

---

**From:** Stewart, Kerri - VP & Chief Customer Officer <stewk@jea.com>  
**Sent:** Monday, July 22, 2019 11:23 AM  
**To:** Perez, Melissa I - Executive Assistant  
**Subject:** FW: Kerri: Updated docs

Melissa,

Will you please make 25 copies of these documents for me? I will help you assemble. 😊 k

**Kerri Stewart**

Vice President/Chief Customer Officer

Direct: (904) 665-4283

Mobile: (904) 962-9425

Fax: (904) 665-4238



---

**From:** Banks Willis <bwillis@daltonagency.com>  
**Sent:** Monday, July 22, 2019 11:18 AM  
**To:** Stewart, Kerri - VP & Chief Customer Officer <stewk@jea.com>  
**Cc:** Maddie Milne <mmilne@daltonagency.com>; Kyle, Gina A. - Manager Media Relations <kylega@jea.com>; Goldberg, David M. - Director Customer & Community Engagement <golddm@jea.com>; Michael Munz <mmunz@daltonagency.com>  
**Subject:** Kerri: Updated docs

[External Email - Exercise caution. DO NOT open attachments or click links from unknown senders or unexpected email.]

See attached.

**BANKS WILLIS** // Vice President Corporate Reputation  
w 904.398.5222 c 202.577.5847

@daltonagency [\[daltonagency.com\]](http://daltonagency.com)

140 West Monroe // Jacksonville, FL 32202

**CONFIDENTIALITY NOTICE:** This communication may include confidential information and is intended only for the use of the addressee(s). If you are not the intended recipient, please notify the sender immediately and do not disclose, store or copy the e-mail or any related attachments

**DRAFT: July 22, 2019**

**July 23 internal leadership meeting talking points**

**8:00-8:30am, pre-board meeting at 9:00am**

**Spokespersons:**

**Zahn, union leadership**

**Dykes, JEA leadership (managers and above)**

- Good morning, everyone. Thank you for being here. A quick head's up before we get started, I can take a few questions after I finish up, but I've got a hard stop at 8:30am.
- I've called this group together to make you aware of important scenario-based strategic planning information that's going to be presented for a vote at this morning's 9:00am JEA board of directors meeting.
- The vote, simply, will be a policy decision on whether JEA should be designed to shrink or grow / not-compete vs. compete.
- I strongly encourage you all to watch the live stream of the meeting. This information, and the board's decision, will have major implications for us all.
- As leaders, we've all got an important responsibility to communicate with our teams and lead them through this period of change, no matter which path is ultimately chosen.
- As you all know, the utility industry and JEA are up against some pretty tough challenges that have been bubbling up for over a decade. These include declining sales and new disruptive technologies and competitors.
- For the past several months, JEA has worked with McKinsey to undergo a deliberate scenario-based strategic planning process to determine how we can continue to meet the demands of and stay relevant to our customers despite these challenges.
- At the May board meeting, JEA's senior leadership presented scenario 1, the status quo response, which is what would happen to JEA's business in the face of our current challenges, and without a transformative response.
- In the June board meeting, senior leadership presented scenario 2, the traditional utility response, which would simply serve as a way to stabilize JEA's profitability in order to pay down debt and maintain standard electric, water and wastewater services for our customers.
- Scenario 2 also includes significant headcount reductions, along with negative impacts to service quality – and – even with these dramatic cost cuts, would still require rate increases.

- The board heard scenario 2 last month, and although no board members commented that this was the right path for us, they directed us to produce an implementation plan for the scenario. [I/Melissa] will be presenting that scenario 2 implementation plan to the board this morning – **this is the first of three presentations the board will hear today.**
- Herschel Vineyard will give the second presentation and outline his team’s findings on the feasibility of things like charter change. After deep legal analysis by Herschel and his team, removing government affiliated constraints associated with the Florida constitution, City of Jacksonville charter and other state regulations, will be expensive, drawn-out, and have a near-zero probability of success. Which is why we are now calling this choice scenario 2b of the traditional utility response.
- If the board chooses this path it would likely be a combination of at least some of scenario 2a and 2b because of how long the changes would take and the continued declines in our business.
- Ryan Wannemacher will then present a third option to the board of directors: scenario 3, the non-traditional utility response, which is a plan to remove the government affiliated constraints limiting JEA’s ability to grow, compete and stay relevant to our community today, tomorrow and in the future.
- His presentation will show that the problem with our business constraints isn’t that we are owned by the community, the problem is that we are government affiliated. Please know that this non-traditional approach may mean privatization, but it doesn’t necessarily mean a neighbor utility buying us. It could mean community ownership, initial public offering, private placement, technology conversion, oil and gas conversion or a utility buyout.
- We are calling it a “recapitalization event” because it would re-cast JEA’s entire capital structure under any one of these alternatives.
- Whatever the board decides, we will provide you and your teams all of the support and information you need to lead through change.
- As a reminder, we will not forget that whatever is decided may be subject to collective bargaining.
- Again, I encourage you to watch today’s board meeting and be prepared for your employees to ask questions and express concerns following the board’s decision.
- Every one of you is in a leadership position because JEA is confident in your ability to lead. Nowhere is that skill more necessary than during times of uncertainty.

**DRAFT: July 22, 2019**

**July 23, 2019 board meeting board chair script(s) for video to employees**

**Scenario 3**

- Good afternoon.
- I know many of you tuned in to watch the live streaming of today's board meeting. If you did not tune in, I strongly encourage you to watch the video on JEA's website.
- Today, JEA's board of directors unanimously approved for your senior leadership team to pursue an unconstrained, non-traditional utility response.
- This decision essentially allows senior leadership to explore any and all options including, non-governmental options, that would allow JEA to grow and remain relevant to our customers now and in the future.
- While this decision does have major implications for every JEA employee, I want to firmly and resolutely assure you that **you are** and **will be** our priority as we move through this process.
- As discussed in today's board meeting, transitioning JEA from a government-owned utility to a non-governmental entity can take several different forms.
- If any of these recapitalization events should occur, JEA senior leadership has recommended – and we, as a board, approved—putting specific measures in place to retain employees and protect your benefits and compensation.
- We gave senior leadership clear direction that **no alternative** will be considered if it does not include guaranteed employee and customer protections.
- I know this is a lot of information to take in right now and that you understandably have questions and concerns.
- At some point today, you will receive an individualized packet of information that describes in detail how you will be taken care of should a recapitalization event occur.
- I am hopeful that the information in your packet helps you feel more secure during this time of uncertainty.
- For the next several months, as JEA senior leadership works to define the specific outcome to recommend to the Board, JEA will continue to do business as we have, serving our customers with a heightened focus on personal safety.
- If you have questions, JEA's HR team will be available at each site this afternoon to provide answers.

- Thank you.

## Scenario 2

- Good afternoon.
- I know many of you tuned in to watch the live streaming of today's board meeting. If you did not tune in, I strongly encourage you to watch the video on JEA's website.
- Today, JEA's board of directors unanimously approved for your senior leadership team to pursue the traditional utility path.
- This decision essentially allows senior leadership to begin to implement measures to stabilize JEA's profitability in order to pay JEA's debt and maintain standard electric, water and wastewater services for our customers.
- The measures discussed today include workforce reduction, reset our overall capital budget and pursue additional revenue generation initiatives within existing constraints.
- As Melissa Dykes discussed in her presentation, these measures would take place over the next four years starting immediately.
- I understand you are most concerned about the workforce reductions that will be made
- We will work with the confines of bargaining unit agreement and the civil service code.
- We will continue to keep you updated on new developments.
- Thank you.

**DRAFT: July 22, 2019**

**July 23, 2019 board meeting messages**

**JEA board of directors and senior leadership team**

### **Summary**

The power, water and general utilities sector and JEA are up against tough challenges that have been bubbling up for over a decade including declining revenues, increased operating costs, new disruptive technologies and competitors. In response, for the past several months, JEA has been undergoing a scenario-based strategic planning process to determine how the 125-year old utility can continue to meet the demands of and stay relevant to its customers in the face of these challenges.

- At the May board meeting, JEA's senior leadership presented scenario 1, the status quo response, which is what would happen to JEA's business in the face of current challenges, but without a transformative response.
- In the June board meeting, senior leadership presented scenario 2, the traditional utility response, which would simply serve as a way to stabilize JEA's profitability in order to pay down debt and maintain standard electric, water and wastewater services for our customers.
  - Scenario 2 also includes significant headcount reductions, along with negative impacts to service quality – and – even with these dramatic cost cuts, would still require rate increases.
  - Although no board members commented that scenario 2 is the right path for JEA in the June board meeting, they asked that JEA produce an implementation plan for the scenario.
  - The board also requested senior leadership work with McKinsey and other specialized consultants to create a plan that reduces or eliminates JEA's constraints to growth.
- The July board meeting included this presentation of the scenario 2 implementation plan and was the first of three presentations the board heard.
  - Presentation that outlines findings from an analysis done by JEA's legal and government affairs team on the feasibility of things like the City of Jacksonville charter and other state regulations change. After deep legal analysis, removing these government affiliated constraints will be nearly impossible. This presentation is now called scenario 2b of the traditional utility response.
  - Scenario 3, the non-traditional utility response, a plan to remove the government affiliated constraints limiting JEA's ability to grow, compete and stay relevant to our community today, tomorrow and in the future.
    - The problem isn't being community owned; it's being government affiliated.

Ultimately, JEA's scenario-based strategic planning process accomplished what it was supposed to accomplish by uncovering the only way that JEA can compete and grow – eliminate existing government-affiliated barriers and transition into a non-governmental entity (a potential recapitalization event). There are dozens of ways to accomplish this transition, each one unique and designed to meet the exact needs of JEA's community.

## **Tough Q&A | key messages**

### **Q. Why is JEA's future as it stands so bleak?**

**A.** JEA's role as primary deliverer of electricity in Northeast Florida is being challenged.

- Customers are increasing, but revenues are decreasing due to energy efficiency and technology innovation.
  - Increased electric customer base by 112,000 since 2000 – equivalent to the city of Tallahassee.
  - Each new customer adds ~\$2,500 in energy capital costs and \$100-200 / year in ongoing operating costs.
    - By 2030 there will be 16 percent more electric customers.
  - Catalyzed by the Energy Policy Act of 2005, 10 percent decline in revenue since 2007 – and still declining.
  - Within about 7 years, alternative forms of energy like solar w/battery back-up will be cheaper than JEA's rates.
  - Technology innovation is lowering competitive barriers to entry (e.g. Nest, Google, Amazon), while also giving customers more choice outside of JEA.
- In June 2019, Sue Kelly, the CEO of the American Public Power Association said, "If public power utilities do not face these challenges head on, 'we could lose our customers' business and risk being disrupted – indeed, we could be left behind."
- JEA, as a municipally-owned (i.e. government affiliated) utility, is governed by regulations (listed below) that limit its ability to compete and grow in today's dynamic market-place.
- While these industry and market challenges became apparent over a decade ago, well before our current senior leadership team's tenure, the discussion is new for JEA and its stakeholders.

### **Q. Can you summarize JEA's strategic planning process in one paragraph?**

**A.** At its core, our scenario-based strategic planning process is introducing a critical community conversation that's needed to happen for years – does JEA want to eventually become irrelevant to our customers (shrink), or stay relevant (and even innovative) now and into the future (grow)?

### **Q. What is scenario-based strategic planning?**

**A.** At a high-level, scenario-based strategic planning is a disciplined approach to planning in times of uncertainty and involves making assumptions on what the future is going to be (identifying a specific set of "uncertainties") and how our business environment will change overtime in light of that future. For example, farmers use scenarios to predict whether the harvest will be good or bad, depending on the weather. It helps them forecast their sales but also their future investments. Building this set of assumptions is the best way to help guide JEA in the short and long term and is what has brought us to today.

**Q. What exactly happened at the July 23 board meeting? What was the outcome?**

**A.** As a municipally owned (i.e. government affiliated) utility in Florida, JEA is governed by laws, regulations and public policies including:

- Constitution of the State of Florida
- Florida Public Service Commission
- City of Jacksonville Charter
  - Business Structure as defined by Charter
- Florida Statutes
- Bond Resolutions
- Policy considerations

Collectively, these policies serve as barriers to JEA's ability to compete and grow in today's dynamic marketplace. Unfortunately, after in-depth legal analysis, we've concluded that it will be impossible for JEA to change, and therefore overcome, the government affiliated constraints that govern our utility (scenario 2b). And while scenario 2a, the traditional utility response as outlined by Melissa Dykes in more detail at the meeting, is an option, it's a dead-end option with no upside to JEA's employees, the community, it's financial health or the environment. Ultimately, JEA's strategic scenario planning process has uncovered that the only way to compete and grow is to transition from a government-affiliated to a non-government affiliated entity – which is defined as a recapitalization event – and will require an Intent to Negotiate (ITN).

**Q. What is recapitalization? Aren't you just going to privatize (sell) JEA?**

**A.** To continue to use the term 'privatization' in the negative context oversimplifies a complex business challenge, ignores to the hard work that was done as part of JEA's scenario-based strategic planning process, does a disservice to employees, the community and most importantly – it's false.

'Recapitalization event' means the closing and funding of a transaction or a series of related transactions in accordance with Article 21 of the Charter of the City of Jacksonville and any other applicable law that results in at least 50% of the net depreciated property, plant and equipment value of either JEA's electric system or JEA's water and wastewater system being transferred, assigned, sold or otherwise disposed of.

The concept of recapitalization doesn't always mean simply selling entire assets to an investor-owned entity. Private entities can be sole proprietorships, partnerships, limited liability corporations, non-profits, or any other organized group that is not government-affiliated. The key words are 'not government-affiliated.' For instance, the Clay County Cooperative, in the community adjacent to ours, is a utility co-op – a private, non-profit business owned and governed by the community and customers it serves. There are dozens of ways to evolve JEA from a strictly municipally-owned, government-affiliated utility, and each one is unique and can be designed to meet the exact needs of the local community. Any of these ways would be classified as a recapitalization event. Typically, there is a transition period between the announcement and the date a recapitalization event occurs.

**Q. What are the benefits of recapitalization, and the ITN process, for customers, employees, the community?**

**A.** First, let's be clear that JEA will never be more valuable than it is today, and its value will only diminish if we continue to look to the status quo and traditional utility response for answers. As the data clearly shows, neither of these scenarios are serving, or have served, JEA for the past decade. By advancing an ITN process now, while JEA is at its maximum value, we can not only start to begin the process of breaking free from our current government affiliated constraints by exploring alternative, non-governmental options, but also ensure JEA's employees, the community, it's financial health and the environment are taken care of in the best possible way.

But JEA isn't only leaning on the benefits of good timing and solid planning to make this ITN process successful, using our corporate measures of value (employees, community, financial and environmental) as a guide, we also created a list of 'minimum requirements' that any outside entity responding to JEA's ITN would have to meet in order to even be considered as an option by the board:

- Financial
  - >\$3 billion of value to the City of Jacksonville.
- Customers
  - >\$400 million of value distributed to customers (\$350+ paid to each JEA account - \$1,400+ for customers with electric, water, sewer and irrigation accounts).
  - At least 3 years of contractually guaranteed base rate stability.
- Environmental
  - Commitment to fund and provide City of Jacksonville and Duval County Public School system 100% renewable electricity by 203.
  - Commitment to fund and provide 40 million gallons per day of alternative water capacity for Northeast Florida by 2035.
- Community impact
  - Protection of certain employee retirement benefits.
  - Guarantee of employee compensation and benefits for three (3) years.
  - Retention payments to all full-time employees of 100% current base compensation.
  - Commitment to new headquarters and employees in downtown Jacksonville contributing to the economic development of the community.

The overall purpose of this undertaking is to give JEA the strategic flexibility to adapt to a once-in-a-generation industry-wide transformation and help it achieve its vision to improve lives in the Northeast Florida Community.

**Q. Why sell for a one-time windfall, what about the future?**

**A.** Under current government constraints, the trajectory for JEA, and its value, will only decrease. By recapitalizing JEA we eliminate the government affiliated barriers to our ability to compete and grow in today's dynamic marketplace.

**Q. Why has JEA and the Jacksonville media been touting 'charter change' – and "scenario 3" – as the answer to JEA's woes?**

**A.** 'Charter change' has been discussed as one potential solution, not the solution, to JEA's challenges. \*See "what happened on July 23" question for more information.

**Q. Why are ‘disclaimers’ added to JEA presentations? Are you telling a different story to investors about the financial future of JEA?**

A. Financial projections included as part of JEA’s scenario-based strategic planning presentations are not designed to represent what will actually happen with JEA’s financial condition. They are designed to isolate a mathematical problem that JEA senior leadership will need to evaluate and address.

- Investors in JEA bonds take very seriously any projections that JEA produces because they give investors insight into how senior leadership sees the prospective condition of JEA’s credit. It is our responsibility to make certain that investors do not misinterpret these projections.
- We use the ‘disclaimer’ to make certain that investors understand that any projections just isolate this mathematical problem and that JEA expects its board to make policy decisions in which actual results will differ from those projections.

**Q. How will all of this impact the new JEA headquarters building?**

A. One of the ‘minimum requirements’ that any outside entity responding to the ITN is that JEA headquarters stay downtown [reference community impact – ‘commitment to new headquarters and employees in downtown Jacksonville contributing to the economic development of the community.’]

**Q. Did you know the whole time that ‘charter change’ wouldn’t be possible? Why did you lie, was it just a ploy for privatization? Didn’t you know that privatization was going to happen all along?**

A. JEA has been undergoing a scenario-based strategic planning process to determine how the 125-year old utility can continue to meet the demands of and stay relevant to its customers in the face of these challenges. JEA’s scenario-based strategic planning process accomplished what it was supposed to accomplish by uncovering the only way that JEA can compete and grow – eliminate existing government-affiliated barriers and transition into a non-governmental entity (a potential recapitalization event). The tough part about scenario-based strategic planning in times of uncertainty is you don’t know what you don’t know. We thought that ‘charter change’ could be an answer to JEA’s most significant challenges, however, true to its mission, our scenario planning uncovered that we’ll need to look at alternatives.

**Q. What are next steps and the timeline for implementing the unconstrained, non-traditional utility response as approved by JEA’s board of directors on July 23?**

A.

- ITN drops
- pension legislation
- responses to ITN due
- ranking process for ITN responses
- short listing / selection / board approval of selection
- City Council approval of selection
- referendum

**Q. Private utilities aren't eligible for FEMA reimbursements. Will storm recovery costs be passed on to the customers?**

A. During the course of the ITN process many of these questions will still need to be fleshed out.

**Q. Why does JEA's senior leadership team make so much money?**

A. This team represents varying skill sets, backgrounds and knowledge bases for a reason: as we embarked on our scenario-based strategic planning process, it's been important that each person bring their own unique experiences to the table. The future success of JEA is dependent on having the right people in place for the job – from the individuals maintaining our power lines to the individuals on our senior leadership team.

**Q. Doing the math, when taking into account the “minimum guarantees for the transaction to occur” and Aaron's current salary, it looks like he could walk away from this privatization deal with around \$1.6M. This has to be the reason he's pushing a non-governmental entity.**

A. Aaron and the entire JEA senior leadership team are also employees of JEA, which means that they signed and will also get the benefit of the retention agreement.

**DRAFT: July 22, 2019**

#### **Employee FAQ**

*The purpose of these questions and answers is to provide answers to potential scenarios related to a Recapitalization Event as discussed in the letter provided to employees on July 23, 2019.*

**Q. Since the Board of Directors approved pursuing the Non-Traditional Utility (“Scenario 3”), what are the business options related to this strategy?**

A. Scenario 3 describes a strategic process whereby JEA will pursue alternatives that operate pursuant to JEA's existing charter and state laws as well as those proposals that seek to reduce or eliminate certain of JEA's existing business constraints. Potential alternatives can include, but are not limited to operational changes, structural changes, joint ventures, development partnerships or a recapitalization of the business.

**Q. Since the Board of Directors approved pursuing Scenario 3, does JEA have the authority to immediately begin pursuing one of the alternatives?**

A. JEA may begin pursuing alternatives under Scenario 3 and will present any resulting recommendations to the Board.

**Q. What is a Recapitalization Event?**

A. “Recapitalization Event” means the closing and funding of a transaction or a series of related transactions in accordance with Article 21 of the Charter of the City of Jacksonville and any other Applicable Law that results in at least 50% of the net depreciated property, plant and equipment value of either JEA's electric system or JEA's water and wastewater system being transferred, assigned, sold or otherwise disposed of.

The concept of recapitalization doesn't always mean simply selling entire assets to an investor-owned entity. Private entities can be sole proprietorships, partnerships, limited liability corporations, non-profits, or any other organized group that is not government-affiliated. The key words are “not government-affiliated.” For instance, the Clay County Cooperative, in the community adjacent to ours, is a utility co-op – a private, non-profit business owned and governed by the community and customers it serves. There are dozens of ways to evolve JEA from a strictly municipally-owned, government-affiliated utility, and each one is unique and can be designed to meet the exact needs of the local community. Any of these ways would be classified as a Recapitalization Event. Typically, there is a transition period between the announcement and the date a Recapitalization Event occurs.

**Q. Will there be reductions in the workforce and, if so, will a severance plan be offered?**

**A.** At this time, there are no plans for workforce reductions related to Scenario 3. Senior Leadership has insisted upon and the Board has given clear direction that no alternative will be considered if it does not include employee and customer protections. Examples of employee protections are discussed in further detail in following questions and answers.

**Q. Will JEA offer an incentive for employees to remain employed with JEA if a Recapitalization Event occurs?**

**A.** Yes. If a Recapitalization Event is a viable option, eligible employees as of July 23, 2019 will be provided with an Employee Protection and Retention Plan. Employees will be eligible for the Employee Protection and Retention program subject to collective bargaining, where required.

**Q. What is the Employee Protection and Retention program?**

**A.** The Employee Protection and Retention program is a cash payment (in 3 installments) provided to full-time employees actively employed with JEA on July 23, 2019 in an effort to maintain operations and retain critical talent through a Recapitalization Event. The Employee Protection and Retention payment will consist of 100% of your annualized base salary payable in three equal installments: the closing date of the Recapitalization Event; the one-year anniversary of the closing date of the Recapitalization Event; and the two-year anniversary of the closing date of the Recapitalization Event.

**Q. Will anything change with our benefits if a Recapitalization Event occurs?**

**A.** Between now and the day of a Recapitalization Event closes, we expect that your compensation and benefits will be administered the same way they are today. At a Recapitalization Event, compensation and benefits will be dependent upon the newly capitalized organization's arrangements, but the Board specified that a minimum requirement is that employees receive substantially comparable compensation and benefits for at least 3 years.

**Q. What will happen to my contributions to the General Employee Pension Plan (GEPP) or General Employee Defined Contribution Plan (GEDC) prior to a Recapitalization Event?**

- a. As long as you remain employed by JEA, your benefit will continue to accrue in accordance with the terms of the applicable plan document.
- b. If you terminate employment with JEA or a Recapitalization Event occurs, your benefit will be determined in accordance with the terms of the applicable plan document.

**Q. How will a Recapitalization Event impact my pension benefit if I participate in the GEPP?**

**A.** Benefit contributions and credited service continues to accrue until the date of the Recapitalization Event. JEA's Board proposed legislation to amend Section 120 of the Ordinance to include language to protect and accelerate pension benefits if a Recapitalization Event were to occur. Where required, JEA will engage in collective bargaining. At a Recapitalization Event, benefits are frozen and no additional service credits will be accrued.

**Q. Will the criteria for normal retirement be changed for the GEPP?**

**A.** No. Credited years of service and age requirements as detailed in Ordinance, Section 120.206 will still be applicable as follows:

- a. 30 yrs of credited service and any age.
- b. 20 yrs of credited service and age 55 yrs old.
- c. 5 yrs of credited service and 65 yrs old.

For more information concerning benefits you may be entitled to under the GEPP or GEDC, please refer to Chapter 120 - GENERAL EMPLOYEES AND CORRECTIONS OFFICER PENSION PLANS AND ALL EMPLOYEES DEFINED CONTRIBUTION RETIREMENT PLANS.

[https://library.municode.com/fl/jacksonville/codes/code\\_of\\_ordinances?nodeId=TITVADPE\\_CH120GEEMCOO\\_FPEPLALEMDECOREPL\\_PTITHGEEMREPL](https://library.municode.com/fl/jacksonville/codes/code_of_ordinances?nodeId=TITVADPE_CH120GEEMCOO_FPEPLALEMDECOREPL_PTITHGEEMREPL)

**Q. If I am eligible to retire under the terms of the GEPP, may I elect to retire without forfeiting my retention/protection payment?**

**A.** If you are eligible for a retirement benefit under the GEPP, you must remain employed by JEA until the Recapitalization Event and each subsequent payment date in order to be eligible for the protection/retention payment. If you voluntarily resign or retire before the Recapitalization Event, you will forfeit your retention/protection payment. If you experience involuntary termination (without cause or due to death or disability), you will receive the full benefit.

**Q. What if I am NOT eligible to retire under the terms of the GEPP at the Recapitalization Event?**

**A.** JEA's Board proposed legislation to amend Section 120 of the Ordinance to include provisions to address a Recapitalization Event (subject to collective bargaining). JEA would seek to provide employees who remain employed through the Recapitalization Event a buy-up provision whereby JEA will purchase service credits. In other words, JEA will buy years of service credits as follows:

- At least 5 years of service: creditable service years will be advanced to the next chronological retirement eligibility date and employee can begin receiving pension income on that retirement eligibility date.
- Fewer than 5 years of service:
  - If hired after 10/1/17, all employer DC contributions are vested.
  - If hired before 10/1/17:
    - DC plan participants can either remain in the DC and be 100% vested in the employer contribution or switch to the DB.
    - DB plan participants can be advanced to 5 years of creditable service and begin receiving pension income at age 65 OR receive a refund of all employee contributions plus an employer match of employee contributions.

**Example 1:**

If an employee is age 55 and has 15 years of service with JEA at a Recapitalization Event, JEA will buy/purchase 5 years of creditable service, to achieve 20 years of service at Recapitalization Event. In this scenario, the employee would be eligible to retire because they have achieved the age AND credited service requirements for normal retirement as defined by the plan.

**Example 2:**

If an employee is age 65 and has 3 years of creditable service, JEA will purchase 2 years of service to achieve age 65 and 5 years of creditable service. This scenario, the employee would be eligible to retire as well because they have achieved the age and creditable service requirements for normal retirement as defined by the plan.

**Example 3:**

If an employee is age 48 with 15 years of creditable service, JEA will purchase 7 years of creditable service to achieve the employee's next chronological retirement eligibility milestone. In this scenario, the employee's normal age of retirement is 55, e.g., employee must reach age 55 to commence normal retirement and will have 22 years of creditable service.

**Example 4:**

If an employee is age 25 with 4 years of creditable service in the Defined Benefit plan, the employee has two choices:

- JEA will purchase 1 year of creditable service and may draw retirement benefits at age 65; or
- Contributions made by the employee will be matched by the employer and either paid directly to the employee or rolled into a tax deferred vehicle.

**Q. How will a Recapitalization Event impact employees in the General Employee Defined Contribution (GEDC) plan?**

**A.** Benefit contributions will continue to be made and accrue until the date of the Recapitalization Event. JEA Board proposed legislation to amend Section 120 of the Ordinance to include language and treatment of benefits to address a Recapitalization Event. Where required, JEA will engage in collective bargaining. At a Recapitalization Event, benefits are frozen and no additional service credits may be accrued. See paragraph 12.

***Please note: The information in this Q&A document is a summary and every attempt has been made to ensure its accuracy. However, the legal rules for benefits are complex. The actual provisions of plans for each benefit will govern if there is any inconsistency between the summary information in this Q&A document and the formal plans, programs, policies, or contracts.***