

Maillis, Patricia L. - Director, Employee Services

From: Maillis, Patricia L. - Director, Employee Services
Sent: Thursday, December 27, 2018 11:32 AM
To: andrea.deeb@willistowerswatson.com
Subject: JEA Proposed New Incentive
Attachments: Adjusted FY19 Pay for Performance Plan_Summary_Market.docx

Hi Andrea,

The CEO and senior leadership team have been working on aligning the incentive opportunities to achieve an overall market competitive position on total compensation. As you are aware, JEA competes in the private sector for talent and from the study performed in 2017, it was identified that variable, total cash, and total compensation were lagging. Attached is a summary document that the SLT is requesting you review. They intend to present their proposal to the Board at the January meeting.

You may invoice JEA on this matter. Please reference 2019 incentive plan design review.

Pat Maillis
JEA Director Employee Services
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Jacksonville, FL 32202
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JEA Incentive Plan Review Project Outline

Management and Board Interviews and Data Collection

- We plan to hold a half-hour phone interview with 3 to 5 members of Management and/or the Compensation Committee to obtain information on JEA's current compensation programs, compensation strategy including relevant industry perspectives, drivers of short and long-term business performance, pay positioning and the competitive frame of reference for JEA
- Data request — We ask that you provide us the following materials for our review:
 - Current compensation philosophy;
 - Annual incentive plan document;
 - Employment agreements, if applicable
 - Competitive compensation market data from recent studies completed by JEA;
 - Financial reports for the last three years;
 - Organization charts.

Short and Long-Term Incentive Plans Review

Step 1: Audit Current Compensation Analyses

Willis Towers Watson will audit the most recent compensation benchmarking analyses JEA has covering executive and non-executive positions to understand defined markets for talent and competitive positioning of current JEA pay relative to market. We will leverage this market data to help inform our review/design of the short and long-term incentive plan designs.

Step 2: Conduct a Competitive Market Analysis of Incentive Plan Designs

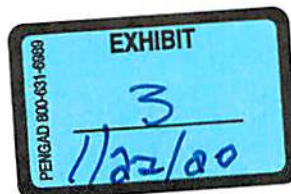
Willis Towers Watson will conduct a competitive market analysis of short and long-term incentive (LTI) plan designs covering applicable industry perspectives (i.e., public power utilities, investor owned utilities, general industry, etc.). We will leverage our anecdotal consulting experience, publicly available data and Willis Towers Watson's proprietary industry surveys to complete this analysis.

For our analysis, we will provide a comparison to market and best practices with regards to:

- Eligibility
- Participation
- Target incentive opportunity
- LTI award frequency
- Award vehicles
- Performance metrics
- Performance and payout curves

Step 3: Review Competitiveness of Proposed JEA Short-Term Incentive Plan Design and Develop Long-Term Incentive Strawman Design

- We will review and compare the proposed short-term incentive plan design to market practices, identifying any gaps to market and suggest possible design changes for consideration



- Based on feedback from the interviews and consideration of competitive market practices, we will develop a long-term incentive plan strawman design that aligns with the company's compensation philosophy and business strategy

Step 4: Provide a Draft Report for Review with Management and Compensation Committee

- We will prepare a draft report for review with designated members of Management and/or the Compensation Committee. Our report will detail the analysis methodology, findings and short-term incentive plan design refinements, if any, and proposed long-term incentive plan design for the 2019-2020 fiscal year. We will review the draft report findings via conference call

Step 5: Finalize Report and Present to Management and Compensation Committee

- Based on suggested changes from step 4, we will update our report and produce a final version
- At an in-person meeting with Management and the Compensation Committee, we will present findings from all work steps outlined above and address any questions or issues