

**Billy, Kyle**

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**From:** Wannemacher, Ryan F. - Chief Financial Officer <wannrf@jea.com>  
**Sent:** Thursday, November 14, 2019 1:48 PM  
**To:** Reber, Heather; Taylor, Kim  
**Cc:** Billy, Kyle; Peterson, Phillip; Rodda, Jeffrey; Parks, Brian; Hall, Sherry; Vinyard, Herschel T. - Chief Administrative Officer  
**Subject:** RE: PUP Sample Calculation  
**Attachments:** 2019-11-12 Plan Letter to OGC - vFINAL.pdf

**EXTERNAL EMAIL:** This email originated from a non-COJ email address. Do not click any links or open any attachments unless you trust the sender and know the content is safe.

Heather,

As noted in my previous email, you have been notified that this was a DRAFT plan that is not being finalized or implemented. In addition, as Aaron's letter noted, as a long-term incentive plan it would be moot in any recapitalization scenario. No other questions or answers are necessary at this time.

Thank you,  
Ryan

Ryan Wannemacher  
Chief Financial Officer  
Direct: (904) 665-7223

**From:** Reber, Heather  
**Sent:** Thursday, November 14, 2019 11:46 AM  
**To:** Wannemacher, Ryan F. - Chief Financial Officer; Taylor, Kim  
**Cc:** Billy, Kyle; Peterson, Phillip; Rodda, Jeffrey; Parks, Brian; Hall, Sherry L.; Vinyard, Herschel T. - Chief Administrative Officer  
**Subject:** RE: PUP Sample Calculation

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Ryan,

Thanks for looking at our calculation and correcting our formula. I have a few questions concerning the calculation/methodology, if a recap event was to occur. Would the proceeds to the City be used to calculate the Current Year Value? Let's say that the net proceeds to the City would be \$4B or \$5B, then as part of the calculation would the customer rebates of \$400M would be added back in? See attached calculation as an example.

Heather Reber, C.P.A.

**From:** Wannemacher, Ryan F. - Chief Financial Officer [mailto:wannrf@jea.com]  
**Sent:** Wednesday, November 13, 2019 5:18 PM  
**To:** Taylor, Kim  
**Cc:** Billy, Kyle; Peterson, Phillip; Rodda, Jeffrey; Parks, Brian; Reber, Heather; Hall, Sherry; Vinyard, Herschel T. - Chief Administrative Officer  
**Subject:** RE: PUP Sample Calculation

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Kim,

Attached is the updated spreadsheet. Your methodology is correct. I went ahead and filled in the table with FY2019 unaudited and our projected FY2022 numbers so you can see how we are looking at it.

There was one formula error in cell C16 which I corrected in the attached spreadsheet.

Thank you,  
Ryan

Ryan Wannemacher  
Chief Financial Officer  
Direct: (904) 665-7223

**From:** Taylor, Kim  
**Sent:** Wednesday, November 13, 2019 3:21 PM  
**To:** Wannemacher, Ryan F. - Chief Financial Officer  
**Cc:** Billy, Kyle; Peterson, Phillip; Rodda, Jeffrey; Parks, Brian; Reber, Heather; Hall, Sherry L.; Vinyard, Herschel T. - Chief Administrative Officer  
**Subject:** RE: PUP Sample Calculation

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

Ryan,

Although we did get your email earlier today concerning the PUPs, would you mind still confirming that the sample calculation methodology is correct in the email we sent you last Thursday.

Thank you,  
Kim

Kim Taylor, CPA  
Assistant Council Auditor  
Council Auditor's Office/City of Jacksonville

Ph: (904) 255-5488  
Fax (904) 255-5478

**From:** Taylor, Kim  
**Sent:** Thursday, November 07, 2019 1:08 PM  
**To:** wannrf@jea.com  
**Cc:** Billy, Kyle; Peterson, Phillip; Rodda, Jeffrey; Parks, Brian; Reber, Heather; Hall, Sherry; vinyht@jea.com  
**Subject:** PUP Sample Calculation

Ryan,

We wanted to send a sample calculation to you of the value of a Performance unit to make sure you agree with the methodology and the calculation. Could you please provide us your comments on the attached example that compares FYE 2018 to FYE 2015. Thank you in advance.

Kim

Kim Taylor, CPA  
Assistant Council Auditor  
Council Auditor's Office/City of Jacksonville  
Ph: (904) 255-5488  
Fax (904) 255-5478

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21 West Church Street  
Jacksonville, Florida 32202-3139

November 12, 2019

Mr. Jason Gabriel  
City of Jacksonville General Counsel  
117 W Duval St, Suite 400  
Jacksonville, FL 32202



Re: JEA Long Term Performance Unit Plan (the "Plan")

Mr. Gabriel:

ELECTRIC  
WATER  
GAS

This letter pertains to the Plan approved by the JEA Board of Directors ("Board") by Resolution 2019-10 on July 23, 2019. The stated purpose of the Plan is to provide a means by which employees of JEA may be incentivized to: (i) remain at JEA, (ii) drive value for customers, (iii) drive value for the community of Northeast Florida, (iv) drive environmental value, and (v) drive financial value for JEA and the City of Jacksonville. The Board developed the Plan out of a desire to develop a long-term incentive program, in line with market standards, that furthered the Board's total compensation policy approved in January 2019. The Board reviewed the Plan framework as recommended by a third party compensation consultant, Willis Towers Watson, in June 2019. Finally, the Board adopted the Plan in July 2019 and instructed JEA executive leadership to work with the Chair of the Compensation Committees ("Plan Administrator") to implement the Plan.

This letter is to inform you that JEA leadership, in consultation with the Chair of the Board ("Chair"), the Plan Administrator and OGC, has decided to postpone indefinitely the implementation of the Plan.

As you are aware, JEA executive leadership has been diligently working to implement the Plan with the Office of General Counsel ("OGC"), Pillsbury Winthrop Shaw Pittman, LLP, Foley Lardner LLP, and relevant state and local bodies. Given the long-term nature of the Plan and the Plan obligations, JEA leadership wanted to ensure all employment, corporate, ethics, tax, and other related matters associated with the Plan were in accordance with applicable statutes and regulations. To that end, JEA greatly appreciates the deliberate, methodical and meticulous work of OGC and all of its advisors.

The decision to not implement the Plan is based in the incongruity of the Plan's long-term nature and the very real potential short-term implications of the JEA's strategic planning process. As such, the Chair, Plan Administrator and JEA leadership believe the Plan would be best implemented, if ever, post decision on the strategic direction of JEA as determined by the Board.

JEA0483

Accordingly, the Board is expected to recommend one of the following five options as a strategic direction for JEA:

- 1) Scenario #1: Status Quo Plan;
- 2) Scenario #2: Traditional Utility Response Plan;
- 3) Scenario #3: Community Ownership Plan;
- 4) Scenario #4: Initial Public Offering (IPO) Plan; or,
- 5) Scenario #5: Strategic Alternative from ITN 127-19.

Should the Board choose Scenarios 3, 4, or 5 the Plan would be moot from a long-term incentive basis. Should the Board choose Scenario 1 or 2, the Plan has a more appropriate role in driving employee behavior to increase customer, community, environmental and ultimately financial value of JEA.

Please accept this letter as a final decision on this matter until further notice. As always, JEA, and specifically the Plan Administrator, welcomes OGC input and advice on how to appropriately administer the Plan absent a full implementation with its employees.

Sincerely:



Aaron F. Zahn  
Managing Director & Chief Executive Officer

Cc:  
JEA Board of Directors

**JEA0484**