

From: "Wannemacher, Ryan F. - Chief Financial Officer" <wannrf@jea.com>  
Sent: Wednesday, August 14, 2019, 5:19 PM  
To: "Rhode, Lynne C. (City of Jacksonville)" <rhodlc@jea.com>; "Vinyard, Herschel T. - Chief Administrative Officer" <vinyht@jea.com>; "Zahn, Aaron F. - Managing Director/CEO" <zahnaf@jea.com>; "Dykes, Melissa H. - President/COO" <dykemh@jea.com>  
Subject: FW: Performance Unit Plan (PUP) Questions  
Attachments: scan\_rhodlc\_2019-08-14-13-24-00.pdf; scan\_rhodlc\_2019-08-14-13-21-11.pdf

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FYI...

**From:** Wannemacher, Ryan F. - Chief Financial Officer  
**Sent:** Wednesday, August 14, 2019 5:19 PM  
**To:** 'Rodda, Jeffrey' <JRodda@coj.net>; Crawford, Juli E. - Director Financial Planning & Analysis <crawje@jea.com>; Orfano, Joseph E. - Treasurer <orfaje@jea.com>  
**Cc:** Peterson, Phillip <PhillipP@coj.net>; Billy, Kyle <KBilly@coj.net>  
**Subject:** RE: Performance Unit Plan (PUP) Questions

Jeff,

Attached are the latest drafts of the plan documents and award agreement that was approved by the board. This will answer many of these questions.

As we are still working on a number of other pressing items, can we circle up in a few weeks on any additional questions you may have after reviewing these documents?

I appreciate it.

Thank you,  
Ryan

**From:** Rodda, Jeffrey <JRodda@coj.net>  
**Sent:** Friday, August 9, 2019 12:38 PM  
**To:** Crawford, Juli E. - Director Financial Planning & Analysis <crawje@jea.com>; Orfano, Joseph E. - Treasurer <orfaje@jea.com>  
**Cc:** Wannemacher, Ryan F. - Chief Financial Officer <wannrf@jea.com>; Peterson, Phillip <PhillipP@coj.net>; Billy, Kyle <KBilly@coj.net>  
**Subject:** Performance Unit Plan (PUP) Questions

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Hi Juli,

**JEA0008**

I have been reviewing resolution 2019-10 and Exhibits 1 and 2 and now have a request and a list of questions. I would like to get a copy of the Performance Unit Plan Agreement that employees have to sign. I would appreciate it if it could be sent right away rather than waiting for the list of questions to be answered. Is that possible?

Here are my questions:

1. What is the purpose of the PUP?
2. What makes PUPs a legal form of compensation for public employees in Florida?
3. What form of compensation are they (bonus, regular wages, etc.)?
4. How will any gains or losses be reported to the IRS?
5. Is there a limit on how many PUPs an employee can purchase? What is the maximum?
6. Is there a distribution plan that provides each employee first right of refusal to a specified number of PUPs before their allotment is made available for other employees to purchase?
7. Can PUPs be granted to an employee at no cost?
8. Can a PUP be purchased by a Board member?
9. Is there a ceiling on the redemption value of a PUP?
10. What is the reason for limiting PUP purchases to payroll deductions only?
11. Can the PUP purchase payment be deducted pre-tax?
12. What will JEA do with money paid in by employees to purchase PUPs?
13. Assuming there is not a recapitalization event, does it take 4 years for a PUP to vest?
14. How will the funds from the purchase(s) and the value of the PUPs be shown in the financial statements?
15. Are the nitrogen credits considered an in-kind contribution to the City? If so, how/when is the value determined?
16. What is the assumed likelihood that PUPs will be paid in 2022?
17. Has any modeling been done to examine what the value might be at redemption?
18. What is the maximum cost to JEA?
19. If an employee breaks the covenants do they have to repay PUP payouts from previous performance periods?
20. What other local government entities/municipal utilities use PUPs?
21. What is the JEA Group?
22. What is the reason for including COJ OGC Attorney's assigned to JEA as eligible participants?

As always, I appreciate your time, assistance, and patience.

Please call or email if you need clarification.

Regards,

Jeff Rodda

Public Accounts Auditor  
Office of the Council Auditor  
117 West Duval Street  
Suite 200

**JEA0009**

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