
From: Columbo, Elizabeth <EColumbo@nixonpeabody.com>
Sent: Monday, September 28, 2020 10:32 AM
To: Flanagan, Brian
Subject: FW: JEA Employee Retention Bond (July 1, 2019 Email from Ryan Wannemacher)
Attachments: JEA Employee Benefit Bond.docx

From: Wannemacher, Ryan F. - Chief Financial Officer <wannrf@jea.com>
Sent: Monday, July 1, 2019 6:18 PM
To: Columbo, Elizabeth <EColumbo@nixonpeabody.com>; Rothchild, Barry (NYC) <brothchild@nixonpeabody.com>
Cc: Vinyard, Herschel T. - Chief Administrative Officer <vinyht@jea.com>
Subject: JEA Employee Retention Bond

[EXTERNAL E-MAIL]

Liz,

Per our conversation, please see attached.

Let's chat tomorrow.

Thanks,
Ryan

Ryan Wannemacher | Chief Financial Officer | **JEA** | T: 904 665 7223 | C: 214 770 4366 | wannrf@jea.com

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

JEA Employee Benefit Bond

JEA Employee Benefit Bonds will be an employee benefit similar to JEA provided life insurance available to every currently employed JEA employee and full-time OGC attorneys directly supporting JEA (“Eligible Participant”). JEA shall, based on formal authorization by the Board of Directors, issue a series of Benefit Bonds.

2019-1 Electric Benefit Bonds & 2019-1 Water/DES Benefit Bonds (each individually, a “Benefit Bond” and collectively, the “Benefit Bonds”)

Terms and Conditions: All terms will be consistent with other subordinate JEA bonds with the exception of the below terms and conditions:

1. Interest will be taxable for purposes of federal income tax calculations;
2. 6 year final maturity
3. Coupon – 4.00% annual coupon payable annually
4. Par denomination of each Benefit Bond - \$1.00 per bond
5. Authorized 2019-1 Electric Benefit Bonds – 130,000 bonds * \$1 / bond = \$170,000
6. Authorized 2019-1 Water/DES Benefit Bonds – 170,000 bonds * \$1 / bond = \$130,000
7. Transfer Restriction – Transfer of bonds will be prohibited without written authorization of the JEA Managing Director/CEO and the Chair of the Compensation Committee.
8. Subscription Process – At the end of the fiscal year, JEA’s Managing Director and CEO shall submit, in writing, a proposed subscription allocation for all Eligible Participants then employed by JEA. The proposed subscription allocation will describe/identify the number of Benefit Bonds to be made available for purchase by Eligible Participant (“Purchase Allocation”). To the extent, a Eligible Participant chooses to not purchase their entire Purchase Allocation, the remaining Benefit Bonds will be made available to the other Eligible Participants on a pro rata proportion to their Purchase Allocation. To the extent, all Benefit Bonds authorized by the Board are not subscribed by the Eligible Participants the remaining Benefit Bonds will be deemed not issued and excluded from the applicable series.
9. Registration – Benefit Bonds will be held in book entry by JEA as Registrar and paying agent.
10. Defined Terms:
 - a. JEA Value Target – 105%
 - b. Electric Value Change Percentage – The quotient of the Electric Current Year Value divided by the Electric Base Year Value expressed as a percentage.
 - c. Water Value Change Percentage – The quotient of the Water Current Year Value divided by the Water Base Year Value expressed as a percentage.
 - d. Current Year Value - The sum of: i) the Net Position of the respective enterprise (Electric or Water and DES); ii) all City Contribution paid to the City of Jacksonville in the prior 12 months; and, iii) any refunds, rebates, and/or distributions to customers in the prior 12 months.
 - e. City Contribution – Any cash, in kind or other payment / contribution paid to the City of Jacksonville (excluding public service taxes and franchise fees).

- f. Electric Base Year Value – \$1,667,655,000
 - g. Water Base Year Value - \$1,287,977,000
11. Redemption Right – Each Benefit Bond holder shall have an optional Redemption Right at any time on or after the 5 year anniversary of issuance with 60 days written notice.
 12. Redemption Price - The applicable Redemption Price for each Benefit Bond will be calculated as follows:
 - a. The initial Redemption Price of each Benefit Bond shall be \$0.00 per bond.
 - b. The Redemption Price of each 2019-1 Electric Benefit Bond will increase \$10.00 for each 1.0% (~\$13,000,000) of the Electric Value Change Percentage in excess of the JEA Value Target.
 - c. The Redemption Price of each 2019-1 Water Benefit Bond will increase \$10.00 for each 1.0% (~\$16,700,000) of the Water Value Change Percentage in excess of the JEA Value Target.
 13. Extraordinary Mandatory Redemption – In the event of repayment of substantially all of the debt outstanding under either subordinate bond resolution, the Benefit Bonds associated with such resolution will be subject to Extraordinary Mandatory Redemption. In an Extraordinary Mandatory Redemption, the Current Year Value will be calculated based upon the expected Net Position immediately after the Extraordinary Redemption.