACKGROUND

JEA owns, operates and manages the electric system established by the City of Jacksonville, Florida in 1895. In June 1997, JEA also assumed operation of the water and sewer system previously managed by the City. JEA is located in Jacksonville, Florida, where we proudly serve an estimated 470,000 electric, 351,000 water and 274,000 sewer customers. JEA is Florida's largest community owned utility and the eighth largest municipal owned utility in the United States.

1.1.3. INVITATION - REQUEST FOR PROPOSAL

You are invited to submit a Proposal in response to the Request for Proposals (RFP) noted below:

JEA RFP Title: Chief Executive Officer (CEO) Search Firm Services

JEA RFP Number: 98864

A complete copy of this RFP and any applicable documents can be downloaded from jea.com.

Proposal Due Time: 12:00 P.M. EST

Proposal Due Date: TBD, 2020

ALL LATE PROPOSALS FOR WHATEVER REASON WILL BE RETURNED UNOPENED.

All Proposals must reference the JEA RFP Title and Number noted above. All Proposals must be made on the appropriate forms as specified within this RFP, and **emailed to Elaine Selders at SELDEL@JEA.COM**.

The Proposer shall be solely responsible for the email delivery of its Proposal. Please note Proposals are due by the time and on the date listed above.

1.1.4. QUESTIONS (RFP)

All Questions must be submitted in writing to the **JEA Buyer** listed below at least five (5) **business** days prior to the opening date. Questions not received within at least five (5) **business** days prior to the opening date may not be answered.

For Procurement and Technical Questions:

Buyer: ELAINE SELDERS

E-mail: SELDEL@JEA.COM

1.1.5. MINIMUM QUALIFICATIONS

Proposers shall meet the following Minimum Qualifications to be considered eligible to submit a Proposal to this RFP. A Proposer not meeting all of the following criteria may have their Proposal rejected:

The Proposer shall provide one (1) similar account references where Chief Executive Officer (CEO) search services were provided for a similar sized entity, within the last five (5) years ending March 31, 2020.

- A similar account is defined as Chief Executive Officer (CEO) search services as described in the Scope of Work and stated herein, performed by the submitting Company.
- The account references must include the reference company name, contact person, phone number, email address and a summary of the scope of work provided. JEA will contact and verify the account references.

A Minimum Qualification Form, which is required to be submitted with the Proposal Form, is provided in Appendix A of this RFP.

Please note, any Proposer whose contract with JEA was terminated for default within the last two (2) years shall have their Proposal rejected.

1.1.6. NUMBER OF CONTRACTS TO BE AWARDED

JEA intends to Award one (1) Contract for the Work. JEA reserves the right to Award more than one Contract based on certain groupings of the Work items, or JEA may exclude certain Work items, if JEA determines that it is in its best interest to do so.

1.1.7. REQUIRED FORMS TO BE SUBMITTED WITH PROPOSAL

The following forms must be completed and submitted to JEA at the timeframes stated below. The Proposer can obtain the required forms, other than the Minimum Qualification Form and Proposal Form, by downloading them from JEA.com.

A. The following forms are required to be submitted with the Proposal:

- o Minimum Qualifications Form - This form can be found in Appendix A of this RFP
- o Proposal Form - This can be found in Appendix A of this RFP

If the above listed forms are not submitted with the Proposal by the Proposal Due Time and Date, JEA may reject the Proposal.

B. JEA also requests the following documents to be submitted prior to Contract execution. A Proposal will not be rejected if these forms are not submitted at the Proposal Due Date and Time. However, failure to submit these documents prior to Contract execution could result in Proposal rejection.

- o List of JSEB Certified Firms (if any)
- o Conflict of Interest Certificate Form - This form can be found at JEA.com
- o Insurance certificate
- o W-9
- o Evidence of active registration with the State of Florida Division of Corporations (www.sunbiz.org)

1.2. SPECIAL INSTRUCTIONS

1.2.1. WORK AUTHORIZATIONS

JEA shall issue a purchase order for the search to be performed.

Payments will be made in accordance with defined deliverables and maximum fees may also be established.

1.2.2. SELECTION CRITERIA

JEA will not Award this Contract on a price only basis, but will Award based on an evaluation of how well each Proposer meets the evaluation criteria listed herein. JEA will use the evaluation criteria listed below to evaluate the information contained in the Proposal Documents submitted by each Proposer. In the event that JEA requests oral presentations or interviews from one or more proposers, the information obtained by JEA during the oral presentations or interviews will be used in determining final selection.

A. QUALIFICATIONS OF FIRM (25 POINTS)

Describe the experience of the firm in serving comparable utility and municipal utility sector clients including understanding of utility industry challenges, municipal sector challenges, and demonstrated sensitivity of the firm to the local political environment.

The off-limits policy applicable to this industry sector and the proposed policy for JEA. Describe the extent to which your prior engagements will limit access to qualified candidates.

Metrics for comparable searches. Address such metrics as average time to fill for comparable positions, percent of comparable search engagement that were successfully completed, retention rate of placements in comparable positions.

B. SEARCH METHODOLOGY (25 POINTS)

JEA will evaluate the approach used by Proposers considering the following factors:

- A. Approach to defining the position being filled to effectively communicate the nature of the position and screening candidates for the position.
- B. Approach to identifying and accessing potential candidates including use of advertising and direct

recruitment of active and passive candidates.

- C. The approach to screen and present qualified candidates to JEA including screening for industry experience, leadership capabilities, emotional intelligence, cultural fit and other such factors for successful placement and retention.
- D. The post-hire approach including frequency of follow-up with placed executives, means of identifying and handling identified issues impacting performance and retention of placed individuals. Describe the warranty proposed for this work.
- E. The approach to status reporting for active search assignments.

C. QUALIFICATIONS OF PROPOSED TEAM (25 POINTS)

For this criteria, JEA will place its highest scoring weight on evaluating the qualifications of the lead consultant proposed for this work including the following:

- A. Years of experience serving the utility industry and municipal utility sector
- B. Number of successful searches led in the utility industry and municipal utility sectors by the lead consultant in the past three (3) years; this section should be broken down into the following position types: (1) President/CEO/Managing Director, (2) Senior Executive Management Position and (3) Other Staff
- C. The proximity of the lead consultant's office location to JEA

JEA will also evaluate the qualifications of the personnel to be assigned under the lead consultant to perform this work.

Proposers shall provide three (3) references for comparable search assignments performed by the lead consultant during the past three (3) years.

D. FEE STRUCTURE (25 POINTS)

Fees to be paid shall be proposed in the following format:

Fee: ____ percent of base / total first-year compensation (propose one (1) basis only), plus direct expenses not to exceed ____ percent of fees. Provide proposed definitions of fees and direct expenses, and any minimum or maximum fee amounts.

1.2.3. REQUIRED PROPOSAL FORMAT

In writing your proposal, address each of the selection criteria elements listed above. Be thorough and concise. If an element is not addressed in your proposal, it may receive no points for that element.

The format of the proposal shall be as follows:

Cover letter – At a minimum, the cover letter shall bind the Proposer to the offer and highlight the distinguishing points of the proposal.

Section 1 – Qualifications of the Firm: At a minimum, address each of the elements in Selection Criteria A.

Section 2 – Search Methodology: At a minimum, address each of the elements in Selection Criteria B.

Section 3 – Qualifications of Proposed Team: At a minimum, address each of the elements in Selection Criteria C. For the lead and each key team member, include a resume showing experience, expertise and specific search engagements either led or on which the consultant worked. For the lead, include at least three (3) comparable client references. For each reference, include contact information including company name, phone and email address, the position filled, and the outcome of the engagement.

Section 4 – Fee Structure: In the format shown Selection Criteria D, show your proposed fee structure.

Proposals not complying with the required proposal format may be considered non-responsive and eliminated from further consideration.

1.2.4. TIE

In the event of a tie score, the tie shall be resolved in accordance with JEA's Procurement Code and Operational Procedures.

1.3. GENERAL INSTRUCTIONS

1.3.1. SUBMITTING THE PROPOSAL

The Proposer shall submit their Proposal via email to Elaine Selders at SELDEL@JEA.COM. **IF PROPOSER IS INTERESTED IN RECEIVING A PROPOSAL FORM IN A WORD FORMAT, PLEASE EMAIL SELDEL@JEA.COM WITH THE REQUEST. REQUESTS MUST BE MADE NO LATER THAN FIVE (5) BUSINESS DAYS BEFORE PROPOSAL OPENING.**

1.3.2. ALTERNATE PROVISIONS AND CONDITIONS

Proposals that contain provisions that are contrary to requirements found on this RFP, including, but not limited to, the Contract terms and conditions contained in Section 2 of this RFP, and any requirements found in the Technical Specifications attached as Appendix A to this RFP, will be reviewed but may not be accepted by JEA.

1.3.3. ADDENDA

JEA may issue Addenda prior to the opening date to change or clarify the intent of the Solicitation. The Company shall be responsible for ensuring it has received all Addenda prior to submitting its Bid or Proposal and shall acknowledge receipt of all Addenda by completing the Confirmation of Receipt of Addenda. All Addenda will become part of the Solicitation and any resulting Contract Documents. It is the responsibility of each Company to ensure it has received and incorporated all Addenda into its Bid or Proposal. Failure to acknowledge receipt of Addenda may be grounds for rejection of a Bid or Proposal at JEA's sole discretion.

1.3.4. START OF WORK

Within thirty (30) days from the date of Award, JEA will present the successful Proposer with a contract for execution. If the Proposer fails to execute the contract or act on a subsequently JEA-issued Purchase Order (PO), JEA may cancel the Award with no further liability to the Proposer, and Award to the next-ranked company.

1.3.5. EX PARTE COMMUNICATION

Ex Parte Communication is defined as any inappropriate communication concerning an RFP between a company submitting a Proposal and a JEA representative during the time in which the RFP is being advertised through the time of Award. The Proposer shall be subject to the Ex Parte Communication Policy set forth in JEA's Procurement Code. Examples of inappropriate communications include: private communications concerning the details of the RFP in which a company becomes privy to information not available to the other Proposers. Social contact between companies and JEA Representatives should be kept to an absolute minimum during the RFP process.

Ex Parte Communication is strictly prohibited. Failure to adhere to this policy will disqualify the noncompliant company's Proposal. Any questions or clarifications concerning this RFP must be sent in writing via email to the JEA Buyer at least five (5) business days prior to the opening date. If determined by JEA, that a question should be answered or an issue clarified, JEA will issue an addendum to all Proposers.

1.3.6. AVAILABILITY OF PROPOSALS AFTER BID OPENING

In accordance with the Florida Public Records Law, Florida Statutes, Chapter 119, copies of all Proposals are available for public inspection thirty (30) days after the opening of Proposals or on the date of Award announcement, whichever is earlier. Proposers may review opened Proposals once they are available for public inspection by contacting the designated Buyer or JEA's Public Records custodian whose contact information can be found at jea.com.

1.3.7. CERTIFICATION AND REPRESENTATIONS OF THE COMPANY-RFP

By signing and submitting the Proposal Form, the Proposer certifies and represents as follows:

- A. That the individual signing the Proposal Form is a duly authorized agent or officer of the Proposer. Proposals submitted by a corporation must be executed in the corporate name by the President or Vice President. If an individual other than the President or Vice President signs the Proposal Form, satisfactory evidence of authority to sign must be submitted upon request by JEA. If the Proposal is submitted by a partnership, the Proposal Form must be signed by a partner whose title must be listed under the signature. If an individual other than a partner signs the Proposal Form, satisfactory evidence of authority to sign must be submitted upon request by JEA.
- B. That every aspect of the Proposal and the detailed schedule for the execution of the Work, are based on its own knowledge and judgment of the conditions and hazards involved, and not upon any representation of JEA. JEA assumes no responsibility for any understanding or representation made by any of its representatives during or prior to execution of the Contract unless such understandings or representations are expressly stated in the Contract and the Contract expressly provides that JEA assumes the responsibility.
- C. The corporation or partnership or other entity must be in active status at the Florida Division of Corporations (www.sunbiz.org) prior to any subsequent Award of Contract.
- D. That the Proposer maintains in active status any and all licenses, permits, certifications, insurance, bonds and other credentials including, but not limited to, contractor's license and occupational licenses necessary to perform the Work. The Proposer also certifies that, upon the prospect of any change in the status of applicable licenses, permits, certifications, insurances, bonds or other credentials, the Proposer shall immediately notify JEA of status change.
- E. That the Proposer has read, understands and will comply with the Section titled Ethics.

1.3.8. ETHICS

By submitting a Proposal, the Proposer certifies this Proposal is made without any previous understanding, agreement or connection with any other person, firm, or corporation submitting a Proposal for the same Work other than as a subcontractor or supplier, and that this Proposal is made without outside control, collusion, fraud, or other illegal or unethical actions. The Proposer shall comply with all JEA and City of Jacksonville ordinances, policies and procedures regarding business ethics.

The Proposer shall submit only one Proposal in response to this Solicitation. If JEA has reasonable cause to believe the Proposer has submitted more than one Proposal for the same Work, other than as a Subcontractor or subsupplier, JEA may disqualify the Proposal and may pursue debarment actions.

The Proposer shall disclose the name(s) of any public officials who have any financial position, directly or indirectly, in the companies that will provide the services associated with this solicitation by completing and submitting the Conflict of Interest Certificate Form found at jea.com. Failure to fully complete and submit the Conflict of Interest Certificate may disqualify the Proposal. If JEA has reason to believe that collusion exists among the Proposers, JEA shall reject any and all Proposals from the suspected Proposer s and will proceed to debar Proposer from future JEA Awards in accordance with the JEA Procurement Code.

JEA is prohibited by its Charter from awarding contracts to JEA officers or employees in which a JEA officer or employee has a financial interest in company or subcontractor submitting a Proposal to this solicitation. JEA shall reject any and all Proposals from JEA officers or employees, as well as, any and all Proposals in which a JEA officer or employee has a financial interest.

In accordance with Florida Statutes Sec. 287.133, JEA shall reject Proposals from any persons or affiliates convicted of a public entity crime as listed on the Convicted Vendor list maintained by the Florida Department of Management Services. JEA shall not make an Award to any officer, director, executive, partner, shareholder, employee, member, or agent active in management of the Proposer listed on the Convicted Vendor list for any transaction exceeding \$35,000 for a period of thirty-six (36) months from the date of being placed on the Convicted Vendor list.

If the Proposer violates any requirement of this clause, the Proposal may be rejected and JEA may debar offending companies and persons.

1.3.9. MATHEMATICAL ERRORS

In the event of a mathematical error in calculation of the prices entered on the Proposal, the Unit Prices will prevail. The corrected Proposal Price utilizing the Unit Prices will be used to determine if the Company is awarded the Work or the Services. Subsequently, the Unit Prices will be used throughout the term of the Contract.

1.3.10. MODIFICATION OR WITHDRAWAL OF PROPOSALS

The Proposer may modify or withdraw its Proposal at any time prior to the Proposal Due Date and Time by giving written notice to JEA's Chief Procurement Officer. JEA will not accept modifications submitted by telephone, telegraph, email, or facsimile, or those submitted after Proposal Due Date and Time. The Proposer shall not modify or withdraw its Proposal from time submitted and for a period of 90 days following the opening of Proposals.

1.3.11. PROHIBITION AGAINST CONTINGENT FEES

The Proposer warrants that it has not employed or retained any company or person, other than a bona fide employee working for the Proposer, or an independent sales representative under contract to the Proposer, to solicit or secure a contract with JEA, and that it has not paid or agreed to pay any person, company, corporation, individual or Proposer, other than a bona fide employee working solely for the Proposer, or an independent sale representative under contract to the Proposer, any fee, commission, percentage, gift, or any other consideration, contingent upon or resulting from the Award or making of the Contract. For a breach or violation of these provisions occurs, JEA shall have the right to terminate the Contract without liability, and at its discretion, to deduct from the Contract Price, or otherwise recover, the full amount of such fee, commission, percentage, gift or consideration.

1.3.12. PROTEST OF RFP AND AWARD PROCESS

Proposers shall file any protests regarding this RFP in writing, in accordance with the JEA Procurement Code, as amended. Copies of the JEA Procurement Code are available online at www.jea.com.

1.3.13. RESERVATION OF RIGHTS TO JEA

This RFP provides companies with information to enable the submission of written offers. This RFP is not a contractual offer or commitment by JEA to purchase products or services.

Proposals shall be good for a period of ninety (90) days following the opening of the Proposals.

JEA reserves the right to reject any or all Proposals, or any part thereof, and/or to waive informalities if such action is in its best interest. JEA may reject any Proposals that it deems incomplete, obscure or irregular including, but not limited to, Proposals that omit a price on any one or more items for which prices are required, Proposals that omit Unit Prices if Unit Prices are required, Proposals for which JEA determines that the Proposal is unbalanced, Proposals that offer equal items when the option to do so has not been stated, Proposals that fail to include a Bid Bond, where one is required, and Proposals from Companies who have previously failed to satisfactorily complete JEA contracts of any nature or who have been scored by JEA as "Unacceptable" and as a result, are temporarily barred from bidding additional work.

JEA reserves the right to cancel, postpone, modify, reissue and amend this RFP at its discretion.

JEA reserves the right to cancel or change the date and time announced for opening of Proposals at any time prior to the time announced for the opening of Proposals. JEA may Award the Contract in whole or in part. In such cases whenever JEA exercises any of these reservations, JEA will make a commercially reasonable effort to notify, in writing, all parties to whom RFPs were issued. JEA may award multiple or split Contracts if it is deemed to be in JEA's best interest.

1.3.14. SUNSHINE LAW

General

Article I, Section 24, Florida Constitution, guarantees every person access to all public records and Chapter 119, Florida Statutes, provides a broad definition of public records. JEA is a body politic and corporate and subject to these laws and

related statutes ("Florida's Public Records Laws"). All Proposals to this RFP are public record and available for public inspection unless specifically exempt by law.

Redacted Submissions

If a Proposer believe that any portion of the documents, data or records submitted in response to this RFP are exempt from Florida's Public Records Law, Proposer must (1) clearly segregate and mark the specific sections of the document, data or records as "Confidential," (2) cite the specific Florida Statute or other legal authority for the asserted exemption, and (3) provide JEA with a separate redacted copy of its Proposal (the "Redacted Copy"). The cover of the Redacted Copy shall contain JEA's title and number for this RFP and Proposer's name, and shall be clearly labeled "Redacted Copy." Proposer should only redact those portions of records that Proposer claims are specifically exempt from the Florida Public Records Laws. If Proposer fails to submit a redacted copy of information it claims is confidential, JEA is authorized to produce all documents, data and other records submitted to JEA in answer to a public records request for such information.

In the event of a request for public records to which documents that are marked as confidential are responsive, JEA will provide the Redacted Copy to the requestor. If a requestor asserts a right to any redacted information, JEA will notify Proposer that such an assertion has been made. It is Proposer's responsibility to respond to the requestor to assert that the information in question is exempt from disclosure under applicable law. If JEA becomes subject to a demand for discovery or disclosure of Proposer's redacted information under legal process. JEA shall give Proposer prompt notice of the demand prior to releasing the information (unless otherwise prohibited by applicable law.) Proposer shall be responsible for defending its determination that the redacted portions of its Proposal are not subject to disclosure.

By submitting a Proposal to this RFP, Proposer agrees to protect, defend, and indemnify JEA from and against all claims, demands, actions, suits, damages, losses, settlements, costs and expenses (including but not limited to reasonable attorney fees and costs) arising from it relating to Proposer's determination that the redacted portions of its response to this Solicitation are not subject to disclosure.

1.3.15. TERMS OF CONTRACT

The Contract shall be in force through completion of all Work, Acceptance and final payment, including resolution of all disputes, claims, or suits, if any. Certain provisions of this Contract may extend past termination including, but not limited to, Warranty and Indemnification provisions.

If the successful Firm fails to perform the Services as agreed, JEA reserves the right to (i) issue a new solicitation for the Services; (ii) reopen the RFP for the purpose of awarding a second contract to another Firm in accordance with the criteria and processes set forth herein; and/or (iii) take such other actions permitted by law.

SECTION 2 - GENERAL TERMS AND CONDITIONS OF CONTRACT

1. MEETINGS AND PUBLIC HEARINGS

The Company will, upon request by JEA, attend all meetings and public hearings as required, in any capacity, as directed by JEA.

2. DELAYS

Neither party shall be considered in default in the performance of its obligations hereunder to the extent that the performance of such obligation is prevented or delayed by any cause beyond the reasonable control of the affected party, and the time for performance of either party hereunder shall in such event be extended for a period equal to any time lost due to such prevention or delay.

3. SUSPENSION OF SERVICES

JEA may suspend the performance of the Services rendered by providing Company with five (5) days written notice of such suspension. Schedules for performance of the Services shall be amended by mutual agreement to reflect such suspension. In the event of suspension of Services, the Company shall resume the full performance of the Services when directed in writing to do so by JEA. Suspension of Services for reasons other than the Company's negligence or failure to perform, shall not affect the Company's compensation as outlined in this Agreement.

4. PAYMENTS

- 4.1. The maximum indebtedness of JEA for all fees, incentive payments, reimbursable items or other costs, including, but not limited to travel related costs, pursuant to this Agreement shall not exceed the sum of **(insert amount) ("Maximum Indebtedness")** for Services rendered during the initial term of this Agreement OR the fees as stated in Company's Proposal.
- 4.2. The Company shall submit an Invoice to JEA upon the completion of and JEA's subsequent verification of the completion, for each Milestone.
- 4.3. JEA shall render payment to the Company within thirty (30) days of the date of receipt by JEA of properly itemized and documented billings. JEA may reject any Invoice within 20 calendar days after receipt. JEA will return the Invoice to the Company stating the reasons for rejection. Upon receipt of an acceptable revised Invoice or Application for Payment, JEA will pay the Company the revised amount within 10 days.
- 4.4. Invoices shall be submitted to the following email address: **ACCTPAYCUSTSRV@JEA.COM**, or if the Company does not have email capability, it can mail hard copies to: JEA Accounts Payable, P.O. Box 4910, Jacksonville, FL 32201-4910.
- 4.5. Company acknowledges that there is no expressed or implied obligation on the part of JEA to engage Company to perform Services under the Agreement. To the extent that JEA elects to incur additional costs pursuant to this Agreement, payment of the related additional fees and costs shall be authorized by a written amendment to this Agreement signed by the parties.
- 4.6. JEA shall not pay any retainer or any other amounts to Company except in the manner described in Exhibit B.

5. CHANGES IN SCOPE OF SERVICES

From time to time JEA may direct changes and modifications in the scope of the services, as contained in the Agreement, to be performed under this Agreement, as may be necessary to carry out the purpose of this Agreement. The Company is willing and agreeable to accommodate such changes, provided it is compensated for additional services in accordance with its professional fees and expenses under the terms of this Agreement. Such changes shall be in the form of a written amendment to this Agreement reflecting, as appropriate, an amendment to the Services rendered and adjustment to Company's professional fees, including an extension to the duration of this Agreement,

as well as the maximum indebtedness of JEA. Maximum indebtedness is the maximum total cost that may be paid to the Company hereunder, including travel related costs, during the initial term of the Agreement for the Services rendered under the terms of this Agreement.

6. PERSONNEL & CHANGES IN COMPANY'S PROFESSIONAL PERSONNEL

6.1. Unless otherwise agreed in writing by the parties, all Services shall be rendered by employees: (a.) who are full time employees of Company or approved subcontractors; (b.) qualified to perform the Services, and (c.) fluent in the English language.

6.2. Subsequent to the execution of this Agreement, Company shall notify the JEA Project Representative in writing prior to making changes in professional personnel assigned, or to be assigned, as provided in Company's proposal to manage or perform Services under this Agreement. The JEA Project Representative shall have the right to reject any personnel assigned by Company to perform Services under this Agreement. If the right of rejection is exercised by the JEA Project Representative, Company shall submit for approval of the JEA Project Representative, the name or names of substitute personnel to fill the positions resulting from said rejection. The JEA Project Representative shall have the right to require the removal of Company's previously assigned personnel and Company shall promptly replace the same, subject to the JEA Project Manager's approval at no cost to JEA.

7. INDEMNIFICATION

Company shall hold harmless, indemnify, and defend JEA against any claim, action, loss, damage, injury, liability, cost and expense of whatsoever kind or nature (including, but not by way of limitation, reasonable attorney's fees and court costs) arising out of injury (whether mental or corporeal) to persons, including death, or damage to property, arising out of or incidental to the negligence, recklessness or intentional wrongful misconduct of the Company and any person or entity used by Company in the performance of this Agreement or Services performed thereunder. For purposes of this Indemnification, the term "JEA" shall mean JEA as a body politic and corporate and shall include its governing board, officers, employees, agents, successors and assigns. This indemnification shall survive the term of the Agreement entered into pursuant to this solicitation, for events that occurred during the Agreement term. This indemnification shall be separate and apart from, and in addition to, any other indemnification provisions set forth elsewhere in this Agreement.

8. INSURANCE REQUIREMENTS

Before starting and until completion of the Services by JEA, and without further limiting its liability under the Agreement, Company shall procure and maintain at its sole expense, insurance of the types and in the minimum amounts stated below:

Workers' Compensation

Florida Statutory coverage and Employer's Liability (including appropriate Federal Acts); Insurance Limits: Statutory Limits (Workers' Compensation) \$500,000 each accident (Employer's Liability).

Commercial General Liability

Premises-Operations, Products-Completed Operations, Contractual Liability, Independent Contractors, Broad Form Property Damage, Explosion, Collapse and Underground, Hazards (XCU Coverage) as appropriate; Insurance Limits: \$1,000,000 each occurrence, \$2,000,000 annual aggregate for bodily injury and property damage, combined single limit.

Automobile Liability

All autos-owned, hired, or non-owned; Insurance Limits: \$1,000,000 each occurrence, combined single limit.

Excess or Umbrella Liability

(This is additional coverage and limits above the following primary insurance: Employer's Liability, Commercial General Liability, and Automobile Liability); Insurance Limits: \$4,000,000 each occurrence and annual aggregate.

Professional Liability

Errors & Omissions; Insurance Limits: \$3,000,000 each claim and \$6,000,000 annual aggregate

Company's Commercial General Liability and Excess or Umbrella Liability policies shall remain in force throughout the duration of the project and until the Work is completed to JEA's satisfaction. The Indemnification provision provided herein is separate and is not limited by the type of insurance or insurance amounts stated above.

Company shall specify JEA as an additional insured for all coverage except Workers' Compensation and Employer's Liability. Such insurance shall be primary to any and all other insurance or self-insurance maintained by JEA. Company shall include a Waiver of Subrogation on all required insurance in favor of JEA, its board members, officers, employees, agents, successors and assigns.

Such insurance shall be written by a company or companies licensed to do business in the State of Florida and satisfactory to JEA. Prior to commencing any Services under this Contract, certificates evidencing the maintenance of the insurance shall be furnished to JEA for approval. Company's and its subcontractors' Certificates of Insurance shall be mailed to JEA (Attn. Procurement Services), Customer Care Center, 6th Floor, 21 West Church Street, Jacksonville, FL 32202-3139.

9. PATENTS & COPYRIGHTS

- 9.1.** Company shall hold harmless, indemnify, and defend JEA from and against liability or loss, including but not limited to any claims, judgments, court costs and attorneys' fees incurred in any claims, or any pretrial, trial or appellate proceedings on account of infringements of patents, copyrighted or uncopyrighted works, secret processes, trade secrets, patented or unpatented inventions, articles or appliances, or allegations thereof, pertaining to the Services, or any part thereof, combinations thereof, processes therein or the use of any tools or implements used by Company.
- 9.2.** Company will, at its own expense, procure for JEA the right to continue use of the Services, parts or combinations thereof, or processes used therein resulting from a suit or judgment on account of patent or copyright infringement.
- 9.3.** If, in any such suit or proceeding, a temporary restraining order or preliminary injunction is granted, Company will make every reasonable effort, by giving a satisfactory bond or otherwise, to secure the suspension of such restraining order or temporary injunction.
- 9.4.** If, in any such suit or proceeding, any part of the Services is held to constitute an infringement and its use is permanently enjoined, Company will, at once, make every reasonable effort to secure for JEA a license, authorizing the continued use of the Services. If Company fails to secure such license for JEA, Company will replace the Services with non-infringing Services, or modify the Services in a way satisfactory to JEA, so that the Services are non-infringing.

10. WARRANTY

The Company represents and warrants that it has the full corporate right, power and authority to enter into the Agreement and to perform the Services, and that the performance of its obligations and duties hereunder does not and will not violate any Agreement to which the Company is a party or by which it is otherwise bound.

The Company represents and warrants that it will conduct the Services in a manner and with sufficient labor, materials and equipment necessary to affect a diligent pursuance of the Services.

The Company represents and warrants that it has the responsibility and capacity to train and supervise its employees, Subcontractors and suppliers to ensure the Services comply with all safety requirements of the Contract Documents.

The Company represents and warrants that its employees and Subcontractors shall exercise the degree of skill and care required by customarily accepted good practices and procedures.

The Company warrants that all items provided under the Agreement shall be in accordance with the requirements of this Agreement and services shall be performed in a professional manner and with professional diligence and skill, consistent with the prevailing standards of the industry. The Company warrants that the Services will meet the functional and performance requirements defined in the Agreement.

If any failure to meet the foregoing warranty appears within one year after Services are accepted, the Company shall again perform the Services directly affected by such failure at the Company's sole expense.

Company represents and warrants that all of the statements in its Proposal to JEA's solicitation for the Services are true and correct, and to the extent that any statements or provisions of such Proposal are more favorable to JEA than any conflicting terms of this Agreement, then in JEA's discretion and determination, the more favorable provisions shall apply.

11. NONWAIVER

Failure by either party to insist upon strict performance of any of the provisions of the Agreement will not release either party from any of its obligations under the Agreement.

12. OWNERSHIP OF DOCUMENTS AND EQUIPMENT

The Company agrees that upon completion of the Services, all drawings, designs, specifications, renderings, notebooks, tracings, photographs, reference books, equipment, expendable equipment and materials, negatives, reports, findings, recommendations, data and memoranda of every description (hereinafter referred to as "Works"), arising out of or relating to the Services rendered by the Company under this Agreement, are to become the property of JEA. Company and JEA agree that said Works shall be considered as works made for hire under the United States Copyright laws. JEA shall have the absolute and exclusive right to own and use all said Works together with any and all copyrights, patents, trademark and service marks associated with said Works. The use of these Works in any manner by JEA shall not support any claim by the Company for additional compensation.

13. PUBLIC RECORDS AND SUNSHINE LAW

Access to Public Records

All documents, data and other records received by JEA in connection with the Contract are public records and available for public inspection unless specifically exempt by law. The Company shall allow public access to all documents, data and other records made or received by the Company in connection with the Contract unless the records are exempt from Section 249(a) of Article I of the Florida Constitution or subsection 119.07(1), Florida Statutes. JEA may unilaterally terminate the Contract if the Company refuses to allow public access as required under the Contract.

Redacted copies of Confidential Information

If the Company believes that any portion of any documents, data or other records submitted to JEA are exempt from disclosure under Chapter 119, Florida Statutes, the Florida Constitution and related laws ("Florida's Public Records Laws"), Company must (1) clearly segregate and mark the specific sections of the document, data and records as "Confidential", (2) cite the specific Florida Statute or other legal authority for the asserted exemption, and (3) provide JEA with a separate redacted copy of the documents, data, or records (the "Redacted Copy"). The Redacted Copy shall contain JEA's contract name and number, and shall be clearly titled "Redacted Copy". Company should only redact those portions of records that Company claims are specifically exempt from disclosure under Florida's Public Records Laws. If the Company fails to submit a redacted copy of documents, data, or other records it claims is confidential, JEA is authorized to produce all documents, data, and other records submitted to JEA in answer to a public records request for these records.

Request for Redacted Information

In the event of a public records or other disclosure request under Florida's Public Records Laws or other authority to which the Company's documents, data or records are responsive, JEA will provide the Redacted Copy to the requestor. If a Requestor asserts a right to any redacted information, JEA will notify the Company that such an assertion has been made. It is the Company's responsibility to respond to the requestor to assert that the information in questions is exempt from disclosure under applicable law. If JEA becomes subject to a demand for discovery or

disclosure of the redacted information under legal process, JEA shall give the Company prompt notice of the demand prior to releasing the redacted information (unless otherwise prohibited by applicable law). The Company shall be responsible for defending it determination that the redacted portions of the information are not subject to disclosure.

Indemnification for Redacted Information

The Company shall protect, defend, and indemnify JEA from and against all claims, demands, actions, suits, damages, liabilities, losses, settlements, judgments, costs, and expenses (including but not limited to reasonable attorney's fees and costs) arising from or relating to the Company's assertion that all or any portion of its information is not subject to disclosure.

Public Records Clause for Service Contracts

If, under the Contract, the Company is providing services and is acting on behalf of JEA as contemplated by subsection 119.011(2), Florida Statutes, the Company shall:

- Keep and maintain public records that ordinarily and necessarily would be required by JEA in order to perform service;
- Provide the public with access to public records on the same terms and conditions that JEA would provide the records and at a cost that does not exceed the cost provided in Chapter 119, Florida Statutes, or otherwise prohibited by law;
- Ensure that public records that are exempt or confidential and exempt from public records disclosure requirements are not disclosed except as authorized by law; and
- Meet all requirements for retaining public records and transfer, at no cost, to JEA all public records in possession of the Company upon termination of the contract and destroy any duplicate public records that are exempt or confidential and exempt from public records disclosure requirements. All records stored electronically shall be provided to JEA in a format that is compatible with the information technology systems of JEA.

IF THE COMPANY HAS QUESTIONS REGARDING THE APPLICATION OF CHAPTER 119, FLORIDA STATUTES, TO THE COMPANY'S DUTY TO PROVIDE PUBLIC RECORDS RELATING TO THIS CONTRACT, CONTACT THE CUSTODIAN OF PUBLIC RECORDS AT:

JEA

Attn: Public Records

21 West Church Street

Jacksonville, Florida 32202

Ph: 904-665-8606

publicrecords@jea.com

14. NON-DISCRIMINATION PROVISIONS

Company shall comply with:

The provisions of Presidential Executive Order 11246, as amended and with all rules and regulations implementing that Executive Order. Said Executive Order and all rules and regulations implementing same are by this reference incorporated herein as if set out in their entirety.

Company will comply with Section 503 of the Rehabilitation Act of 1973, as amended and the Americans with Disabilities Act (ADA) and with all rules and regulations implementing such Acts. Said Acts and all rules and regulations implementing same are by this reference incorporated herein as if set out in their entirety.

Company will comply with The Employment and Training of Veterans Act, 38 U.S.C. 4212 (formerly 2012), as amended, and with all rules and regulations implementing such Act. Said Act and all rules and regulations implementing same are by this reference incorporated herein as if set out in their entirety.

15. PROHIBITION AGAINST CONTINGENT FEES

Company warrants that it has not employed or retained any company or person, other than a bona fide employee working solely for the Company, to solicit or secure the Agreement, and that it has not paid or agreed to pay any person, company, corporation, individual or firm, other than a bona fide employee working solely for the Company, any fee, commission, percentage, gift, or any other consideration, contingent upon or resulting from the award or making of the Agreement. For the breach or violation of these provisions, JEA shall have the right to terminate the Agreement without liability and, at its discretion, to deduct from the Agreement price, or otherwise recover, the full amount of such fee, commission, percentage, gift or consideration.

16. COST SAVINGS PLAN

During the term of the Agreement, JEA and Company are encouraged to identify ways to reduce the total cost to JEA related to services provided by the Company. JEA and Company may negotiate Amendments to the Agreement that support and allow such reductions in total costs including, but not limited to, the sharing of savings resulting from implementation of cost-reducing initiatives between JEA and Company. The decision to accept any cost savings plan shall be in the sole discretion of JEA, and JEA shall not be liable to Company for any cost that may be alleged to be related to a refusal to accept a Cost Savings Plan.

17. AUDIT

The Company's correspondence, records, vouchers and books of account related to the Company's direct interaction with JEA, insofar as work done or money expended under this Agreement are concerned, shall be open to JEA's inspection and audit during the Company's regular business hours during the course of the work and for a period of two years after completion of the Services. JEA shall give Company ten days written notice prior to audit or inspection. Costs of any audits conducted under the authority of this right to audit and not addressed elsewhere will be borne by JEA. If the audit identifies overpricing or overcharges (of any nature) by the Company to JEA in excess of one-half of one percent (.5%) of the total contract billings, the Company shall reimburse JEA for the total costs of the audit. If the audit discovers substantive findings related to fraud, misrepresentation, or nonperformance, JEA may recoup the costs of the audit work from the Company.

18. APPLICABLE STATE LAW; VENUE; SEVERABILITY

The rights, obligations and remedies of the Parties as specified under the Agreement will be interpreted and governed in all respects by the laws of the State of Florida without giving effect to the principles of conflicts of laws thereof. Should any provision of the Agreement be determined by the courts to be illegal or in conflict with any law of the State of Florida, the validity of the remaining provisions will not be impaired. Litigation involving this Agreement or any provision thereof shall take place in the State or Federal Courts located in Jacksonville, Duval County, Florida.

19. HEADINGS

Headings appearing herein are inserted for convenience or reference only and shall in no way be construed to be interpretations of text.

20. ORDER OF PRECEDENCE

In the event of any conflict between the provisions of this Agreement and those of the documents incorporated herein by reference, said provisions shall be given effect in the following order: (1) Amendments to this Agreement, (2) this Agreement and Exhibits attached hereto; (3) JEA purchase order(s); and (4) Company's Proposal in response to the solicitation.

21. NEGOTIATED AGREEMENT

Except as otherwise expressly provided, all provisions of this Agreement shall be binding upon and shall inure to the benefit of the parties, their legal representatives, successors and assigns. The parties agree that they have had meaningful discussion and negotiation of the provisions, terms and conditions contained in this Agreement. Therefore, doubtful or ambiguous provisions, if any, contained in the Agreement shall not be construed against the party who physically prepared this Agreement. The rule commonly referred to as Fortius Contra Proferentum shall not be applied to this Agreement or any interpretation thereof.

22. SURVIVAL

Any provision of this Agreement that, by its nature, is applicable to circumstances arising after the termination or expiration of this Agreement shall survive such termination or expiration and remain in full force and effect.

23. ENTIRE AGREEMENT

This Agreement constitutes the entire agreement between the parties hereto for the Services to be performed and furnished by the Company hereunder. No statement, representation, writing, understanding, or agreement made by either party, or any representative of either party, which are not expressed herein shall be binding. All changes to, additions to, modifications of, or amendment to this Agreement, or any of the terms, provisions and conditions hereof, shall be binding only when in writing and signed by the authorized officer, agent or representative of each of the parties hereto.

24. INDEPENDENT CONTRACTOR

Company is performing the Services as an independent contractor and nothing in this Agreement will be deemed to constitute a partnership, joint venture, agency, or fiduciary relationship between JEA and Company. Neither Company nor JEA will be or become liable or bound by any representation, act, or omission of the other.

25. BEST PRICING

Compensation for the Services shall be as set forth in the Contract. During the Contract term, if Contractor offers better pricing to other government entities for substantially the same or a smaller quantity of Services upon the same or similar terms of the Contract (“Better Pricing”), then the price under the Contract shall be immediately reduced to the better price. Company may require Contractor to certify on an annual basis that Better Pricing (as defined above) does not exist.

26. JEA’S RIGHT TO TERMINATE FOR CONVENIENCE

JEA reserves the right to terminate the Contract or any of its components at any time and for any reason by giving written notice to Contractor. If the Contract is terminated for convenience as provided herein, Contractor will be relieved of all further obligations other than payment for that amount of Services actually performed to the date of termination. Access to any and all work papers will be provided to JEA after the termination of the Contract. The parties understand and agree that Contractor shall not have a reciprocal right to terminate the Contract for convenience; it being understood that JEA’s payment for Services forms the consideration for Contractor not having this right.

27. JEA’S REMEDIES UPON CONTRACTOR DEFAULT

Any one or more of the following events, if not cured within ten (10) calendar days after Contractor’s receipt of written notice thereof, shall constitute an “Event of Default” on the part of Contractor: (1) Contractor fails to perform the Services in accordance with the Contract terms, (2) Contractor fails to maintain adequate progress, thus endangering performance of the Contract, (3) Contractor fails to honor any other material term of the Contract, or (4) Contractor fails to abide by any statutory, regulatory, or licensing requirement. Company may extend the 10-day cure period in its discretion.

In addition, the following shall constitute an immediate Event of Default with no right cure: (i) Contractor is found to have made a false representation or certification in its Proposal, or (ii) Contractor has been placed on the list

maintained under Section 287.135, Florida Statutes, of companies with activities in Sudan or in Iran Petroleum Energy Sector.

Upon an "Event of Default" on the part of Contractor, JEA will be entitled to terminate the Contract and pursue such other remedies available at law or equity, including the recovery of any re-procurement costs and delay damages. The rights and remedies available to JEA under the Contract are distinct, separate and cumulative remedies, and no one of them, whether or not exercised by a party, shall be deemed to be in exclusion of any other.

If, after termination, it is determined that Contractor was not in default, or that the default was excusable, the rights and obligations of the parties shall be the same as if the termination had been issued for the convenience.

28. CONTRACTOR REMEDIES UPON JEA DEFAULT

JEA shall be in default if JEA fails to honor any material term of the Contract, and such failure is not cured within forty-five (45) calendar days after receipt of written notice thereof from Contractor. In the event of JEA's default, Contractor will be entitled to terminate the Contract and pursue such other remedies available at law or equity as it deems appropriate. Except as expressly provided elsewhere in the Contract, Contractor will not be entitled to recover any lost profits or consequential damages. The rights and remedies available to Contractor under the Contract are distinct, separate and cumulative remedies, and no one of them shall be deemed to be in exclusion of any other.

29. FORCE MAJEURE, NOTICE OF DELAY AND NO DAMAGES FOR DELAY

Neither party shall be responsible for delays in performance if the delay was beyond that party's control (or the control of its employees, subcontractors or agents). Contractor shall notify JEA in writing of any such delay or potential delay and describe the cause of the delay either (1) within ten (10) calendar days after the cause that creates or will create the delay first arose, if Contractor could reasonably foresee that a delay could occur as a result, or (2) if delay is not reasonably foreseeable, within five (5) calendar days after the date Contractor first had reason to believe that a delay could result. Based upon such notice, Company will give Contractor a reasonable extension of time to perform; provided, however, that JEA may elect to terminate the Contract in whole or in part if JEA determines, in its sole judgment, that such a delay will significantly impair the value of the Contract to JEA. Providing notice in strict accordance with this paragraph is a condition precedent to such remedy. **THE FOREGOING SHALL CONSTITUTE CONTRACTOR'S SOLE REMEDY OR EXCUSE WITH RESPECT TO DELAY.** No claim for damages, other than for an extension of time, shall be asserted against JEA. Contractor shall not be entitled to an increase in the Contract price or payment of any kind from JEA for direct, indirect, consequential, impact or other costs, expenses or damages, including but not limited to costs of acceleration or inefficiency arising because of delay, disruption, interference, or hindrance from any cause whatsoever.

30. SECURITY PROCEDURES

Contractor and its employees, subcontractors and agents shall comply fully with all generally applicable security procedures of the United States, the State of Florida, including without limitation Section 501.171, Florida Statutes, and JEA regarding the security of personal information and personally identifiable information (PII) in performance of the Contract. JEA agrees that any security procedures imposed by JEA specifically for the Contract will be reasonable and will not impose any unreasonable costs or hardships.

31. RESTRICTIONS ON THE USE OR DISCLOSURE OF JEA'S INFORMATION

Contractor shall not use, copy or disclose to third parties, except in connection with performing the Services, any information obtained by Contractor or its agents, subcontractors or employees in the course of performing the Services, including, but not limited to, security procedures, business operations information, or commercial proprietary information in the possession of JEA. At JEA's request, all information furnished by JEA not otherwise required by the Contract to be returned will be returned to JEA upon completion of the Services. Contractor shall not be required to keep confidential any information that has already been made publicly available through no fault of Contractor or that Contractor developed independently without relying on JEA's information. To ensure confidentiality, Contractor shall take appropriate steps as to its employees, agents, and subcontractors,

including the insertion of these restrictions in any subcontract agreement. The warranties of this paragraph shall survive the Contract.

32. PROTECTION OF CONTRACTOR'S TRADE SECRETS

All documents received by JEA in connection with this Agreement are subject to Chapter 119, Florida Statutes (the "Florida Public Records Law"). Any specific information that Contractor claims to be a trade secret or otherwise exempt from the Florida Public Records Law must be clearly identified as such by Contractor on all copies furnished to JEA. JEA agrees to notify Contractor of any third-party request to view such information, but it is Contractor's obligation to obtain a court order enjoining disclosure. If Contractor fails to obtain a court order enjoining disclosure within five (5) business days of Contractor's receiving notice of the request, JEA may release the requested information. Such release shall be deemed for purposes of the Contract to be made with Contractor's consent and will not be deemed to be a violation of law, including but not limited to laws concerning trade secrets, copy right or other intellectual property.

33. ASSIGNMENT

Each party binds itself and its respective successors and assigns in all respects to all of the terms, conditions, covenants and provisions of the Contract. Contractor shall not sell, assign or transfer any of its rights (including rights to payment), duties or obligations under the Contract without the prior written consent of JEA. In the event of any assignment, Contractor shall remain liable for performance of the Contract unless JEA expressly waives such liability. JEA may assign the Contract with prior written notice to Contractor of its intent to do so. Nothing herein shall be construed as creating any personal liability on the part of any officer, employee or agent of JEA.

34. NOTICE AND APPROVAL OF CHANGES IN OWNERSHIP

Because the award of the Contract may have been predicated upon Contractor's ownership structure, Contractor agrees that any transfer of a substantial interest in Contractor by any of its owners shall require JEA's prior written approval, which approval shall not be unreasonably withheld or unreasonably delayed. By execution of the Contract, Contractor represents that it has no knowledge of any intent to transfer a substantial interest in Contractor. A substantial interest shall mean at least 25% of the voting shares in Contractor. This section shall not apply to (i) transfers occurring upon the incapacitation or death of an owner; (ii) transfers associated with an initial public offering on the NYSE or NASDAQ markets; or (iii) transfers to a company whose stock is publicly traded on the NYSE or NASDAQ markets.

35. WARRANTY OF ABILITY TO PERFORM

Contractor warrants that (i) it is ready, willing and able to perform its obligations under the Contract, and (ii) to the best of Contractor's knowledge, there are no pending or threatened actions, proceedings, investigations or any other legal or financial conditions that would in any way prohibit, restrain, or diminish Contractor's ability to satisfy its Contract obligations. Contractor shall immediately notify JEA in writing if its ability to perform is compromised in any manner during the term of the Contract.

36. COMPLIANCE WITH APPLICABLE LAWS

Contractor (and any subcontractors) must comply with all applicable federal, state and local laws, rules and regulations as the same exist and as may be amended from time to time, and which are incorporated herein by reference, including, but not limited to:

- Chapter 119, Florida Statutes (the Florida Public Records Law);
- Section 286.011, Florida Statutes (the Florida Open Meetings Law);
- Chapter 602, Jacksonville Ordinance Code (the Jacksonville Ethics Code);

37. WARRANTY OF AUTHORITY TO SIGN CONTRACT

Each person signing the Contract warrants that he or she is duly authorized to do so and to bind the respective party to the Contract.

38. ASSIGNMENT OF ANTITRUST CLAIMS

Contractor and JEA recognize that in actual economic practice, overcharges resulting from antitrust violations are in fact usually borne by JEA. Therefore, Contractor hereby assigns to JEA any and all claims under the antitrust laws of Florida or the United States for overcharges of goods, materials or services purchased in connection with the Contract.

39. AVAILABILITY OF FUNDS

The obligations of JEA under the Contract are subject to the availability of funds lawfully appropriated annually for JEA's purposes and in the event funds are not available, the Contract may be canceled or terminated without penalty by JEA by giving thirty (30) days written notice of such cancellation or termination, such notice to be signed by JEA, and be delivered as provided herein.

DRAFT

SECTION 3 - FORMS (APPENDIX A)

SECTION 4 – ATTACHMENT A - FORM CONTRACT

SECTION 5 – ATTACHMENT B – JEA TRAVEL POLICY

DRAFT

SECTION 4 – ATTACHMENT A – FORM CONTRACT

CONTRACT

JEA CONTRACT # [REDACTED]

THIS CONTRACT is made and entered into as of the ___ day of [REDACTED], 2020 (the “Effective Date”) by and between JEA, a body politic and corporate in the City of Jacksonville, Florida (“JEA”) and [NAME OF COMPANY (exactly as listed on sunbiz.org)], a [state of organization][type of entity] authorized to conduct business in the state of Florida with its principal address at [JEA’s principal address listed on sunbiz.org] (“JEA”).

WHEREAS, JEA issued a Solicitation [solicitation number] for [project title exactly as it appears on Solicitation], [as amended by Addendum Number One dated _____, Addendum Number Two dated _____ and Addendum Number Three dated _____ (listing all Addenda)] (the “Solicitation”); and

WHEREAS, based on JEA’s response to the Solicitation (the “Response”), on [REDACTED] [insert date of award], JEA’s Awards Committee awarded a contract to JEA to provide certain [goods and (delete if no goods are purchased)] services to JEA as described in the Solicitation (the “Work”);

NOW THEREFORE, in consideration of the mutual covenants contained below, JEA and JEA agree as follows:

1. **Engagement and Performance of Work.** JEA engages JEA to perform the Work, and JEA shall perform the Work in accordance with the terms and conditions of this Contract.

2. **Compensation.** JEA shall pay the JEA for the Work in accordance with the terms of the Solicitation and the pricing attached to this Contract as Exhibit A.

3. **Maximum Indebtedness.** JEA’s maximum indebtedness for all fees, costs, expenses and all other amounts payable under this Contract shall be a fixed monetary amount not-to-exceed [WRITE OUT DOLLAR AMOUNT] (\$ [REDACTED]). All amounts payable under this Contract are contingent upon the existence of lawfully appropriated funds therefor.

4. **Term.** The term of this Contract shall commence on the Effective Date and shall continue through [date], unless sooner terminated in accordance with the terms of the Solicitation. JEA shall have the right, in its sole discretion, to renew this Contract for up to [number] additional terms of [number] year(s) each.

5. **Contract Documents.** This Contract consists of the following documents which are incorporated by reference as if fully set forth herein and which, in case of conflict, shall have priority in the order listed below:

- This document (including all attachments and exhibits hereto), as modified by any subsequently signed amendments
- Any Addenda to the Solicitation issued by JEA
- The Solicitation as originally issued by JEA, including all amendments, technical specifications, appendices and exhibits thereto

- The Response, provided, however, that any terms in the Response that are inconsistent with the Solicitation shall not be included in this Contract, unless expressly agreed to in writing by JEA

*Insert the following for any provisions which have been negotiated or otherwise changed from or added to the Solicitation other than in an Addendum issued by JEA
Omit sections 6 and 7 if no changes*

For changes:

6. Additional Provisions. Section [redacted] of the Solicitation is deleted in its entirety and replaced with the following provision:

[insert new provision]

[repeat for each amended provision]

For additions:

7. Additional Provisions. The following provisions are added to the terms and conditions contained in the Solicitation:

[insert new provision(s)]

8. Notices. All notices under this Contract shall be in writing and shall be delivered by certified mail, return receipt requested, or by other delivery with receipt to the following:

As to JEA:

JEA
21 W. Church Street
Jacksonville, Florida 32202
Attn: [Name, Project Manager]

and to:

JEA
21 W. Church Street, CC-6
Jacksonville, Florida 32202
Attn: Heather Beard, Procurement Contract Administration
As to the JEA:

[JEA name]

[JEA address]

[Attn: Name and Title]

7. Authority. JEA represents and warrants to JEA that JEA has full right and authority to execute and perform its obligations under this Contract, and JEA and the person(s) signing this Contract on JEA's behalf represent and warrant to JEA that such person(s) are duly authorized to execute this Contract on JEA's behalf without further consent or approval by anyone. JEA shall deliver to JEA promptly upon request all documents reasonably requested by JEA to evidence such authority.

8. **Entire Agreement.** This Contract constitutes the entire agreement between the parties hereto for the Work to be performed and furnished by the JEA. No statement, representation, writing, understanding, agreement, course of action or course of conduct, made by either party or any representative of either party, which is not expressed herein shall be binding. JEA may not unilaterally modify the terms of this Contract by affixing additional terms to materials delivered to JEA (e.g., “shrink wrap” terms accompanying or affixed to a deliverable) or by including such terms on a purchase order or payment document. JEA acknowledges that it is entering into this Contract for its own purposes and not for the benefit of any third party.

9. **Amendments.** All changes to, additions to, modifications of, or amendment to this Contract, or any of the terms, provisions and conditions hereof, shall be binding only when in writing and signed by the authorized officer, agent or representative of each of the parties to this Contract.

10. **Counterparts.** This Contract, and all amendments hereto, may be executed in several counterparts, each of which shall be deemed an original, and all of such counterparts together shall constitute one and the same instrument. This Contract may be delivered by facsimile or by email transmittal of a PDF image, and such facsimile or PDF counterparts shall be valid and binding on JEA and JEA with the same effect as if original signatures had been exchanged.

IN WITNESS WHEREOF, JEA and JEA have duly executed this Contract as of the Effective Date.

JEA

By: _____

Jenny McCollum
Director, Procurement Services

Witness

[COMPANY NAME/SIGNATURE (exactly as listed on sunbiz.org)]

Form Approved:

Office of General Counsel

**APPENDIX A – PROPOSAL FORM
RFP 98864 EXECUTIVE SEARCH FIRM SERVICES**

COMPANY INFORMATION:

COMPANY NAME: _____

BUSINESS ADDRESS: _____

CITY, STATE, ZIP CODE: _____

TELEPHONE: _____

FAX: _____

EMAIL OF CONTACT: _____

SELECTION CRITERIA

JEA will not Award this Contract on a price only basis, but will Award based on an evaluation of how well each Proposer meets the evaluation criteria listed herein. JEA will use the evaluation criteria listed below to evaluate the information contained in the Proposal Documents submitted by each Proposer. In the event that JEA requests oral presentations or interviews from one or more proposers, the information obtained by JEA during the oral presentations or interviews will be used in determining final selection.

QUALIFICATIONS OF FIRM (25 POINTS)

Describe the experience of the firm in serving comparable utility and municipal utility sector clients including understanding of utility industry challenges, municipal sector challenges, and demonstrated sensitivity of the firm to the local political environment.

The off-limits policy applicable to this industry sector and the proposed policy for JEA. Describe the extent to which your prior engagements will limit access to qualified candidates.

Metrics for comparable searches. Address such metrics as average time to fill for comparable positions, percent of comparable search engagement that were successfully completed, retention rate of placements in comparable positions.

SEARCH METHODOLOGY (25 POINTS)

JEA will evaluate the approach used by Proposers considering the following factors:

- A. Approach to defining the position being filled to effectively communicate the nature of the position and screening candidates for the position.
- B. Approach to identifying and accessing potential candidates including use of advertising and direct recruitment of active and passive candidates.
- C. The approach to screen and present qualified candidates to JEA including screening for industry experience, leadership capabilities, emotional intelligence, cultural fit and other such factors for successful placement and retention.
- D. The post-hire approach including frequency of follow-up with placed executives, means of identifying and handling identified issues impacting performance and retention of placed individuals. Describe the warranty proposed for this work.
- E. The approach to status reporting for active search assignments.

QUALIFICATIONS OF PROPOSED TEAM (25 POINTS)

For this criteria, JEA will place its highest scoring weight on evaluating the qualifications of the lead consultant proposed for this work including the following:

**APPENDIX A – PROPOSAL FORM
RFP 98864 EXECUTIVE SEARCH FIRM SERVICES**

- A. Years of experience serving the utility industry and municipal utility sector
- B. Number of successful searches led in the utility industry and municipal utility sectors by the lead consultant in the past three (3) years; this section should be broken down into the following position types: (1) President/CEO/Managing Director, (2) Senior Executive Management Position and (3) Other Staff
- C. The proximity of the lead consultant’s office location to JEA

JEA will also evaluate the qualifications of the personnel to be assigned under the lead consultant to perform this work.

Proposers shall provide three (3) references for comparable search assignments performed by the lead consultant during the past three (3) years.

FEE STRUCTURE (25 POINTS)

Fees to be paid shall be proposed in the following format:

Fee: ____ percent of base / total first-year compensation (propose one (1) basis only), plus direct expenses not to exceed ____ percent of fees. Provide proposed definitions of fees and direct expenses, and any minimum or maximum fee amounts.

____ (Initials) I have read and understood the Sunshine Law/Public Records clauses contained within this solicitation. I understand that in the absence of a redacted copy my proposal will be disclosed to the public “as-is”.

The Company shall submit one (1) original Proposal, three (3) duplicates (hardcopies), and one (1) CD or USB drive. If there is a discrepancy between the electronic copy and hard copy, the hard copy will prevail. JEA will not accept Proposals transmitted via email.

Company's Certification

By submitting this Proposal, the Proposer certifies that it has read and reviewed all of the documents pertaining to this RFP and agrees to abide by the terms and conditions set forth therein, that the person signing below is an authorized representative of the company, that the company is legally authorized to do business in the State of Florida, and that the company maintains in active status an appropriate license for the work. The company certifies that its recent, current, and projected workload will not interfere with the company's ability to Work in a professional, diligent and timely manner.

The Proposer certifies, under penalty of perjury, that it holds all licenses, permits, certifications, insurances, bonds, and other credentials required by law, contract or practice to perform the Work. The Proposer also certifies that, upon the prospect of any change in the status of applicable licenses, permits, certifications, insurances, bonds or other credentials, the Company shall immediately notify JEA of status change.

We have received addenda _____ through _____

Signature of Authorize Officer of Company or Agent

Date

Printed Name & Title

Phone Number