

July 23, 2019



Michael Munz

To be released 2 hours after meeting right before video is emailed.

Subject: JEA Board of Directors Strategic Plans Discussions

Employee Name
Employee Address

Dear Employee,

~~Since December 2018, the Senior Leadership Team, with help from hundreds of JEA employees, has been focused on strategic planning for not just next fiscal year, but for the next ten years and beyond. We expect this planning process to be completed toward the end of this fiscal year (October 2019). Our plan will help guide JEA towards the optimal path for long term growth and ensure we remain the leading electric and water utility in Northeast Florida.~~

~~Today On July 23, 2019, JEA management will presented a third strategic scenario to the Board of Directors: this Non-Traditional Utility Response. This is in keeping with the Board charge to the JEA management that we had a desire to see what a Non-Traditional Utility Response would look like after we heard the previous presentations.~~

This strategy, unlike Status Quo or the Traditional Utility Response, means innovating to win and focuses on profitability and growth. This means investing in our aging infrastructure, technology innovation, distributed energy resources like solar, wind, battery storage and electric vehicles and the possibility of competing in electric and water markets beyond our core services. This scenario will also considered new business models and public-private partnerships with companies to extend our core service offerings, such as home energy management technologies and artificial intelligence. These scenarios could follow two paths:

- Remain a government entity and focus on changes to the JEA Charter, state statutes, the Florida Constitution and other rules and regulations that limit JEA's ability to grow the business.
- Explore non-government options that eliminate the existing barriers and allow JEA to compete and grow the business. This concept concluded the issuance of an Invitation to Negotiate (ITN) that is intended to XXXXXXXX.

Unlike the Traditional Utility Response, the goal of this third scenario is to retain our talent in a time of rapid change, while continuing to provide the highest quality of service to our customers in the safest manner possible. Therefore, if the Board of Directors approves proceeding with the exploration of the Non-Traditional Utility Response, this could eventually mean transitioning from a governmental to a non-governmental entity. This is referred to as a **change of control**. In the event of a change of control, JEA is recommending that its Board put measures in place to retain employees and preserve the benefits and compensation of employees.

If a change of control occurs, the following would take place subject to board approval at its July 23, 2019 meeting:

- JEA would provide each employee with a **Retention Package** (subject to collective bargaining). This retention package would be designed to keep you focused on continuing to deliver the highest quality of service during a time of rapid change and to ensure a successful transition to a new business model. It would take the form of a retention bonus equal to [a percentage of your base salary] payable [on the date of the change of control]. You must be actively employed as of this date. Extended leaves due to retirement will not be eligible to receive the bonus.
- Your current compensation, as set forth by current pay plans or collective bargaining agreements, would continue to be administered by JEA in accordance with those plans and agreements through the date of the change of control.
- Your JEA benefits as set forth by the current Plan Documents and/or collective bargaining agreements would continue to be administered by JEA in accordance with those documents/agreements through the date of the change of control. This includes healthcare (medical, dental, vision), income protection (annual leave, life and AD&D insurance) and supplemental retirement benefits (Deferred Compensation Plan 457 and/or 401a), all of which would remain the same and reflect the benefits you have today.

Your participation in the GEPP or GEDC would continue through the transition. Upon the date of change of control, your current GEPP or GEDC plan would be frozen and you will no longer accrue benefits under either plan. However, JEA recommends that its Board and the City of Jacksonville take measures to protect your pension benefit.

[INSERT INDIVIDUAL EMPLOYEE INFORMATION OR PROVIDE A DESCRIPTION OF WHAT IT MEANS TO REACH THE NEXT MILESTONE – A VERSION BEING DRAFTED FOR EACH BUCKET]

JEA's Employee Assistance Plan will continue to be available to you and your family during a potential time of transition (1-800-xxx-xxxx or www.eap.com).

All of these actions are contingent upon, not only a recommendation from the Board of Directors, but the approval of the Jacksonville City Council and a referendum of Duval County voters. However, in the interests of full transparency, I wanted you to have this information in hand prior to the July 2019 Board meeting so you understand the importance of protecting employees while explaining the right strategic options for JEA.

If you have any questions about the compensation and benefits issues, please reach out to the Human Resources representatives listed on the attachment and with you in the meeting today.

Please understand that the JEA management team is seeking the best way for JEA to continue to serve our community and to ensure fidelity with our core values of Customer, Community Impact, Environmental and Financial.

Regards,

Aaron Zahn
Managing Director and Chief Executive Officer