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IN RE: The Matter of JEA

Sworn Interview of  
PAT MAILLIS

DATE TAKEN: Wednesday, January 22, 2020  
TIME: 1:57 p.m. - 5:07 p.m.  
PLACE: Office of General Counsel  
City of Jacksonville  
Suite 480  
Jacksonville, Florida 32202

Examination of the witness taken before:  
Suzanne R. Robinson  
Registered Professional Reporter

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A P P E A R A N C E S

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ALSO PRESENT: Maryanne D. Evans, JEA

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I N D E X

EXAMINATION

PAT MAILLIS

EXHIBITS MARKED

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MS. HARRELL: Mr. Linsner is here from the Office of Inspector General. He'll administer our oath and give a little opening spiel, and then we'll get right to it.

MR. LINSNER: Okay. Are we ready for the oath?

MS. HARRELL: We're good to go, yeah.

MR. LINSNER: Okay. This recorded interview is being conducted at the Office of General Counsel, City of Jacksonville. Today is January 22nd. The time now is 2:00 o'clock p.m.

I'm Investigator Robert Linser. I'm employed by the Office of Inspector General, City of Jacksonville. The Office of Inspector General is assisting the Office of General Counsel with the investigation regarding Aaron Zahn, former CEO of JEA.

Ms. Maillis, you are being interviewed as a witness in this investigation. If at any time your status as a witness changes, you will be notified. The attorneys who will be interviewing you are Adina Teodorescu and Sonya Harrell.

As a commissioned notary public in the State of Florida, I'm authorized to administer oath. Please be advised that any false statements made

<p style="text-align: right;">Page 5</p> <p>1 during your interview or attempts to obstruct the</p> <p>2 Office of General Counsel's investigation may be</p> <p>3 used in a subsequent prosecution against you.</p> <p>4 Please raise your right hand.</p> <p>5 MS. MAILLIS: (Complies.)</p> <p>6 MR. LINSNER: Do you, Pat Maillis, swear to</p> <p>7 tell the truth, the whole truth, and nothing but</p> <p>8 the truth?</p> <p>9 MS. MAILLIS: I do.</p> <p>10 MR. LINSNER: Okay. And have any promises,</p> <p>11 threats, or inducements of any nature whatsoever</p> <p>12 been made by me in order to obtain your consent</p> <p>13 to this statement?</p> <p>14 MS. MAILLIS: No.</p> <p>15 MR. LINSNER: And do you understand that this</p> <p>16 recorded interview will be subject to public</p> <p>17 disclosure, pursuant to the Public Records Law</p> <p>18 and other laws of the State of Florida?</p> <p>19 MS. MAILLIS: Yes.</p> <p>20 PAT MAILLIS,</p> <p>21 having been produced and first duly sworn and after</p> <p>22 responding "I do" to the oath, testified as follows:</p> <p>23 MS. HARRELL: Thank you, Ms. Maillis. I see</p> <p>24 that you have the Garrity form in front of you.</p> <p>25 And just for the record, let me just get a few</p>	<p style="text-align: right;">Page 7</p> <p>1 MS. HARRELL: And I'll have you go ahead and</p> <p>2 sign and date that at the bottom.</p> <p>3 THE WITNESS: Is today the 21st?</p> <p>4 MS. HARRELL: 22nd.</p> <p>5 THE WITNESS: 22nd (signing document).</p> <p>6 MS. HARRELL: And I'll go ahead and sign it</p> <p>7 as the investigator and date it on the 22nd. And</p> <p>8 we will get you a copy of this for your records</p> <p>9 before you leave here today.</p> <p>10 (Ms. Teodorescu exits the conference room.)</p> <p>11 MS. HARRELL: And you're here -- just to</p> <p>12 clarify, you are here at the direction of the</p> <p>13 interim CEO of JEA, who is Melissa Dykes; is that</p> <p>14 correct?</p> <p>15 THE WITNESS: Yes.</p> <p>16 MS. HARRELL: Okay. Thanks.</p> <p>17 We've got a court reporter taking down</p> <p>18 testimony, so it will be easy if all of your</p> <p>19 answers are verbal and out loud. So she can't</p> <p>20 take down a nodding of the head or shaking of the</p> <p>21 head.</p> <p>22 (Ms. Teodorescu enters the conference room.)</p> <p>23 MS. HARRELL: So if we ask you a yes or no</p> <p>24 question, just answer yes or no instead of, you</p> <p>25 know, uh-huh.</p>
<p style="text-align: right;">Page 6</p> <p>1 little ground rules out of the way.</p> <p>2 I'm with the Office of General Counsel, as</p> <p>3 well as is Adina Teodorescu, and I know you're</p> <p>4 familiar with her. This interview is solely</p> <p>5 related to our assignment from the JEA Board of</p> <p>6 Directors to investigate the tenure of Aaron Zahn</p> <p>7 as CEO of JEA and to determine whether grounds</p> <p>8 exist to the court -- the termination of his</p> <p>9 contract for cause.</p> <p>10 We've -- your name has come up in several</p> <p>11 emails and conversations, and so we just want to</p> <p>12 talk to you about those.</p> <p>13 You brought your Garrity warning with you.</p> <p>14 THE WITNESS: Uh-huh.</p> <p>15 MS. HARRELL: And have you had a chance to</p> <p>16 read it?</p> <p>17 THE WITNESS: Yes.</p> <p>18 MS. HARRELL: Do you understand it?</p> <p>19 THE WITNESS: Yes.</p> <p>20 MS. HARRELL: Okay. And, also, you're</p> <p>21 accompanied Maryanne Evans --</p> <p>22 THE WITNESS: Uh-huh.</p> <p>23 MS. HARRELL: -- from JEA here as your</p> <p>24 witness?</p> <p>25 THE WITNESS: Yes.</p>	<p style="text-align: right;">Page 8</p> <p>1 THE WITNESS: Okay.</p> <p>2 MS. HARRELL: She can take that down, but</p> <p>3 it's not always clear.</p> <p>4 And then all of us need to be careful not to</p> <p>5 talk over each other. My questions may be very</p> <p>6 predictable, and you'll -- you may know exactly</p> <p>7 what I'm going to say, but just let me finish is</p> <p>8 before you answer so she's not trying to type --</p> <p>9 take down two voices at once.</p> <p>10 THE WITNESS: Okay.</p> <p>11 MS. HARRELL: And then if you don't</p> <p>12 understand one of our questions, just let us</p> <p>13 know. We'll be happy to clarify it. Otherwise,</p> <p>14 we'll have to assume that you understand the</p> <p>15 question and that you're answering it in</p> <p>16 accordance with that understanding.</p> <p>17 So could you -- and we -- this is not like a</p> <p>18 typical deposition. I don't know if you've ever</p> <p>19 been involved in one of those. We will -- we</p> <p>20 won't go one at a time, answering questions. We</p> <p>21 may interrupt -- we won't interrupt each other</p> <p>22 because we're not going to do that. We're very</p> <p>23 anti-interruption around here.</p> <p>24 But the -- we may just kind of go back and</p> <p>25 forth in answering questions. So it won't be</p>



<p style="text-align: right;">Page 9</p> <p>1 kind of like a typical deposition. But can you 2 just state for the record your name and your 3 current employer and your current job. 4 THE WITNESS: Sure. I'm Patricia Maillis. I 5 work with JEA, and I'm the director of employee 6 services. 7 MS. HARRELL: And how long have you been the 8 director of employee services? 9 THE WITNESS: Six and a half years. 10 MS. HARRELL: And what do you do in that 11 role? 12 THE WITNESS: I manage the compensation, 13 benefits, and talent acquisition departments. 14 MS. HARRELL: So compensation, benefits, and 15 talent acquisition departments. Are those three 16 separate departments. 17 THE WITNESS: Yes. 18 MS. HARRELL: And so you would have been in 19 that role when Mr. Zahn began his tenure as 20 interim CEO? 21 THE WITNESS: Yes. 22 MS. HARRELL: And that would have been about 23 the spring of 2018? 24 THE WITNESS: Yes. 25 MS. HARRELL: What did you do before you were</p>	<p style="text-align: right;">Page 11</p> <p>1 THE WITNESS: No. 2 MS. HARRELL: Did you attend any meetings 3 about strategic planning? 4 THE WITNESS: Not the planning part. When he 5 was communicating to the general director, 6 audience, or the employees, I would attend those 7 meetings, but I was not part of any planning. 8 MS. TEODORESCU: Are those the leadership 9 meetings? 10 THE WITNESS: They would be leadership 11 meetings. 12 MS. TEODORESCU: At the library? 13 THE WITNESS: Yes, ma'am. 14 THE COURT REPORTER: I'm sorry. What was the 15 last thing you said? 16 MS. TEODORESCU: "At the library?" 17 THE COURT REPORTER: Library. 18 THE WITNESS: There was also usually, you 19 know, the board meetings. We might hear about it 20 at the board meeting if it was being delivered 21 for the first time. And then there might be a 22 directors meeting right after that and then a 23 managers meeting, a larger managers meeting. But 24 usually I was never involved in any of the 25 planning.</p>
<p style="text-align: right;">Page 10</p> <p>1 director of employees services at JEA? 2 THE WITNESS: That's been my only position at 3 JEA. 4 MS. HARRELL: Where did you work before that? 5 THE WITNESS: At a company called Jabil, 6 J-a-b-i-l. They're an international 7 manufacturing services company. And I had the 8 responsibility of regional compensation manager. 9 MS. HARRELL: In your capacity as director of 10 employee services at JEA, to whom do you report? 11 THE WITNESS: To the chief human resources 12 officer. 13 MS. HARRELL: And who is that right now? 14 THE WITNESS: Jon Kendrick. 15 MS. HARRELL: And was it Angie Hiers before 16 that? 17 THE WITNESS: Yes. 18 MS. HARRELL: Did you report to anybody else 19 during the transition between Angie Hiers and 20 Jonathan Kendrick? 21 THE WITNESS: No. 22 MS. HARRELL: So what was your involvement 23 with -- let me back up. Were you involved in the 24 strategic planning process that was initiated by 25 Mr. Zahn?</p>	<p style="text-align: right;">Page 12</p> <p>1 MS. HARRELL: Were you familiar with the 2 changes to JEA's compensation board policies, 3 Policy 2.7? 4 THE WITNESS: I was not involved in writing 5 it. I was made aware that they were going to 6 expand it, but it wasn't until a comp committee 7 meeting. 8 MS. HARRELL: In your role as director of 9 employee services, do you typically attend 10 compensation committee meetings? 11 THE WITNESS: No, I have not. 12 MS. HARRELL: Is it more that they take their 13 action and then you do what you're told or -- 14 THE WITNESS: When they have meetings. I 15 mean, they're public meetings, so if I'm informed 16 they're going to be having it and I think I need 17 to be there, I'll be there. But for the most 18 part that's been meeting that the senior 19 leadership would be at. And most of the time I 20 would provide some input, but I was not part of 21 the overall presentation or approval of it or 22 anything. I would just go as a spectator. 23 MS. HARRELL: Were you a spectator at the 24 January 2019 compensation committee meeting? 25 THE WITNESS: I don't recall. I attended a</p>

<p style="text-align: right;">Page 13</p> <p>1 compensation committee meeting, but I don't know 2 if it was that one or not.</p> <p>3 MS. HARRELL: Do you know if that was -- if 4 the meeting you attended was one where they 5 discussed a long-term incentive plan?</p> <p>6 THE WITNESS: No. The one that I was at was 7 the general change in philosophy, discussion 8 about strategy, a timeline of the strategy. It 9 was a little bit thicker document.</p> <p>10 But I -- and that was the very first time 11 that I think I saw that they were changing the 12 philosophy to include more compensation 13 components. But I've never been a part of a 14 meeting where they actually discussed any 15 specific plan document or design of that plan 16 document.</p> <p>17 MS. TEODORESCU: Did JEA commission Willis 18 Towers Watson to do a compensation study in 2018?</p> <p>19 THE WITNESS: There was a request via email 20 to -- that there was going to be a need, and so 21 they were looking for the -- what do you call 22 those -- a statement of work, SOWs. It didn't 23 really come to fruition until January of 2018.</p> <p>24 MS. TEODORESCU: So when was that email sent?</p> <p>25 THE WITNESS: Actually, I wrote them down.</p>	<p style="text-align: right;">Page 15</p> <p>1 MS. TEODORESCU: So he requested the creation 2 of a long-term incentive plan?</p> <p>3 THE WITNESS: For us to identify the 4 benchmarks and to do the study and, you know, to 5 design something, yes. And at that time it was 6 in 2018. I don't remember the exact time. I'm 7 thinking October time frame, maybe September. 8 But I don't have the exact date on that.</p> <p>9 MS. HARRELL: When you say that he had asked 10 that "we create an LTI plan," who is "we"? Is it 11 "we," JEA?</p> <p>12 THE WITNESS: We, JEA.</p> <p>13 MS. HARRELL: Did he direct you to consult 14 with Willis Towers Watson or --</p> <p>15 THE WITNESS: No. It was, "We want to look 16 at total compensation." LTI is a part of a total 17 compensation. And he wasn't giving us a 18 directive on who to go to. For a matter of fact, 19 I think he -- you know, if we had the skill sets 20 to do it, we would have designed -- we could have 21 maybe designed it in house. But we didn't have 22 those skill sets, and we wanted a third-party 23 opinion.</p> <p>24 So several -- there were a couple of months 25 that went by that we were not only talking about</p>
<p style="text-align: right;">Page 14</p> <p>1 And they're not in our -- they're not in our 2 phones anymore, so -- there was an email on 3 12/17/2019 that requested them put together a 4 statement of work.</p> <p>5 MS. TEODORESCU: I'm sorry. 2019.</p> <p>6 THE WITNESS: December -- I'm sorry. 7 December 17th, 2018. Sorry. Thank you. 2018. 8 I'm losing track of time.</p> <p>9 MS. TEODORESCU: I know. I think last year, 10 I think '18 because I think it's '19.</p> <p>11 THE WITNESS: No. You're right. It was 12 2018. I apologize.</p> <p>13 MS. TEODORESCU: And who sent it?</p> <p>14 THE WITNESS: Angie Hiers had sent it to me, 15 and then I subsequently forwarded that to Willis 16 Towers Watson.</p> <p>17 MS. TEODORESCU: Did Ms. Hiers send it -- was 18 it her own initiative, or was she directed by 19 somebody else?</p> <p>20 THE WITNESS: My understanding was -- in a 21 one-on-one, my biweekly one-on-one with Angie was 22 that they were going to be -- that Aaron had 23 asked that we created -- create an LTI plan.</p> <p>24 MS. TEODORESCU: And Aaron would be --</p> <p>25 THE WITNESS: Aaron Zahn.</p>	<p style="text-align: right;">Page 16</p> <p>1 LTI, but talking about STI. And we already have 2 an STI plan in place, so, you know, it morphed 3 into STI and LTI, and that's when I said, "We 4 probably need a consultant."</p> <p>5 MS. HARRELL: And had JEA already done some 6 work with Willis Towers Watson?</p> <p>7 THE WITNESS: Yes.</p> <p>8 MS. TEODORESCU: Were they under contract, or 9 did you have to issue a -- I don't know -- a 10 purchase order? I don't know how you handled 11 this.</p> <p>12 THE WITNESS: So typically with Towers in the 13 past -- they've been doing work with us since the 14 2011 time frame, and they do periodic studies for 15 us about every two years. And the work that 16 they've done builds on itself, and that creates 17 cost savings for JEA as well. And they don't 18 have to go back and start from ground zero.</p> <p>19 And so my understanding is from procurement 20 that that is treated as a sole source, and so my 21 job was pretty much to -- it wasn't my job. 22 Angie's job was to work with procurement, to -- 23 you know, we would get the statement of work and 24 then get procurement to assign the funds as a 25 sole source.</p>

<p style="text-align: right;">Page 17</p> <p>1 MS. TEODORESCU: Who was the point of contact</p> <p>2 at JEA for Towers Watson.</p> <p>3 THE WITNESS: Myself, primarily.</p> <p>4 MS. TEODORESCU: And who was the point of</p> <p>5 contact at Towers Watson.</p> <p>6 THE WITNESS: There were two. It was be</p> <p>7 Andrea Deeb, D-e-e-b, and David Wathen,</p> <p>8 W-a-t-h-e-n.</p> <p>9 MS. TEODORESCU: When did you first contact</p> <p>10 them about this study?</p> <p>11 THE WITNESS: So let me look at my notes</p> <p>12 here. It was on or around late November. We</p> <p>13 were emailing them about some STI changes that we</p> <p>14 were looking at, and in that email -- it was</p> <p>15 11/26/2018 -- the CEO is seeking to put LTI in</p> <p>16 place, is what that email says.</p> <p>17 So that's kind of the first time that I said</p> <p>18 to them -- we had already been talking about some</p> <p>19 concepts, but that's when it kind of -- said this</p> <p>20 is what we've been directed to do.</p> <p>21 MS. HARRELL: By concepts, do you mean LTI</p> <p>22 concepts or just --</p> <p>23 THE WITNESS: Independent contracts, total</p> <p>24 compensation, things of that nature. It wasn't</p> <p>25 atypical for me to email them and ask them</p>	<p style="text-align: right;">Page 19</p> <p>1 Strackbine, myself. I think that was it.</p> <p>2 MS. HARRELL: Who is Scott Strackbine?</p> <p>3 THE WITNESS: He was a compensation</p> <p>4 specialist that worked for me. He was one of my</p> <p>5 staff.</p> <p>6 MS. HARRELL: Is he still with JEA.</p> <p>7 THE WITNESS: No.</p> <p>8 MS. HARRELL: Do you know where he is now?</p> <p>9 THE WITNESS: Yes. He is back at his</p> <p>10 previous company, and that was Blizzard,</p> <p>11 B-l-i-z-z-a-r-d. It's a big technology gaming</p> <p>12 company.</p> <p>13 MS. HARRELL: When did he leave JEA?</p> <p>14 THE WITNESS: He left around the middle of</p> <p>15 November 2019.</p> <p>16 MS. HARRELL: Do you know why he left?</p> <p>17 THE WITNESS: His wife was having a baby, and</p> <p>18 their family is in California, so he wanted to go</p> <p>19 back to California.</p> <p>20 MS. HARRELL: Okay.</p> <p>21 THE WITNESS: To be with their family.</p> <p>22 That's my understanding. It was not related to</p> <p>23 anything going on here.</p> <p>24 MS. HARRELL: Okay.</p> <p>25 MS. TEODORESCU: So you mentioned that JEA</p>
<p style="text-align: right;">Page 18</p> <p>1 questions because they had our data and they knew</p> <p>2 it, you know, kind of a resource. So...</p> <p>3 MS. TEODORESCU: So what was Towers Watson</p> <p>4 expected to do in -- as of November 26, 2018?</p> <p>5 THE WITNESS: So we were just -- we weren't</p> <p>6 really in an engagement with them at that point.</p> <p>7 We did not engage with them until January of</p> <p>8 2019, and we didn't have a call with them until</p> <p>9 1/4/2019. So that was our first call to actually</p> <p>10 solidify what exactly the work was going to look</p> <p>11 like.</p> <p>12 So in that discussion was where we detailed a</p> <p>13 compensation analysis to include looking at, you</p> <p>14 know, the competitiveness or appropriateness of</p> <p>15 our short-term insensitive plan to the market,</p> <p>16 doing a total -- what we call total cash</p> <p>17 analysis, which includes, base plus incentives</p> <p>18 equals total cash.</p> <p>19 And then we also asked them to look at</p> <p>20 helping us with an LTI plan, what that looks like</p> <p>21 in the market, and helping to develop something</p> <p>22 related to that.</p> <p>23 MS. HARRELL: Who was on that call?</p> <p>24 THE WITNESS: Andrea Deeb should have been on</p> <p>25 the call. David Wathen, Angie Hiers, Scott</p>	<p style="text-align: right;">Page 20</p> <p>1 had a short-term incentive plan.</p> <p>2 THE WITNESS: Uh-huh.</p> <p>3 MS. TEODORESCU: And was Towers Watson</p> <p>4 supposed to do anything about the short-term</p> <p>5 incentive plan?</p> <p>6 THE WITNESS: Yes. They were going to look</p> <p>7 at -- so part of this was to look at all the</p> <p>8 components of compensation and determine if they</p> <p>9 were competitive. And so Towers has done base</p> <p>10 salary analysis for us. That's the main thing we</p> <p>11 focused on for probably the last seven or eight</p> <p>12 years, since 2011, was trying to make sure our</p> <p>13 jobs were positioned appropriately, the base</p> <p>14 salary was positioned appropriately.</p> <p>15 And with the incentive, the thought process</p> <p>16 from my perspective was we already had a</p> <p>17 short-term incentive plan in place. It was</p> <p>18 already acceptable. It's been in place for many</p> <p>19 years, since as far back as 1990, that we would</p> <p>20 focus on making that a little bit more</p> <p>21 competitive than adding a new and different</p> <p>22 component of compensation, such as LTI or</p> <p>23 profit-sharing or something of that nature.</p> <p>24 And so we were just asking them to look at it</p> <p>25 and give us an opinion of what we -- you know, we</p>

<p style="text-align: right;">Page 21</p> <p>1 have an ability to see this information, but we  2 wanted an external objective opinion on what  3 we're viewing, as well as what they're seeing  4 compared to the peer companies that we'd be  5 comparing ourselves to.</p> <p>6 MS. TEODORESCU: And did they tell you what  7 companies they were going to compare you to?</p> <p>8 THE WITNESS: So they perform a survey, and  9 in that survey is a \$1 to \$3 billion revenue cut.  10 And those are companies that are similarly sized  11 in the energy and utility industry, similar  12 revenues. So they would compare us to those  13 particular companies.</p> <p>14 A couple that come to mind would be Colorado  15 Springs. I want to say maybe Omaha. So they're  16 public -- they're public entities. But, I mean,  17 if you need that list, I can get that list for  18 you.</p> <p>19 But, yeah, they would -- and some of those  20 might be IOUs, investor-owned utilities. So that  21 would be -- that would be their first pass.  22 They'd look at the top ten or the -- I'm sorry.  23 They would look at the companies in the large  24 public utilities, LPPC and the American power  25 companies. So they would look at those.</p>	<p style="text-align: right;">Page 23</p> <p>1 incentives, total cash, LTI, and then total  2 compensation.</p> <p>3 MS. TEODORESCU: And were you given a target  4 by JEA, a benchmark of sorts, you know, we must  5 meet a certain percentile of the market?</p> <p>6 THE WITNESS: According to our comp committee  7 document, my understanding was we were seeking to  8 achieve market. So we -- in the past it  9 indicated that base would be market 50th, which  10 means market average. That's where the majority  11 of experienced people cluster, so we wanted to be  12 in there with just, like, the average of the  13 market.</p> <p>14 The new compensation philosophy that was  15 updated now included STI, total cash, LTI, and  16 total comp. So it expanded that to say that we  17 were, as a company from that statement, going to  18 be positioned the 50th percentile or market  19 average on the -- on each of those components,  20 which in the past we had never, you know, done  21 that before.</p> <p>22 MS. TEODORESCU: Why not do it?</p> <p>23 THE WITNESS: It was cost-prohibitive.</p> <p>24 MS. TEODORESCU: Why?</p> <p>25 THE WITNESS: To be market 50th on all those</p>
<p style="text-align: right;">Page 22</p> <p>1 And then they might look at proxy data if  2 they're looking at the CEO or FLT, which tends to  3 be a little bit more customized.</p> <p>4 MS. TEODORESCU: And was Towers Watson  5 expected to look at CEO compensation as well?</p> <p>6 THE WITNESS: Yes. They were asked to look  7 at all employees and to do a CEO analysis, like a  8 peer analysis, which they had done back in 2017  9 for us.</p> <p>10 So we were asking for a similar look to what  11 we did in 2017 to refresh it, but then the LTI  12 was the new piece and the FTI was the new -- two  13 new pieces.</p> <p>14 MS. TEODORESCU: Was Towers Watson supposed  15 to analyze each component separately to see if  16 each component is competitive on the market or  17 just look at the -- eventually look at total  18 compensation to see if it's competitive?</p> <p>19 THE WITNESS: They would look at it -- just  20 philosophically, this is how they do the  21 methodology, is they would look at each  22 component. So each component is calculated and  23 determined separate of each other. They're each  24 unique components.</p> <p>25 They would be looking at base, short-term</p>	<p style="text-align: right;">Page 24</p> <p>1 components. LTL plans tend to be used by  2 investor-owned utilities, and they're -- they can  3 be very expensive. And they're not always  4 provided in private -- they're not provided to  5 everyone in private sectors, so there's some  6 limitations on the ability to provide, you know,  7 everybody in the company the same types of  8 incentives, unlike government, where it requires  9 you to deliver a program to everybody, an  10 incentive program. So it creates some  11 complications.</p> <p>12 MS. TEODORESCU: Was this issue discussed  13 with anyone at JEA, the prohibitive costs of  14 LTIs?</p> <p>15 THE WITNESS: So Angie Hiers has been  16 there -- had been there for six years, and she  17 operated under -- she worked under Paul McElroy.</p> <p>18 And, you know, yes, we would -- they had a  19 view of what the market looked like. They knew  20 that there was STI, total cash, long-term  21 incentives. And so they knew what those numbers  22 looked like. They knew, you know, what  23 populations usually get those types of incentive  24 programs.</p> <p>25 And the decision at the leadership level was,</p>

<p style="text-align: right;">Page 25</p> <p>1 No, we're not going to do that now.</p> <p>2 I don't know exactly why they chose not to do</p> <p>3 it. That was just -- from the time I got here,</p> <p>4 that's not something that was acceptable. From a</p> <p>5 compensation perspective -- you know, I've worked</p> <p>6 in comp for 30 years -- government does not</p> <p>7 typically have long-term incentives.</p> <p>8 I shared that with the leadership team. I</p> <p>9 shared -- you know, I did some benchmarking and</p> <p>10 shared with them that my understanding was that</p> <p>11 probably less than 25 percent of public entities</p> <p>12 have long-term incentive plans. It's not</p> <p>13 uncommon to see incentive plans, but not</p> <p>14 long-term incentive plans. And that's primarily</p> <p>15 they're -- in investor-owned utilities, you have</p> <p>16 to have specific metrics, usually, like, stock,</p> <p>17 you know, shareholder value, things like that.</p> <p>18 So the metrics were -- you know, I wasn't</p> <p>19 aware of metrics we would be able to use for a</p> <p>20 long-term incentive plan, plus the limitation</p> <p>21 that the law states everybody has to get it. And</p> <p>22 then on top of that, typically those types of</p> <p>23 plans are not provided to someone of the lower</p> <p>24 level because of the strategic impact of the</p> <p>25 organization. So those are usually supplemental</p>	<p style="text-align: right;">Page 27</p> <p>1 surveys. There's a Vivint (phonetic) survey that</p> <p>2 I pulled from -- on public entities.</p> <p>3 I had sent an email to Andrea a little bit</p> <p>4 earlier, maybe around October, November. I'm not</p> <p>5 real sure of the date. But I said, "Hey, we're</p> <p>6 thinking about an LTI plan. Here's what I know.</p> <p>7 Is it -- are you kind of on the same page with</p> <p>8 me?" And this was in 2018, not when we engaged</p> <p>9 them.</p> <p>10 And their feedback to me was, "Well, it's</p> <p>11 probably a little bit less than 20." I said 25</p> <p>12 percent. They said, "It's probably a little bit</p> <p>13 less than 25 percent." So they were already</p> <p>14 saying, "Hey, this is rare."</p> <p>15 So -- and they also had said they found some,</p> <p>16 you know, real basic information I provided them</p> <p>17 and said, "Well, based on what you're telling us,</p> <p>18 we would need more information," which kind of</p> <p>19 leads to a project.</p> <p>20 MS. HARRELL: So it's past phone call day and</p> <p>21 you said, Hey, what do what you think?</p> <p>22 THE WITNESS: You said hello and now -- yeah.</p> <p>23 MS. HARRELL: Yeah. Hello starts costing me</p> <p>24 money.</p> <p>25 THE WITNESS: Exactly.</p>
<p style="text-align: right;">Page 26</p> <p>1 to somebody who is higher level in the</p> <p>2 organization.</p> <p>3 MS. TEODORESCU: So you said that you shared</p> <p>4 this with -- you shared this information with the</p> <p>5 leadership team. Who were those individuals?</p> <p>6 THE WITNESS: I shared it with Angie Hiers.</p> <p>7 So I shared a white paper with her that just had</p> <p>8 some general information saying LTIs are not</p> <p>9 common, if -- if you do have an LTI in the public</p> <p>10 sector, if you do have one, it's going to be a</p> <p>11 three- to five-year program. It's -- you know,</p> <p>12 it's not going to come to vest, so to speak, pay</p> <p>13 out, for three to five years. You can have</p> <p>14 multiple cycles, just told her a little bit about</p> <p>15 what some of the metrics are. Usually they're</p> <p>16 financial or operational and things of that --</p> <p>17 that nature.</p> <p>18 So I was just trying to say, Listen, this is</p> <p>19 rare. I'm not sure, you know, we can do this.</p> <p>20 MS. HARRELL: What's the source of this white</p> <p>21 paper? Is this something you created?</p> <p>22 THE WITNESS: Uh-huh, yes. And I -- it was</p> <p>23 just a basic -- nothing formal, I mean, nothing</p> <p>24 really fancy or anything. It was just some</p> <p>25 information that I pulled from a couple of</p>	<p style="text-align: right;">Page 28</p> <p>1 MS. TEODORESCU: So they said it's probably</p> <p>2 less than 25 percent of public utilities --</p> <p>3 THE WITNESS: Uh-huh.</p> <p>4 MS. TEODORESCU: -- that would have an LTI</p> <p>5 plan?</p> <p>6 THE WITNESS: Uh-huh.</p> <p>7 MS. TEODORESCU: And would that be an LTI</p> <p>8 plan for all employees?</p> <p>9 THE WITNESS: They -- I don't think at the</p> <p>10 time that Towers -- or Willis Towers Watson had</p> <p>11 really dove into the State requirements for</p> <p>12 plans. I think at some point I advised them</p> <p>13 that, "Oh, by the way, these have to be for all</p> <p>14 employees."</p> <p>15 And when you start talking about that, then</p> <p>16 people go, "Oh." Because they were on the</p> <p>17 premise that, oh, an LTI plan was typically</p> <p>18 provided to leadership. And they didn't give any</p> <p>19 specific information as to whether these public</p> <p>20 utilities had them at leadership levels. They</p> <p>21 just didn't provide that information yet. They</p> <p>22 did, I think, later on, when they actually did</p> <p>23 the study for us. But...</p> <p>24 MS. TEODORESCU: So Towers Watson wasn't</p> <p>25 looking at public utilities just in Florida when</p>

<p style="text-align: right;">Page 29</p> <p>1 they were doing their study; correct?</p> <p>2 THE WITNESS: Right. Right. They're going</p> <p>3 to look at public utilities that are similarly</p> <p>4 situated as JEA. So there are very few utilities</p> <p>5 in Florida that are of similar size and revenue</p> <p>6 base.</p> <p>7 So as an example you wouldn't necessarily</p> <p>8 compare yourself to NextEra because they're huge.</p> <p>9 They're bigger than us. They're probably a --</p> <p>10 maybe a \$6- or \$10 billion company. You usually</p> <p>11 stick to a small range, which the bucket tends to</p> <p>12 be \$1- to \$3 billion.</p> <p>13 So they'll look at companies around there.</p> <p>14 GRU is not as big as JEA, OUC. I mean, we will</p> <p>15 look at them because we're public and we need to</p> <p>16 know what they're doing because they're close</p> <p>17 proximity to us.</p> <p>18 But what they do versus what we do typically</p> <p>19 should look a little different from the</p> <p>20 standpoint of the type of compensation they can</p> <p>21 deliver. They should not -- but they shouldn't</p> <p>22 be delivering LTI to a segment of their</p> <p>23 population and not another segment, either,</p> <p>24 because they're public. So --</p> <p>25 MS. TEODORESCU: You mean they're public in</p>	<p style="text-align: right;">Page 31</p> <p>1 THE WITNESS: Well, Tennessee Valley</p> <p>2 Authority was a document that was pulled by one</p> <p>3 of the leaders to show that there was a company</p> <p>4 with an LTI, but that was not one of the</p> <p>5 companies that we actually surveyed.</p> <p>6 MS. TEODORESCU: And Tennessee Valley</p> <p>7 Authority only had it for management; correct?</p> <p>8 THE WITNESS: I don't recall the actual</p> <p>9 details. It was provided to me by somebody else,</p> <p>10 and I didn't really look at it.</p> <p>11 MS. HARRELL: How does Tennessee Valley</p> <p>12 Authority compare to JEA? Are they in that 1- to</p> <p>13 3 billion range?</p> <p>14 THE WITNESS: I don't know for sure.</p> <p>15 MS. TEODORESCU: So when did you have this</p> <p>16 discussion with Towers Watson about very few</p> <p>17 public utilities have LTIs?</p> <p>18 THE WITNESS: Uh-huh. Let me look and see if</p> <p>19 I -- (examining document.)</p> <p>20 It seemed like late November, between</p> <p>21 November 2018, the middle of -- end of November</p> <p>22 to sometime in the beginning of December we had</p> <p>23 started to begin to talk to them about --</p> <p>24 I don't know if you have it. I think I have</p> <p>25 the email. Do you want me to look and see if I</p>
<p style="text-align: right;">Page 30</p> <p>1 Florida --</p> <p>2 THE WITNESS: Right.</p> <p>3 MS. TEODORESCU: -- under Florida law?</p> <p>4 THE WITNESS: Correct. And I don't know what</p> <p>5 the rules are outside of Florida for public</p> <p>6 utilities. I have no idea. So they could -- we</p> <p>7 did do an informal survey. Scott Strackbine did</p> <p>8 reach out to -- there's a group of ten or so</p> <p>9 utilities that we will reach out to across the</p> <p>10 country that are, again, similar situated to us,</p> <p>11 and we will ask them what they do with</p> <p>12 compensation, you know, do you have executive</p> <p>13 agreements, do you have incentive.</p> <p>14 And to my knowledge, there was only one</p> <p>15 company out of these ten or so that all said, No,</p> <p>16 we don't have an LTI program. So even outside of</p> <p>17 Florida, we are being told that other public</p> <p>18 utilities that we even call our peers didn't have</p> <p>19 LTI programs.</p> <p>20 MS. TEODORESCU: With one exception?</p> <p>21 THE WITNESS: Yeah, and I don't remember</p> <p>22 whether -- I'm going to say it was the one in</p> <p>23 California. Is that the one in California?</p> <p>24 MS. TEODORESCU: Was it Tennessee Valley</p> <p>25 Authority?</p>	<p style="text-align: right;">Page 32</p> <p>1 have the exact date?</p> <p>2 MS. TEODORESCU: That would be great.</p> <p>3 THE WITNESS: So it seemed like it was around</p> <p>4 November 26th. It was titled "JEA Compensation</p> <p>5 Analysis." So I don't know if you guys have</p> <p>6 that.</p> <p>7 MS. TEODORESCU: I'm not sure that we do.</p> <p>8 But if possible, I would like to make a copy --</p> <p>9 THE WITNESS: Uh-huh, sure.</p> <p>10 MS. TEODORESCU: -- during a break, maybe.</p> <p>11 THE WITNESS: Okay.</p> <p>12 MS. TEODORESCU: And that would be the date</p> <p>13 when you first reach out to them to inform</p> <p>14 them --</p> <p>15 THE WITNESS: Asked some questions. Right,</p> <p>16 asked some questions. And then on, it looks like</p> <p>17 around December 27th of 2018, there was an email</p> <p>18 from me to Andrea Deeb. And it talks about "The</p> <p>19 CEO and senior leadership team have been working</p> <p>20 on aligning the incentive opportunities to</p> <p>21 achieve an overall market competitive position."</p> <p>22 And I -- it goes on to say "They intend to</p> <p>23 present their proposal to the board at the</p> <p>24 January meeting." So we were trying to get them</p> <p>25 to look at, you know, the incentive plans. We --</p>

<p style="text-align: right;">Page 33</p> <p>1 here it says "Variable, total cash, and total 2 cost." So, you know, we were engaging in, you 3 know, more serious discussions about getting them 4 involved. 5 MS. TEODORESCU: So I'm trying to get an idea 6 of Towers Watson's work on this project -- 7 THE WITNESS: Uh-huh. 8 MS. TEODORESCU: -- how it evolved, what 9 discussions they had with you, with JEA, the 10 back-and-forth. 11 THE WITNESS: Uh-huh. 12 MS. TEODORESCU: And you know, I mean, I'll 13 ask questions, but at some point you probably 14 know better than, you know, me just trying to ask 15 questions. 16 THE WITNESS: Great. Okay. So like I said, 17 our first meeting was on January 4th, where we 18 discussed what the objectives of the project 19 would be, the output. 20 MS. TEODORESCU: Was this a meeting in person 21 or phone conference? 22 THE WITNESS: Conference call. 23 MS. TEODORESCU: And who was on it? 24 THE WITNESS: Angie Hiers, the Scott 25 Strackbine, and myself.</p>	<p style="text-align: right;">Page 35</p> <p>1 MS. HARRELL: Yeah. 2 THE WITNESS: Don't know if you have them or 3 not. 4 MS. TEODORESCU: Well, you know, it would be 5 fastest for me to just walk out and make copies 6 because the printer is right around the corner. 7 MS. HARRELL: Right. You can make a copy of 8 Garrity, too. 9 MS. TEODORESCU: Yes. 10 MS. HARRELL: Okay. So you know what? We 11 can take a quick little break while she's doing 12 that. I actually need to grab some notes. 13 (Discussion off record and brief recess from 14 2:42 p.m. until 2:44 p.m.) 15 MS. TEODORESCU: So, Ms. Maillis, the 16 November 26th emails that we discussed earlier, 17 are these the documents -- the emails that we 18 talked about earlier? 19 THE WITNESS: (Examining documents.) 20 Yes. 21 MS. TEODORESCU: All right. Can we mark 22 these as Exhibit 1. 23 (Exhibit 1, November 26 Emails, was marked 24 for identification.) 25 (Discussion held off record.)</p>
<p style="text-align: right;">Page 34</p> <p>1 MS. TEODORESCU: And from -- oh, it was 2 internal, just JEA, or Towers Watson as well? 3 THE WITNESS: Towers Watson. It was Andrea 4 Deeb and David Watson. 5 MS. TEODORESCU: Oh, okay. 6 THE WITNESS: Uh-huh, uh-huh. 7 MS. TEODORESCU: And you discussed objectives 8 at that point. And was there a decision of what 9 Towers Watson were supposed to go and do, what 10 they were supposed to do? 11 THE WITNESS: They provided us a brief 12 summary of what they would be doing, and then 13 that would be followed up with a clear statement 14 of work or a proposal that we would actually sign 15 with costs associated with it. 16 So do you want me to read this to you? 17 MS. TEODORESCU: You don't have to. 18 THE WITNESS: Submit it? 19 MS. TEODORESCU: You know, maybe we could 20 make a copy. Should we make exhibits of this -- 21 MS. HARRELL: Yeah. 22 MS. TEODORESCU: -- so we can keep track of 23 things? 24 MS. HARRELL: Yes. 25 THE WITNESS: These are the first two.</p>	<p style="text-align: right;">Page 36</p> <p>1 MS. TEODORESCU: And then you mentioned an 2 email from December 27th; correct? 3 THE WITNESS: Yes. 4 MS. TEODORESCU: And is this the email you 5 were talking about? 6 THE WITNESS: Yes. 7 MS. TEODORESCU: And we'll mark this one as 8 Exhibit 2. 9 (Exhibit 2, December 27 Email, was marked for 10 identification.) 11 MS. TEODORESCU: You also mentioned that 12 Towers Watson provided a brief summary after the 13 January 4th phone conversation or during the 14 January 4th conversation. I'm not sure. 15 THE WITNESS: It was follow- -- I mean, they 16 went over this with us, but this was the 17 follow-up summary to our discussion in the 18 meeting. 19 MS. TEODORESCU: And it's this two-page 20 document here. 21 THE WITNESS: Yes. 22 MS. TEODORESCU: I know it's double-sided. I 23 copied it single-sided. 24 THE WITNESS: Yes. That's just a brief 25 summary to kind of reconfirm what we talked about</p>

<p style="text-align: right;">Page 37</p> <p>1 and what the expectations are of the project.</p> <p>2 MS. TEODORESCU: We will make this Exhibit 3.</p> <p>3 (Exhibit 3, Two-Page Summary, was marked for</p> <p>4 identification.)</p> <p>5 MS. TEODORESCU: And you've also provided a</p> <p>6 document dated January 30th, 2019 --</p> <p>7 THE WITNESS: Uh-huh.</p> <p>8 MS. TEODORESCU: -- a Proposal for Incentive</p> <p>9 Plan Review and Design.</p> <p>10 THE WITNESS: Uh-huh, uh-huh.</p> <p>11 MS. TEODORESCU: You mentioned earlier that</p> <p>12 after the January 4th phone call, Towers Watson</p> <p>13 provided the summary we looked at as Exhibit 3</p> <p>14 and later on they provided a proposal --</p> <p>15 THE WITNESS: Yes.</p> <p>16 MS. TEODORESCU: -- of the work they were</p> <p>17 going to do. And is this January 30th document</p> <p>18 the proposal they submitted?</p> <p>19 THE WITNESS: Yes.</p> <p>20 MS. TEODORESCU: All right. So we'll make</p> <p>21 this Exhibit 4.</p> <p>22 (Exhibit 4, January 30 Proposal, was marked</p> <p>23 for identification.)</p> <p>24 MS. TEODORESCU: Now, between January 4th and</p> <p>25 January 30th, were there any communications with</p>	<p style="text-align: right;">Page 39</p> <p>1 tomorrow a short scenario/scope of the possible</p> <p>2 engagement. It does not need to include the</p> <p>3 price as yet, in other words, what they will</p> <p>4 actually do." And we -- and it has in bold, "We</p> <p>5 need to give this to our compensation chair</p> <p>6 tomorrow." So this would have been January 8th</p> <p>7 that they were trying to get this to the chair.</p> <p>8 It goes on to say "It should include the</p> <p>9 following: How Towers will assist in the design</p> <p>10 of the STI, the LTI." Then "to support the</p> <p>11 culture and the guiding principles" --</p> <p>12 THE COURT REPORTER: I'm sorry?</p> <p>13 THE WITNESS: I'm sorry. It goes on just to</p> <p>14 say "to support the culture and the guiding</p> <p>15 principles, and the incentive plan will be</p> <p>16 connected to metrics."</p> <p>17 So it was just we needed the statements of</p> <p>18 work that we've already talked about to be</p> <p>19 available for them, something so the compensation</p> <p>20 chair could see what the work was going to look</p> <p>21 like.</p> <p>22 MS. TEODORESCU: And is that when Towers</p> <p>23 Watson provided Exhibit 3, the incentive plan</p> <p>24 that you project out -- project outline?</p> <p>25 THE WITNESS: Yes, I think so. That would</p>
<p style="text-align: right;">Page 38</p> <p>1 Towers Watson about this project?</p> <p>2 THE WITNESS: I -- I don't recall. I</p> <p>3 don't -- I don't think any work started until we</p> <p>4 actually got the proposal signed, the agreement</p> <p>5 that this was the work we going to do. But I</p> <p>6 don't recall exactly. If -- if there was any</p> <p>7 communications, it was simply starting to provide</p> <p>8 them information, like data census and things</p> <p>9 like that regarding the workforce.</p> <p>10 MS. TEODORESCU: There was a compensation</p> <p>11 committee meeting in January 2019 and the board</p> <p>12 meeting following that committee meeting. Do you</p> <p>13 think that's the committee meeting you may have</p> <p>14 attended?</p> <p>15 THE WITNESS: I honestly don't recall if it</p> <p>16 was in the fall or if it was January.</p> <p>17 Unfortunately, I'm blurry.</p> <p>18 MS. TEODORESCU: And after January 30th, when</p> <p>19 you received the Towers Watson proposal for the</p> <p>20 incentive plan, what happened from then on?</p> <p>21 What's the next step?</p> <p>22 THE WITNESS: So it looks like I got an email</p> <p>23 from Angie on January 7th that says "Will you</p> <p>24 please contact Towers Watson and ask them if they</p> <p>25 would provide by the beginning of the workday</p>	<p style="text-align: right;">Page 40</p> <p>1 have been on the only thing that we would have</p> <p>2 had to provide them.</p> <p>3 MS. TEODORESCU: What's a straw man design?</p> <p>4 THE WITNESS: It's typically -- it's not a</p> <p>5 plan. It's just this is kind of the basic</p> <p>6 components and construction of what it could look</p> <p>7 like, but it's not the plan details, it's not,</p> <p>8 you know, the actual plan design of anything of</p> <p>9 that nature. It's just here's the general</p> <p>10 construct of what it could look like.</p> <p>11 MS. TEODORESCU: In theory, you could do</p> <p>12 this, you could do that?</p> <p>13 THE WITNESS: Yes.</p> <p>14 MS. TEODORESCU: And the -- did Towers Watson</p> <p>15 provide this short scenario, this Exhibit 2 --</p> <p>16 Exhibit 2 or 3 -- it's 3 -- Exhibit 3 the</p> <p>17 following day or that day on January 7th or 8th?</p> <p>18 THE WITNESS: I don't remember the exact date</p> <p>19 that I pulled it from the email, but I'm assuming</p> <p>20 it was around that time, yes.</p> <p>21 MS. TEODORESCU: And what happened after</p> <p>22 that? What -- what work did Towers Watson do</p> <p>23 from that point on?</p> <p>24 THE WITNESS: So -- so their job -- they</p> <p>25 wanted to get their statement of work put</p>



<p style="text-align: right;">Page 41</p> <p>1 together, the project plan, and make sure the</p> <p>2 company's agreeing to that before they start any</p> <p>3 work. So no work would start until they got the</p> <p>4 signed statement of work.</p> <p>5 MS. TEODORESCU: So that was after</p> <p>6 January 30th; correct?</p> <p>7 THE WITNESS: Correct.</p> <p>8 MS. TEODORESCU: And that's Exhibit 4?</p> <p>9 THE WITNESS: Uh-huh, yes.</p> <p>10 MS. TEODORESCU: Once this proposal was</p> <p>11 signed by JEA, what did Towers Watson do next?</p> <p>12 THE WITNESS: So they asked JEA to provide</p> <p>13 them information. That information would include</p> <p>14 a copy of our employee data. They'd want our</p> <p>15 short-term incentive plan. They'd want to look</p> <p>16 at things like the actual short-term incentive</p> <p>17 plan document. They'd look at our -- they asked</p> <p>18 for our financial statements. They wanted -- I</p> <p>19 think they wanted three years of our financial</p> <p>20 statements.</p> <p>21 Let's see. We have data as well that we</p> <p>22 receive from other -- from the surveys that we</p> <p>23 participate in, and they don't have access to</p> <p>24 that data. So they would take the data results</p> <p>25 that we would receive from LPPC, APPA, and data</p>	<p style="text-align: right;">Page 43</p> <p>1 leadership?</p> <p>2 THE WITNESS: Uh-huh. So there were -- we</p> <p>3 started -- between just a couple -- we would have</p> <p>4 almost, I think, two conference calls just to</p> <p>5 clarify their understanding of the data between</p> <p>6 that 31st and March.</p> <p>7 And we started preparing for the on-site</p> <p>8 meeting by March 19th, and that meeting would</p> <p>9 have included the CEO, CFO, CHRO, Scott, myself,</p> <p>10 Andrea, and David Watson from Towers -- Willis</p> <p>11 Towers Watson.</p> <p>12 And that -- I don't recall if we received any</p> <p>13 preliminary materials to look at before that</p> <p>14 meeting, but we had a meeting on March 27th with</p> <p>15 them on-site. So David was present. Andrea was</p> <p>16 on the phone, and Aaron Zahn was there. Ryan</p> <p>17 Wannemacher, Angie Hiers, Scott Strackbine, and</p> <p>18 myself were in that meeting.</p> <p>19 MS. TEODORESCU: And what happened at that</p> <p>20 meeting?</p> <p>21 THE WITNESS: So they provided us these three</p> <p>22 sets of documents, and they -- they basically</p> <p>23 were -- we went over, like, incentive plans. We</p> <p>24 went over market practices with LTI and a</p> <p>25 proposed design. And then CEO</p>
<p style="text-align: right;">Page 42</p> <p>1 sources that they don't have direct control over.</p> <p>2 And then they also had access already to</p> <p>3 their own data, which would be Towers Watson</p> <p>4 energy survey, the Towers Watson general industry</p> <p>5 survey. So the things that they actually</p> <p>6 sponsor, they'll have available to them already,</p> <p>7 but then we would provide them.</p> <p>8 So there was just -- it was just data</p> <p>9 interchange between the two companies so that</p> <p>10 they could start performing their analysis and</p> <p>11 recommendations.</p> <p>12 They would ask for, you know, how do we match</p> <p>13 certain jobs in the marketplace, and we would</p> <p>14 provide that. So we would provide as much</p> <p>15 information as we could to enable them -- their</p> <p>16 analysts to -- to do that work.</p> <p>17 And so, basically, then they go away. And</p> <p>18 for a month or so, you know, they'll only call us</p> <p>19 to clarify questions.</p> <p>20 MS. TEODORESCU: So when did they first --</p> <p>21 when did Towers Watson first provide a draft</p> <p>22 report, study --</p> <p>23 THE WITNESS: Uh-huh.</p> <p>24 MS. TEODORESCU: -- I don't know what you</p> <p>25 would call it -- that you shared with the higher</p>	<p style="text-align: right;">Page 44</p> <p>1 executive-appointed compensation, so really it's</p> <p>2 really more like this. This one was last. The</p> <p>3 meeting was to go over these materials.</p> <p>4 MS. TEODORESCU: Were these materials also</p> <p>5 provided by email?</p> <p>6 THE WITNESS: I don't recall if they were or</p> <p>7 not. Sorry.</p> <p>8 MS. TEODORESCU: That's okay. I'm just</p> <p>9 trying not to --</p> <p>10 THE WITNESS: I know. I know.</p> <p>11 MS. TEODORESCU: -- dismantle your --</p> <p>12 THE WITNESS: I know.</p> <p>13 MS. TEODORESCU: -- bound materials.</p> <p>14 MS. HARRELL: I can get Beth to come make</p> <p>15 copies.</p> <p>16 MS. TEODORESCU: Go off the record for a</p> <p>17 second.</p> <p>18 (Discussion held off record.)</p> <p>19 MS. TEODORESCU: Let's go back on the record.</p> <p>20 THE WITNESS: So I referenced that the</p> <p>21 meeting occurred on the 27th. That was</p> <p>22 incorrect. The meeting occurred on the 19th. I</p> <p>23 apologize. There was nothing on the 27th.</p> <p>24 MS. TEODORESCU: So it was March 19th, like</p> <p>25 the date on the document?</p>

<p style="text-align: right;">Page 45</p> <p>1 THE WITNESS: Right, right, right. And these  2 were drafts, so...</p> <p>3 It looked like you had it.</p> <p>4 MS. TEODORESCU: That's not it. No, that's  5 not the document. We're going to try to,  6 unfortunately, dismantle this. I think it's  7 possible.</p> <p>8 (Discussion held off record.)</p> <p>9 MS. TEODORESCU: But these would be  10 Exhibits 5, 6, and 7, or do would we make them  11 all 5?</p> <p>12 MS. HARRELL: Let's do 5, 6, and 7.</p> <p>13 MS. TEODORESCU: Okay. Let's go off the  14 record.</p> <p>15 (Discussion held off record.)</p> <p>16 MS. TEODORESCU: Okay. We can move on and  17 return to the -- just to clarify what exhibits  18 they are. Thank you.</p> <p>19 (Exhibits 5, 6, and 7, Incentive Plans, were  20 marked for identification.)</p> <p>21 MS. TEODORESCU: Okay. So how did that  22 meeting go?</p> <p>23 THE WITNESS: There was a lot of discussion,  24 and I think at the end of the meeting Aaron was  25 looking for actual plan design versus straw man.</p>	<p style="text-align: right;">Page 47</p> <p>1 finalized.</p> <p>2 And so doing a CEO analysis is appropriate,  3 to have somebody else do it and then communicate  4 that to a board member to say, This is what we  5 would recommend. And the board chair of that  6 committee would, you know, take it and decide is  7 that the right thing to do or, you know, how do  8 we want to proceed.</p> <p>9 If we don't want to follow their  10 recommendations, why would we not want to follow  11 their recommendations? So, in my mind, the  12 ultimate goal was to do the analysis, provide it  13 to the board. He had asked for a plan design.</p> <p>14 MS. TEODORESCU: He?</p> <p>15 THE WITNESS: Meaning Aaron Zahn had asked  16 for an LTI plan to be designed. And I think the  17 disconnect was that Willis Towers Watson was  18 providing more of the straw man, kind of a basic  19 construction, Here's things to consider. Here's  20 how it compares with the market, when, in fact,  21 he wanted them to design the plan. But they  22 really, I don't think, had enough information to  23 do that.</p> <p>24 But this meeting was a check and balance as  25 well. It was, Hey, we did all this work. Let's</p>
<p style="text-align: right;">Page 46</p> <p>1 MS. TEODORESCU: What makes you think that?</p> <p>2 THE WITNESS: I think he said it. I mean,  3 I -- if I recall, they -- you know, we had an  4 opportunity to look at, you know, was this -- did  5 they go down the right path in providing the  6 information that we expected them to provide.</p> <p>7 So after going through everything, it was  8 checked to say did you get everything that you  9 wanted and in terms of the statement of work.</p> <p>10 And the next step would have been to prepare for  11 them to either go to the committee, the  12 compensation committee, or the board and present  13 the information. That would be -- that's what, I  14 think Towers Watson thought they were going to do  15 at some point.</p> <p>16 MS. TEODORESCU: To present what information?</p> <p>17 THE WITNESS: To present all the information  18 that you saw in the exhibits, you know, the  19 pieces of that. Probably not all of that, but  20 high-level summaries of what -- you know, how JEA  21 compares to all those different components of  22 compensation so that the board would understand,  23 you know, what actions need to be taken with  24 compensation, as well as Aaron's contract had not  25 been finalized and his pay had not been</p>	<p style="text-align: right;">Page 48</p> <p>1 make sure we're on the right track, and there  2 will be, maybe, a subsequent meeting or  3 subsequent work done if this didn't deliver on  4 your expectations.</p> <p>5 MS. HARRELL: Did he express at that meeting  6 what he wanted?</p> <p>7 THE WITNESS: I don't remember the exact  8 words, but he wanted a plan design.</p> <p>9 MS. HARRELL: Okay. Not just a -- would you  10 consider the straw man to be like a framework?</p> <p>11 THE WITNESS: It would be a framework, yes.</p> <p>12 MS. HARRELL: And what would be the  13 difference between that and a plan design?</p> <p>14 THE WITNESS: A plan design would -- I mean,  15 it could be anything from the actual plan  16 document to how you're going to administer it to  17 the financials. It could be a whole myriad of  18 things.</p> <p>19 And, you know, I -- I get the impression  20 that, you know, again, that meeting was to  21 introduce, Here's what it looks like. Here's  22 what it could be like. But to have an actual  23 plan -- plan document, you have to price it out,  24 you have to provide strong, I guess, documents  25 related to the financials, what its effect -- the</p>

<p style="text-align: right;">Page 49</p> <p>1 term I'm looking for is the mechanics, more of 2 the mechanics.</p> <p>3 MS. HARRELL: Okay.</p> <p>4 THE WITNESS: And this was just various. 5 It's almost like the 100- or 1,000-foot view of 6 it, whereas he was trying to get to the more 7 specific.</p> <p>8 MS. HARRELL: Was it too soon in the process 9 to get that specific?</p> <p>10 THE WITNESS: I think Angie and myself and 11 Scott thought definitely it was too soon because 12 here we were -- you know, we asked them to do so 13 many different things --</p> <p>14 Bless you.</p> <p>15 -- that -- you know, you want to see what 16 their work like looks like first before you say, 17 That's exactly what we wanted. So we wanted to 18 see what they -- that's why it says "Draft" on 19 it.</p> <p>20 It was meant for discussion. It was meant to 21 check and balance if we were -- they were going 22 down the wrong road and to make fine-tune 23 corrections as follow-up because, ultimately, it 24 would go to the board. And that was the next 25 step.</p>	<p style="text-align: right;">Page 51</p> <p>1 the dona- -- you know, the money that we provide 2 the City and that would be one factor and it 3 would be based on a financial metric that the 4 company would determine.</p> <p>5 And she had -- she very broadly said, you 6 know, there would be -- what we thought it would 7 be tied to. And that was communicated, and I 8 believe that's in one of the presentations, you 9 know, what we were trying to tie it to.</p> <p>10 But, you know, again, it was -- my 11 understanding was we were just trying to develop 12 a long-term incentive plan that would be for -- 13 to incent innovation and long-term performance 14 and retention.</p> <p>15 One of the factors that I kept hearing 16 everybody was concerned about was the change from 17 the DB pension model to the DC pension model. 18 They felt like there would be higher turnover 19 going forward, and they were looking for a 20 mechanism to get people to stay with the company 21 a longer period of time. And a long-term 22 incentive that has three-years or five-year 23 payout periods or thresholds would definitely be 24 a retention factor. So we were operating under 25 the premise of innovation and retention.</p>
<p style="text-align: right;">Page 50</p> <p>1 And I think my understanding was he was 2 trying to get this to the board fairly quickly.</p> <p>3 MS. TEODORESCU: Do you know why?</p> <p>4 THE WITNESS: No, I have no idea why. But 5 everything operated quickly with the last 18 6 months. Everything was always urgent.</p> <p>7 MS. TEODORESCU: Did Mr. Zahn express any 8 displeasure with the work that Towers Watson had 9 done up to that point?</p> <p>10 THE WITNESS: He didn't verbalize it, but he 11 appeared to be not 100 percent satisfied. And 12 so, you know, Ryan was there, Ryan Wannemacher, 13 and I think he wanted to start to fine-tune what 14 the mechanics would look like in terms of 15 potential payout or something of that nature.</p> <p>16 So -- but I -- I can't say exactly, you know, 17 what his expectations were. He never really -- 18 he did not communicate with me directly.</p> <p>19 MS. TEODORESCU: Do you know if he 20 communicated with Ms. Hiers?</p> <p>21 THE WITNESS: I -- I would expect so.</p> <p>22 MS. TEODORESCU: Did she tell you anything?</p> <p>23 THE WITNESS: I mean, early on she mentioned 24 that we were going to tie it to our customer, so 25 to speak, there would be a way to with the City,</p>	<p style="text-align: right;">Page 52</p> <p>1 MS. TEODORESCU: You have heard since then 2 discussion of the performance unit plan or PUP, 3 P-U-P.</p> <p>4 THE WITNESS: Uh-huh.</p> <p>5 MS. TEODORESCU: At this March 19th meeting, 6 was there any discussion of anything like the 7 PUP?</p> <p>8 THE WITNESS: So a performance unit plan is a 9 form of long-term incentive, and most long-term 10 incentive is just what you're going to base it 11 on. So a unit plan, most companies would have 12 some unit of measurement.</p> <p>13 So the acronym, it's really, in my opinion, 14 almost synonymous with a long-term incentive 15 plan. It's just a form of long-term incentive 16 plan.</p> <p>17 MS. TEODORESCU: But from what you've heard 18 of the PUP that was eventually drafted and has 19 been discussed in the last few months --</p> <p>20 THE WITNESS: Uh-huh.</p> <p>21 MS. TEODORESCU: -- were any of those 22 specific elements of the PUP, the \$10 purchase 23 price for example --</p> <p>24 THE WITNESS: Uh-huh.</p> <p>25 MS. TEODORESCU: -- was that discussed at the</p>

<p style="text-align: right;">Page 53</p> <p>1 March 19th meeting, that kind of detail?</p> <p>2 THE WITNESS: I don't believe there was any</p> <p>3 discussion about the unit cost, you know, what</p> <p>4 price you were going to assign to it, how many</p> <p>5 shares or units you might have. It wasn't at</p> <p>6 that detail level.</p> <p>7 And I think that was one of the items that</p> <p>8 needed to come out going forward, was, you know,</p> <p>9 how would you cost this plan out because one of</p> <p>10 the key elements is to go to leadership and say,</p> <p>11 Well, what's the estimated cost of a plan?</p> <p>12 And we had -- we had done some work, meaning</p> <p>13 Scott and myself had done some modeling of what</p> <p>14 we thought it could be, but we were under the</p> <p>15 premise that it was only going to be provided to</p> <p>16 a smaller population, and that wouldn't have been</p> <p>17 appropriate because we would not have ended up</p> <p>18 giving a plan to just a segment of the</p> <p>19 population.</p> <p>20 MS. TEODORESCU: So when you say how would</p> <p>21 you cost this plan, what does that mean in</p> <p>22 laymen's term? Does it mean how much is it going</p> <p>23 to cost JEA in a payout --</p> <p>24 THE WITNESS: Uh-huh.</p> <p>25 MS. TEODORESCU: -- or what does it mean?</p>	<p style="text-align: right;">Page 55</p> <p>1 this case it would be everybody, we would say,</p> <p>2 Okay -- the only way I could -- the only way that</p> <p>3 I can personally cost it out is to say, Okay.</p> <p>4 What kind of value do we want to provide the</p> <p>5 employee? so what would be the maximum value and</p> <p>6 what might be the minimum value.</p> <p>7 And where I would come in is I would look at</p> <p>8 the market data, much like Willis Towers Watson</p> <p>9 might and say, Well, on average, if you are going</p> <p>10 to pay out, you know, a certain level, a</p> <p>11 different amount -- which I think is legal, but</p> <p>12 you might give them a different amount. You</p> <p>13 might say, We're going to give them a percentage</p> <p>14 of their pay, so we would say, We want them to</p> <p>15 receive -- you know, if it's \$10,000 or \$20,000,</p> <p>16 what percentage of their pay.</p> <p>17 So I would start with percentages and come up</p> <p>18 with dollars. And we did that. We -- we said,</p> <p>19 just from a budgetary standpoint, we actually</p> <p>20 recommended somewhere between -- and this is in</p> <p>21 combination with the short-term incentive. Total</p> <p>22 incentive would be paying somewhere between 13</p> <p>23 and 18 million, but that includes 7 million for</p> <p>24 the STI, so 7 minus 6, 6 to 9 million, somewhere</p> <p>25 in there, would be for long-term incentive.</p>
<p style="text-align: right;">Page 54</p> <p>1 THE WITNESS: So you -- first of all,</p> <p>2 somebody has got to decide what are going to be</p> <p>3 the factors that are going to be used to measure,</p> <p>4 and that was a discussion that I actually had</p> <p>5 with Ryan back in November of 2018 in a meeting.</p> <p>6 It was just a meeting that we had where I said,</p> <p>7 you know, "What are you going to spend on this</p> <p>8 plan? What are we looking at spending on this</p> <p>9 plan?"</p> <p>10 MS. TEODORESCU: What do you mean by</p> <p>11 "spending"?</p> <p>12 THE WITNESS: What's going to be the budget,</p> <p>13 what's going to be the average that we're going</p> <p>14 to be spending on this plan.</p> <p>15 For example, when we do the short-term</p> <p>16 incentive plan, I know that if we meet all</p> <p>17 objectives, I might pay 3 million out that year.</p> <p>18 If I exceed all objectives, I might pay 7 million</p> <p>19 out. So I know that that plan is between</p> <p>20 basically zero and 7 million, potentially,</p> <p>21 depending on how we meet our goals, so you budget</p> <p>22 for that.</p> <p>23 That would be the same thing here. You would</p> <p>24 go out there, and once you decide the audience,</p> <p>25 who you're going to deliver the plan to, and in</p>	<p style="text-align: right;">Page 56</p> <p>1 MS. TEODORESCU: So how did you calculate</p> <p>2 that?</p> <p>3 THE WITNESS: The way I came up with it was</p> <p>4 fairly simple. I just tried to figure out, well,</p> <p>5 what kind of compensation -- I look at it from a</p> <p>6 dollar perspective of what am I going to deliver</p> <p>7 to you. If I want you to make \$75,000 and</p> <p>8 \$60,000 of that base and \$15,000 is some type of</p> <p>9 combination of incentive, that's how I would look</p> <p>10 at it.</p> <p>11 So I would come up with, for example, let's</p> <p>12 just say all -- all nonappointed employees, the</p> <p>13 1500 bargaining unit employees, I would say,</p> <p>14 Okay. Today we're giving them -- let's just say</p> <p>15 2 percent of their compensation. Average</p> <p>16 compensation is 75,000. We give them 2 percent</p> <p>17 in short-term incentive. Okay. In a long-term</p> <p>18 incentive world, bargaining unit employees don't</p> <p>19 normally get anything -- not just bargaining</p> <p>20 unit -- nonmanagement employees, I should say.</p> <p>21 We might say, Okay. Well, we'll be willing</p> <p>22 to give them 2 percent. Okay. So a couple -- 4</p> <p>23 percent between the two. And you figure out what</p> <p>24 that amount would be. You would just assign it</p> <p>25 to all dollar amounts, and you come up with a</p>

<p style="text-align: right;">Page 57</p> <p>1 dollar figure, and you would do that with all the 2 different levels.</p> <p>3 So typically incentive, there's more pay at 4 risk at the higher levels, and what that means is 5 you have more involvement in the strategy of the 6 company, you have more control over the 7 financials of the company, the objectives of the 8 company. So instead of your salary being all 9 base salary, there's pay at risk, which is 10 incentives.</p> <p>11 And so you'll see that pretty commonly with 12 executives and director levels, but you don't see 13 it in the lower levels of employees. So that's 14 the way I was looking at it.</p> <p>15 MS. TEODORESCU: And this was back in 16 November, you think?</p> <p>17 THE WITNESS: This was back in -- it went 18 back -- yeah, probably the beginning of November. 19 I -- Angie had said, "Look at LTI options," and 20 so we -- that was the -- so October is the 21 beginning of our fiscal year, so it's not 22 atypical for me and my staff to be looking at 23 things for the beginning of the fiscal year. So 24 we were looking at short-term incentives, so we 25 had already started looking at that as just a</p>	<p style="text-align: right;">Page 59</p> <p>1 would be getting a certain amount --</p> <p>2 THE WITNESS: Right.</p> <p>3 MS. HARRELL: -- a certain percentage?</p> <p>4 THE WITNESS: Right, right.</p> <p>5 MS. HARRELL: And so you know that -- for 6 instance, you know the salaries going in; right?</p> <p>7 THE WITNESS: Uh-huh.</p> <p>8 MS. HARRELL: Because have to figure those 9 out for -- because of collective bargaining and 10 all of that?</p> <p>11 THE WITNESS: We have -- that's what we do on 12 a daily basis. We have access to all the 13 compensation data. We provide promotion, 14 increase. You know, we do all that. Collective 15 bargaining recommendations. That's what we do.</p> <p>16 MS. HARRELL: And so that allows you to give 17 a pretty accurate forecast of how much it will 18 cost?</p> <p>19 THE WITNESS: Right, right.</p> <p>20 MS. HARRELL: Because you know the percentage 21 they get of their salary --</p> <p>22 THE WITNESS: Right.</p> <p>23 MS. HARRELL: -- and you know their salary?</p> <p>24 THE WITNESS: And we know how their salary is 25 going to grow as well. So -- and the 1500,</p>
<p style="text-align: right;">Page 58</p> <p>1 normal course of business. But then when they 2 threw in the LTI piece, it was like, "Oh, okay. 3 Got to model what this would cost."</p> <p>4 And that's when I -- I really didn't know 5 what they were thinking, and that's why I got 6 with Ryan and said, you know, "What are you 7 thinking about here? You know, I can't design a 8 plan if I don't know anything about what the 9 metrics -- the formulas would be in." I said, 10 "What I can do is I can go out there and I can 11 look at what is the market paying related to 12 long-term incentives so that you could consider 13 it from a budget perspective." But it wouldn't 14 have been a formula for a payout.</p> <p>15 MS. HARRELL: How did he react to your 16 statement at the time?</p> <p>17 THE WITNESS: He was completely positive 18 about it. He said, "No. Go ahead and do that." 19 I think he was trying to get his arms around 20 budgeting for it, and they -- at that time it was 21 completely a positive conversation. And I was 22 going down the route of the plan might cost 23 \$7 million. But...</p> <p>24 MS. HARRELL: And you calculated that based 25 on the percentage of the employee's salary that</p>	<p style="text-align: right;">Page 60</p> <p>1 that's a really, you know, predictable workforce. 2 And then we have another 4- or 500 that are 3 appointed managerial, so...</p> <p>4 MS. HARRELL: And are those also pretty 5 predictable?</p> <p>6 THE WITNESS: Yes.</p> <p>7 MS. TEODORESCU: So did you go ahead and 8 figure out a cost for an LTI?</p> <p>9 THE WITNESS: So, again, what I did was I 10 said, "Well, here's -- if you were to try to 11 deliver to all employees a long-term incentive 12 plan" -- the biggest problem I had was I knew 13 that already the bargaining unit salaries were 14 appropriate, and I knew we were getting an STI. 15 And knowing that in the marketplace typically LTI 16 is not part of that population's compensation, my 17 approach was, okay, dial back a little bit of the 18 STI and move that over to LTI.</p> <p>19 So it wouldn't be that they would necessarily 20 end up making that much more in an incentive 21 program; it would be distributed differently. So 22 if before they were receiving, like I mentioned, 23 2 percent, you might distribute that 1 and 1 24 percent. So 1 percent over here for STI and 25 1 percent for LTI.</p>

<p style="text-align: right;">Page 61</p> <p>1 Because at the end of the day, we were also</p> <p>2 looking at total cash competitiveness. And so if</p> <p>3 you start adding more onto these incentive plans,</p> <p>4 then you're going to be ending up in the 75th</p> <p>5 percentile or 80th percentile of the market. So</p> <p>6 our goal was to try to maintain parity there.</p> <p>7 And I think I mentioned earlier we were</p> <p>8 slightly below still as it related to STI. So to</p> <p>9 put a little bit more, maybe another percent on</p> <p>10 there, was really going to get us in a more</p> <p>11 competitive position.</p> <p>12 But that's how I came up with the budget, so</p> <p>13 to speak, is try to determine where the gaps are</p> <p>14 and provide a dollar amount of what that could</p> <p>15 cost.</p> <p>16 MS. TEODORESCU: And did you present that to</p> <p>17 Mr. Wannemacher or somebody else?</p> <p>18 THE WITNESS: I -- we -- Scott, actually, did</p> <p>19 a spreadsheet for budget purposes. He did send</p> <p>20 something to Ryan, I think back in November. Let</p> <p>21 me see. But he -- let me find an example.</p> <p>22 Here's an example. I believe that's what he</p> <p>23 sent to Ryan.</p> <p>24 MS. TEODORESCU: Okay. I will go make a</p> <p>25 quick copy.</p>	<p style="text-align: right;">Page 63</p> <p>1 let's use J.D. Power as an example. You want --</p> <p>2 you're the lowest in J.D. Power today, but you</p> <p>3 want to be the highest in J.D. Power, you know,</p> <p>4 who is going to influence that? Who is going to</p> <p>5 put the leadership behind it? Who's going to put</p> <p>6 the things in place, the money behind it,</p> <p>7 whatever it might be? And so it is a way to</p> <p>8 incent a leadership group and track that</p> <p>9 long-term.</p> <p>10 One of the companies I worked for previously,</p> <p>11 they would use operational efficiency, and it was</p> <p>12 tied to, you know, barrels of oil and things of</p> <p>13 that nature. So...</p> <p>14 MS. HARRELL: Okay. So how were you going to</p> <p>15 apply that concept to your rank and file</p> <p>16 employees? Is that the question for the ages?</p> <p>17 THE WITNESS: Yes.</p> <p>18 MS. HARRELL: Okay.</p> <p>19 THE WITNESS: You know, again, I think the</p> <p>20 goal at the time that Aaron came in, we were</p> <p>21 talking a lot about innovation, new -- new ways</p> <p>22 to get into businesses that maybe we weren't in,</p> <p>23 new lines of revenue to -- to be able to -- and</p> <p>24 technologies, too, to become efficient.</p> <p>25 So, you know, from the time that he moved</p>
<p style="text-align: right;">Page 62</p> <p>1 THE WITNESS: Okay.</p> <p>2 MS. TEODORESCU: -- and be right back.</p> <p>3 MS. HARRELL: I'll ask some more questions,</p> <p>4 just in the interest of efficiency.</p> <p>5 (Ms. Teodorescu exits the conference room.)</p> <p>6 MS. HARRELL: So what would differentiate</p> <p>7 between an STI and an LTI? I'm confused about</p> <p>8 that.</p> <p>9 THE WITNESS: I'm sure. Short-term incentive</p> <p>10 plans are based on the immediate results of a</p> <p>11 company. They're usually no longer than 12</p> <p>12 months. It's based on the metrics for the year.</p> <p>13 They're calculated at the year end, and there's a</p> <p>14 very clear determination of what the outcome, you</p> <p>15 know, is. They are usually much smaller in</p> <p>16 amounts because they're broader based.</p> <p>17 Long-term incentives are really to drive the</p> <p>18 behaviors of those leaders who have the ability</p> <p>19 to move the company forward and are involved in</p> <p>20 long-term strategies.</p> <p>21 (Ms. Teodorescu enters the conference room.)</p> <p>22 THE WITNESS: It's a hard concept in this</p> <p>23 environment to understand because we don't -- we</p> <p>24 don't have it. But if you have a vision that you</p> <p>25 want to go from being, you know, the lowest --</p>	<p style="text-align: right;">Page 64</p> <p>1 into that role, in April, until probably January</p> <p>2 or February, I was operating under that premise</p> <p>3 of we're innovating -- you know, we're trying to</p> <p>4 be innovative. We were trying to get people</p> <p>5 looking to the future.</p> <p>6 And it is very hard because the -- the more</p> <p>7 line employees, you know, they don't -- they're</p> <p>8 not compensated as much, so they don't have the</p> <p>9 ability always to be waiting for money three</p> <p>10 years from now and five years from now. It's</p> <p>11 money that they need now. So that's not -- when</p> <p>12 you design incentives, you design them with the</p> <p>13 population in mind.</p> <p>14 And so short-term incentives are designed to</p> <p>15 be more immediate for individuals who, you know,</p> <p>16 are in a slightly different compensation bracket;</p> <p>17 whereas, at the upper levels, I mentioned that</p> <p>18 you're -- you're looking at pay at risk. So</p> <p>19 sometimes what companies do is they put a cap on</p> <p>20 what their earning potential is, their salary,</p> <p>21 and then from there it becomes incentives. So</p> <p>22 you want to move -- your job is to move the</p> <p>23 company forward, be profitable for the company,</p> <p>24 bring in revenues, whatever it might be. Well,</p> <p>25 you've got this pay at risk, and this is -- this</p>

<p style="text-align: right;">Page 65</p> <p>1 is what you build in there to show the results 2 associated with that.</p> <p>3 MS. HARRELL: And if you move the company 4 forward by X amount, you get Y amount in -- 5 THE WITNESS: Right, right.</p> <p>6 MS. HARRELL: -- in long-term incentives pay? 7 THE WITNESS: Correct. And it's usually 8 clearly defined in a formula as what those 9 factors are going to be, and they're in line with 10 the company's vision and, you know, overall 11 strategy.</p> <p>12 MS. HARRELL: So for a lineman, let's say -- 13 THE WITNESS: Uh-huh. How would you do that? 14 MS. HARRELL: Yeah. I mean, those guys are 15 out there -- and I use the term guys.</p> <p>16 THE WITNESS: Guys, yeah.</p> <p>17 MS. HARRELL: It's gender inclusive.</p> <p>18 THE WITNESS: Uh-huh.</p> <p>19 MS. HARRELL: They're out there doing their 20 work, and they keep doing their work, and that 21 moves the company forward. That keeps JEA in 22 business, and they're repairing lines. That's a 23 good customer strategy. But... 24 THE WITNESS: They don't have influence on 25 designing the direction that the company's</p>	<p style="text-align: right;">Page 67</p> <p>1 THE WITNESS: -- if it. If the project isn't 2 successful.</p> <p>3 MS. HARRELL: Right.</p> <p>4 THE WITNESS: The lower-level -- you know, 5 the lower-level line employees tend to be 6 insulated a little bit from that. But if you 7 have a project and you -- and you're a leader and 8 that was your goal for the year, to make, you 9 know, \$5 million for the company or \$20 million 10 for the company and you abysmally fail, you might 11 lose your job.</p> <p>12 MS. HARRELL: Okay. That makes sense. Thank 13 you.</p> <p>14 So March 19th, we get the drafts. We talked 15 about that and talked about some of the -- some 16 of the issues with those.</p> <p>17 What was -- what were the next steps after -- 18 or what happened next, after the March 19th 19 meeting?</p> <p>20 THE WITNESS: So my understanding was Willis 21 Towers Watson was -- I think there were some 22 subsequent asks of them. There's a -- in a 23 previous -- on the April 22nd, 2019, Willis 24 Towers Watson statement of work.</p> <p>25 MS. TEODORESCU: I also have here from you a</p>
<p style="text-align: right;">Page 66</p> <p>1 coming -- going into, necessarily. That's where 2 the leadership has their leadership meetings and 3 says, Well, here's where we have gaps in our 4 financials. Here's where we need to determine 5 what businesses we want to go in.</p> <p>6 I mean, don't get me wrong. Our -- all 7 employees in any company have the ability to 8 contribute to how we can be better as a company, 9 how we can move forward, products we can get 10 into, things like that. But it's really the 11 decision-makers. At the end of the day, the 12 leadership makes the decision, We're going to 13 invest in that. We're going to pursue Federal, 14 you know, or State legislation to break down that 15 barrier, or we're going to put the manpower 16 behind it. Those decisions are made at 17 leadership; it's not made at line/maintainer 18 level.</p> <p>19 And that's really -- and they -- and they 20 risk. If those decisions don't pay off, it's a 21 higher risk.</p> <p>22 MS. HARRELL: You lose jobs.</p> <p>23 THE WITNESS: And so, yeah, the leadership is 24 affected by the risk -- 25 MS. HARRELL: Uh-huh. Right, right.</p>	<p style="text-align: right;">Page 68</p> <p>1 March 8th amendment.</p> <p>2 THE WITNESS: Uh-huh.</p> <p>3 MS. TEODORESCU: But before we talk about 4 that, I just want to keep the record in order.</p> <p>5 THE WITNESS: Okay.</p> <p>6 MS. TEODORESCU: You mentioned earlier the 7 spreadsheet that was prepared by Scott 8 Strackbine.</p> <p>9 THE WITNESS: Uh-huh.</p> <p>10 MS. TEODORESCU: And is this it?</p> <p>11 THE WITNESS: Yes.</p> <p>12 MS. TEODORESCU: And we're going to mark it 13 as Exhibit 8.</p> <p>14 (Exhibit 8, Spreadsheet, was marked for 15 identification.)</p> <p>16 MS. TEODORESCU: So before the April 22nd, I 17 see you have a March 8 amendment by Towers 18 Watson. And what prompted this?</p> <p>19 THE WITNESS: So according to this, and 20 excuse me if I have to read it.</p> <p>21 MS. TEODORESCU: Okay.</p> <p>22 THE WITNESS: I think there were additional 23 check-in calls that they -- you know, their time, 24 so they wanted, you know, additional compensation 25 for that. It was more time.</p>

<p style="text-align: right;">Page 69</p> <p>1 They were being asked to attend compensation</p> <p>2 committee meetings, which in the original scope I</p> <p>3 think it was only a conference call or a</p> <p>4 person -- a one-person meeting. And they were</p> <p>5 talking about subsequent meetings in April and</p> <p>6 maybe May and asking for both Andrea and David to</p> <p>7 be present.</p> <p>8 And then the last piece was the study that</p> <p>9 they had done in 2017 had some specific exhibits,</p> <p>10 that they wanted those to be in the end product</p> <p>11 and they had not done those. So they wanted</p> <p>12 those in there. So it was just really some</p> <p>13 additional work that they -- JEA was asking that</p> <p>14 they do that was not -- they didn't think it was</p> <p>15 going to happen.</p> <p>16 MS. TEODORESCU: So they were contemplating</p> <p>17 possibly attending compensation committee</p> <p>18 meetings on April 16 and May 21st. Does that</p> <p>19 committee meet every month?</p> <p>20 THE WITNESS: I don't -- I don't think they</p> <p>21 meet every month. But if they have a topic to</p> <p>22 discuss, they do meet. They meet as they need to</p> <p>23 meet.</p> <p>24 MS. TEODORESCU: Since we're talking about</p> <p>25 this, do you know if Towers Watson attended any</p>	<p style="text-align: right;">Page 71</p> <p>1 have been a discussion point with the chair of</p> <p>2 the compensation committee, at least, since</p> <p>3 that's what their role is, is -- typically it's</p> <p>4 CEO compensation. It's not typically as</p> <p>5 broad-based as this was. You would -- you're</p> <p>6 mainly concerned with the CEO's compensation and</p> <p>7 agreements.</p> <p>8 But, you know, the fact that there was a</p> <p>9 change in the philosophy to include more</p> <p>10 components of compensation, you would come back</p> <p>11 and present any new plan to them.</p> <p>12 MS. TEODORESCU: Would it have been possible</p> <p>13 to separate the CEO compensation analysis from</p> <p>14 the rest of the analysis --</p> <p>15 THE WITNESS: Sure.</p> <p>16 MS. TEODORESCU: -- in this case?</p> <p>17 THE WITNESS: Yes, yes.</p> <p>18 MS. TEODORESCU: Was that done? Do you know?</p> <p>19 THE WITNESS: To my knowledge, it was not --</p> <p>20 I don't know.</p> <p>21 MS. TEODORESCU: I think that initially you</p> <p>22 received three separate packets, and CEO</p> <p>23 compensation, was that completely separate from</p> <p>24 everything else, or was it combined with other</p> <p>25 things?</p>
<p style="text-align: right;">Page 70</p> <p>1 compensation committee meetings in 2019?</p> <p>2 THE WITNESS: I don't know of any meetings</p> <p>3 that they attended.</p> <p>4 MS. TEODORESCU: Would you know if they</p> <p>5 attended one?</p> <p>6 THE WITNESS: Based on the project, yes, I</p> <p>7 would have known. So I don't think there was a</p> <p>8 meeting with the compensation committee.</p> <p>9 MS. TEODORESCU: Do you know why?</p> <p>10 THE WITNESS: No.</p> <p>11 MS. TEODORESCU: Would you have expected</p> <p>12 Towers Watson to attend any compensation</p> <p>13 committee meeting that discussed their work?</p> <p>14 THE WITNESS: Well, based on this March 8th</p> <p>15 statement of work, that was the plan. They were</p> <p>16 to attend a compensation committee meeting and</p> <p>17 present the work, the consolidation of this work,</p> <p>18 with some recommendations.</p> <p>19 MS. TEODORESCU: Is that also normal practice</p> <p>20 in general?</p> <p>21 THE WITNESS: So the compensation committee</p> <p>22 has only been in place since I think about 2016,</p> <p>23 January of 2016. It was put in place late 2015.</p> <p>24 We -- if we would have done a study, so the 2017</p> <p>25 study, it would have been something that would</p>	<p style="text-align: right;">Page 72</p> <p>1 THE WITNESS: (Examining documents.)</p> <p>2 When we met on March 19th, it was part of the</p> <p>3 whole project. It was -- you know, it was part</p> <p>4 of the original statement of work, to include the</p> <p>5 CEO, the SLT, and all appointed, and all</p> <p>6 nonappointed. It was every employee, so it</p> <p>7 included everyone.</p> <p>8 Following that 19th -- the March 19th</p> <p>9 meeting, like I said, they -- there had been more</p> <p>10 detailed analysis in 2017 that they wanted</p> <p>11 included, and there were subsequent PowerPoints.</p> <p>12 And I believe you've probably got those in with</p> <p>13 the emails.</p> <p>14 MS. TEODORESCU: Okay. So we'll take that</p> <p>15 March 8th document and mark it as Exhibit 9, if</p> <p>16 that's okay.</p> <p>17 (Exhibit 9, March 8 Document, was marked for</p> <p>18 identification.)</p> <p>19 (Sean Granat enters the conference room.)</p> <p>20 MS. TEODORESCU: So we've done March 8. You</p> <p>21 have the meeting on March 19. And we have --</p> <p>22 Exhibits 5, 6, and 7 were the drafts presented by</p> <p>23 Towers Watson.</p> <p>24 And you said that after the March 19 meeting,</p> <p>25 Mr. Zahn wanted an actual plan designed?</p>



<p style="text-align: right;">Page 73</p> <p>1 THE WITNESS: Well, there was -- he wanted</p> <p>2 the presentation fine-tuned, you know, based on</p> <p>3 the recommendations. And there was -- there was</p> <p>4 plans on the March 8th statement of work that</p> <p>5 there was going to be presence of the consultant</p> <p>6 at the compensation committee meeting in April,</p> <p>7 April 16th, which I do not -- I don't know if</p> <p>8 that happened. And then again a meeting on</p> <p>9 May 21st of the compensation committee, so there</p> <p>10 was supposed to be two meetings.</p> <p>11 MS. TEODORESCU: And what happened -- what's</p> <p>12 the next step after March 19th?</p> <p>13 THE WITNESS: Okay. So then there were</p> <p>14 discussions, apparently. On April 22nd, we</p> <p>15 received another statement of work, and that</p> <p>16 talks about the LTI a little bit more.</p> <p>17 Here they were asked to do additional work</p> <p>18 relative to an LTI performance unit valuation</p> <p>19 review and a call.</p> <p>20 MS. TEODORESCU: Now, what does that the</p> <p>21 mean?</p> <p>22 THE WITNESS: What I would understand that to</p> <p>23 mean would be that there were some factors, some</p> <p>24 metrics provided to them, but it would be more</p> <p>25 detail around, Here's what we want to measure.</p>	<p style="text-align: right;">Page 75</p> <p>1 included in that. Those are not the documents</p> <p>2 you're referring to. There were other documents</p> <p>3 in that packet that addressed some sort of an LTI</p> <p>4 in more detail; correct?</p> <p>5 THE WITNESS: Yes, a plan document.</p> <p>6 MS. TEODORESCU: And they were like a</p> <p>7 Word-type document; correct?</p> <p>8 THE WITNESS: Yes.</p> <p>9 MS. TEODORESCU: Not a PowerPoint</p> <p>10 presentation?</p> <p>11 THE WITNESS: Not a PowerPoint presentation.</p> <p>12 MS. TEODORESCU: Let's mark this April 22nd</p> <p>13 document -- the amendment, let's mark it as</p> <p>14 Exhibit 10 as we keep talking about it just so we</p> <p>15 can keep track of things.</p> <p>16 (Exhibit 10, April 22 Amendment Document, was</p> <p>17 marked for identification.)</p> <p>18 MS. HARRELL: Did you ever see what Ryan sent</p> <p>19 to David Watson?</p> <p>20 THE WITNESS: No.</p> <p>21 MS. TEODORESCU: He would have sent it</p> <p>22 through you; right? I mean --</p> <p>23 THE WITNESS: (Shakes head.)</p> <p>24 MS. TEODORESCU: Not necessarily?</p> <p>25 THE WITNESS: No. He -- he had his email.</p>
<p style="text-align: right;">Page 74</p> <p>1 Here's how we want to price it out, and here's</p> <p>2 what it's going to cost, the final cost.</p> <p>3 MS. TEODORESCU: So how did Towers Watson</p> <p>4 arrive at the conclusion that they have to do</p> <p>5 this valuation review and call?</p> <p>6 THE WITNESS: Let me see. So on March 27th,</p> <p>7 2019, there was an email from me to Ryan asking</p> <p>8 if he's sending the financials to them.</p> <p>9 MS. TEODORESCU: To Ryan Wannemacher?</p> <p>10 THE WITNESS: Wannemacher to David Watson.</p> <p>11 So I'm assuming that was to, you know, fine-tune</p> <p>12 a formula, really take that from that high level</p> <p>13 construction to more detailed methodology.</p> <p>14 But at no time did Towers Watson provide a</p> <p>15 plan document, the details like we saw on 7/23.</p> <p>16 They never provided anything of that nature. So</p> <p>17 that's -- that leads me to believe there might</p> <p>18 have been some disconnects in terms of</p> <p>19 expectations in terms of what they got from them</p> <p>20 versus maybe what they wanted.</p> <p>21 MS. TEODORESCU: When you talk about "what we</p> <p>22 saw on July 23rd," that's what you were talking</p> <p>23 about, the board meeting packet, a portion of</p> <p>24 that packet at the end, the -- some form of</p> <p>25 presentation that had Towers Watson's name was</p>	<p style="text-align: right;">Page 76</p> <p>1 He could have emailed him directly.</p> <p>2 MS. TEODORESCU: Okay.</p> <p>3 THE WITNESS: He may have had a telephone</p> <p>4 conversation with him. I -- I don't know.</p> <p>5 MS. TEODORESCU: Got it.</p> <p>6 So what else was Towers Watson amending on</p> <p>7 April 27th?</p> <p>8 THE WITNESS: So it looked like they wanted,</p> <p>9 you know, the cost modeling for the proposal that</p> <p>10 they had put in there, and there were some things</p> <p>11 about -- just an extra slide about modernizing,</p> <p>12 you know, what total rewards should look like.</p> <p>13 So it was just additional information to round</p> <p>14 out the presentation.</p> <p>15 MS. TEODORESCU: Now, that second bullet</p> <p>16 under the LTI --</p> <p>17 THE WITNESS: Uh-huh.</p> <p>18 MS. TEODORESCU: -- "Nonqualified Deferred</p> <p>19 Compensation Plan Research" --</p> <p>20 THE WITNESS: Okay.</p> <p>21 MS. TEODORESCU: -- do you know what that was</p> <p>22 about?</p> <p>23 THE WITNESS: So once you put an LTI plan in</p> <p>24 place, obviously, you have to administrate it.</p> <p>25 And there were discussions about wanting to have</p>

<p style="text-align: right;">Page 77</p> <p>1 a portal for the employees, like a website that  2 they could go out there and -- as the value  3 changes, so if JEA's -- the metrics change --  4 let's say it was Ebada (phonetic) or something  5 like that or costs per share would be an  6 example -- so they would be able to have a place  7 where they would see what they're -- what they  8 were awarded at the initial award. Let's say it  9 was 10 units. Then they -- the value, as the  10 value changes over time, it probably -- they  11 would be able to see that, and it would calculate  12 what their value would be on that particular day.  13 So it's a way to provide the employees immediate  14 feedback on, Okay. This is how the company is  15 progressing. Here's -- so you would look for a  16 vendor who would help us do that because we did  17 not have the capability.  18 We don't have a plan -- we didn't have a  19 plan, didn't have an administrator. I don't know  20 if you've ever had a 401(k) type of plan where  21 you go out there -- or you have an IRA. You go  22 out there, you look at your investments, and you  23 can allocate them and watch them grow. It was  24 kind of the same concept.  25 MS. TEODORESCU: What is nonqualified</p>	<p style="text-align: right;">Page 79</p> <p>1 MS. TEODORESCU: What was that going to be,  2 or what does it mean?  3 THE WITNESS: My understanding was it would  4 be what's the plan going to cost us when -- if we  5 apply all of the metrics that we've discussed and  6 the components of a plan over a three-year  7 period, what would be the high or the low, so  8 what's the plan going to cost, similar to how I  9 explained it earlier, that, you know, you've got  10 a budget. You've got a maximum, and you have a  11 minimum.  12 And so you would think it would fall  13 somewhere in between there, and that's what  14 Towers Watson was asked to do was, What would  15 this plan cost us, potentially?  16 MS. TEODORESCU: Did they ever do that?  17 THE WITNESS: I think they did. They gave a  18 number.  19 MS. TEODORESCU: Do you remember what that  20 number was?  21 THE WITNESS: I thought it was somewhere in  22 the ballpark of maybe 4.9- or 3.8 million,  23 something like that. I don't have the final --  24 MS. TEODORESCU: Does 3.4- sound familiar as  25 a number, 3.4 million?</p>
<p style="text-align: right;">Page 78</p> <p>1 deferred compensation?  2 THE WITNESS: So a nonqualified deferred  3 compensation plan is -- how can I explain this?  4 If the -- it's not backed. I'm putting it in  5 laymen's terms. It's not -- it's not backed like  6 a bank account. And the company doesn't  7 necessarily keep the money in account with your  8 name on it.  9 So if for -- if for any reason the company  10 were to experience a change of control, the  11 investors or debtors or whoever -- I don't know  12 all the proper terms -- come and say, You owe us  13 first, if the company went bankrupt, those people  14 get paid first. People who have nonqualified  15 plans get paid last. So it's not guaranteed  16 money, like a 401(k) type of plan, which is a  17 non -- which is a qualified plan.  18 And so the long-term incentive plan was a  19 nonqualified plan. It did not have the IRS  20 guarantee that a 401(k) type of plan has.  21 MS. TEODORESCU: Okay. And then when you go  22 to that penultimate bullet that -- you pointed  23 out the cost modeling of the proposed STI/LTI  24 plans.  25 THE WITNESS: Uh-huh.</p>	<p style="text-align: right;">Page 80</p> <p>1 THE WITNESS: Like I said, somewhere between  2 3- and probably 5-.  3 MS. TEODORESCU: Did you ever discuss it with  4 them, how they arrived at it?  5 THE WITNESS: I believe there were  6 discussions. But at that point, honestly, it was  7 beyond my understanding.  8 MS. TEODORESCU: Involvement?  9 THE WITNESS: Understanding.  10 MS. TEODORESCU: What do you mean?  11 THE WITNESS: Well, I mean, I -- I never  12 understood -- I'm not an accountant. I'm not a  13 financial analyst, so I don't know how they  14 calculate, you know, the financials and how they  15 come up with the values associated and the  16 triggers to get there.  17 So I think for me, when we were going through  18 this process, that was part of the -- that's  19 where the gaps started to occur for me, was I  20 wasn't seeing the tangible output of, Here's the  21 plan, you know, A plus B equals C. I wasn't  22 seeing that as clearly as probably you should if  23 you're going to be administering a plan.  24 MS. TEODORESCU: And are you talking about  25 the elements of the plan or the components of the</p>

<p style="text-align: right;">Page 81</p> <p>1 plan or the cap on the plan, the maximum cap?</p> <p>2 THE WITNESS: So --</p> <p>3 MS. TEODORESCU: Or all of those?</p> <p>4 THE WITNESS: -- I would say all of those</p> <p>5 because I did not know what the maximums were. I</p> <p>6 did not know what the units were that they were</p> <p>7 going to deliver to people.</p> <p>8 So once we -- we got the basic understanding</p> <p>9 from Towers, Hey, here's a plan. Here's the</p> <p>10 costs. Based on the metrics that you provided --</p> <p>11 and this was Ryan's discussion with them -- based</p> <p>12 on what you provided, this is about what it would</p> <p>13 cost.</p> <p>14 Again, there should have been a meeting</p> <p>15 between Towers to explain it to the comp</p> <p>16 committee. At that point, I was not -- I was not</p> <p>17 engaged to get into those kind of details. And</p> <p>18 so it -- it started to go quiet.</p> <p>19 MS. TEODORESCU: Well, so let's go</p> <p>20 chronologically to figure out when it went quiet</p> <p>21 for you.</p> <p>22 THE WITNESS: Uh-huh, yeah.</p> <p>23 MS. TEODORESCU: So April 22nd, there is this</p> <p>24 amendment to the scope of services.</p> <p>25 THE WITNESS: Uh-huh, uh-huh.</p>	<p style="text-align: right;">Page 83</p> <p>1 value the LTI, that they have to do cost modeling</p> <p>2 for the proposed STI and LTI plans? Did somebody</p> <p>3 tell them that, or did they come back to you on</p> <p>4 April 22nd basically saying, Because you asked</p> <p>5 for certain things on March 19th, we also have to</p> <p>6 do this?</p> <p>7 THE WITNESS: (No response.)</p> <p>8 MS. TEODORESCU: I can break it up into</p> <p>9 pieces.</p> <p>10 THE WITNESS: Well, to explain, I think that</p> <p>11 some of these components were discussion items</p> <p>12 that came up in the March 19th meeting. So as an</p> <p>13 example, I go back to the nonqualified deferred</p> <p>14 and comp plan research. That was never part of</p> <p>15 the initial discussion, and that became, Oh,</p> <p>16 well, we might need somebody to help us</p> <p>17 administrate this plan, or, you know, Can you,</p> <p>18 you know, give up some information?</p> <p>19 So I had to go to a secondary consultant and</p> <p>20 have conversations with them and explain kind of</p> <p>21 what we were trying to do. So that was something</p> <p>22 that, Oh -- it was kind of an ah-ha moment during</p> <p>23 the 19th meeting that, Oh, we're going to need to</p> <p>24 administrate something.</p> <p>25 The research and summarized the evolution of</p>
<p style="text-align: right;">Page 82</p> <p>1 MS. TEODORESCU: Did you expect this? Did it</p> <p>2 come as a surprise to you when you saw it?</p> <p>3 THE WITNESS: I had a little bit of</p> <p>4 frustration. It just seemed like we were adding</p> <p>5 things more and more, and they were asking us for</p> <p>6 more and more money. So it was getting a little</p> <p>7 frustrating because we have should have been at</p> <p>8 the end of the project.</p> <p>9 MS. TEODORESCU: Well, was this added based</p> <p>10 on discussions you had with them after</p> <p>11 March 19th, what they were expected to do after</p> <p>12 March 19th? And so would you have expected these</p> <p>13 bullet points?</p> <p>14 THE WITNESS: The nonqualified deferred comp</p> <p>15 plan -- so all of these bullet points from</p> <p>16 April 22nd were the result of the draft discussed</p> <p>17 on March 19th. So if there was missing</p> <p>18 information or they felt like from that meeting</p> <p>19 there should have been additional information,</p> <p>20 the April 22nd -- the follow-up work was to</p> <p>21 finish the product, to get a final product to</p> <p>22 take it to the compensation committee and for</p> <p>23 them to deliver that presentation to them.</p> <p>24 MS. TEODORESCU: So on March 19th, did</p> <p>25 somebody tell Towers Watson that they have to</p>	<p style="text-align: right;">Page 84</p> <p>1 compensation plans at JEA, again, preparing to go</p> <p>2 to a board or a comp committee that doesn't have</p> <p>3 knowledge of what you do on a day-to-day basis,</p> <p>4 you want to give them some background knowledge.</p> <p>5 So, you know, Angie and the team felt it would be</p> <p>6 appropriate to have a little bit more background</p> <p>7 information so they would understand, so that's</p> <p>8 additional work that they've got to come back and</p> <p>9 add.</p> <p>10 Additional check-in calls for rerunning</p> <p>11 variance analysis, I think there was a gap that</p> <p>12 we identified in that meeting and said, "Hey,</p> <p>13 you've got to do this." Again, the gap analysis.</p> <p>14 Cost modeling for STI/LTI, without looking at</p> <p>15 this in detail, I would say again this was draft;</p> <p>16 they wanted more final numbers.</p> <p>17 MS. TEODORESCU: Do you remember who at JEA</p> <p>18 said on March 19th, "We need cost modeling</p> <p>19 for" --</p> <p>20 THE WITNESS: No.</p> <p>21 MS. TEODORESCU: -- "the STI and the LTI"?</p> <p>22 THE WITNESS: I don't remember. We were all</p> <p>23 present in the meeting, and, you know, they took</p> <p>24 notes. And then this is a reiteration of, Hey,</p> <p>25 this is what we heard you wanted. Is this</p>

<p style="text-align: right;">Page 85</p> <p>1 correct? If so, this will be the work that we 2 do.</p> <p>3 MS. TEODORESCU: But do you remember this 4 being discussed, the cost modeling, the need for 5 cost modeling? Do you remember that being 6 discussed? Or because Mr. Zahn said he wanted a 7 plan designed --</p> <p>8 THE WITNESS: Uh-huh.</p> <p>9 MS. TEODORESCU: -- then Towers Watson came 10 back and said, Well, if we're going to design a 11 plan, we're going to have to do cost modeling?</p> <p>12 THE WITNESS: Uh-huh. He -- he wanted more 13 details on the plan. He wanted it to talk more 14 about, you know, the metrics and what that could 15 look like in terms of cost.</p> <p>16 And, again, you're talking about a draft 17 going into the final presentation. He wanted 18 more detail.</p> <p>19 MS. TEODORESCU: But you don't remember 20 anybody specifically mentioning cost modeling --</p> <p>21 THE WITNESS: I don't remember.</p> <p>22 MS. TEODORESCU: -- on March 19th?</p> <p>23 THE WITNESS: I don't recall anybody 24 specifically saying it, no. But, again, they 25 took notes, and that's what they delivered on.</p>	<p style="text-align: right;">Page 87</p> <p>1 THE WITNESS: Actually, I have -- but, yeah, 2 you can show that to me. I have a few copies 3 here of --</p> <p>4 MS. HARRELL: And the email chain is 5 marked -- it's from the Diamond Sale meeting 6 material, and it's marked JEA0629 through 7 JEA0631. And it looks like the first email -- as 8 you start from the bottom up, it's Page JEA 0631. 9 That's the April 22nd email.</p> <p>10 THE WITNESS: Let me find that one. I have 11 that one. "Incorporate all the edits. We just 12 got off our last call. Please review," blah, 13 blah, blah.</p> <p>14 Okay. So then we get into review mode.</p> <p>15 MS. HARRELL: Okay. And we'll attach this as 16 Exhibit 11. And then what you have there --</p> <p>17 THE WITNESS: They --</p> <p>18 MS. HARRELL: Well, we'll attach the emails 19 as Exhibit 11.</p> <p>20 (Composite Exhibit 11, April 22 Email and 21 Attachments, Bates Nos. JEA 0629 through JEA 22 0631, was marked for identification.)</p> <p>23 MS. HARRELL: And then you've got a copy of 24 what was attached to that April 22nd email.</p> <p>25 THE WITNESS: Uh-huh.</p>
<p style="text-align: right;">Page 86</p> <p>1 And then we agreed to Angie would share this with 2 Aaron to say, Is this what we agree to?</p> <p>3 MS. TEODORESCU: So that's Exhibit 10. I'm 4 going to return this to you before I lose it.</p> <p>5 So what happened after April 22nd?</p> <p>6 THE WITNESS: So we received emails with some 7 presentations, like the final presentations. And 8 the goal was to get Towers Watson -- Willis 9 Towers Watson in front of the comp committee.</p> <p>10 And the comp committee chair, I believe, was 11 not available in April, so it got pushed to May 12 and maybe came in June.</p> <p>13 MS. HARRELL: Did you receive another draft 14 plan on April the 22nd?</p> <p>15 THE WITNESS: I think -- not that -- you're 16 talking about the --</p> <p>17 MS. HARRELL: In an email.</p> <p>18 THE WITNESS: The PowerPoint presentation?</p> <p>19 MS. HARRELL: Yes.</p> <p>20 THE WITNESS: If you have -- do you have a 21 copy of it or --</p> <p>22 MS. HARRELL: I've got a set of --</p> <p>23 THE WITNESS: Don't recall.</p> <p>24 MS. HARRELL: -- an email string that I'll 25 show you.</p>	<p style="text-align: right;">Page 88</p> <p>1 MS. HARRELL: And I'll take that to get a 2 copy, if you don't mind.</p> <p>3 THE WITNESS: Okay.</p> <p>4 MS. HARRELL: And then we'll attach it as 5 Exhibit 12. And before I do that, is that the 6 document -- what will be marked as Exhibit 12, is 7 that the document that you forwarded to Mr. Zahn 8 in that email string?</p> <p>9 THE WITNESS: Yes, yes. I -- I originally 10 forwarded it in a Power -- in a PDF so it would 11 not be mod- -- be able to be modified or edited. 12 And he subsequently in an email said, "Could you 13 send me a PowerPoint."</p> <p>14 MS. HARRELL: And you sent to him in the 15 PowerPoint?</p> <p>16 THE WITNESS: I had to ask Towers to get that 17 to me, and they sent it, and I sent it on.</p> <p>18 MS. TEODORESCU: Can we go off the record? 19 (Brief recess.)</p> <p>20 MS. HARRELL: Let's go back on the record, 21 then. So we've got Composite Exhibit 11, which 22 consists of the documents marked JEA 0629 through 23 JEA 0631, which are emails about the compensation 24 committee draft, and that's what's also attached. 25 Does that seem correct?</p>

<p style="text-align: right;">Page 89</p> <p>1 THE WITNESS: Yes.</p> <p>2 MS. HARRELL: And you said earlier that you</p> <p>3 received it in PDF form, and then in your</p> <p>4 email -- you forwarded both a PDF and a</p> <p>5 PowerPoint to Aaron Zahn.</p> <p>6 Did you hear back from Aaron Zahn about this,</p> <p>7 what you forwarded him?</p> <p>8 THE WITNESS: (Shakes head.)</p> <p>9 MS. HARRELL: No? Is that a -- I need you</p> <p>10 to --</p> <p>11 THE WITNESS: No.</p> <p>12 MS. HARRELL: Okay.</p> <p>13 THE WITNESS: No.</p> <p>14 MS. HARRELL: And then it looks like you</p> <p>15 emailed a Jon Kendrick about this --</p> <p>16 THE WITNESS: Uh-huh, yes.</p> <p>17 MS. HARRELL: -- on April 29th.</p> <p>18 Why -- the last line of your email to</p> <p>19 Mr. Kendrick says, "I do not get the impression</p> <p>20 that he's happy with the product." Why did you</p> <p>21 get that impression.</p> <p>22 THE WITNESS: I wasn't getting any feedback,</p> <p>23 and I didn't get the impression that he wanted to</p> <p>24 proceed with the product that he had to the</p> <p>25 committee, the comp committee. And it just</p>	<p style="text-align: right;">Page 91</p> <p>1 versions that now start to prepare it for a</p> <p>2 public meeting. That would be the compensation</p> <p>3 committee. So there's various iterations of</p> <p>4 drafts, and then, Oh, now they want to, you know,</p> <p>5 protect their proprietary information, which as a</p> <p>6 global company, you know, that's what they think</p> <p>7 they can do. Working with government, I'm not so</p> <p>8 sure we agree with that.</p> <p>9 So, you know, there -- there was some</p> <p>10 discontent with that. And I know Aaron was</p> <p>11 dissatisfied that now they're suddenly realizing,</p> <p>12 Oh, we have to be in the public, and Aaron was</p> <p>13 A-okay with the version that was very detailed.</p> <p>14 So I think there was just some general</p> <p>15 dissatisfaction with them.</p> <p>16 MS. HARRELL: When you say the version that</p> <p>17 was very detailed, you mean --</p> <p>18 THE WITNESS: The 22nd.</p> <p>19 MS. HARRELL: What was your next involvement</p> <p>20 with Willis Towers Watson on this?</p> <p>21 THE WITNESS: So I was just trying to get the</p> <p>22 final product from them so that we could actually</p> <p>23 proceed with the meeting, and that -- that's</p> <p>24 where we were. It was just waiting to get the</p> <p>25 final meeting to them. That's it.</p>
<p style="text-align: right;">Page 90</p> <p>1 seemed like the meetings kept getting</p> <p>2 rescheduled, and I wasn't getting any feedback as</p> <p>3 to, you know, "Is there anything wrong? Do I</p> <p>4 need to do anything?" It was just nothing.</p> <p>5 MS. HARRELL: Okay. The comp committee</p> <p>6 meetings kept getting rescheduled?</p> <p>7 THE WITNESS: They did, uh-huh. And then I</p> <p>8 wasn't getting any feedback at that point.</p> <p>9 MS. HARRELL: And what feedback did you get</p> <p>10 from Mr. Kendrick?</p> <p>11 THE WITNESS: So -- so to back up, there was</p> <p>12 one situation with this one presentation of the</p> <p>13 22nd that Towers Watson was not aware of the fact</p> <p>14 that compensation committees are in City</p> <p>15 Sunshine.</p> <p>16 They didn't realize they were</p> <p>17 publicly-noticed meetings, and they felt like</p> <p>18 there was content within here that was</p> <p>19 proprietary, that that's how they make their</p> <p>20 money is, you know, some basic information that</p> <p>21 they have in here, that somebody can take and use</p> <p>22 at another company. And they had not had the</p> <p>23 opportunity to make this the final document for a</p> <p>24 public meeting.</p> <p>25 So there were -- there were subsequent</p>	<p style="text-align: right;">Page 92</p> <p>1 MS. HARRELL: And when did you get the final?</p> <p>2 THE WITNESS: I did not get a final meeting.</p> <p>3 I don't know if the meeting ever occurred. I</p> <p>4 will say, too, that Towers Watson did eventually</p> <p>5 provide a draft that was for public discussion,</p> <p>6 and that was the one on June 18th.</p> <p>7 So, for example, you see where there's been</p> <p>8 blacked out? That's their proprietary</p> <p>9 information.</p> <p>10 MS. HARRELL: Okay.</p> <p>11 THE WITNESS: And that was critical</p> <p>12 information that you would want a board or a</p> <p>13 public entity that's going to make a decision on</p> <p>14 something to see. And in a private sector it's</p> <p>15 contained within the board; it's not going to be</p> <p>16 public. Whereas, in this environment, it's going</p> <p>17 to be very public.</p> <p>18 So there started to be a little bit of</p> <p>19 discussion around, "Well, this is proprietary,</p> <p>20 and I want this to be out there. I want it to be</p> <p>21 seen by both the public, as well as the board."</p> <p>22 MS. TEODORESCU: So what happened at that</p> <p>23 point?</p> <p>24 THE WITNESS: Again, that's when I -- I heard</p> <p>25 no more. He -- he got the version of June 18th,</p>

<p style="text-align: right;">Page 93</p> <p>1 and this was the final version that I'm aware of,  2 and that was it.  3 MS. HARRELL: Okay. That final version is  4 marked "Discussion Draft."  5 THE WITNESS: Yeah, let me -- there was one I  6 thought that said "For Public." As far as I  7 know, this -- this was the final version.  8 Do you have a later version at any point?  9 MS. TEODORESCU: Well, no, it -- let me just  10 ask you this: I know it says "June 18" on the  11 document.  12 THE WITNESS: Uh-huh.  13 MS. TEODORESCU: -- but that doesn't mean it  14 was created on June 18th; correct?  15 THE WITNESS: Umm.  16 MS. TEODORESCU: It's possible that it was  17 created --  18 THE WITNESS: For June 18th.  19 MS. TEODORESCU: -- for --  20 THE WITNESS: Yeah, June 18th. Okay. I  21 don't recall for exact. I'm sorry.  22 MS. TEODORESCU: That's okay.  23 THE WITNESS: Too much time has passed.  24 MS. TEODORESCU: It's been a while and a lot  25 of emails and a lot of documents.</p>	<p style="text-align: right;">Page 95</p> <p>1 MS. TEODORESCU: -- to the compensation  2 committee?  3 THE WITNESS: Correct.  4 MS. TEODORESCU: And as far as you know, they  5 never did present anything?  6 THE WITNESS: As far as I know, they did not.  7 MS. TEODORESCU: Do you know why?  8 THE WITNESS: No.  9 MS. TEODORESCU: Do you know if Mr. Zahn  10 didn't want them at the committee meeting?  11 THE WITNESS: I don't know that for sure.  12 MS. TEODORESCU: Let me show you an email,  13 and we'll mark this Exhibit 12.  14 (Exhibit 12, Email, was marked for  15 identification.)  16 MS. TEODORESCU: If you want to look at the  17 marked one -- I don't know. Do you know what  18 this was about, what the problem was?  19 THE WITNESS: I was equally perplexed when I  20 saw this.  21 MS. TEODORESCU: So as far as you can tell,  22 looking at the way this is progressing, what was  23 the reaction to -- now, you may want to read the  24 whole trailer.  25 THE WITNESS: So from what I saw of the work</p>
<p style="text-align: right;">Page 94</p> <p>1 THE WITNESS: Uh-huh.  2 MS. TEODORESCU: So what happens after  3 April 22nd, when Towers Watson sends the email  4 with that attachment, the PowerPoint  5 presentation?  6 THE WITNESS: Right.  7 MS. TEODORESCU: What subsequent work do they  8 do on that document?  9 THE WITNESS: I'll have to look.  10 MS. TEODORESCU: That's okay. Please do.  11 THE WITNESS: I have to look.  12 MS. TEODORESCU: And I'm thinking in general.  13 THE WITNESS: Right. And, see, at this  14 point, it -- to me is becoming just general, you  15 know, maybe some language didn't -- or maybe  16 there was a number and it wasn't as clear as it  17 needed to be.  18 I perceived it as just fine-tuning everything  19 to get ready for the board --  20 MS. TEODORESCU: And your understanding --  21 THE WITNESS: -- or the chair.  22 MS. TEODORESCU: -- was that Towers Watson  23 were going to present the -- their findings,  24 their study --  25 THE WITNESS: Correct.</p>	<p style="text-align: right;">Page 96</p> <p>1 that Towers Watson had done and knowing what they  2 had done in the past, in my experience in  3 compensation, it seemed like a perfectly good  4 work product. Based on what was asked in the  5 various statements of work, they delivered on it.  6 And so when he was saying he felt like the  7 work was incomplete, beyond what he -- because I  8 remember seeing this -- beyond that statement, I  9 did not know what he meant. I didn't -- you  10 know, it's not -- he did not articulate  11 specifically, other than what he says in here,  12 which, quite frankly, it's highly unprofessional,  13 which I disagree with 110 percent. And I made  14 that vocal to Jon, that I disagreed with this,  15 that this is about as good as it's gonna get --  16 going to get.  17 "Inaccurate relative to market and  18 inconsistent with prior data they already" -- I  19 don't know if there was a number that was, you  20 know, transposed or something and he caught it.  21 It -- it wasn't -- I was like, "What do you mean?  22 I don't understand where you think that there's  23 this big disconnect between the data that they've  24 been providing us because there's various  25 comparisons now."</p>

<p style="text-align: right;">Page 97</p> <p>1 I think they -- when they were getting it</p> <p>2 prepared for the public record, they started</p> <p>3 blacking out information, which in his mind I</p> <p>4 would think created the idea that it looked</p> <p>5 unprofessional. It didn't -- and it didn't look</p> <p>6 in the manner that he wanted. He -- he may not</p> <p>7 have not even liked the color scheme of this, for</p> <p>8 all I know. Okay. I don't know.</p> <p>9 He -- he had different presentation styles</p> <p>10 than Towers, but this is Towers Watson's product.</p> <p>11 This is how they deliver it, and that's the way</p> <p>12 they would deliver it to the end body that's</p> <p>13 going to hear it. They -- this is their format.</p> <p>14 And I think he was getting frustrated with</p> <p>15 the fact that going to the public now, we were</p> <p>16 going to have to not show certain information</p> <p>17 that was fairly important, I think, in the</p> <p>18 overall story of what was going on. And I don't</p> <p>19 think -- you know, if Angie were here, Jon,</p> <p>20 myself -- we didn't disagree with the fact that</p> <p>21 that information should be shown. We didn't see</p> <p>22 where that information was proprietary, and it</p> <p>23 should have been shown.</p> <p>24 So I think there were -- there were some</p> <p>25 general disagreements relative to that, and we</p>	<p style="text-align: right;">Page 99</p> <p>1 I mean, whatever -- whatever is in email, I</p> <p>2 think, if there were any. I -- he wasn't ar- --</p> <p>3 he was not articulating to me, other than what --</p> <p>4 you know, if there was a peer group analysis. I</p> <p>5 just don't think -- I just don't remember</p> <p>6 anything being substantial enough that I even</p> <p>7 remember it. It would be very minor, if there's</p> <p>8 a change in, you know, a comma, a period, or</p> <p>9 something like that.</p> <p>10 MS. TEODORESCU: And then he says at the end</p> <p>11 of that email "I look forward to our discussion</p> <p>12 on how to actually provide the board a work</p> <p>13 product they expect."</p> <p>14 Do you -- did you have discussions with him?</p> <p>15 THE WITNESS: I asked Jon what that meant. I</p> <p>16 usually did not communicate with Aaron directly.</p> <p>17 It was usually through Jon. So I asked Jon what</p> <p>18 that meant, and I never got a response back. I</p> <p>19 asked him a couple of different times and never</p> <p>20 got a response back.</p> <p>21 MS. TEODORESCU: Were you then involved in</p> <p>22 making changes to this Towers Watson document?</p> <p>23 THE WITNESS: After whatever the product was</p> <p>24 scheduled for June 18th, nothing else after that.</p> <p>25 MS. TEODORESCU: But from the June 5th email,</p>
<p style="text-align: right;">Page 98</p> <p>1 had some discussions about that, but -- you know,</p> <p>2 "Why can't you show that? That doesn't seem to</p> <p>3 be in any way proprietary information."</p> <p>4 MS. TEODORESCU: Let me get the -- all right.</p> <p>5 So this is the document that you had sent him on</p> <p>6 June 5th. It's actually this one, and we'll mark</p> <p>7 it Exhibit 13.</p> <p>8 (Exhibit 13, June 13 Document, was marked for</p> <p>9 identification.)</p> <p>10 MS. TEODORESCU: And I only have one copy</p> <p>11 here, so you can take a look at it.</p> <p>12 THE WITNESS: (Examining document.)</p> <p>13 MS. TEODORESCU: When you look at the</p> <p>14 attachment -- and that's the product that</p> <p>15 Mr. Zahn is referring to.</p> <p>16 THE WITNESS: Uh-huh.</p> <p>17 MS. TEODORESCU: -- is there anything in it</p> <p>18 that refreshes your recollection as being</p> <p>19 incomplete, inconsistent, inaccurate?</p> <p>20 THE WITNESS: No, nothing that is going to</p> <p>21 change this substantially or be of concern, you</p> <p>22 know.</p> <p>23 MS. TEODORESCU: Did you communicate</p> <p>24 Mr. Zahn's comments to Towers Watson?</p> <p>25 THE WITNESS: If I did, it was in an email.</p>	<p style="text-align: right;">Page 100</p> <p>1 there -- there's an indication that Mr. Zahn</p> <p>2 expects some changes to the document, I would</p> <p>3 think, based on that last sentence.</p> <p>4 THE WITNESS: Right. And so I would expect</p> <p>5 Jon -- I would talk to Jon to try to get that</p> <p>6 information from Aaron. And if he got something,</p> <p>7 he could also reach out to David and talk to</p> <p>8 David directly. But at that point, I wasn't</p> <p>9 getting anything that I was acting on.</p> <p>10 MS. TEODORESCU: So you -- you didn't have to</p> <p>11 change anything --</p> <p>12 THE WITNESS: No.</p> <p>13 MS. TEODORESCU: -- to the document?</p> <p>14 THE WITNESS: No, huh-uh. I never changed</p> <p>15 anything to the documents. It was all Willis</p> <p>16 Towers Watson if they made any changes.</p> <p>17 You were talking about changes. Early on or</p> <p>18 earlier in the process there was an email</p> <p>19 exchange that said, Well, this slide, you know,</p> <p>20 you need to do this, or, This slide, you need to</p> <p>21 do that. Let me see if I can find it. I don't</p> <p>22 remember the date, but it was very early on. It</p> <p>23 wasn't at this point in the process.</p> <p>24 MS. TEODORESCU: Well, I was wondering</p> <p>25 because he says here, that -- from this point on,</p>

<p style="text-align: right;">Page 101</p> <p>1 whatever this attachment is --</p> <p>2 THE WITNESS: Uh-huh.</p> <p>3 MS. TEODORESCU: -- he's looking forward to a</p> <p>4 discussion on how to provide a work product --</p> <p>5 THE WITNESS: Right.</p> <p>6 MS. TEODORESCU: -- that the board expects,</p> <p>7 so I'm assuming changes were made?</p> <p>8 THE WITNESS: Right. Well --</p> <p>9 MS. TEODORESCU: Could have been made to the</p> <p>10 document. That what -- I was just wondering if</p> <p>11 you were involved and you knew what the changes</p> <p>12 would be.</p> <p>13 THE WITNESS: No, I was not.</p> <p>14 It was not abnormal for the leadership that's</p> <p>15 going to present to the comp committee members or</p> <p>16 the board to have a meeting together to talk</p> <p>17 about, you know, how they're going to present it</p> <p>18 or they may have a practice session with David,</p> <p>19 not with the comp committee, not with committee</p> <p>20 members or the board, but it might be an SLT</p> <p>21 member with David prepped for the meeting. But I</p> <p>22 don't know that anything like that ever happened.</p> <p>23 MS. TEODORESCU: Was David --</p> <p>24 THE WITNESS: David Watson.</p> <p>25 MS. TEODORESCU: Oh --</p>	<p style="text-align: right;">Page 103</p> <p>1 And so, yes, there's been a -- there's been</p> <p>2 gradual movement to be more market-competitive</p> <p>3 and appropriate, but I don't think that Towers</p> <p>4 Watson ever said we recommend a gradual movement</p> <p>5 towards market.</p> <p>6 MS. TEODORESCU: When was the next time you</p> <p>7 saw any document or had any discussion about an</p> <p>8 LTI plan after --</p> <p>9 THE WITNESS: I'm trying to read.</p> <p>10 MS. TEODORESCU: -- Towers Watson's June 5th</p> <p>11 document?</p> <p>12 THE WITNESS: The last time I heard about an</p> <p>13 LTI document before 7/23 would have been around</p> <p>14 the time we were trying to schedule the meeting.</p> <p>15 That was it. I didn't know that we were -- I</p> <p>16 didn't know that somebody -- I shouldn't even say</p> <p>17 we because I wasn't part of it. I didn't know</p> <p>18 what had happened to it. I assumed that maybe it</p> <p>19 had just died, nobody was going to do it, they</p> <p>20 figured it's not worth it.</p> <p>21 MS. TEODORESCU: You're saying trying to</p> <p>22 schedule the meeting. Which meeting?</p> <p>23 THE WITNESS: So the meeting with Towers --</p> <p>24 with Willis Towers Watson and the board. When I</p> <p>25 didn't hear anything about it happening, I didn't</p>
<p style="text-align: right;">Page 102</p> <p>1 THE WITNESS: You know, if they were coming</p> <p>2 down here, they would prep them for that meeting,</p> <p>3 as well as, you know, how's the meeting going to</p> <p>4 go, how is -- you know, just to prep them. And a</p> <p>5 meeting like that never happened, to my</p> <p>6 knowledge.</p> <p>7 MS. TEODORESCU: But you were left out from</p> <p>8 any further discussions on Towers Watson's</p> <p>9 document?</p> <p>10 THE WITNESS: So Towers Watson presented</p> <p>11 their information, and then as far as I know,</p> <p>12 there was no other discussion. I mean, they</p> <p>13 presented a version, and there were no other</p> <p>14 discussions. And so if there were discussions,</p> <p>15 that's when I was not involved.</p> <p>16 MS. TEODORESCU: Do you remember if Towers</p> <p>17 Watson ever recommended a gradual move towards</p> <p>18 the 50th percentile on total compensation?</p> <p>19 THE WITNESS: No. I -- I do know that back</p> <p>20 in 2011 we'd been talking about trying to get</p> <p>21 closer. And so what that means is you could get</p> <p>22 closer with base, you could get closer with base</p> <p>23 plus incentive, meaning short-term incentives.</p> <p>24 If you add LTI, that moves you closer. And so</p> <p>25 each of those components move you closer.</p>	<p style="text-align: right;">Page 104</p> <p>1 know if they had had individual conversations. I</p> <p>2 don't know -- you know, I did not hear anything.</p> <p>3 And so I assumed that maybe the LTI plan</p> <p>4 wasn't going to be discussed any further. I</p> <p>5 didn't -- I really didn't know how it was being</p> <p>6 approached. And my direction shifted a little</p> <p>7 bit.</p> <p>8 MS. TEODORESCU: You had other things to do?</p> <p>9 THE WITNESS: Uh-huh, yes.</p> <p>10 MS. TEODORESCU: And when was the next time</p> <p>11 you heard anything about an LTI?</p> <p>12 THE WITNESS: On the -- I was observing the</p> <p>13 board meeting of 7/23.</p> <p>14 MS. TEODORESCU: July 23rd.</p> <p>15 THE WITNESS: And it was approved in there.</p> <p>16 MS. TEODORESCU: Did you see those documents</p> <p>17 before July 23rd?</p> <p>18 THE WITNESS: No.</p> <p>19 MS. TEODORESCU: How did you get them?</p> <p>20 THE WITNESS: They were given to me by Jon.</p> <p>21 MS. TEODORESCU: On July 23rd?</p> <p>22 THE WITNESS: Or a day or so afterwards I was</p> <p>23 provided those.</p> <p>24 MS. TEODORESCU: Or before? You mean either?</p> <p>25 THE WITNESS: I wasn't provided them before.</p>



<p style="text-align: right;">Page 105</p> <p>1 It would have been after the board meeting I got 2 my hands on them.</p> <p>3 MS. TEODORESCU: Had you seen any of the 4 documents in that package before the board 5 meeting? There were, for example, proposed 6 employment agreement.</p> <p>7 THE WITNESS: Uh-huh. I did not see the 8 employment agreement before that meeting.</p> <p>9 MS. TEODORESCU: Did you see the retention 10 agreements?</p> <p>11 THE WITNESS: Yes.</p> <p>12 MS. TEODORESCU: Was there a pension 13 document?</p> <p>14 THE WITNESS: There was a pension proposal.</p> <p>15 MS. TEODORESCU: Had you seen that before 16 July 23rd?</p> <p>17 THE WITNESS: I had, yes.</p> <p>18 MS. TEODORESCU: But not the PUP documents?</p> <p>19 THE WITNESS: No.</p> <p>20 MS. TEODORESCU: Do you know who designed -- 21 who drafted those PUP documents?</p> <p>22 THE WITNESS: My understanding it was an 23 external law firm, but I don't know which law 24 firm it was.</p> <p>25 MS. TEODORESCU: Not a consultant, not a</p>	<p style="text-align: right;">Page 107</p> <p>1 You wouldn't expect the PUP documents to 2 include cost modeling, would you?</p> <p>3 THE WITNESS: So typically when you have a 4 long-term incentive plan, a PUP, whatever you 5 want to call it, it would be fairly clear on the 6 components that will be measured, and there would 7 be a formula on how those could grow.</p> <p>8 MS. TEODORESCU: Would you expect this plan 9 to have a cap?</p> <p>10 THE WITNESS: Yes.</p> <p>11 MS. TEODORESCU: Do you know if this one had 12 a cap?</p> <p>13 THE WITNESS: No, I don't know enough 14 information about it, the formula. No.</p> <p>15 MS. TEODORESCU: What was your involvement 16 with the PUP after July 23rd? What did you have 17 to do?</p> <p>18 THE WITNESS: So I didn't have anything to do 19 with it other than Jon had provided me a copy of 20 the documents, the plan document, explanation. I 21 think there was an agreement or something in 22 there for the employee that the employee would 23 sign. It was an enrollment form.</p> <p>24 So I was provided those and said, "You know, 25 you might want to look at these and see -- you</p>
<p style="text-align: right;">Page 106</p> <p>1 business consultant?</p> <p>2 THE WITNESS: Not Willis Towers Watson. They 3 definitely did not do it, nor did anybody on 4 the -- my team. Nobody did. It was -- it was 5 external to JEA.</p> <p>6 MS. TEODORESCU: Was that a -- were those 7 documents something you could actually implement?</p> <p>8 THE WITNESS: With the help of a third party, 9 yes.</p> <p>10 MS. HARRELL: What kind of third party?</p> <p>11 THE WITNESS: So there would -- you know, 12 finance would have to help keep track of the 13 value, the earnings. You'd have to probably have 14 a third party, which we do have E&amp;Y come in and 15 validate our financials on an annual basis. So 16 E&amp;Y would probably have to be involved, so a 17 third party.</p> <p>18 And then I had talked earlier about 19 administration probably would need a third party 20 to help administrate it.</p> <p>21 MS. TEODORESCU: Did those documents contain 22 cost modeling?</p> <p>23 THE WITNESS: Which documents?</p> <p>24 MS. TEODORESCU: Well, actually, yeah, that's 25 not a good question.</p>	<p style="text-align: right;">Page 108</p> <p>1 know, if you see anything." It seemed like the 2 documents were fairly complete. I'm not real 3 sure what input I would have provided that would 4 have influenced it, but I -- I went through the 5 documents.</p> <p>6 My feedback, I did provide some feedback to 7 say it's very confusing. I think there was an 8 email to Lynne stating my concerns about the 9 document, and it just seemed very complicated for 10 an employee plan document. That's not the way 11 I've -- I've been trained. It's been plain 12 English. And I think I even referenced, used the 13 expression the legalese of it.</p> <p>14 MS. TEODORESCU: I agree with you on that.</p> <p>15 THE WITNESS: Plan documents should be plain 16 English for the layman, and it just -- it was 17 very complicated. So that was a concern of mine 18 because I -- I would not -- it would be very hard 19 to now be provided this document to administer 20 and explain it to an employee in a meaningful way 21 that would make sense.</p> <p>22 MS. TEODORESCU: Did Ms. Rhode (phonetic) 23 ever answer -- answer that email?</p> <p>24 THE WITNESS: I don't believe she did. I 25 don't know if she got a copy of it. I don't</p>

<p style="text-align: right;">Page 109</p> <p>1 believe she did.</p> <p>2 MS. HARRELL: Do you have a copy of this</p> <p>3 email, or do you want me to pull it? Do you have</p> <p>4 a better copy?</p> <p>5 MS. TEODORESCU: So once you sent that email,</p> <p>6 were you asked to review any more documents?</p> <p>7 THE WITNESS: The only thing I was asked at</p> <p>8 that point was a few weeks later: "We're --</p> <p>9 we're going to move forward with rolling it out."</p> <p>10 So around -- we were talking about this in</p> <p>11 October. I had to move open enrollment because</p> <p>12 we were talking about an enrollment period for</p> <p>13 the employees. So we were going to go out during</p> <p>14 open enrollment. We were going to communicate</p> <p>15 the plan. We were going to explain the features</p> <p>16 of the plan and how enrollment would work.</p> <p>17 And I think one of my concerns or -- and</p> <p>18 it's -- and it's primarily I did not understand.</p> <p>19 I'm not fully knowledgeable of everything there</p> <p>20 is to know about these types of plans. But I was</p> <p>21 concerned that we were already in the performance</p> <p>22 year. So fiscal year 2020 started October 1, and</p> <p>23 we were going to go ahead and have enrollment</p> <p>24 after the fiscal year began.</p> <p>25 And my understanding, right or wrong -- I</p>	<p style="text-align: right;">Page 111</p> <p>1 And within, I'd say, a week of being told we were</p> <p>2 going to deliver it through open enrollment, I</p> <p>3 was told we were not going to do an open</p> <p>4 enrollment.</p> <p>5 MS. TEODORESCU: Did it -- were you given a</p> <p>6 reason for it?</p> <p>7 THE WITNESS: I was told that the external</p> <p>8 third-party law firm was going to be the one to</p> <p>9 administrate it, administer the enrollment.</p> <p>10 MS. HARRELL: Was that Pillsbury firm?</p> <p>11 THE WITNESS: I don't know if it was -- I</p> <p>12 mean, the only firms we were working with that I</p> <p>13 was knowledgeable were either Pillsbury or Foley</p> <p>14 Lardner. I mean, I -- I don't think it was</p> <p>15 Pillsbury.</p> <p>16 MS. HARRELL: Did you ever talk to anybody at</p> <p>17 Pillsbury about this?</p> <p>18 THE WITNESS: No.</p> <p>19 MS. HARRELL: Did you ever talk to anybody at</p> <p>20 Foley?</p> <p>21 THE WITNESS: No, not about the LTI. No.</p> <p>22 MS. TEODORESCU: So that was, what, first,</p> <p>23 second week of October?</p> <p>24 THE WITNESS: So the enrollment was scheduled</p> <p>25 for the third week of October. So we were, you</p>
<p style="text-align: right;">Page 110</p> <p>1 don't know if it's wrong. It might very well be.</p> <p>2 But I had thought that we had to have the</p> <p>3 enrollment before the fiscal year started --</p> <p>4 before the performance period started.</p> <p>5 So I was questioning, Can we still do this?</p> <p>6 And my understanding is there are actually rules</p> <p>7 or regs that allow you in your first year of a</p> <p>8 performance plan like this to do it in the middle</p> <p>9 of the performance year or something of that</p> <p>10 nature, is what I was told. And so I was like,</p> <p>11 "Okay," you know, whatever.</p> <p>12 But there were other subsequent things that</p> <p>13 had to do with the third-party vendor.</p> <p>14 MS. TEODORESCU: Well, how about just the --</p> <p>15 you know, what were you going to tell the</p> <p>16 employees when you were explaining the plan? Did</p> <p>17 you have a script? Did somebody provide you the</p> <p>18 details of the plan?</p> <p>19 THE WITNESS: When I had the documents, when</p> <p>20 I started to -- I didn't even put anything on</p> <p>21 paper. I was just thinking about it. It's like,</p> <p>22 you know, How do I communicate this to the</p> <p>23 employee? Because I'm only going to do it in a</p> <p>24 slide or two.</p> <p>25 So, you know, I had gone through the plan.</p>	<p style="text-align: right;">Page 112</p> <p>1 know, under the thought process we'd be out there</p> <p>2 delivering the message. But then we were told no</p> <p>3 just before the open enrollment, "No, you're not</p> <p>4 going to do it."</p> <p>5 We're like, "Okay."</p> <p>6 MS. TEODORESCU: So this was sometime in</p> <p>7 October; right?</p> <p>8 THE WITNESS: Right.</p> <p>9 MS. TEODORESCU: Mid October?</p> <p>10 THE WITNESS: Right, right. It was probably</p> <p>11 October 16th -- I think I was emailed over the</p> <p>12 weekend, on October 14th or something, whatever</p> <p>13 that weekend was, and said, "Can you move open</p> <p>14 enrollment so we can accommodate this new, you</p> <p>15 know, program so that you can enroll?"</p> <p>16 So we moved open enrollment by a week with</p> <p>17 the plan that we were going to communicate it.</p> <p>18 We were already going to print on our benefits</p> <p>19 manual. When I saw the documents, the plan</p> <p>20 document, I pushed back and said, "These types of</p> <p>21 documents are not typically in an open enrollment</p> <p>22 health plan because open enrollment is for health</p> <p>23 plans, not incentive or, you know,</p> <p>24 investment-type plans, like the savings plans."</p> <p>25 So that doc- -- I had to education them that</p>

<p style="text-align: right;">Page 113</p> <p>1 document was very specific. Our open enrollment</p> <p>2 document was very specific, met legal</p> <p>3 requirements for open enrollment for health</p> <p>4 insurance, not for what they were trying to do.</p> <p>5 And I was being told, "Well, we want all of</p> <p>6 these documents in your open enrollment booklet."</p> <p>7 I said, "I'm going to print."</p> <p>8 MS. HARRELL: Who told you that?</p> <p>9 THE WITNESS: Jon --</p> <p>10 MS. HARRELL: Kendrick?</p> <p>11 THE WITNESS: -- Kendrick. Uh-huh.</p> <p>12 MS. TEODORESCU: Do you know if somebody else</p> <p>13 was telling him that it must happen?</p> <p>14 THE WITNESS: No, I don't know who was</p> <p>15 telling him. I would assume -- I would assume</p> <p>16 whoever he reports to, but I don't know.</p> <p>17 MS. TEODORESCU: He reported to Melissa</p> <p>18 Dykes; correct?</p> <p>19 THE WITNESS: Uh-huh, yes. But he also very</p> <p>20 often worked directly with Aaron on matters.</p> <p>21 MS. TEODORESCU: Oh.</p> <p>22 MS. HARRELL: It seems like it would be very</p> <p>23 disruptive to move open enrollment.</p> <p>24 THE WITNESS: Uh-huh. Oh, yeah, it was very</p> <p>25 disruptive.</p>	<p style="text-align: right;">Page 115</p> <p>1 We would" -- the very -- but the thing that was</p> <p>2 difficult for us was this was very different than</p> <p>3 what a long-term incentive plan typically looks</p> <p>4 like.</p> <p>5 I -- I never envision people buying,</p> <p>6 basically investing, in a unit of a company,</p> <p>7 especially at a public company. So that -- that</p> <p>8 was the thing that was a little difficult for me,</p> <p>9 was, Wow, so now it's not -- because long-term</p> <p>10 incentives, they -- they can be whatever you want</p> <p>11 them to be. But typically it's a company giving</p> <p>12 something to a person, and they have control over</p> <p>13 it and it's affiliated with something that's</p> <p>14 going to go up or go down.</p> <p>15 Now, when you have somebody buy -- if</p> <p>16 somebody buys something, the feedback I provided</p> <p>17 them was, "You buy the stock. Okay. It's</p> <p>18 typically a stock option plan. What do you do?</p> <p>19 You buy it. You buy at a value. You get to</p> <p>20 watch that value go up and down. If the value</p> <p>21 goes down, you have the ability sometimes to say,</p> <p>22 I want to cash out. I've lost my value.</p> <p>23 There might be a retention period, but, you know,</p> <p>24 you -- you walk away maybe with something, but it</p> <p>25 wasn't just because you walk away, you just lose</p>
<p style="text-align: right;">Page 114</p> <p>1 MS. TEODORESCU: So you moved it.</p> <p>2 THE WITNESS: We moved it.</p> <p>3 MS. TEODORESCU: And did the law firm present</p> <p>4 anything to the employees about the PUP?</p> <p>5 THE WITNESS: So we were -- again, we were</p> <p>6 probably a week out of open enrollment, so we did</p> <p>7 move the date. And we hadn't printed the</p> <p>8 documents yet, so we were able to change the date</p> <p>9 on when open enrollment was going to be. And we</p> <p>10 could make that change in the computer. That's</p> <p>11 pretty easy.</p> <p>12 What I really could not do -- I told them I</p> <p>13 could do an insert, I could do something, but I</p> <p>14 could not put those long-term incentive documents</p> <p>15 within the open enrollment document and that I</p> <p>16 was highly discouraging that.</p> <p>17 I further went on to say, "If you --</p> <p>18 typically these are separate enrollment periods.</p> <p>19 They're separate from things like open</p> <p>20 enrollment. They're their own enrollment period.</p> <p>21 We would send the packages from the company</p> <p>22 directly, we would," meaning benefits would</p> <p>23 "prepare those packages, prepare the letter. We</p> <p>24 would get the information back. We would monitor</p> <p>25 who -- you know, there's a deadline to enroll.</p>	<p style="text-align: right;">Page 116</p> <p>1 your money. You lost your money because of the</p> <p>2 value associated with that company -- that</p> <p>3 financial metric went down."</p> <p>4 So in some cases there were some very</p> <p>5 different aspects of this plan that made it</p> <p>6 challenging.</p> <p>7 MS. TEODORESCU: Did anybody ever mention</p> <p>8 what was going to happen with the \$10 collected</p> <p>9 from the employees who bought the units? Was</p> <p>10 that money going to be invested in any way? Did</p> <p>11 you hear anything?</p> <p>12 THE WITNESS: I was never provided any</p> <p>13 details on what the money -- where the money</p> <p>14 would be, how -- I mean, no.</p> <p>15 MS. TEODORESCU: So what happened with the</p> <p>16 explanation of the PUP to the employees? So the</p> <p>17 law firm was going to do the explanation during</p> <p>18 the postponed enrollment, open enrollment period.</p> <p>19 THE WITNESS: So they then decided to detach</p> <p>20 the long-term incentive enrollment with open</p> <p>21 enrollment. So open enrollment went on as</p> <p>22 normal, and there would be a separate enrollment</p> <p>23 process for the long-term incentive, the PUP.</p> <p>24 MS. TEODORESCU: Did they say when it was</p> <p>25 going to happen?</p>

<p style="text-align: right;">Page 117</p> <p>1 THE WITNESS: The -- they were looking to</p> <p>2 have it done before the end of the fiscal -- I'm</p> <p>3 sorry -- the end of the calendar year, so</p> <p>4 sometime in late November or December was my</p> <p>5 understanding.</p> <p>6 MS. TEODORESCU: When were you told that, and</p> <p>7 who told you?</p> <p>8 THE WITNESS: Jon Kendrick told me, and it --</p> <p>9 I mean, I would say probably sometime November.</p> <p>10 It was just a verbal conversation. I wouldn't</p> <p>11 say it was prior to the discussion that I had</p> <p>12 with Mass Mutual.</p> <p>13 MS. TEODORESCU: And when did you have that</p> <p>14 discussion?</p> <p>15 THE WITNESS: You would have...</p> <p>16 MS. HARRELL: Sorry. Was it an email</p> <p>17 discussion?</p> <p>18 THE WITNESS: It was -- it started with an</p> <p>19 email invitation to them, and I think you have</p> <p>20 that. But it would have been to Mike Sheets, and</p> <p>21 I'm thinking it was just before Thanksgiving.</p> <p>22 MS. HARRELL: I'm going to show you what is</p> <p>23 in the Diamond Sale Notebook as JEA 0671 through</p> <p>24 JEA 673 and see if that's what you're talking</p> <p>25 about (tendering).</p>	<p style="text-align: right;">Page 119</p> <p>1 Thanksgiving. This is why I have it stuck in my</p> <p>2 head, because suddenly became, "Well, can Mass</p> <p>3 Mutual facilitate the enrollment?" And that's</p> <p>4 where the ask was just getting way too big in too</p> <p>5 short a period of time.</p> <p>6 And I said, "There is no way that Mass Mutual</p> <p>7 can turn an enrollment where they would actually</p> <p>8 facilitate the enrollment and" --</p> <p>9 MS. TEODORESCU: Who asked that.</p> <p>10 THE WITNESS: So Jon Kendrick asked me to see</p> <p>11 if I could -- if Mass Mutual would be able to do</p> <p>12 an enrollment. And I just said, "There's not" --</p> <p>13 it was, like, a ten-day turnaround time. I was</p> <p>14 like, "There's no way we can do this because</p> <p>15 their system's set up -- it's a minimum of 60</p> <p>16 days."</p> <p>17 So post enrollment, they could have done some</p> <p>18 administration; we could have had it up and</p> <p>19 running by the third quarter of 2020 so people</p> <p>20 could see this on a quarterly basis. But they</p> <p>21 just wanted things a little too -- too expedient.</p> <p>22 Couldn't do it.</p> <p>23 MS. HARRELL: Did you have a conversation</p> <p>24 with Mass Mutual about the part in the email</p> <p>25 that -- Page JEA 0671, where Michael Sheets</p>
<p style="text-align: right;">Page 118</p> <p>1 THE WITNESS: (Examining document.)</p> <p>2 Right. It would have been around this time.</p> <p>3 What I was trying to do was I knew I needed to</p> <p>4 get -- so around the beginning of November,</p> <p>5 because I had had a telephone conversation with</p> <p>6 them as well, what I was trying to figure out,</p> <p>7 number one, is if -- if -- if they did</p> <p>8 enrollment, first of all, could they do the</p> <p>9 administration and be able to -- basically be a</p> <p>10 record keeper. So it was basic recordkeeping,</p> <p>11 but it would prevent me from having to do an</p> <p>12 Excel spreadsheet and the employee could access</p> <p>13 it.</p> <p>14 So I was asking if they could even do that,</p> <p>15 and they were trying to put together their</p> <p>16 current 401(a) and 457 vendor -- or</p> <p>17 administrators, and -- TPAs is what I should call</p> <p>18 it, TPAs. And I was just trying to find out if</p> <p>19 they could add this as part of the suite that</p> <p>20 they offer us. And so they were doing some</p> <p>21 pricing in that particular email.</p> <p>22 And there were subsequent discussions about</p> <p>23 what the plan could look like from an</p> <p>24 administration standpoint. And then it became a</p> <p>25 question -- and this is where -- around</p>	<p style="text-align: right;">Page 120</p> <p>1 says -- talks about extracting from the database</p> <p>2 a list of employees with compensation over</p> <p>3 \$150,000 and that would be 37 people who were the</p> <p>4 most likely to contribute --</p> <p>5 THE WITNESS: Uh-huh.</p> <p>6 MS. HARRELL: -- to the plan?</p> <p>7 THE WITNESS: Uh-huh.</p> <p>8 MS. HARRELL: Did you ever have a</p> <p>9 conversation about how -- how he arrived at that</p> <p>10 number and figure and --</p> <p>11 THE WITNESS: So, again, sometimes -- you</p> <p>12 have to understand, while they may understand the</p> <p>13 administration of certain plans in the public</p> <p>14 sector space, when you start talking about</p> <p>15 something else, like a PUP plan or an LTIP plan,</p> <p>16 it's predominantly in the private sector. And,</p> <p>17 again, in the private sector, typically the</p> <p>18 individuals who are granted these types of</p> <p>19 programs make over \$100,000 a year, so -- plus,</p> <p>20 from their TPA administration of our 457 and</p> <p>21 401(a), they can also see who is actually</p> <p>22 participating in that, who's actually putting any</p> <p>23 money away for their retirement.</p> <p>24 So he was just making a generalization on,</p> <p>25 you know, Just based on what I see, maybe you'd</p>

<p style="text-align: right;">Page 121</p> <p>1 have this number of people participate, which</p> <p>2 when saw that number, I was like, "Okay." I</p> <p>3 mean --</p> <p>4 MS. HARRELL: Because that wasn't the goal of</p> <p>5 the PUP plan; right?</p> <p>6 THE WITNESS: Well, first of all, the email</p> <p>7 that he provided was not -- it doesn't have any</p> <p>8 bearing at all on what we're doing. He was just</p> <p>9 trying to figure out what pricing would be</p> <p>10 because you have to pay per person for</p> <p>11 administration.</p> <p>12 MS. HARRELL: Okay.</p> <p>13 THE WITNESS: So he was trying to figure out,</p> <p>14 well, what's -- we don't have any idea how many</p> <p>15 people are going to raise their hand and enroll.</p> <p>16 We have no historical information, so he's just</p> <p>17 going based on other types of plans that he has</p> <p>18 worked on and what trends might be. And right</p> <p>19 about that point, it died. The conversation just</p> <p>20 discontinued.</p> <p>21 MS. TEODORESCU: So when did you learn that</p> <p>22 the PUP has been abandoned by JEA?</p> <p>23 THE WITNESS: Not until I started seeing all</p> <p>24 the communications related to -- it's going to go</p> <p>25 to the board. Whenever -- whenever those</p>	<p style="text-align: right;">Page 123</p> <p>1 MS. HARRELL: I do want to ask you about the</p> <p>2 email from you to Lynne Rhode, and it's at JEA</p> <p>3 649 and 650 of the Diamond Sale Notebook because</p> <p>4 I know we referred to it.</p> <p>5 THE WITNESS: (Examining document.)</p> <p>6 MS. HARRELL: So you send the email that's at</p> <p>7 the bottom of 649 and runs through to 650 --</p> <p>8 THE WITNESS: Uh-huh.</p> <p>9 MS. HARRELL: You sent that to her after</p> <p>10 reviewing the plan.</p> <p>11 THE WITNESS: Uh-huh, uh-huh, yeah.</p> <p>12 MS. HARRELL: And were those the only</p> <p>13 concerns you had at that point about the PUP?</p> <p>14 THE WITNESS: I -- it was -- it was not in</p> <p>15 writing, but I had -- and I hadn't communicated</p> <p>16 it verbally to Jon that I -- Jon Kendrick that I</p> <p>17 was concerned that I didn't -- it seemed like to</p> <p>18 me that the number of shares, units, whatever you</p> <p>19 want to call them, I -- I had not seen anything</p> <p>20 in terms of -- I wasn't clear on, well, what</p> <p>21 happens if employees don't purchase the shares or</p> <p>22 the units, what happens if there are these excess</p> <p>23 shares. And I didn't know -- I never saw a scale</p> <p>24 of who could buy up to what. So, for example, an</p> <p>25 SLT member or a director even, I don't know how</p>
<p style="text-align: right;">Page 122</p> <p>1 communications started going out that -- so it</p> <p>2 would have been after Thanksgiving, early</p> <p>3 December that, you know, that it -- I heard the</p> <p>4 way the public heard, the way the employees</p> <p>5 heard. They were going to make a recommendation</p> <p>6 to the board to discontinue the plan.</p> <p>7 MS. TEODORESCU: Was there an announcement in</p> <p>8 Current? Capital C.</p> <p>9 THE WITNESS: I don't recall if there was or</p> <p>10 not. I don't look at them that closely.</p> <p>11 MS. HARRELL: Did you get any feedback from</p> <p>12 employees after it died, after PUP --</p> <p>13 THE WITNESS: Did we get any feedback?</p> <p>14 MS. TEODORESCU: Did employees express any</p> <p>15 emotion?</p> <p>16 MS. HARRELL: Did anybody say, Gosh, I was</p> <p>17 really looking forward to this, or, I wanted to</p> <p>18 be able to --</p> <p>19 THE WITNESS: Not one call to me. I -- I did</p> <p>20 not hear anything.</p> <p>21 MS. TEODORESCU: Have you heard other people</p> <p>22 say that employees are expressing disappointment</p> <p>23 that the PUP has been withdrawn?</p> <p>24 THE WITNESS: Not that I'm aware of. I</p> <p>25 haven't heard anything about it.</p>	<p style="text-align: right;">Page 124</p> <p>1 many shares they could buy compared to, say, a</p> <p>2 beginning unit employee. It seemed like it was</p> <p>3 very low for the bargaining units, but it was</p> <p>4 higher for a larger group, a higher group of</p> <p>5 people.</p> <p>6 MS. TEODORESCU: Based on what? What makes</p> <p>7 you think that?</p> <p>8 THE WITNESS: I can't say there was a solid</p> <p>9 discussion around it, but I -- I just believe</p> <p>10 there might have been a conversation at some</p> <p>11 point that -- that the general employee</p> <p>12 population was going to get only access to a</p> <p>13 certain number of shares to purchase. And,</p> <p>14 obviously, there was designed a larger pool of</p> <p>15 available units, and what would happen to those</p> <p>16 units if they weren't purchased? Would other</p> <p>17 people be able to purchase it?</p> <p>18 So there were some of the things that just</p> <p>19 weren't very clear to me, and normally it would</p> <p>20 be crystal-clear if you're getting ready to roll</p> <p>21 out a plan, that, you know, here is the schedule</p> <p>22 for who can get X number of shares. You can</p> <p>23 differentiate it by levels, but it'd be real</p> <p>24 clear on how many.</p> <p>25 And so, yes, I recall there being a small</p>

<p style="text-align: right;">Page 125</p> <p>1 number of shares at the lower level employees,  2 but I never saw any information about what -- the  3 upper level. And so there were going to -- this  4 is where I think the enrollment by another party  5 other than my group would be engaged because I  6 would never see what somebody else was offered to  7 purchase. And that just seemed very strange to  8 me.  9 MS. TEODORESCU: So that information would  10 not come to HR, what the senior leadership --  11 THE WITNESS: Correct.  12 MS. TEODORESCU: -- or upper management would  13 get?  14 THE WITNESS: It would be administered by --  15 I mean, they were talking about having it  16 administered by a third party. And then -- and  17 that was another third party, which was the law  18 firm at one point. And then it came back to,  19 well, maybe Mass Mutual can do this for us. It  20 just -- it was going in some circles.  21 MS. TEODORESCU: There was discussion that  22 the upper management performance unit would be  23 managed by a different --  24 THE WITNESS: The whole --  25 MS. TEODORESCU: -- administrator?</p>	<p style="text-align: right;">Page 127</p> <p>1 or late November, it was, "Oh, well, can they do  2 enrollment?" So it just was -- it was just back  3 and forth, so it was really strange. But I -- I  4 never got a specific understanding of what the --  5 what the difference -- different levels or  6 different units would be for different groups of  7 people.  8 MS. HARRELL: Did you feel like Lynne Rhode  9 answered your questions to your satisfaction in  10 that email.  11 THE WITNESS: Let me --  12 MS. HARRELL: Sure.  13 THE WITNESS: (Reviewing document.)  14 Yes. She answered my questions, but that  15 doesn't mean that I agreed with her answer.  16 MS. HARRELL: Okay. What is it that you  17 disagreed with?  18 THE WITNESS: My point to bringing up what I  19 brought up was the documents were too technical.  20 They were too complicated. And I had hoped that  21 maybe that would have influenced -- had some  22 influence on maybe making those documents a  23 little bit more user-friendly. And it was just  24 answered in that manner, so it pretty much said,  25 We hear you. Thank you. Have a great day.</p>
<p style="text-align: right;">Page 126</p> <p>1 THE WITNESS: The whole program. So it  2 started where enrollment in the unit plan would  3 be conducted -- well, let me back up.  4 So first we were going to the presentation,  5 but enrollment would actually be done by a third  6 party, and that's where the law firm came in. So  7 everything was coming directly from the law firm,  8 individual --  9 MS. HARRELL: Pillsbury?  10 THE WITNESS: Correct.  11 Okay. So the law firm would be responsible  12 for sending everything out. We would not see it.  13 I don't know why.  14 And so that seemed to be the plan for a  15 while, and then suddenly, you know, in November  16 it's like, "Well, we need somebody to  17 administrate it.  18 And I'm like, "Okay. So you're going to do  19 the" -- they're going to do the enrollment.  20 They're going to get everything back. They're  21 going to have the legal documents. And then at  22 some point somebody's going to give benefits,  23 something, to give to Mass Mutual to do  24 administration.  25 And then suddenly in December, early December</p>	<p style="text-align: right;">Page 128</p> <p>1 MS. HARRELL: Let me go through -- I have a  2 couple of quick questions I wrote in my notes.  3 Did Willet Stanford -- Willetta Stanford ever  4 contact you about her exit interview with Scott  5 Strackbine?  6 THE WITNESS: Other than say that he -- all  7 she said was he didn't say anything negative  8 towards her group and he said positive things,  9 but she never shared his actual exit interview  10 with me. I think if he would have said anything,  11 you know, negative to me, personally, she would  12 have given me that feedback.  13 MS. HARRELL: Did you have any involvement  14 with the employment agreements for the executive  15 team?  16 THE WITNESS: No.  17 MS. HARRELL: Even though you're part of --  18 part of your duties are talent acquisitions?  19 THE WITNESS: So -- so the agreements were --  20 let me clarify that. So the agreements were  21 approved of the day of the board meeting. I had  22 never seen them prior to that. After the board  23 approved them, they were given to our department,  24 to my -- to the HR department to say, Here, you  25 need to figure out how to administrate these.</p>

<p style="text-align: right;">Page 129</p> <p>1 So there were various components within those</p> <p>2 agreements, allowances, vacation schedules,</p> <p>3 benefits, that they received. So between myself,</p> <p>4 the payroll department -- meaning benefits,</p> <p>5 payroll, and HRIS, we had to figure out how to</p> <p>6 now get this into the system.</p> <p>7 So that -- that would be our involvement in</p> <p>8 the agreement, is administration of the execution</p> <p>9 of what was in those agreements. Beyond that, we</p> <p>10 had no involvement in input on them or design.</p> <p>11 MS. HARRELL: Was there any major difference</p> <p>12 in the administration for this batch as opposed</p> <p>13 to, say, Mr. McElroy's, the prior CEO?</p> <p>14 THE WITNESS: Yes.</p> <p>15 MS. HARRELL: What were those differences?</p> <p>16 THE WITNESS: The vacation schedules were</p> <p>17 accelerated for some. They -- so we have</p> <p>18 accrual, vacation accrual.</p> <p>19 MS. HARRELL: Uh-huh.</p> <p>20 THE WITNESS: Most people follow the same</p> <p>21 Plan H. It doesn't matter if you're an executive</p> <p>22 or a regular employee. There were specific hours</p> <p>23 put in these agreements that individuals that</p> <p>24 normally would not be eligible for those hours</p> <p>25 received on an accelerated basis. So we had</p>	<p style="text-align: right;">Page 131</p> <p>1 who are in the design contribution plan. And so</p> <p>2 it's a benefits -- there's -- there's nothing.</p> <p>3 There's not a plan document associated with that.</p> <p>4 And these were -- all these were put in the</p> <p>5 agreement and handed to us to administer.</p> <p>6 MS. HARRELL: I don't think I have anything</p> <p>7 else.</p> <p>8 But, Adina, do you have anything?</p> <p>9 MS. TEODORESCU: No.</p> <p>10 MS. HARRELL: All right. As I told you</p> <p>11 earlier -- we've kept you here longer than we</p> <p>12 intended to. I apologize for that.</p> <p>13 But this has all been in the course and scope</p> <p>14 of our assignment from the board to determine</p> <p>15 whether there's cause to terminate Mr. Zahn's</p> <p>16 contract for cause.</p> <p>17 And so, as you think back, has anything</p> <p>18 triggered your memory about -- is there anything</p> <p>19 else that you think is important for us to know</p> <p>20 and for the board to know?</p> <p>21 THE WITNESS: I think we talked about the</p> <p>22 agreements. The agreements, I think they're a</p> <p>23 little bit -- they were a little bit unusual in</p> <p>24 terms of what was provided. They would -- I</p> <p>25 don't know who had input on it normally. When</p>
<p style="text-align: right;">Page 130</p> <p>1 to -- the HRIS team had to do some modifications</p> <p>2 to get those in.</p> <p>3 There were business allowances. We had</p> <p>4 business allowance already in the -- I don't</p> <p>5 remember exactly what Mr. McElroy's business</p> <p>6 allowance was, but in the past, you didn't get a</p> <p>7 cell and a parking allowance. Like, those</p> <p>8 allowances were for people who are nonexecutive.</p> <p>9 So usually anybody who is director and below and</p> <p>10 management-appointed would get, per the policy,</p> <p>11 their cell allowance or parking allowance.</p> <p>12 MS. HARRELL: Cell phone?</p> <p>13 THE WITNESS: Right, cell phone allowance.</p> <p>14 The executives did not have access to those</p> <p>15 two types of allowances. They got one allowance</p> <p>16 called a business allowance. So in those</p> <p>17 agreements, I believe it -- it provides them</p> <p>18 those allowances plus a business allowance. And</p> <p>19 the business allowance is also slightly higher</p> <p>20 than what we have provided in the past. So all</p> <p>21 of that came in.</p> <p>22 There's also an SEP in there, something</p> <p>23 called a supplemental employee plan or something.</p> <p>24 And that's specifically for individuals -- the</p> <p>25 way it's designed in there, it's for individuals</p>	<p style="text-align: right;">Page 132</p> <p>1 Angie worked here, she -- her stance was -- she</p> <p>2 said the entire time she worked here that no one</p> <p>3 other than the CEO is allowed to have a contract.</p> <p>4 She stated that for the entire time that she</p> <p>5 worked with Aaron. And that was from April 2018</p> <p>6 until April of 2019.</p> <p>7 So she consistently would provide him</p> <p>8 feedback on what was not appropriate or just was</p> <p>9 not, you know, procedure. And it's just very</p> <p>10 interesting that as soon as she's gone, you know,</p> <p>11 everybody has agreements, and those agreements</p> <p>12 are above and beyond what is typically provided.</p> <p>13 There have been past agreements, so I -- I</p> <p>14 mean, I have to be forthright about that. There</p> <p>15 have been past agreements prior to 2012, and</p> <p>16 there's historically been agreements. And those</p> <p>17 agreements were all over the board. There's --</p> <p>18 some people have longer severance.</p> <p>19 So I don't know if -- you know, Angie would</p> <p>20 have to answer that. I don't know if she was</p> <p>21 given a directive or got clarification while she</p> <p>22 was employed. But we operated under the</p> <p>23 understanding that agreements were not available,</p> <p>24 and we've operated that severance could only, you</p> <p>25 know, be a certain amount of time, things like</p>

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1 that. I mean, sometimes we even questioned  
 2 whether severance was something that we could  
 3 provide.  
 4 So -- so the agreements were a little  
 5 strange.  
 6 THE COURT REPORTER: I'm sorry?  
 7 MS. HARRELL: The agreements were a little  
 8 strange.  
 9 Is there anything else you could think of  
 10 that would help us?  
 11 THE WITNESS: Huh-uh, no. I don't know of  
 12 anything else.  
 13 MS. HARRELL: Well, Mr. Linsner has some  
 14 closing remarks, and then we will adjourn.  
 15 Again, I apologize for delays.  
 16 MR. LINSNER: Do you have anything additional  
 17 to offer or add?  
 18 THE WITNESS: No.  
 19 MR. LINSNER: No? Then just be advised that,  
 20 since this is an ongoing General Counsel  
 21 investigation, please don't discuss the case with  
 22 others.  
 23 And the interview has now concluded at  
 24 5:10 p.m.  
 25 (Whereupon, the interview was concluded at

Page 134

1 5:10 p.m.)  
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C E R T I F I C A T E

1  
 2 STATE OF FLORIDA )  
 3 COUNTY OF DUVAL )  
 4 I, Suzanne R. Robinson, Registered  
 5 Professional Reporter, certify that I was authorized  
 6 to and did stenographically report the foregoing  
 7 proceedings and that the transcript is a true and  
 8 complete record of my stenographic notes.  
 9 I further certify that I am not a relative,  
 10 employee, attorney or counsel of any of the parties,  
 11 nor am I a relative or employee of any of the  
 12 parties' attorneys or counsel connected with the  
 13 action, nor am I financially interested in the  
 14 action.  
 15 Dated this 3rd day of February, 2020.  
 16  
 17   
 18 Suzanne R. Robinson, Registered  
 19 Professional Reporter  
 20  
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 22  
 23  
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<b>\$</b>	<b>13</b> 55:22 98:7,8	87:9,24 90:13 91:18 94:3	<b>5</b>	<b>Aaron</b> 4:16 6:6 14:22,24,25 43:16 45:24 47:15 63:20 86:2 89:5,6 91:10,12 99:16 100:6 113:20 132:5
<b>\$1</b> 21:9	<b>14th</b> 112:12	<b>23rd</b> 74:22 104:14, 17,21 105:16 107:16	<b>5</b> 45:10,11,12,19 72:22	<b>Aaron's</b> 46:24
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**Maillis, Patricia L. - Director, Employee Services**

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**From:** Maillis, Patricia L. - Director, Employee Services  
**Sent:** Tuesday, November 27, 2018 3:42 PM  
**To:** 'Deeb, Andrea (Atlanta)'  
**Subject:** RE: JEA Compensation Analysis

Thank you Andrea for the perspective.

We were looking at providing LTI in addition to STI and agree that this would position JEA well above the public sector markets, but not the private sector counterparts.

If the leadership team wishes to pursue this, would or does WTW assist with the design of LTI plans or is there some benchmark analysis that I may obtain or purchase for our industry?

Pat

**From:** Deeb, Andrea (Atlanta) <andrea.deeb@willistowerswatson.com>  
**Sent:** Tuesday, November 27, 2018 3:24 PM  
**To:** Maillis, Patricia L. - Director, Employee Services <mailpl@jea.com>; Evatt, Kim (Atlanta) <kim.evatt@willistowerswatson.com>  
**Subject:** RE: JEA Compensation Analysis

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

Hi Pat,

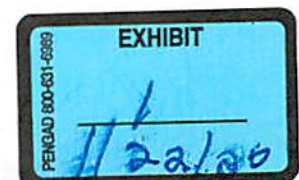
Unfortunately, we cannot comment on your numbers without spending more time looking at the data, and the actual pay mix relative to different market perspectives. But if I understand you correctly, you are looking at "swapping" out some STI value for a longer-term LTI opportunity. If that's the case, the idea makes sense. If you are looking at adding LTI onto a competitive STI opportunity, then you are likely going to be positioning your total compensation well above the market for comparable roles. That might compare favorably to general industry, but it likely will be well above competitive practices for the public sector, and therefore create potential external and internal negative perceptions.

Let us know if we can support you as you move into design.

Best,  
Andrea

**From:** Maillis, Patricia L. - Director, Employee Services [mailto:mailpl@jea.com]  
**Sent:** Monday, November 26, 2018 6:53 PM  
**To:** Evatt, Kim (Atlanta) <kim.evatt@willistowerswatson.com>; Deeb, Andrea (Atlanta) <andrea.deeb@willistowerswatson.com>  
**Subject:** JEA Compensation Analysis

Hi Kim/Andrea,



Hope you are doing well and your first holiday of the season went well. I personally am exhausted due to the swarm of locus (nickname for my family) that descended upon my house and ate all of my food (in 48 hours)!

Hoping you may be able to give me a quick sanity check on some analysis and recommendations that Angie and I are providing the new CEO related to LTI.

To give you some quick background. I am proposing that consideration be given to modifying the STI TIO to align with market. This will result in a 50 – 150% more target opportunity for some (e.g., SLT from 12% to 35%). Most line employees would realize a 50% increase as a percentage of base, e.g., today 1.5% of base, future proposed is 3%).

All that said, I am hoping that this proposed change will put STI and TC closer to market.

However, there is an additional ask. The CEO is seeking to put LTI in place. Looking at some public / government survey info, it appears this form of comp is only used at about 25% of public sector companies. I am planning to dust off and use the percentages provided for the SLT analysis in 2017 (percentages of compensation were provided, so I am thinking it has not changed much for execs).

I've done some analysis using some of the same resources we provided WTW back in 2017 (2018 data) on LTI and came up with some aggregate LTI percentages as follows:

Directors:	20-22% of base (direct reports to c-Suite)
Managers:	5-9% (this is middle management and I am adjust Target STI to reflect 50 <sup>th</sup> tile of market, no LTI)
Supervisors:	Adjust Target STI to reflect 50 <sup>th</sup> tile of market, no LTI
Professionals:	There are some outliers that receive LTI, but since this is unionized, we would be consistent, so adjust Target STI to reflect 50 <sup>th</sup> tile of market, no LTI
Line Employees:	Adjust Target STI to reflect 50 <sup>th</sup> tile of market, no LTI

Because the turn time on this is pretty quick, just doing a check to see if this passes your sniff test. We have not begun design, but need to start somewhere for budgeting purposes.

Pat Maillis  
Director Employee Services  
JEA  
21 W Church Street, T6  
Jacksonville, FL 32202  
904 665 4132

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## **Maillis, Patricia L. - Director, Employee Services**

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**From:** Maillis, Patricia L. - Director, Employee Services  
**Sent:** Monday, November 26, 2018 6:53 PM  
**To:** kim.evatt@willistowerswatson.com; andrea.deeb@willistowerswatson.com  
**Subject:** JEA Compensation Analysis

Hi Kim/Andrea,

Hope you are doing well and your first holiday of the season went well. I personally am exhausted due to the swarm of locus (nickname for my family) that descended upon my house and ate all of my food (in 48 hours)!

Hoping you may be able to give me a quick sanity check on some analysis and recommendations that Angie and I are providing the new CEO related to LTI.

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Because the turn time on this is pretty quick, just doing a check to see if this passes your sniff test. We have not begun design, but need to start somewhere for budgeting purposes.

Pat Maillis  
Director Employee Services  
JEA  
21 W Church Street, T6  
Jacksonville, FL 32202  
904 665 4132

## Maillis, Patricia L. - Director, Employee Services

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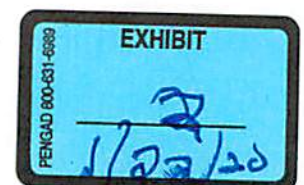
**From:** Maillis, Patricia L. - Director, Employee Services  
**Sent:** Thursday, December 27, 2018 11:32 AM  
**To:** andrea.deeb@willistowerswatson.com  
**Subject:** JEA Proposed New Incentive  
**Attachments:** Adjusted FY19 Pay for Performance Plan\_Summary\_Market.docx

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  
21 W Church Street, T6  
Jacksonville, FL 32202  
904 665 4132



## 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*

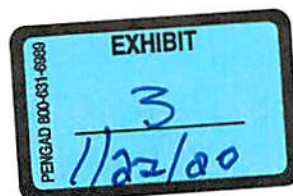
Willis Towers Watson will conduct a competitive market analysis of short and long-term incentive (LTI) plan designs covering applicable industry perspectives (i.e., public power utilities, investor owned utilities, general industry, etc.). We will leverage our anecdotal consulting experience, publicly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

January 30, 2019

Ms. Angie Hiers  
Chief Human Resources Officer  
JEA  
21 West Church Street  
Jacksonville, FL 32202

**SUBJECT: PROPOSAL FOR INCENTIVE PLAN REVIEW AND DESIGN**

Dear Angie:

We appreciate the opportunity to support JEA ("JEA") with a review of the short-term incentive plan design, competitive market review of long-term incentive design practices and development of a strawman long-term incentive plan design. This statement of work outlines scope, timing and fees for our services.

**SCOPE OF SERVICES**

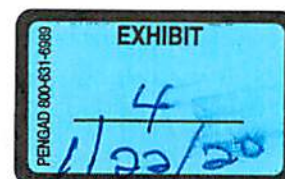
To assist JEA, we will perform the following work steps:

**Management and Board Interviews and Data Collection**

- We plan to hold a half-hour phone interview with 2 to 4 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-Term Incentive Plan Review**

- Willis Towers Watson will conduct a high level review of the proposed JEA short-term incentive plan design, providing commentary on key design aspects based on our understanding of utility industry short-term incentive plan design practices. No formal competitive benchmarking analysis will be conducted for this review, but we will rely on our past experience and provide commentary on alignment of the proposed design with typical market practice or possible gaps to market. Short-term incentive plan design review findings will be provided to Management in a summary letter report



**Long-Term Incentive Plan Design Review*****Step 1: Audit Current Compensation Analyses***

Willis Towers Watson will audit the most recent compensation benchmarking analyses JEA has completed 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 long-term incentive plan design incentive opportunities

***Step 2: Conduct a Competitive Market Analysis of Long-Term Incentive Plan Designs***

Willis Towers Watson will conduct a competitive market analysis of 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: Develop Long-Term Incentive Strawman Design***

- Based on feedback from the interviews and consideration of competitive market practices from Step 2, 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 detailing the proposed long-term incentive plan design for review with designated members of Management and/or the Compensation Committee. Our report will detail the analysis methodology, findings 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 long-term incentive 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 around the proposed long-term incentive plan design

To ensure the quality of our services, our work is thoroughly reviewed internally and encompasses Willis Towers Watson's standard protocol for Work Excellence.



**PROJECT TEAM**

David Wathen will lead this project and have responsibility for its overall success. Paul Hwang will serve as the project manager and day-to-day contact for all aspects of this project. We may also draw upon additional Willis Towers Watson resources as appropriate with the objective to bring you the best expertise and resources our firm can offer.

**TIMING AND DELIVERY OF SERVICES**

Willis Towers Watson expects to begin this work immediately upon acceptance of this proposal and will complete the project within 4 to 5 weeks, well in advance of the March 25 Committee meeting.

**FEES AND EXPENSES**

Willis Towers Watson's consulting fees are based on the services and assumptions described above. For this engagement, we estimate our consulting fees to be \$33,000 - \$38,000, inclusive of Willis Towers Watson's 7% technology and administrative fee. To the extent that out-of-pocket expenses are incurred (e.g., travel and lodging), they will be billed to JEA in addition to consulting fees as detailed in the Terms and Conditions of Engagement.

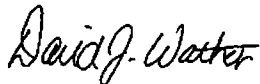
**TERMS AND CONDITIONS OF ENGAGEMENT**

The services described in this scope of work and any other services that Willis Towers Watson provides to JEA are subject to the Terms and Conditions of Engagement signed on May 5, 2011.

**IN CLOSING**

Angie, we are excited about the opportunity to work with you and assist JEA on this important compensation project. If this proposal is acceptable to you, please sign and return to us, retaining a copy for your records. If you have any questions now or during the course of our engagement, please contact me at 678-684-0751.

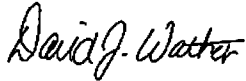
Thank you,



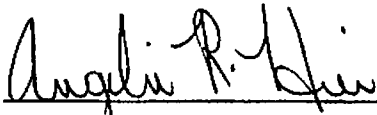
David J. Wathen  
Utility Industry Compensation Practice Leader

cc: Patricia Mallis, JEA  
Andrea Deeb, Willis Towers Watson

AGREED AND ACCEPTED BY:  
WILLIS TOWERS WATSON US LLC

Signature:   
Printed Name: David J. Wathen  
Title: Senior Director  
Date: January 30, 2019

AGREED AND ACCEPTED BY:  
JEA

Signature:   
Printed Name: Angie R. Hiers  
Title: VP & Chief Human Resources Officer  
Date: January 31, 2019

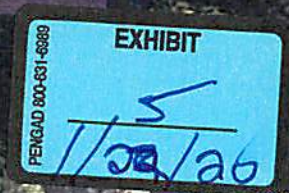


# CEO, Executive and Appointed Population Compensation Review

Prepared for JEA

March 19, 2019

Discussion Draft





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# Introduction

## *Summary*

- JEA engaged Willis Towers Watson (“WTW”) to conduct the following:
  - Competitive market pricing of JEA’s Chief Executive Officer (“CEO”)
  - Audit of the competitive benchmarks and market pricings for JEA’s executive population (the “VPs” and “Chiefs”)
  - Utilize JEA’s most recent competitive market analysis to update the competitive market comparisons for the Appointed population

# Introduction

## *Compensation Philosophy*

- JEA's current compensation philosophy for its executive (excluding CEO) and Appointed population is as follows:
  - Targets market 50<sup>th</sup> percentile for all components of compensation
    - Base salary
    - Target bonus
    - Target total cash compensation (Target TCC = base salary + target bonus)
    - long-term incentives (annual grant date accounting value)
    - Target total direct compensation (Target TDC = target TCC + long-term incentives)
  - Operational positions: primary market is utility/energy services industry
  - Functional positions: blend of utility/energy services and general industry data
  - 5% discount applied to all positions below the Director-level to reflect geographic differential of Jacksonville to National market

## Chief Executive Officer Review

# Chief Executive Officer Review

## *Methodology*

- To conduct the competitive market pricing for the CEO position, a peer group was developed reflecting:
  - Investor Owned Utilities (“IOUs”) and Public Power Utilities
  - Focus on electric and/or diversified utilities (electric and gas and/or water utilities)
  - Comparably-sized (revenues in a range of ½ to 2x JEA's revenues OR generation capacity in a range of ½ to 2x JEA's generation capacity)
  - Survey source: Willis Towers Watson's 2018 Energy Services Industry Executive Compensation Database



# Chief Executive Officer Review

## Market Pricing Details

Chief Executive Officer		Competitive Market Data <sup>(5)</sup>		
Pay Component	Data Perspective	25th %ile	50th %ile	75th %ile
Base (\$000s)	Combined Peer Group	\$605.0	\$800.0	\$980.0
	Investor Owned Utility Peers	\$730.0	\$835.0	\$995.0
	Public Power Peers	\$475.0	\$580.0	\$920.0
Target Bonus % <sup>(1)</sup>	Combined Peer Group	48%	100%	108%
	Investor Owned Utility Peers	100%	100%	110%
	Public Power Peers <sup>(3)</sup>	---	---	---
Target TCC (\$000s)	Combined Peer Group	\$760.0	\$1,275.0	\$1,790.0
	Investor Owned Utility Peers	\$1,380.0	\$1,725.0	\$2,065.0
	Public Power Peers	\$515.0	\$720.0	\$985.0
LTI % <sup>(2)</sup>	Combined Peer Group	107%	125%	166%
	Investor Owned Utility Peers	213%	249%	331%
	Public Power Peers	---	---	---
Target TDC (\$000s)	Combined Peer Group <sup>(4)</sup>	\$1,515.0	\$2,270.0	\$3,010.0
	Investor Owned Utility Peers	\$2,845.0	\$3,970.0	\$5,110.0
	Public Power Peers	\$515.0	\$720.0	\$985.0

"---"= Data not available.

(1) Target bonus percentages are represented as a percentage of base salary.

(2) Long-term incentive (LTI) percentages are represented as a percentage of base salary. LTI figures are based on ASC 718 (FAS 123R) "accounting values". No public powers report providing a target LTI opportunity, and the Combined Peer Group perspective reflects 1/2 of the reported market data because the data are comprised of responses from both public powers and investor owned utilities.

(3) Only 4 public power peers report a target bonus opportunity (sample size is too small).

(4) Target TDC for the Combined Peer Group perspective is built up by using Base Salary, Target TCC, and LTI % data.

(5) Market data greater than \$100,000 rounded to the nearest \$5,000.

# Executive Population Review





# Executive Population Review

## *Introduction*

- The following pages contain WTW's review of JEA's competitive benchmarking and market pricings for 13 executives (the "VPs" and "Chiefs")
- These positions have historically been priced by JEA, and WTW market priced 8 of the executive positions in 2017
- 13 executive positions are under the current review:
  - President and Chief Operating Officer
  - Chief Financial Officer
  - Chief Innovation and Transformation Officer
  - VP/GM Energy
  - VP/GM Water/Wastewater Systems
  - VP Energy and Water Planning
  - VP & Chief Compliance Officer
  - VP & Chief Human Resources Officer
  - Chief Public & Shareholder Affairs Officer
  - VP & Chief Customer Officer
  - VP & Chief Environmental Services Officer
  - VP & Chief Information Officer
  - VP & Chief Supply Chain Officer

# Executive Population Review

## Methodology and Summary Findings

- For the following review, WTW utilized the most current incumbent and market data provided by JEA
  - JEA provided market data for the 50<sup>th</sup> percentile only for all pay components
- To keep the methodology consistent with WTW's 2017 review and with JEA's compensation philosophy:
  - Blended Energy Services and General Industry surveys with 50/50 weights for the functional roles (e.g. Finance, Operations, etc.) across all pay components as appropriate
  - In the 2017 review, regression data were used when available vs. JEA's current review where tabular data with appropriate revenue cuts were used, when available
- The table below presents the average variances for JEA executives (excluding the CEO) as compared to market 50<sup>th</sup> percentile for each of the pay components:

Level	Average Base Salary Variance	Average Target TCC Variance	Average Target TDC Variance
Executive	-12%	-28%	-42%

- The following pages present the individual position findings of the review and a comparison of JEA's current analysis to WTW's analysis in 2017

# Executive Population Review

## Incumbent Data

Position Title	Survey Benchmark	Base Salary (\$000s)	Target Bonus %	Target TCC (\$000s)	Long-term Incentives %	Target TDC (\$000s)
President & Chief Operating Officer	Chief Operating Officer	\$400.0	10%	\$440.0	NA	\$440.0
Chief Financial Officer	CFO/Top Financial Officer	\$350.0	10%	\$385.0	NA	\$385.0
Chief Innovation & Transformation Officer	Top Strategic Planning Executive	NA	10%	NA	NA	NA
VP/GM Energy	Top Power Generation and Delivery Executive	\$295.0	10%	\$324.5	NA	\$324.5
VP/GM Water/Wastewater Systems	Top Executive (Water)	\$200.2	10%	\$220.3	NA	\$220.3
VP Energy & Water Planning	Top Engineering Executive	NA	10%	NA	NA	NA
VP & Chief Compliance Officer	Top Regulatory Affairs and Compliance Executive	\$222.0	10%	\$244.2	NA	\$244.2
VP & Chief Human Resources Officer	Top Human Resources Executive	\$239.0	10%	\$262.9	NA	\$262.9
Chief Public & Shareholder Affairs Officer	Top Government Relations Executive	\$232.1	10%	\$255.4	NA	\$255.4
VP & Chief Customer Officer	Top Customer Service/Operations Executive	\$222.9	10%	\$245.2	NA	\$245.2
VP & Chief Environmental Services Officer	Top Environmental Affairs and Compliance Executive	\$180.0	10%	\$198.0	NA	\$198.0
VP & Chief Information Officer	Chief Information Officer	\$267.7	10%	\$294.5	NA	\$294.5
VP & Chief Supply Chain Officer	Top Supply Chain Executive	\$180.0	10%	\$198.0	NA	\$198.0

NA=Data not available.



# Executive Population Review

## Year-over-year: Base Salary

JEA	Position Title	JEA 2019 Base Salary (\$000s)	2019 Competitive Market Base Salary (\$000s) <sup>(1)</sup>	2019 Variance: JEA vs. Market	2017 Competitive Market Base Salary (\$000s) <sup>(1)</sup>	2017 Variance: JEA vs. Market
			50th Percentile	50th Percentile	50th Percentile	50th Percentile
	President & Chief Operating Officer	\$400.0	\$460.0	-13%	NA	NA
	Chief Financial Officer	\$350.0	\$425.0	-18%	\$380.0	-7%
	Chief Innovation & Transformation Officer	NA	\$275.0	NA	NA	NA
	VP/GM Energy	\$295.0	\$295.0	0%	\$285.0	5%
	VP/GM Water/Wastewater Systems	\$200.2	\$240.0	-17%	\$220.0	-1%
	VP Energy & Water Planning	NA	\$240.0	NA	NA	NA
	VP & Chief Compliance Officer	\$222.0	\$220.0	0%	\$220.0	-5%
	VP & Chief Human Resources Officer	\$239.0	\$295.0	-19%	\$255.0	-12%
	Chief Public & Shareholder Affairs Officer	\$232.1	\$240.0	-3%	\$250.0	-11%
	VP & Chief Customer Officer	\$222.9	\$245.0	-10%	\$220.0	-9%
	VP & Chief Environmental Services Officer	\$180.0	\$210.0	-15%	NA	NA
	VP & Chief Information Officer	\$267.7	\$285.0	-7%	\$260.0	-2%
	VP & Chief Supply Chain Officer	\$180.0	\$260.0	-31%	NA	NA
Average Variances				-12%		-5%

NA=Data not available.

(1) Market data greater than \$100,000 rounded to the nearest \$5,000.

# Executive Population Review

## Year-over-year: Target Bonus %

JEA	Position Title	JEA 2019 Target Bonus %	2019 Competitive Market Target Bonus %	2019 Absolute Variance: JEA vs. Market	2017 Competitive Market Target Bonus %	2017 Absolute Variance: JEA vs. Market
			50th Percentile	50th Percentile	50th Percentile	50th Percentile
	President & Chief Operating Officer	10%	70%	-60%	NA	NA
	Chief Financial Officer	10%	65%	-55%	55%	-43%
	Chief Innovation & Transformation Officer	10%	41%	-31%	NA	NA
	VP/GM Energy	10%	30%	-20%	38%	-26%
	VP/GM Water/Wastewater Systems	10%	NA	NA	29%	-17%
	VP Energy & Water Planning	10%	35%	-25%	NA	NA
	VP & Chief Compliance Officer	10%	30%	-20%	32%	-20%
	VP & Chief Human Resources Officer	10%	46%	-36%	38%	-26%
	Chief Public & Shareholder Affairs Officer	10%	35%	-25%	36%	-24%
	VP & Chief Customer Officer	10%	43%	-33%	32%	-20%
	VP & Chief Environmental Services Officer	10%	36%	-26%	NA	NA
	VP & Chief Information Officer	10%	45%	-35%	39%	-27%
	VP & Chief Supply Chain Officer	10%	35%	-25%	NA	NA
Average Variances				-33%	-25%	

NA=Data not available.



# Executive Population Review

## Year-over-year: Target Total Cash Compensation (TCC)

JEA Position Title	JEA 2019 Target TCC (\$000s)	2019 Competitive Market Target TCC (\$000s) <sup>(1)</sup>	2019 Variance: JEA vs. Market	2017 Competitive Target TCC (\$000s) <sup>(1)</sup>	2017 Variance: JEA vs. Market
		50th Percentile	50th Percentile	50th Percentile	50th Percentile
President & Chief Operating Officer	\$440.0	\$760.0	-42%	NA	NA
Chief Financial Officer	\$385.0	\$670.0	-43%	\$580.0	-32%
Chief Innovation & Transformation Officer	NA	\$370.0	NA	NA	NA
VP/GM Energy	\$324.5	\$410.0	-21%	\$390.0	-14%
VP/GM Water/Wastewater Systems	\$220.3	\$240.0	-8%	\$285.0	-15%
VP Energy & Water Planning	NA	\$335.0	NA	NA	NA
VP & Chief Compliance Officer	\$244.2	\$280.0	-12%	\$285.0	-18%
VP & Chief Human Resources Officer	\$262.9	\$435.0	-40%	\$340.0	-26%
Chief Public & Shareholder Affairs Officer	\$255.4	\$330.0	-22%	\$335.0	-26%
VP & Chief Customer Officer	\$245.2	\$320.0	-23%	\$290.0	-23%
VP & Chief Environmental Services Officer	\$198.0	\$290.0	-32%	NA	NA
VP & Chief Information Officer	\$294.5	\$415.0	-29%	\$355.0	-20%
VP & Chief Supply Chain Officer	\$198.0	\$335.0	-41%	NA	NA
Average Variances			-28%		-22%

NA=Data not available.

(1) Market data greater than \$100,000 rounded to the nearest \$5,000.

# Executive Population Review

## Year-over-year: Long-term Incentives % (as % of base salary)

JEA Position Title	JEA 2019 Long-term Incentives %	2019 Competitive Market Long-term Incentives % <sup>(1)</sup>	2019 Absolute Variance: JEA vs. Market	2017 Competitive Market Long-term Incentives %	2017 Absolute Variance: JEA vs. Market
		50th Percentile	50th Percentile	50th Percentile	50th Percentile
President & Chief Operating Officer	NA -0	105%	NA	NA	NA
Chief Financial Officer	NA	75%	NA	113%	NA
Chief Innovation & Transformation Officer	NA	30%	NA	NA	NA
VP/GM Energy	NA	26%	NA	72%	NA
VP/GM Water/Wastewater Systems	NA	NA	NA	46%	NA
VP Energy & Water Planning	NA	26%	NA	NA	NA
VP & Chief Compliance Officer	NA	22%	NA	42%	NA
VP & Chief Human Resources Officer	NA	44%	NA	60%	NA
Chief Public & Shareholder Affairs Officer	NA	29%	NA	52%	NA
VP & Chief Customer Officer	NA	33%	NA	43%	NA
VP & Chief Environmental Services Officer	NA	23%	NA	NA	NA
VP & Chief Information Officer	NA	38%	NA	60%	NA
VP & Chief Supply Chain Officer	NA	28%	NA	NA	NA
		Average Variances		--	

NA=Data not available.

(1) 2019 Competitive Market Long-term Incentives % are calculated by dividing the provided 2019 Competitive Market LTI \$ values with the provided 2019 Competitive Market Base Salary values. 2019 Competitive Market Long-term Incentives values reflect 1/2 for all reported market data to account for the fact that Energy Services Industry surveys are comprised of responses by Public Power Utilities and General Industry surveys are comprised of responses by not-for-profit organizations, which typically do not grant LTI.



# Executive Population Review

## Year-over-year: Target Total Direct Compensation (TDC)

JEA	Position Title	JEA 2019 Target TDC (\$000s)	2019 Competitive Market Target TDC (\$000s) <sup>(1)(2)</sup>	2019 Variance: JEA vs. Market	2017 Competitive Market Target TDC (\$000s) <sup>(1)</sup>	2017 Variance: JEA vs. Market
			50th Percentile	50th Percentile	50th Percentile	50th Percentile
	President & Chief Operating Officer	\$440.0	\$1,245.0	-65%	NA	NA
	Chief Financial Officer	\$385.0	\$990.0	-61%	\$1,115.0	-65%
	Chief Innovation & Transformation Officer	NA	\$455.0	NA	NA	NA
	VP/GM Energy	\$324.5	\$490.0	-34%	\$595.0	-44%
	VP/GM Water/Wastewater Systems	\$220.3	\$240.0	-8%	\$385.0	-37%
	VP Energy & Water Planning	NA	\$395.0	NA	NA	NA
	VP & Chief Compliance Officer	\$244.2	\$330.0	-25%	\$400.0	-41%
	VP & Chief Human Resources Officer	\$262.9	\$565.0	-53%	\$555.0	-55%
	Chief Public & Shareholder Affairs Officer	\$255.4	\$400.0	-36%	\$485.0	-49%
	VP & Chief Customer Officer	\$245.2	\$400.0	-39%	\$405.0	-45%
	VP & Chief Environmental Services Officer	\$198.0	\$340.0	-42%	NA	NA
	VP & Chief Information Officer	\$294.5	\$525.0	-44%	\$560.0	-49%
	VP & Chief Supply Chain Officer	\$198.0	\$410.0	-52%	NA	NA

NA=Data not available.

Average Variances

-42%

-48%

(1) Market data greater than \$100,000 rounded to the nearest \$5,000.

(2) 2019 Competitive Market Target TDC values are built up by using the provided 2019 Competitive Market Target TCC values and calculated 2019 Competitive Market LTI \$ values.





## Appointed Population Review

# Appointed Population Review

## *Introduction*

- The following pages contain WTW's review of JEA's competitive market data for its Appointed population (including the 13 executives in the Executive Population Review)
  - WTW reviewed the most current incumbent and market data provided by JEA
  - JEA provided market data for the 50<sup>th</sup> percentile only for all pay components
- WTW conducted a review of the Appointed population in 2017, which involved independently benchmarking/market pricing 80 positions, as well as conducting an audit for 271 positions included in an analysis completed by JEA
  - The findings from this year's review, as well as a comparison of JEA's current market analysis to WTW's review in 2017 are provided
- See Appendix D for a comprehensive exhibit that matches JEA's incumbent data to market data

## Appointed Population Review

### Year-over-year: Market 50<sup>th</sup> Percentile Variances By Job Level

- Year-over-year comparisons of the current review and 2017 review are impacted by:
  - JEA's addition of the -5% geographic differential for the individual contributor and manager job levels for the current review
  - Only Target TCC data was provided for the current review, whereas Actual TCC data was provided for the 2017 review
  - Aggregated variances for Target Bonus %, LTI %, and Target TDC were not reviewed in 2017

#### Current Review:

Level	Average Base Salary Variance	Average Target Bonus % Variance	Average Target TCC Variance	Average Long-term Incentive % Variance	Average Target TDC Variance
Executive	-12%	-33%	-28%	--	-42%
Director	-1%	-10%	-8%	--	-13%
Manager	-2%	-5%	-6%	--	-8%
Individual Contributor	-1%	-2%	-1%	--	-3%
Total	-2%	-7%	-6%	--	-9%

#### 2017 Review:

Level	Average Base Salary Variance	Average Target Bonus % Variance	Average Actual TCC Variance
Executive	-9%	NA	-30%
Director	-2%	NA	-10%
Manager	-5%	NA	-12%
Individual Contributor	-4%	NA	-6%
Total	-4%	NA	-10%



## Appointed Population Review

### Year-over-year: Base Salary Variances

#### Current Review:

Level	Number of Jobs	Number of Incumbents	Average Base Salary Variance
Executive	11	11	-12%
Director	29	31	-1%
Manager	89	121	-2%
Individual Contributor	61	115	-1%
Total	190	278	-2%

#### 2017 Review:

Level	Number of Jobs	Number of Incumbents	Average Base Salary Variance
Executive	8	8	-9%
Director	39	39	-2%
Manager	97	124	-5%
Individual Contributor	77	136	-4%
Total	221	307	-4%

## Appointed Population Review

### Year-over-year: Total Cash Compensation (TCC) Variances

#### Current Review:

Level	Number of Jobs	Number of Incumbents	Average Target TCC Variance
Executive	11	11	-28%
Director	29	31	-8%
Manager	89	121	-6%
Individual Contributor	61	115	-1%
Total	190	278	-6%

#### 2017 Review:

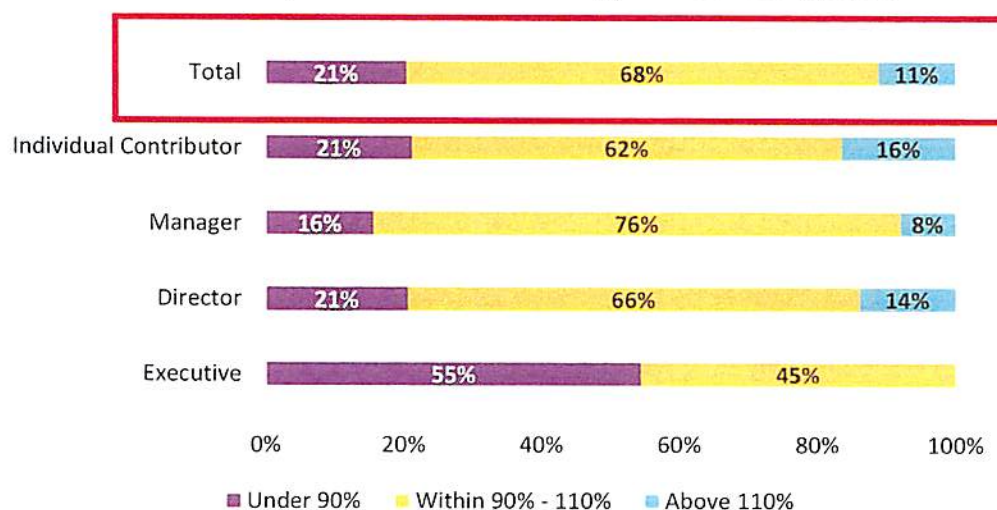
Level	Number of Jobs	Number of Incumbents	Average Actual TCC Variance
Executive	8	8	-30%
Director	36	36	-10%
Manager	88	115	-12%
Individual Contributor	75	134	-6%
Total	207	293	-10%

## Appointed Population Review

### Competitive Market Positioning: Base Salary

- Willis Towers Watson considers pay levels to be generally competitive if they fall within the following ranges of targeted compensation levels
  - +/- 10% for Base Salary
  - +/- 15% for Total Cash Compensation
  - +/- 20% for Total Direct Compensation
- The chart below shows the distribution of JEA base salaries relative to the provided market data by job level
  - The majority of non-executives and approximately half of executives are within the competitive range

Base Salary Market Positioning<sup>(1)</sup> - Job Weighted



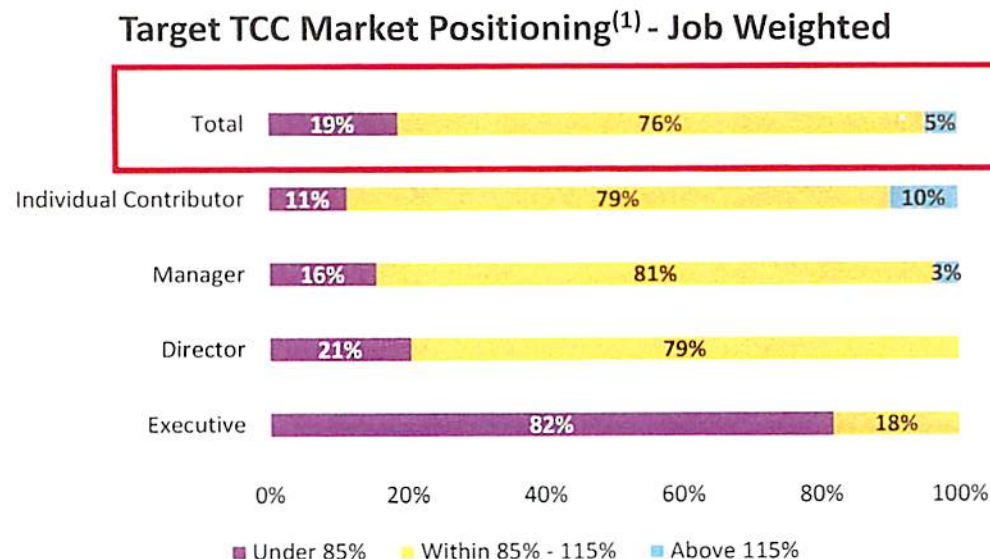
(1) Percentages may not add up to 100% due to rounding.



## Appointed Population Review

### Competitive Market Positioning: Target Total Cash Compensation (TCC)

- The chart below shows the distribution of JEA target total cash relative to the provided market data by job level
- The majority of non-executives are within the competitive range and the majority of executives are below the competitive range



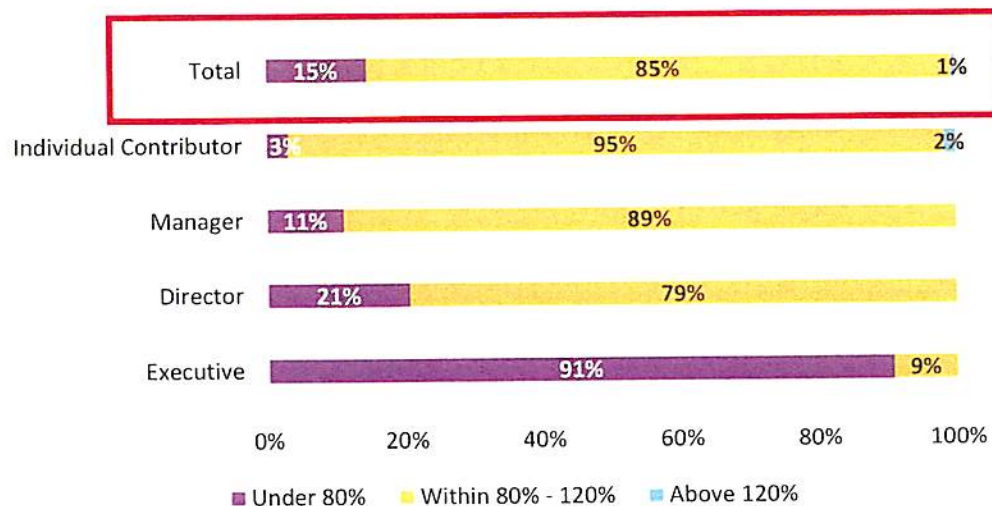
(1) Percentages may not add up to 100% due to rounding.

## Appointed Population Review

### Competitive Market Positioning: Target Total Direct Compensation (TDC)

- The chart below shows the distribution of JEA target total direct compensation relative to the provided market data by job level
- The majority of non-executives are within the competitive range and the majority of executives are below the competitive range

Target TDC Market Positioning<sup>(1)</sup> - Job Weighted



(1) Percentages may not add up to 100% due to rounding.



## Appendix

# Appendix A

## CEO Market Pricing Peer Group

Organization	Ticker	Revenues (\$MMs)	Generation Capacity (MW)	Characteristics			
				Type	Generation	Transmission	Distribution
ALLETE	ALE	\$1,419	1,961	Diversified	X	X	X
Alliant Energy	LNT	\$3,382	4,746	Diversified	X	X	X
Avista	AVA	\$1,446	1,780	Diversified	X	X	X
Black Hills	BKH	\$1,680	941	Diversified	X	X	X
City of Austin Utilities	Public Power	\$1,362	3,549	Diversified	X	X	X
CPS Energy	Public Power	\$2,667	8,115	Diversified	X	X	X
El Paso Electric	EE	\$917	2,082	Electric	X	X	X
Great River Energy	Public Power	\$1,270	3,350	Electric	X	X	X
Hawaiian Electric Industries	HE	\$2,556	2,224	Electric	X	X	X
Lower Colorado River Authority	Public Power	\$991	3,670	Diversified	X	X	
Nebraska Public Power District	Public Power	\$1,102	3,651	Electric	X	X	X
New York Power Authority	Public Power	\$2,573	6,351	Electric	X	X	X
NorthWestern Energy	NWE	\$1,306	1,294	Diversified	X	X	X
OGE Energy	OGE	\$2,261	6,304	Diversified	X	X	X
Oglethorpe Power	Public Power	\$1,434	7,843	Electric	X	X	X
Omaha Public Power	Public Power	\$1,104	2,646	Electric	X	X	X
Pinnacle West Capital	PNW	\$3,565	6,236	Electric	X	X	X
PNM Resources	PNM	\$1,445	2,580	Electric	X	X	X
Portland General Electric	POR	\$2,009	3,857	Electric	X	X	X
Salt River Project	Public Power	\$3,085	7,689	Diversified	X	X	X
Santee Cooper	Public Power	\$1,757	5,104	Diversified	X	X	X
Tri-State Generation & Transmission	Public Power	\$1,389	2,808	Electric	X	X	
Vectren	VVC	\$2,657	1,248	Diversified	X	X	X

n=23

JEA	Public Power	\$1,790	3,330	Diversified	X	X	X
Percentile Rank		60%	45%				

25th Percentile	\$1,334	2,153
Median (50th Percentile)	\$1,446	3,549
75th Percentile	\$2,564	5,670

Number of Public Powers	11
Number of Investor Owned Utilities	12

## Appendix B

### Executive Population Individual Summary Exhibits

- For the following individual summary exhibits:
  - Market data greater than \$100,000 rounded to the nearest \$5,000
  - Market LTI (\$) values reflect 1/2 for all reported market data because Energy Services Industry surveys are comprised of responses by Public Powers and General Industry surveys are comprised of responses by not-for-profit organizations (companies not granting LTI are not counted in the market statistics)
  - Market Target TDC values have been built up using the provided Target TCC values and calculated LTI (\$) values

President & Chief Operating Officer	Base Salary	Target Bonus %	Target TCC	LTI (\$)	Target TDC
Incumbent Pay	\$400.0	10%	\$440.0	NA	\$440.0
Market Data	\$460.0	70%	\$760.0	\$480.0	\$1,245.0
Variance	-13%	-60%	-42%	NA	-65%

Chief Financial Officer	Base Salary	Target Bonus %	Target TCC	LTI (\$)	Target TDC
Incumbent Pay	\$350.0	10%	\$385.0	NA	\$385.0
Market Data	\$425.0	65%	\$670.0	\$320.0	\$990.0
Variance	-18%	-55%	-43%	NA	-61%

Chief Innovation & Transformation Officer	Base Salary	Target Bonus %	Target TCC	LTI (\$)	Target TDC
Incumbent Pay	NA	10%	NA	NA	NA
Market Data	\$275.0	41%	\$370.0	\$80.0	\$455.0
Variance	NA	-31%	NA	NA	NA

VP/GM Energy	Base Salary	Target Bonus %	Target TCC	LTI (\$)	Target TDC
Incumbent Pay	\$295.0	10%	\$324.5	NA	\$324.5
Market Data	\$295.0	30%	\$410.0	\$75.0	\$490.0
Variance	0%	-20%	-21%	NA	-34%



## Appendix B

### Executive Population Individual Summary Exhibits (continued)

VP/GM Water/Wastewater Systems	Base Salary	Target Bonus %	Target TCC	LTI (\$)	Target TDC
Incumbent Pay	\$200.2	10%	\$220.3	NA	\$220.3
Market Data	\$240.0	NA	\$240.0	NA	\$240.0
Variance	-17%	NA	-8%	NA	-8%

VP Energy & Water Planning	Base Salary	Target Bonus %	Target TCC	LTI (\$)	Target TDC
Incumbent Pay	NA	10%	NA	NA	NA
Market Data	\$240.0	35%	\$335.0	\$60.0	\$395.0
Variance	NA	-25%	NA	NA	NA

VP & Chief Compliance Officer	Base Salary	Target Bonus %	Target TCC	LTI (\$)	Target TDC
Incumbent Pay	\$222.0	10%	\$244.2	NA	\$244.2
Market Data	\$220.0	30%	\$280.0	\$50.0	\$330.0
Variance	0%	-20%	-12%	NA	-25%

VP & Chief Human Resources Officer	Base Salary	Target Bonus %	Target TCC	LTI (\$)	Target TDC
Incumbent Pay	\$239.0	10%	\$262.9	NA	\$262.9
Market Data	\$295.0	46%	\$435.0	\$130.0	\$565.0
Variance	-19%	-36%	-40%	NA	-53%

Chief Public & Shareholder Affairs Officer	Base Salary	Target Bonus %	Target TCC	LTI (\$)	Target TDC
Incumbent Pay	\$232.1	10%	\$255.4	NA	\$255.4
Market Data	\$240.0	35%	\$330.0	\$70.0	\$400.0
Variance	-3%	-25%	-22%	NA	-36%

## Appendix B

### Executive Population Individual Summary Exhibits (continued)

VP & Chief Customer Officer	Base Salary	Target Bonus %	Target TCC	LTI (\$)	Target TDC
Incumbent Pay	\$222.9	10%	\$245.2	NA	\$245.2
Market Data	\$245.0	43%	\$320.0	\$80.0	\$400.0
Variance	-10%	-33%	-23%	NA	-39%

VP & Chief Environmental Services Officer	Base Salary	Target Bonus %	Target TCC	LTI (\$)	Target TDC
Incumbent Pay	\$180.0	10%	\$198.0	NA	\$198.0
Market Data	\$210.0	36%	\$290.0	\$50.0	\$340.0
Variance	-15%	-26%	-32%	NA	-42%

VP & Chief Information Officer	Base Salary	Target Bonus %	Target TCC	LTI (\$)	Target TDC
Incumbent Pay	\$267.7	10%	\$294.5	NA	\$294.5
Market Data	\$285.0	45%	\$415.0	\$110.0	\$525.0
Variance	-7%	-35%	-29%	NA	-44%

VP & Chief Supply Chain Officer	Base Salary	Target Bonus %	Target TCC	LTI (\$)	Target TDC
Incumbent Pay	\$180.0	10%	\$198.0	NA	\$198.0
Market Data	\$260.0	35%	\$335.0	\$70.0	\$410.0
Variance	-31%	-25%	-41%	NA	-52%



## Appendix C

### Executive Population Benchmarks

JEA	General Industry		Energy Services Industry	
	Position Title	Survey Survey Benchmark	Survey Survey Benchmark	
President & Chief Operating Officer	2018 WTW General Industry	Chief Operating Officer	2018 WTW Energy Services	Chief Operating Officer
			2018 LPPC	Chief Operating Officer
			2018 CompData	Chief Operating Officer
Chief Financial Officer	2018 WTW General Industry	CFO/Top Financial Officer	2018 WTW Energy Services	CFO/Top Financial Officer
			2018 IEHRA	Top Financial - Corporate
			2018 LPPC	Top Financial Executive (CFO)
			2018 CompData	Chief Financial Officer
Chief Innovation & Transformation Officer	2018 WTW General Industry	Top Strategic Planning Executive	2018 WTW Energy Services	Top Strategic Planning Executive
			2018 IEHRA	Top Strategic Planning
			2018 LPPC	Strategic Planning Executive
VP/GM Energy	NA		2018 WTW Energy Services	Top Power Generation and Delivery Executive
			2018 IEHRA	Top Power Plan Operations - Corporate
			2018 LPPC	Top Power Generation Executive (Non-Nuclear)
VP/GM Water Wastewater Systems	NA		2018 AWWA	Top Executive (Water)

## Appendix C

### Executive Population Benchmarks (continued)

JEA	General Industry		Energy Services Industry	
	Position Title	Survey Survey Benchmark	Survey Survey Benchmark	
VP & Chief Energy & Water Planning	2018 WTW General Industry	Top Engineering Executive	2018 WTW Energy Services	Top Engineering Executive
	2018 WTW General Industry	Top Facilities Construction Project Management Executive	2018 IEHRA	Top Engineering - Corporate
			2018 CompData	Top Construction Executive
VP & Chief Compliance Officer	2018 WTW General Industry	Top Regulatory Affairs and Compliance Executive	2018 WTW Energy Services 2018 IEHRA	Top Regulatory Affairs and Compliance Executive Top Compliance - NERC - Corporate
VP & Chief Human Resources Officer	2018 WTW General Industry	Top Human Resources Executive	2018 WTW Energy Services 2018 IEHRA 2018 LPPC	Top Human Resources Executive Top Human Resources - Corporate Human Resources Executive
Chief Public & Shareholder Affairs Officer	2018 WTW General Industry	Top Government Relations Executive	2018 WTW Energy Services 2018 IEHRA 2018 LPPC	Top Government Relations Executive Top Government/Regulatory Affairs Government Relations Executive
VP & Chief Customer Officer	2018 WTW General Industry	Top Customer Service/Operations Executive	2018 WTW Energy Services 2018 LPPC	Top Customer Service/Operations Executive Customer Service Executive

## Appendix C

### Executive Population Benchmarks (continued)

JEA	General Industry		Energy Services Industry	
	Position Title	Survey	Survey Benchmark	Survey
VP & Chief Environmental Services Officer	2018 WTW General Industry	Top Environmental Affairs and Compliance Executive	2018 WTW Energy Services	Top Environmental Affairs and Compliance Executive
			2018 IEHRA	Top Environmental/Health/Safety - Corporate
			2018 LPPC	Environmental Affairs Executive
			2018 CompData	Top Environmental Executive
VP & Chief Information Officer	2018 WTW General Industry	Chief Information Officer	2018 WTW Energy Services	Chief Information Officer
			2018 LPPC	Chief Information Officer
			2018 CompData	Chief Information Officer
VP & Chief Supply Chain Officer	2018 WTW General Industry	Top Supply Chain Executive	2018 WTW Energy Services	Top Supply Chain Executive
			2018 LPPC	Top Support Services Executive



# Appendix D Appointed Population Market Data

JEA	Position Title	Number of Incumbents	JEA Average Base Salary	Competitive Market Base Salary		JEA Average Target Bonus %	Competitive Market Target Bonus %		JEA Average Target TCC	Competitive Market Target TCC	
				50th Percentile <sup>(1)</sup>	Variance		50th Percentile	Absolute Variance		50th Percentile <sup>(1)</sup>	Variance
Executives											
	President & Chief Operating Officer	1	\$400,005	\$460,000	-13%	10%	70%	-60%	\$440,006	\$760,000	-42%
	Chief Financial Officer	1	\$350,000	\$425,000	-18%	10%	65%	-55%	\$385,000	\$670,000	-43%
	Chief Innovation & Transformation Officer	1	--	\$275,000	--	10%	41%	-31%	--	\$370,000	--
	VP/GM Energy	1	\$295,000	\$295,000	0%	10%	30%	-20%	\$324,500	\$410,000	-21%
	VP/GM Water/Wastewater Systems	1	\$200,242	\$240,000	-17%	10%	--	--	\$220,266	\$240,000	-8%
	VP Energy & Water Planning	1	--	\$240,000	--	10%	35%	-25%	--	\$335,000	--
	VP & Chief Compliance Officer	1	\$221,978	\$220,000	0%	10%	30%	-20%	\$244,176	\$280,000	-12%
	VP & Chief Human Resources Officer	1	\$239,013	\$295,000	-19%	10%	46%	-36%	\$262,914	\$435,000	-40%
	Chief Public & Shareholder Affairs Officer	1	\$232,149	\$240,000	-3%	10%	35%	-25%	\$255,364	\$330,000	-22%
	VP & Chief Customer Officer	1	\$222,914	\$245,000	-10%	10%	43%	-33%	\$245,205	\$320,000	-23%
	VP & Chief Environmental Services Officer	1	\$180,003	\$210,000	-15%	10%	36%	-26%	\$198,003	\$290,000	-32%
	VP & Chief Information Officer	1	\$267,696	\$285,000	-7%	10%	45%	-35%	\$294,466	\$415,000	-29%
	VP & Chief Supply Chain Officer	1	\$180,003	\$260,000	-31%	10%	35%	-25%	\$198,003	\$335,000	-41%
Directors											
	Dir Electric Production	1	\$170,019	\$160,000	8%	8%	20%	-12%	\$183,039	\$195,000	-5%
	Dir Electric Production CTs	1	\$150,259	\$160,000	-6%	9%	20%	-11%	\$163,279	\$195,000	-15%
	Dir Electric System Construction & Maintenance	1	\$139,006	\$155,000	-11%	9%	20%	-11%	\$152,026	\$180,000	-15%
	Dir Electric Systems Asset Management	1	\$116,917	--	--	9%	--	--	\$127,937	--	--
	Dir Electric Systems Operations	1	\$172,328	\$165,000	4%	8%	25%	-17%	\$185,348	\$205,000	-9%
	Dir Electric T&D Projects	1	\$136,926	\$170,000	-18%	10%	25%	-15%	\$149,946	\$205,000	-27%
	Dir Electric Transmission & Substation Maintenance	1	\$150,259	\$155,000	-3%	9%	25%	-16%	\$163,279	\$190,000	-15%
	Dir Joint Owned Electric Assets	1	\$153,150	--	--	7%	--	--	\$164,170	--	--
	Dir Audit Services	1	\$150,384	\$155,000	-2%	7%	20%	-12%	\$161,404	\$175,000	-7%
	Dir Network & Telecommunication Services	1	\$132,974	--	--	8%	--	--	\$143,994	--	--
	Dir Information Security	1	\$137,758	\$145,000	-4%	8%	14%	-6%	\$148,778	\$160,000	-6%
	Dir W/WW Asset Mgmt & Performance	1	\$141,045	--	--	8%	--	--	\$152,065	--	--
	Dir W/WW Reuse Delivery & Collection	1	\$131,581	--	--	8%	--	--	\$142,601	--	--
	Dir W/WW & Reuse Treatment	1	\$142,043	--	--	8%	--	--	\$153,063	--	--
	Dir W/WW Project Engineering & Construction	1	\$137,010	--	--	8%	--	--	\$148,030	--	--
	Dir Organizational Effectiveness & Payroll	1	\$136,594	--	--	8%	--	--	\$147,614	--	--
	Dir Learning & Development	1	\$130,000	--	--	8%	--	--	\$141,020	--	--
	Dir Labor Relations	1	\$128,003	\$135,000	-4%	9%	15%	-6%	\$139,023	\$150,000	-6%
	Dir Employee Services	1	\$156,936	\$165,000	-4%	8%	19%	-10%	\$169,956	\$190,000	-10%
	Dir Security	1	\$110,323	\$130,000	-16%	10%	15%	-5%	\$121,343	\$145,000	-16%
	Dir Electric Compliance	1	\$161,346	\$145,000	10%	8%	16%	-7%	\$174,366	\$165,000	6%
	Dir CIP Compliance	1	\$161,346	\$150,000	6%	8%	16%	-8%	\$174,366	\$170,000	1%
	Dir Procurement Services	1	\$118,019	\$130,000	-10%	9%	20%	-10%	\$129,039	\$155,000	-17%
	Dir Emergency Preparedness & Business Continuity	1	\$136,261	\$130,000	6%	8%	14%	-5%	\$147,281	\$145,000	3%
	Dir Operations Support Services	1	\$143,437	--	--	8%	--	--	\$154,457	--	--
	Dir Electric T&D Planning	1	\$140,067	\$160,000	-13%	8%	25%	-17%	\$151,087	\$200,000	-25%
	Dir W/WW Planning & Development	1	\$174,616	--	--	7%	--	--	\$187,636	--	--
	Dir ERP Systems	1	\$143,770	--	--	9%	--	--	\$156,790	--	--
	Dir IT Infrastructure & Compliance Assurance	1	\$146,016	--	--	9%	--	--	\$159,036	--	--
	Dir CRM Systems	1	\$142,043	--	--	9%	--	--	\$155,063	--	--
	Dir Eng Systems & PMO	1	\$142,542	--	--	9%	--	--	\$155,562	--	--
	Dir Air & Laboratory Permitting & Compliance	1	\$160,430	\$150,000	6%	8%	18%	-10%	\$173,450	\$175,000	-1%
	Dir Response & Environmental Programs	1	\$141,086	\$125,000	11%	8%	14%	-6%	\$152,106	\$145,000	4%
	Dir Customer & Community Engagement	1	\$122,429	\$145,000	-14%	9%	19%	-10%	\$133,449	\$170,000	-20%
	Dir Media Relations	1	\$113,318	--	--	7%	--	--	\$121,318	--	--
	Dir Customer Experience Strategy & Support	1	\$144,518	--	--	8%	--	--	\$155,538	--	--
	Dir Business Dvpt & Community Project Mgmt	1	\$137,904	--	--	8%	--	--	\$148,924	--	--
	Dir Customer Revenue	1	\$151,715	\$150,000	0%	9%	25%	-16%	\$164,735	\$190,000	-13%
	Dir Customer Field & Meter Services	1	\$127,317	\$135,000	-6%	9%	18%	-9%	\$138,337	\$160,000	-14%
	Dir Customer & Utility Analytics	1	\$137,800	\$125,000	8%	8%	13%	-5%	\$148,820	\$145,000	1%
	Dir Customer Experience Centers	1	\$121,576	\$125,000	-4%	9%	20%	-11%	\$132,596	\$150,000	-12%
	Dir Customer Solutions & Market Development	1	\$140,046	\$125,000	10%	8%	13%	-5%	\$151,066	\$145,000	3%
	Dir Government Affairs	2	\$152,142	\$135,000	12%	8%	15%	-7%	\$164,162	\$150,000	8%
	Dir Risk Mgmt Services	1	\$138,736	\$145,000	-4%	8%	20%	-12%	\$149,756	\$170,000	-12%
	Controller	2	\$157,082	\$140,000	12%	7%	18%	-10%	\$168,102	\$160,000	4%



Appendix D  
Appointed Population Market Data

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JEA	Position Title	Number of Incumbents	JEA Average Base Salary	Competitive Market Base Salary		JEA Average Target Bonus %	Competitive Market Target Bonus %		JEA Average Target TCC	Competitive Market Target TCC	
				50th Percentile <sup>(1)</sup>	Variance		50th Percentile	Absolute Variance		50th Percentile <sup>(1)</sup>	Variance
	Dir Financial Planning & Analysis	1	\$140,005	--	--	9%	--	--	\$153,025	--	--
	Treasurer	1	\$170,477	\$145,000	18%	8%	18%	-10%	\$183,497	\$170,000	7%
	Dir Corporate Strategy	1	\$137,654	\$160,000	-15%	8%	20%	-12%	\$148,674	\$195,000	-23%
<b>Managers</b>											
	Associate Mgr Electric Systems Construction & Maintenance	1	\$80,018	\$100,000	-21%	8%	11%	-3%	\$86,818	\$115,000	-23%
	Associate Mgr, Electric Services & Dvpt Proj	1	\$102,315	\$100,000	0%	7%	10%	-3%	\$109,115	\$115,000	-3%
	Mgr Bulk Power Operations	3	\$127,996	\$130,000	-1%	9%	13%	-4%	\$139,016	\$150,000	-7%
	Mgr Byproduct Services	1	\$92,581	--	--	9%	--	--	\$100,581	--	--
	Mgr Combustion Turbines Ops & Maint	3	\$103,404	\$120,000	-13%	8%	15%	-7%	\$111,404	\$135,000	-18%
	Mgr Distribution Projects	1	\$100,110	--	--	8%	--	--	\$108,110	--	--
	Mgr Electric Contract Administration	1	\$111,197	--	--	7%	--	--	\$119,197	--	--
	Mgr Electric Customer Service Response	1	\$103,626	\$120,000	-13%	8%	15%	-7%	\$111,626	\$135,000	-17%
	Mgr Electric Distribution Preventative Maintenance	1	\$116,834	--	--	7%	--	--	\$124,834	--	--
	Mgr Electric Distribution Service Operations	2	\$111,238	--	--	7%	--	--	\$119,238	--	--
	Mgr Electric Production Maintenance	6	\$98,540	\$110,000	-9%	8%	12%	-4%	\$106,540	\$125,000	-15%
	Mgr Electric Services & Dvpt Proj	1	\$109,658	\$115,000	-6%	7%	13%	-5%	\$117,658	\$135,000	-13%
	Mgr Electric Systems Construction & Maintenance	2	\$119,257	--	--	7%	--	--	\$127,257	--	--
	Mgr Electric Systems Construction & Maintenance Analytics	1	\$94,266	--	--	8%	--	--	\$102,266	--	--
	Mgr Electric T&D Standards	1	\$115,482	\$115,000	2%	7%	15%	-8%	\$123,482	\$130,000	-4%
	Mgr Electrical Group	1	\$100,402	\$110,000	-8%	8%	12%	-4%	\$108,402	\$125,000	-13%
	Mgr Fuels Mgmt Services	1	\$130,208	\$140,000	-6%	8%	20%	-12%	\$141,228	\$160,000	-11%
	Mgr GIS Systems	2	\$92,248	--	--	7%	--	--	\$99,048	--	--
	Mgr Maintenance Planning	1	\$122,075	\$125,000	-4%	7%	18%	-11%	\$130,075	\$150,000	-12%
	Mgr Material Handling E & I	1	\$95,618	--	--	8%	--	--	\$103,618	--	--
	Mgr NGS Material Handling Operations	3	\$95,618	\$100,000	-6%	8%	12%	-3%	\$103,618	\$115,000	-10%
	Mgr NGS Operations	1	\$106,226	\$120,000	-12%	8%	14%	-6%	\$114,226	\$140,000	-19%
	Mgr Northside Generating Station	1	\$109,970	\$120,000	-10%	7%	14%	-7%	\$117,970	\$140,000	-17%
	Mgr Predictive Maintenance	1	\$101,130	--	--	8%	--	--	\$109,130	--	--
	Mgr Process Chemistry	1	\$109,970	--	--	7%	--	--	\$117,970	--	--
	Mgr Process Controls	1	\$110,219	--	--	7%	--	--	\$118,219	--	--
	Mgr Project Mgmt	1	\$121,763	\$110,000	9%	7%	15%	-8%	\$129,763	\$130,000	2%
	Mgr Substation Maintenance	1	\$129,230	\$120,000	7%	6%	13%	-7%	\$137,230	\$140,000	-3%
	Mgr System Protection & Control Projects	1	\$130,042	\$130,000	1%	6%	13%	-7%	\$138,042	\$150,000	-7%
	Mgr System Protection & Controls	1	\$145,579	\$115,000	27%	8%	15%	-7%	\$156,599	\$130,000	19%
	Mgr Construction	1	\$114,067	--	--	7%	--	--	\$122,067	--	--
	Mgr W/WW Project Management	3	\$124,807	--	--	6%	--	--	\$132,807	--	--
	Mgr Project Support & Controls	1	\$105,768	\$110,000	-5%	8%	15%	-7%	\$113,768	\$125,000	-9%
	Mgr W/WW Reuse Delivery & Coll Maint Planning & Eng	1	\$121,202	--	--	7%	--	--	\$129,202	--	--
	Mgr Sewer Operation & Maintenance	1	\$96,096	--	--	8%	--	--	\$104,096	--	--
	Mgr Water & Reuse Operation & Maintenance	1	\$98,218	--	--	8%	--	--	\$106,218	--	--
	Mgr W/WW System Operations & Customer Response	1	\$91,000	--	--	9%	--	--	\$99,000	--	--
	Mgr O&M Construction & Maintenance	1	\$95,389	--	--	8%	--	--	\$103,389	--	--
	Mgr Water & Sewer Preventative Maintenance	1	\$111,488	--	--	7%	--	--	\$119,488	--	--
	Mgr W/WW System Assets, Performance & Innovation	1	\$116,189	--	--	7%	--	--	\$124,189	--	--
	Mgr Business Operations	1	\$82,326	--	--	8%	--	--	\$89,126	--	--
	Mgr Wastewater Treatment and Reuse - South Grid	1	\$118,019	--	--	7%	--	--	\$126,019	--	--
	Mgr Wastewater Treatment and Reuse - West Grid	1	\$119,226	--	--	7%	--	--	\$127,226	--	--
	Mgr W/WW Control Systems & Operations	1	\$103,355	--	--	8%	--	--	\$111,355	--	--
	Mgr W/WW Treatment and Reuse - Nassau	1	\$117,021	--	--	7%	--	--	\$125,021	--	--
	Mgr Wastewater Treatment and Reuse - Buckman	1	\$106,018	--	--	8%	--	--	\$114,018	--	--
	Mgr Wastewater Treatment and Reuse - St Johns	1	\$106,725	--	--	7%	--	--	\$114,725	--	--
	Mgr Wastewater Treatment and Reuse - North Grid	1	\$106,018	--	--	8%	--	--	\$114,018	--	--
	Mgr Water Treatment	1	\$116,168	--	--	7%	--	--	\$124,168	--	--
	Mgr W/WW Reuse Treatment Maint Planning & Eng	1	\$131,997	--	--	6%	--	--	\$139,997	--	--
	Mgr District Energy Operations	1	\$95,618	\$115,000	-19%	8%	12%	-4%	\$103,618	\$135,000	-24%
	Mgr Wastewater Treatment and Reuse - East Grid	1	\$119,912	--	--	7%	--	--	\$127,912	--	--
	Mgr Payroll Services	1	\$91,000	\$94,000	-3%	7%	10%	-3%	\$97,800	\$100,000	-4%
	Manager Organizational Effectiveness	1	\$111,010	\$110,000	-1%	7%	14%	-6%	\$119,010	\$125,000	-3%
	Mgr Emerging Workforce Strategies	1	\$78,728	\$82,000	-4%	6%	9%	-2%	\$83,528	\$88,000	-5%
	Mgr Talent Acquisition Services	1	\$88,504	\$88,000	1%	8%	10%	-2%	\$95,304	\$92,000	3%

## Appendix D

### Appointed Population Market Data

JEA		JEA Average Base Salary	Competitive Market Base Salary		JEA Average Target Bonus %	Competitive Market Target Bonus %		JEA Average Target TCC	Competitive Market Target TCC	
			50th Percentile <sup>(1)</sup>	Variance		50th Percentile	Absolute Variance		50th Percentile <sup>(1)</sup>	Variance
Mgr Benefits Services	1	\$98,488	\$110,000	-9%	8%	14%	-5%	\$108,488	\$120,000	-12%
Mgr Technical Utility Training Services	1	\$121,867	\$110,000	11%	7%	12%	-5%	\$129,867	\$125,000	6%
Mgr Learning & Development	1	\$130,270	--	--	5%	--	--	\$137,070	--	--
Mgr Organizational Development	1	\$81,536	\$84,000	-3%	6%	9%	-3%	\$86,336	\$90,000	-4%
Associate Mgr Safety & Health Services	1	\$82,846	\$85,000	-3%	6%	8%	-2%	\$87,646	\$92,000	-5%
Mgr Physical Security	1	\$88,026	\$105,000	-14%	8%	12%	-4%	\$94,826	\$115,000	-17%
Mgr Identity & Access Management	1	\$100,006	--	--	8%	--	--	\$108,006	--	--
Mgr Corporate Records Compliance	1	\$80,829	\$76,000	7%	6%	9%	-3%	\$85,629	\$81,000	6%
Mgr Security Operations	1	\$88,109	--	--	8%	--	--	\$94,909	--	--
Mgr Enterprise Risk Mgmt	1	\$120,973	\$115,000	7%	7%	13%	-6%	\$128,973	\$125,000	2%
Mgr Jax Small Emerging Business Programs	1	\$82,160	\$82,000	1%	6%	9%	-3%	\$86,960	\$85,000	2%
Procurement Category Manager	5	\$103,264	\$115,000	-9%	8%	12%	-4%	\$111,264	\$130,000	-13%
Mgr Procurement Contract Administration	1	\$99,466	\$96,000	3%	7%	11%	-4%	\$106,266	\$105,000	2%
Mgr Central Distribution Warehouse	1	\$84,510	\$105,000	-18%	6%	15%	-9%	\$89,310	\$120,000	-25%
Mgr Utility Locate Services	2	\$97,479	\$95,000	2%	7%	9%	-2%	\$104,279	\$105,000	0%
Mgr Investment Recovery Operations	1	\$86,362	\$80,000	8%	6%	9%	-3%	\$91,162	\$85,000	7%
Mgr Facilities Operations	1	\$115,586	\$100,000	16%	7%	12%	-5%	\$123,586	\$105,000	16%
Mgr Procurement Inventory Control	1	\$97,490	\$80,000	22%	7%	9%	-2%	\$104,290	\$85,000	22%
Mgr Fleet Services & Business Operations	1	\$91,915	--	--	7%	--	--	\$98,715	--	--
Mgr Electric T&D Planning	2	\$129,282	--	--	6%	--	--	\$137,282	--	--
Mgr Electric Generation Planning	1	\$127,192	--	--	6%	--	--	\$135,192	--	--
Mgr System Analysis	1	\$122,408	--	--	7%	--	--	\$130,408	--	--
Mgr W/WW System Planning	1	\$123,594	--	--	9%	--	--	\$134,614	--	--
Manager Development	1	\$110,053	--	--	7%	--	--	\$118,053	--	--
Mgr Technical Services	2	\$113,183	--	--	7%	--	--	\$121,183	--	--
Mgr IT Compliance	1	\$104,291	--	--	8%	--	--	\$112,291	--	--
Mgr Technology Project Mgmt	4	\$120,058	\$120,000	1%	7%	14%	-7%	\$128,058	\$135,000	-4%
Mgr CRM Systems	3	\$108,541	--	--	7%	--	--	\$116,541	--	--
Mgr ERP Systems	3	\$101,636	--	--	8%	--	--	\$109,636	--	--
Mgr Sampling & Support Services	1	\$100,443	\$105,000	-4%	7%	12%	-5%	\$107,243	\$120,000	-9%
Mgr Quality Assurance & Environmental Compliance Systems	1	\$97,011	\$105,000	-8%	8%	12%	-3%	\$105,011	\$115,000	-9%
Mgr Laboratory Section Analytical	1	\$84,074	\$94,000	-11%	8%	13%	-5%	\$90,874	\$100,000	-11%
Mgr Fuels Laboratory	1	\$84,698	--	--	8%	--	--	\$91,498	--	--
Mgr Laboratory Section Biology	1	\$80,018	--	--	8%	--	--	\$86,818	--	--
Mgr Environmental Incident Response	1	\$95,098	--	--	7%	--	--	\$101,898	--	--
Mgr Business Support Center	1	\$85,259	\$81,000	5%	6%	10%	-4%	\$90,059	\$86,000	4%
Mgr Community Involvement & Project Impact	1	\$103,168	\$96,000	8%	8%	12%	-4%	\$111,168	\$105,000	7%
Mgr Business Client Relationships Key Accounts	1	\$102,398	\$110,000	-7%	8%	16%	-8%	\$110,398	\$120,000	-8%
Mgr Media Relations	1	\$80,018	\$100,000	-21%	8%	13%	-4%	\$86,818	\$110,000	-19%
Mgr Customer Contacts	8	\$77,298	\$76,000	2%	6%	10%	-4%	\$82,098	\$83,000	-1%
Mgr Digital Communications	1	\$97,510	\$105,000	-6%	8%	13%	-5%	\$105,510	\$120,000	-11%
Mgr Customer and Corporate Communications	1	\$98,010	--	--	8%	--	--	\$106,010	--	--
Mgr Community Engagement	1	\$99,466	\$96,000	4%	8%	12%	-4%	\$107,466	\$105,000	3%
Mgr Internal Communications	1	\$86,362	\$82,000	6%	6%	9%	-3%	\$91,162	\$88,000	3%
Mgr Multimedia Production	1	\$84,074	\$89,000	-6%	8%	9%	-1%	\$90,874	\$96,000	-6%
Mgr Product Marketing	1	\$96,928	\$105,000	-7%	8%	13%	-5%	\$104,928	\$115,000	-7%
Mgr Customer Experience Training & Quality Coaching	1	\$83,762	\$84,000	0%	8%	8%	0%	\$90,562	\$88,000	3%
Mgr Customer Experience Strategy Support & Implementation	1	\$116,210	--	--	7%	--	--	\$124,210	--	--
Mgr Customer Experience Policy & Accuracy	1	\$84,074	--	--	8%	--	--	\$90,874	--	--
Mgr Corporate Research	1	\$109,013	\$120,000	-9%	7%	16%	-9%	\$117,013	\$140,000	-15%
Mgr Utility Analytics	1	\$119,850	\$110,000	11%	7%	12%	-5%	\$127,850	\$120,000	8%
Mgr Customer Solutions	4	\$93,564	\$93,000	0%	7%	10%	-3%	\$100,364	\$100,000	-2%
Mgr Strategic Customer Solutions	1	\$102,045	--	--	8%	--	--	\$110,045	--	--
Mgr Customer Center & Revenue Assurance Operations	1	\$88,296	--	--	8%	--	--	\$96,096	--	--
Mgr Receivables & Collection Services	1	\$82,992	\$82,000	1%	8%	10%	-2%	\$89,792	\$89,000	1%
Mgr Billing Support Services	1	\$94,224	\$86,000	9%	7%	10%	-3%	\$101,024	\$94,000	7%
Mgr Customer Assistance Programs	1	\$79,019	\$76,000	4%	6%	10%	-4%	\$83,819	\$83,000	1%
Mgr Electric Meter Services	1	\$114,712	\$115,000	0%	7%	15%	-8%	\$122,712	\$130,000	-7%
Mgr Meter Data Collection & Analysis	1	\$112,923	--	--	7%	--	--	\$120,923	--	--
Mgr Conservation & Efficiency Field Services	1	\$95,618	\$105,000	-7%	8%	13%	-5%	\$103,618	\$115,000	-9%



Appendix D  
Appointed Population Market Data

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JEA		JEA Average Base Salary	Competitive Market Base Salary		JEA Average Target Bonus %	Competitive Market Target Bonus %		JEA Average Target TCC	Competitive Market Target TCC	
			50th Percentile <sup>(1)</sup>	Variance		50th Percentile	Absolute Variance		50th Percentile <sup>(1)</sup>	Variance
Mgr Water Meter Services	1	\$98,592	\$120,000	-18%	8%	15%	-7%	\$108,592	\$140,000	-24%
Mgr Field Services	1	\$95,618	\$115,000	-16%	8%	15%	-7%	\$103,618	\$130,000	-21%
Mgr Ethics Investigations & Audit	1	\$110,677	\$115,000	-3%	7%	14%	-7%	\$118,677	\$135,000	-12%
Mgr Internal Audit	1	\$109,158	\$115,000	-5%	7%	13%	-6%	\$117,158	\$125,000	-6%
Mgr Electric Production Reliability Engineering	1	\$123,594	--	--	6%	--	--	\$131,594	--	--
Associate Manager Facilities Operations	2	\$91,894	--	--	5%	--	--	\$96,894	--	--
Associate Mgr., Facilities Capital Projects	1	\$104,686	\$98,000	7%	6%	12%	-6%	\$111,486	\$105,000	8%
Associate Manager Facilities Asset Support Services	1	\$75,005	--	--	6%	--	--	\$79,805	--	--
Associate Mgr., Utility Locate Services	2	\$73,954	--	--	7%	--	--	\$78,754	--	--
Associate Mgr., Warehouse Operations	3	\$66,005	\$86,000	-23%	7%	10%	-3%	\$70,805	\$92,000	-23%
Mgr Operations & Help Desk Support	1	\$110,427	\$110,000	3%	7%	12%	-5%	\$118,427	\$120,000	0%
Mgr Information Security	2	\$117,135	\$115,000	4%	7%	13%	-6%	\$125,135	\$125,000	0%
Mgr IT Infrastructure & Collaboration Platforms	1	\$110,781	--	--	7%	--	--	\$118,781	--	--
Mgr T&D Preventative Maintenance	1	\$125,195	\$125,000	-2%	6%	18%	-12%	\$133,195	\$150,000	-10%
Mgr Transmission & Substation Projects	1	\$124,904	\$120,000	3%	6%	13%	-7%	\$132,904	\$140,000	-6%
Mgr UG Network & Commercial Maintenance	1	\$116,189	\$120,000	-4%	7%	13%	-6%	\$124,189	\$140,000	-12%
Sr Mgr Electric Production Maintenance	1	\$129,730	\$140,000	-9%	8%	18%	-10%	\$140,750	\$165,000	-15%
Sr Mgr Electric Production Operations	1	\$130,333	\$150,000	-13%	8%	20%	-12%	\$141,353	\$175,000	-19%
Sr Mgr Electric Systems Construction & Maintenance	1	\$125,070	\$125,000	-1%	9%	15%	-6%	\$136,090	\$150,000	-8%
Sr Mgr NGS Bulk Material Handling	1	\$129,730	\$135,000	-5%	8%	15%	-6%	\$140,750	\$160,000	-12%
Mgr Safety & Health Services	1	\$101,005	\$105,000	-1%	7%	8%	-1%	\$107,805	\$110,000	-3%
Mgr Real Estate Services	1	\$111,550	\$105,000	5%	7%	14%	-7%	\$119,550	\$120,000	-1%
Mgr Enterprise Architecture	1	\$132,101	--	--	8%	--	--	\$143,121	--	--
Mgr Telecom Sales & Services	1	\$88,462	--	--	8%	--	--	\$95,262	--	--
Mgr Technology Innovation Initiatives	1	\$125,278	--	--	6%	--	--	\$133,278	--	--
Mgr Pollution Prevention Programs	1	\$105,019	--	--	8%	--	--	\$113,019	--	--
Mgr Environmental Permitting & Compliance	1	\$105,269	--	--	8%	--	--	\$113,269	--	--
Mgr Water Policy, Permitting & Compliance	1	\$126,651	--	--	6%	--	--	\$134,651	--	--
Mgr Financial Planning & Rates	1	\$104,811	\$115,000	-8%	8%	14%	-7%	\$112,811	\$130,000	-13%
Mgr Operating Budgets	1	\$100,381	\$110,000	-10%	8%	14%	-6%	\$108,381	\$125,000	-12%
Mgr Capital Budget Planning	1	\$97,094	\$115,000	-16%	8%	14%	-6%	\$105,094	\$130,000	-20%
Mgr Cash & Investments	1	\$125,736	\$115,000	10%	6%	14%	-7%	\$133,736	\$130,000	4%
Mgr Accounts Payable	1	\$95,887	\$81,000	19%	5%	11%	-6%	\$100,687	\$88,000	14%
Mgr Performance Improvement	1	\$108,493	\$105,000	5%	7%	13%	-5%	\$116,493	\$115,000	1%
Mgr Tax Administration	1	\$110,365	\$120,000	-6%	7%	15%	-7%	\$118,365	\$140,000	-14%
Mgr Project Accounting	1	\$98,072	\$110,000	-10%	8%	12%	-4%	\$106,072	\$120,000	-11%
Mgr Financial Accounting & Reporting	1	\$107,016	\$115,000	-7%	7%	14%	-6%	\$115,016	\$135,000	-13%
Mgr Executive Administration	1	\$87,506	\$77,000	14%	5%	10%	-4%	\$92,306	\$81,000	14%
<b>Individual Contributor</b>										
Appointed Process Assignment (NE)	3	\$84,108	--	--	6%	--	--	\$88,908	--	--
Consulting Engineer	4	\$118,981	\$125,000	-3%	7%	11%	-5%	\$126,981	\$125,000	3%
Electric Standards Specialist	1	\$96,970	\$110,000	-12%	8%	9%	-1%	\$104,970	\$120,000	-12%
Electric System Operations Specialist	1	\$94,245	\$120,000	-23%	8%	15%	-7%	\$102,245	\$140,000	-27%
Fuels Specialist	1	\$95,618	\$115,000	-18%	8%	13%	-4%	\$103,618	\$125,000	-19%
Generation O&M Specialist	3	\$94,619	\$115,000	-18%	8%	13%	-5%	\$102,619	\$130,000	-20%
Manager Natural Gas Commercial Services	1	\$95,389	--	--	8%	--	--	\$103,389	--	--
Capital Project Controls Specialist	1	\$93,662	--	--	7%	--	--	\$100,462	--	--
Maintenance Specialist	1	\$77,626	--	--	6%	--	--	\$82,426	--	--
Financial Analyst W/WW Operations	1	\$73,445	\$63,000	17%	7%	8%	-1%	\$78,245	\$65,000	20%
Contract Specialist	1	\$71,594	\$82,000	-13%	7%	9%	-2%	\$76,394	\$88,000	-13%
Water Wastewater Reliability Specialist	1	\$82,264	--	--	6%	--	--	\$87,064	--	--
Water Sewer System Planning Specialist	2	\$104,707	--	--	8%	--	--	\$112,707	--	--
WWW Program Manager	1	\$99,965	--	--	7%	--	--	\$106,765	--	--
Labor Relations Specialist	4	\$87,677	\$86,000	2%	8%	8%	0%	\$94,477	\$92,000	3%
Compensation Specialist	1	\$79,581	\$85,000	-7%	6%	10%	-4%	\$84,381	\$90,000	-6%
Learning & Development Technology Specialist	1	\$79,206	\$78,000	1%	6%	10%	-3%	\$84,006	\$83,000	2%
Compliance Analyst Senior	2	\$87,287	\$91,000	-4%	8%	9%	-1%	\$94,087	\$97,000	-3%
Compliance Specialist	1	\$104,520	\$125,000	-16%	8%	15%	-7%	\$112,520	\$135,000	-17%
CIP Compliance Program Manager	1	\$125,112	\$125,000	-2%	6%	15%	-9%	\$133,112	\$135,000	-2%
Audit Services Analyst	1	\$87,568	\$79,000	11%	5%	9%	-3%	\$92,368	\$85,000	9%

# Appendix D

## Appointed Population Market Data

JEA	Position Title	Number of Incumbents	JEA Average Base Salary	Competitive Market Base Salary		JEA Average Target Bonus %	Competitive Market Target Bonus %		JEA Average Target TCC	Competitive Market Target TCC	
				50th Percentile <sup>(1)</sup>	Variance		50th Percentile	Absolute Variance		50th Percentile <sup>(1)</sup>	Variance
	Information Technology Auditor	1	\$80,870	\$89,000	-9%	6%	10%	-4%	\$85,670	\$96,000	-11%
	Emergency Planning & Business Continuity Coordinator	1	\$86,528	\$90,000	-3%	6%	10%	-4%	\$91,328	\$96,000	-5%
	Real Estate Coordinator	2	\$86,445	\$81,000	7%	8%	9%	-1%	\$93,245	\$87,000	8%
	Integration Service Specialist	1	\$92,290	\$89,000	4%	7%	10%	-2%	\$99,090	\$95,000	4%
	Appointed Process Assignment	1	\$101,400	--	--	7%	--	--	\$108,200	--	--
	Financial Analysis Specialist - Customer Revenue	1	\$80,018	\$100,000	-20%	8%	11%	-3%	\$86,818	\$110,000	-20%
	Black Belt	2	\$88,098	\$91,000	-3%	8%	10%	-2%	\$94,898	\$100,000	-5%
	Performance Management Coordinator	1	\$70,013	--	--	7%	--	--	\$74,813	--	--
	HRIS Analyst	1	\$75,005	\$86,000	-13%	6%	9%	-3%	\$79,805	\$90,000	-12%
	Workforce Analyst	1	\$64,792	\$69,000	-6%	7%	8%	0%	\$69,592	\$74,000	-5%
	Payroll Analyst	1	\$63,066	\$66,000	-5%	8%	8%	-1%	\$67,866	\$69,000	-2%
	Payroll Specialist	1	\$78,915	\$78,000	1%	6%	10%	-4%	\$83,715	\$83,000	1%
	Talent Acquisition Senior Specialist	1	\$74,277	\$82,000	-9%	6%	9%	-2%	\$79,077	\$88,000	-10%
	Talent Acquisition Specialist	2	\$62,899	\$64,000	-2%	8%	7%	1%	\$67,699	\$67,000	2%
	Compensation Analyst	1	\$66,227	\$67,000	-1%	7%	7%	0%	\$71,027	\$70,000	2%
	Technical Development Spec	8	\$102,918	--	--	7%	--	--	\$109,718	--	--
	Leadership Development Solutions Specialist	5	\$77,326	\$79,000	-2%	6%	9%	-3%	\$82,126	\$82,000	1%
	Security & Investigative Support Specialist	1	\$63,502	--	--	8%	--	--	\$68,302	--	--
	Public Records Compliance Specialist	1	\$62,005	\$69,000	-10%	8%	8%	0%	\$66,805	\$71,000	-6%
	Records Compliance Coordinator	1	\$60,965	\$57,000	7%	8%	8%	0%	\$65,765	\$61,000	7%
	Senior Auditor	4	\$85,982	\$76,000	12%	8%	9%	-1%	\$92,782	\$81,000	14%
	Senior Ethics Auditor	2	\$93,371	\$86,000	8%	7%	9%	-1%	\$100,171	\$91,000	10%
	Procurement Vendor Specialist	1	\$64,605	\$67,000	-3%	7%	9%	-2%	\$69,405	\$70,000	-1%
	Fleet Specialist	1	\$81,058	\$74,000	9%	6%	10%	-4%	\$85,858	\$80,000	7%
	Supply Chain Specialist	1	\$82,826	--	--	6%	--	--	\$87,626	--	--
	Facilities and Space Planning Specialist	1	\$73,549	\$83,000	-12%	7%	8%	-1%	\$78,349	\$87,000	-9%
	Electric T&D Analytics Specialist	1	\$107,640	--	--	7%	--	--	\$115,640	--	--
	Water Wastewater Specialist	1	\$82,202	--	--	6%	--	--	\$87,002	--	--
	Account Executive Customer Accounts	8	\$81,432	\$80,000	2%	6%	10%	-4%	\$86,232	\$88,000	-2%
	Community Involvement and Project Outreach Coordinator	2	\$63,981	--	--	8%	--	--	\$68,781	--	--
	Community Engagement Coordinator	2	\$78,634	\$82,000	-4%	6%	9%	-3%	\$83,434	\$85,000	-2%
	Communications Coordinator	1	\$74,318	\$74,000	0%	6%	9%	-2%	\$79,118	\$79,000	0%
	Digital Communications Specialist	2	\$78,842	\$81,000	-2%	6%	8%	-2%	\$83,642	\$86,000	-2%
	Digital Media Communications Associate	2	\$51,501	--	--	9%	--	--	\$56,301	--	--
	Customer Experience Accuracy & Internal Controls Analyst	1	\$63,066	--	--	8%	--	--	\$67,866	--	--
	Customer Experience Quality Assurance Analyst	4	\$62,301	\$53,000	18%	8%	7%	0%	\$67,101	\$56,000	20%
	Customer Experience Training Specialist	4	\$74,407	\$66,000	13%	7%	8%	-2%	\$79,207	\$67,000	18%
	Associate Program Manager	3	\$74,311	\$63,000	18%	6%	5%	1%	\$79,111	\$69,000	15%
	Financial Analysis Specialist	2	\$86,330	\$100,000	-13%	8%	11%	-3%	\$93,130	\$110,000	-14%
	Financial Analyst Senior Financial Planning & Rates	2	\$78,322	\$85,000	-8%	6%	9%	-2%	\$83,122	\$87,000	-5%
	Financial Analyst Senior Operating Budget	2	\$76,461	\$82,000	-7%	6%	9%	-3%	\$81,261	\$86,000	-6%
	Financial Associate	2	\$50,502	--	--	10%	--	--	\$55,302	--	--
	Financial Analyst Senior Capital Budget Planning	1	\$78,811	\$82,000	-4%	6%	9%	-3%	\$83,611	\$86,000	-3%
	Cash Management Analyst	2	\$88,296	\$75,000	17%	5%	9%	-4%	\$93,096	\$81,000	15%
	Portfolio Specialist	1	\$110,302	\$94,000	17%	7%	10%	-3%	\$118,302	\$100,000	16%
	Black Belt Candidate	2	\$76,731	\$72,000	6%	6%	10%	-4%	\$81,531	\$80,000	1%
	Master Black Belt	4	\$98,098	\$110,000	-12%	8%	10%	-2%	\$106,098	\$125,000	-15%
	Financial Reporting Analyst Sr	2	\$81,515	\$77,000	6%	6%	10%	-4%	\$86,315	\$82,000	6%
	Financial Reporting Specialist	1	\$83,886	\$100,000	-16%	8%	11%	-3%	\$90,686	\$110,000	-16%
	Financial Analyst Senior Accounting	2	\$71,781	\$77,000	-7%	7%	10%	-3%	\$76,581	\$82,000	-6%
	Protection & Controls Specialist	1	\$114,546	--	--	7%	--	--	\$122,546	--	--
	Human Resources Business Partner	3	\$106,434	\$98,000	8%	6%	12%	-5%	\$113,234	\$105,000	6%
	Ethics Officer	1	\$132,018	\$110,000	22%	8%	12%	-4%	\$143,038	\$120,000	20%
	Special Project-EAM	2	\$117,572	--	--	7%	--	--	\$125,572	--	--
	Government Relations Specialist	2	\$105,841	\$96,000	22%	6%	9%	-3%	\$112,641	\$93,000	21%
	Government Relations Coordinator	1	\$75,504	\$71,000	6%	6%	8%	-2%	\$80,304	\$75,000	7%

# Appendix D

DRAFT

## Appointed Population Market Data

JEA		JEA Average Base Salary	Competitive Market Base Salary		JEA Average Target Bonus %	Competitive Market Target Bonus %		JEA Average Target TCC	Competitive Market Target TCC	
Position Title	Number of Incumbents		50th Percentile <sup>(1)</sup>	Variance		50th Percentile	Absolute Variance		50th Percentile <sup>(1)</sup>	Variance
Risk Mgmt Specialist	1	\$73,736	\$88,000	-14%	7%	11%	-4%	\$78,536	\$93,000	-16%
Bond Compliance Specialist	2	\$100,870	\$100,000	1%	8%	11%	-3%	\$108,870	\$105,000	1%
Bond Administration Specialist	1	\$96,200	\$100,000	-3%	8%	11%	-2%	\$104,200	\$105,000	-3%
Executive Assistant	4	\$55,042	\$61,000	-10%	9%	6%	3%	\$59,842	\$64,000	-6%

### Notes

"-"=Data not available

(1) Market data between \$50,000 and \$100,000 rounded to the nearest \$1,000 and greater than \$100,000 rounded to the nearest \$5,000.



## Appendix D

### Appointed Population Market Data

Appointed Population Market Data								
JEA	Position Title	Number of Incumbents	JEA Average Long term Incentives %	Competitive Market Long-term Incentives %		JEA Average Target TDC	Competitive Market Target TDC	
				50th Percentile <sup>(1)</sup>	Absolute Variance		50th Percentile <sup>(2)(3)</sup>	Variance
Executives								
	President & Chief Operating Officer	1	--	105%	--	\$440,006	\$1,245,000	-65%
	Chief Financial Officer	1	--	75%	--	\$385,000	\$990,000	-61%
	Chief Innovation & Transformation Officer	1	--	30%	--	--	\$455,000	--
	VP/GM Energy	1	--	26%	--	\$324,500	\$490,000	-34%
	VP/GM Water/Wastewater Systems	1	--	--	--	\$220,266	\$240,000	-8%
	VP Energy & Water Planning	1	--	26%	--	--	\$395,000	--
	VP & Chief Compliance Officer	1	--	22%	--	\$244,176	\$330,000	-25%
	VP & Chief Human Resources Officer	1	--	44%	--	\$262,914	\$565,000	-53%
	Chief Public & Shareholder Affairs Officer	1	--	29%	--	\$255,364	\$400,000	-36%
	VP & Chief Customer Officer	1	--	33%	--	\$245,205	\$400,000	-39%
	VP & Chief Environmental Services Officer	1	--	23%	--	\$198,003	\$340,000	-42%
	VP & Chief Information Officer	1	--	38%	--	\$294,466	\$525,000	-44%
	VP & Chief Supply Chain Officer	1	--	28%	--	\$198,003	\$410,000	-52%
Directors								
	Dir Electric Production	1	--	8%	--	\$183,039	\$205,000	-11%
	Dir Electric Production CTs	1	--	8%	--	\$163,279	\$205,000	-20%
	Dir Electric System Construction & Maintenance	1	--	5%	--	\$152,026	\$185,000	-18%
	Dir Electric Systems Asset Management	1	--	--	--	\$127,937	--	--
	Dir Electric Systems Operations	1	--	7%	--	\$185,348	\$215,000	-14%
	Dir Electric T&D Projects	1	--	10%	--	\$149,946	\$220,000	-32%
	Dir Electric Transmission & Substation Maintenance	1	--	--	--	\$163,279	\$190,000	-15%
	Dir Joint Owned Electric Assets	1	--	--	--	\$164,170	--	--
	Dir Audit Services	1	--	8%	--	\$161,404	\$185,000	-13%
	Dir Network & Telecommunication Services	1	--	--	--	\$143,994	--	--
	Dir Information Security	1	--	6%	--	\$148,778	\$170,000	-11%
	Dir W/WW Asset Mgmt & Performance	1	--	--	--	\$152,065	--	--
	Dir W/WW Reuse Delivery & Collection	1	--	--	--	\$142,601	--	--
	Dir W/WW & Reuse Treatment	1	--	--	--	\$153,063	--	--
	Dir W/WW Project Engineering & Construction	1	--	--	--	\$148,030	--	--
	Dir Organizational Effectiveness & Payroll	1	--	--	--	\$147,614	--	--
	Dir Learning & Development	1	--	--	--	\$141,020	--	--
	Dir Labor Relations	1	--	--	--	\$139,023	\$150,000	-6%
	Dir Employee Services	1	--	11%	--	\$169,956	\$205,000	-17%
	Dir Security	1	--	8%	--	\$121,343	\$155,000	-22%
	Dir Electric Compliance	1	--	--	--	\$174,366	\$165,000	6%
	Dir CIP Compliance	1	--	--	--	\$174,366	\$170,000	1%
	Dir Procurement Services	1	--	10%	--	\$129,039	\$170,000	-23%
	Dir Emergency Preparedness & Business Continuity	1	--	9%	--	\$147,281	\$155,000	-5%
	Dir Operations Support Services	1	--	--	--	\$154,457	--	--
	Dir Electric T&D Planning	1	--	8%	--	\$151,087	\$210,000	-29%
	Dir W/WW Planning & Development	1	--	--	--	\$187,636	--	--
	Dir ERP Systems	1	--	--	--	\$156,790	--	--
	Dir IT Infrastructure & Compliance Assurance	1	--	--	--	\$159,036	--	--



# Appendix D

## Appointed Population Market Data

JEA	Position Title	Number of Incumbents	JEA Average Long term Incentives %	Competitive Market Long-term Incentives %		JEA Average Target TDC	Competitive Market Target TDC	
				50th Percentile <sup>(1)</sup>	Absolute Variance		50th Percentile <sup>(2)(3)</sup>	Variance
	Dir CRM Systems	1	--	--	--	\$155,063	--	--
	Dir Eng Systems & PMO	1	--	--	--	\$155,562	--	--
	Dir Air & Laboratory Permitting & Compliance	1	--	9%	--	\$173,450	\$190,000	-8%
	Dir Response & Environmental Programs	1	--	7%	--	\$152,106	\$155,000	-2%
	Dir Customer & Community Engagement	1	--	9%	--	\$133,449	\$180,000	-26%
	Dir Media Relations	1	--	--	--	\$121,318	--	--
	Dir Customer Experience Strategy & Support	1	--	--	--	\$155,538	--	--
	Dir Business Dvpt & Community Project Mgmt	1	--	--	--	\$148,924	--	--
	Dir Customer Revenue	1	--	9%	--	\$164,735	\$205,000	-19%
	Dir Customer Field & Meter Services	1	--	7%	--	\$138,337	\$170,000	-18%
	Dir Customer & Utility Analytics	1	--	7%	--	\$148,820	\$155,000	-5%
	Dir Customer Experience Centers	1	--	9%	--	\$132,596	\$160,000	-18%
	Dir Customer Solutions & Market Development	1	--	--	--	\$151,066	\$145,000	3%
	Dir Government Affairs	2	--	7%	--	\$164,162	\$160,000	2%
	Dir Risk Mgmt Services	1	--	9%	--	\$149,756	\$185,000	-18%
	Controller	2	--	10%	--	\$168,102	\$175,000	-4%
	Dir Financial Planning & Analysis	1	--	--	--	\$153,025	--	--
	Treasurer	1	--	10%	--	\$183,497	\$185,000	-2%
	Dir Corporate Strategy	1	--	13%	--	\$148,674	\$215,000	-30%
<b>Managers<sup>(4)</sup></b>								
	Associate Mgr Electric Systems Construction & Maintenance	1	--	--	--	\$86,818	\$115,000	-23%
	Associate Mgr, Electric Services & Dvpt Proj	1	--	--	--	\$109,115	\$115,000	-3%
	Mgr Bulk Power Operations	3	--	--	--	\$139,016	\$150,000	-7%
	Mgr Byproduct Services	1	--	--	--	\$100,581	--	--
	Mgr Combustion Turbines Ops & Maint	3	--	--	--	\$111,404	\$135,000	-18%
	Mgr Distribution Projects	1	--	--	--	\$108,110	--	--
	Mgr Electric Contract Administration	1	--	--	--	\$119,197	--	--
	Mgr Electric Customer Service Response	1	--	--	--	\$111,626	\$135,000	-17%
	Mgr Electric Distribution Preventative Maintenance	1	--	--	--	\$124,834	--	--
	Mgr Electric Distribution Service Operations	2	--	--	--	\$119,238	--	--
	Mgr Electric Production Maintenance	6	--	--	--	\$106,540	\$125,000	-15%
	Mgr Electric Services & Dvpt Proj	1	--	--	--	\$117,658	\$135,000	-13%
	Mgr Electric Systems Construction & Maintenance	2	--	--	--	\$127,257	--	--
	Mgr Electric Systems Construction & Maintenance Analytics	1	--	--	--	\$102,266	--	--
	Mgr Electric T&D Standards	1	--	--	--	\$123,482	\$130,000	-4%
	Mgr Electrical Group	1	--	--	--	\$108,402	\$125,000	-13%
	Mgr Fuels Mgmt Services	1	--	6%	--	\$141,228	\$165,000	-16%
	Mgr GIS Systems	2	--	--	--	\$99,048	--	--
	Mgr Maintenance Planning	1	--	--	--	\$130,075	\$150,000	-12%
	Mgr Material Handling E & I	1	--	--	--	\$103,618	--	--
	Mgr NGS Material Handling Operations	3	--	6%	--	\$103,618	\$120,000	-14%
	Mgr NGS Operations	1	--	--	--	\$114,226	\$140,000	-19%
	Mgr Northside Generating Station	1	--	--	--	\$117,970	\$140,000	-17%
	Mgr Predictive Maintenance	1	--	--	--	\$109,130	--	--



# Appendix D

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## Appointed Population Market Data

JEA	Position Title	Number of Incumbents	JEA Average Long term Incentives %	Competitive Market Long-term Incentives %		JEA Average Target TDC	Competitive Market Target TDC	
				50th Percentile <sup>(1)</sup>	Absolute Variance		50th Percentile <sup>(2)(3)</sup>	Variance
Mgr Process Chemistry		1	--	--	--	\$117,970	--	--
Mgr Process Controls		1	--	--	--	\$118,219	--	--
Mgr Project Mgmt		1	--	--	--	\$129,763	\$130,000	2%
Mgr Substation Maintenance		1	--	8%	--	\$137,230	\$150,000	-9%
Mgr System Protection & Control Projects		1	--	8%	--	\$138,042	\$160,000	-13%
Mgr System Protection & Controls		1	--	--	--	\$156,599	\$130,000	19%
Mgr Construction		1	--	--	--	\$122,067	--	--
Mgr WWWW Project Management		3	--	--	--	\$132,807	--	--
Mgr Project Support & Controls		1	--	--	--	\$113,768	\$125,000	-9%
Mgr WWWW Reuse Delivery & Coll Maint Planning & Eng		1	--	--	--	\$129,202	--	--
Mgr Sewer Operation & Maintenance		1	--	--	--	\$104,096	--	--
Mgr Water & Reuse Operation & Maintenance		1	--	--	--	\$106,218	--	--
Mgr WWWW System Operations & Customer Response		1	--	--	--	\$99,000	--	--
Mgr O&M Construction & Maintenance		1	--	--	--	\$103,389	--	--
Mgr Water & Sewer Preventative Maintenance		1	--	--	--	\$119,488	--	--
Mgr WWWW System Assets, Performance & Innovation		1	--	--	--	\$124,189	--	--
Mgr Business Operations		1	--	--	--	\$89,126	--	--
Mgr Wastewater Treatment and Reuse - South Grid		1	--	--	--	\$126,019	--	--
Mgr Wastewater Treatment and Reuse - West Grid		1	--	--	--	\$127,226	--	--
Mgr WWWW Control Systems & Operations		1	--	--	--	\$111,355	--	--
Mgr WWWW Treatment and Reuse - Nassau		1	--	--	--	\$125,021	--	--
Mgr Wastewater Treatment and Reuse - Buckman		1	--	--	--	\$114,018	--	--
Mgr Wastewater Treatment and Reuse - St Johns		1	--	--	--	\$114,725	--	--
Mgr Wastewater Treatment and Reuse - North Grid		1	--	--	--	\$114,018	--	--
Mgr Water Treatment		1	--	--	--	\$124,168	--	--
Mgr WWWW Reuse Treatment Maint Planning & Eng		1	--	--	--	\$139,997	--	--
Mgr District Energy Operations		1	--	--	--	\$103,618	\$135,000	-24%
Mgr Wastewater Treatment and Reuse - East Grid		1	--	--	--	\$127,912	--	--
Mgr Payroll Services		1	--	--	--	\$97,800	\$100,000	-4%
Manager Organizational Effectiveness		1	--	3%	--	\$119,010	\$125,000	-6%
Mgr Emerging Workforce Strategies		1	--	5%	--	\$83,528	\$92,000	-9%
Mgr Talent Acquisition Services		1	--	--	--	\$95,304	\$92,000	3%
Mgr Benefits Services		1	--	7%	--	\$106,488	\$130,000	-17%
Mgr Technical Utility Training Services		1	--	5%	--	\$129,867	\$130,000	1%
Mgr Learning & Development		1	--	--	--	\$137,070	--	--
Mgr Organizational Development		1	--	--	--	\$86,336	\$90,000	-4%
Associate Mgr Safety & Health Services		1	--	--	--	\$87,646	\$92,000	-5%
Mgr Physical Security		1	--	6%	--	\$94,826	\$120,000	-21%
Mgr Identity & Access Management		1	--	--	--	\$108,006	--	--
Mgr Corporate Records Compliance		1	--	--	--	\$85,629	\$81,000	6%
Mgr Security Operations		1	--	--	--	\$94,909	--	--
Mgr Enterprise Risk Mgmt		1	--	7%	--	\$128,973	\$135,000	-4%
Mgr Jax Small Emerging Business Programs		1	--	--	--	\$86,960	\$85,000	2%
Procurement Category Manager		5	--	6%	--	\$111,264	\$135,000	-18%

# Appendix D

## Appointed Population Market Data

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JEA	Position Title	Number of Incumbents	JEA Average Long term Incentives %	Competitive Market Long-term Incentives %		JEA Average Target TDC	Competitive Market Target TDC	
				50th Percentile <sup>(1)</sup>	Absolute Variance		50th Percentile <sup>(2)(3)</sup>	Variance
Mgr Procurement Contract Administration	1	--	--	--	--	\$106,266	\$105,000	2%
Mgr Central Distribution Warehouse	1	--	--	--	--	\$89,310	\$120,000	-25%
Mgr Utility Locate Services	2	--	--	--	--	\$104,279	\$105,000	0%
Mgr Investment Recovery Operations	1	--	4%	--	--	\$91,162	\$88,000	3%
Mgr Facilities Operations	1	--	7%	--	--	\$123,586	\$115,000	10%
Mgr Procurement Inventory Control	1	--	4%	--	--	\$104,290	\$88,000	18%
Mgr Fleet Services & Business Operations	1	--	--	--	--	\$98,715	--	--
Mgr Electric T&D Planning	2	--	--	--	--	\$137,282	--	--
Mgr Electric Generation Planning	1	--	--	--	--	\$135,192	--	--
Mgr System Analysis	1	--	--	--	--	\$130,408	--	--
Mgr WWWW System Planning	1	--	--	--	--	\$134,614	--	--
Manager Development	1	--	--	--	--	\$118,053	--	--
Mgr Technical Services	2	--	--	--	--	\$121,183	--	--
Mgr IT Compliance	1	--	--	--	--	\$112,291	--	--
Mgr Technology Project Mgmt	4	--	6%	--	--	\$128,058	\$140,000	-8%
Mgr CRM Systems	3	--	--	--	--	\$116,541	--	--
Mgr ERP Systems	3	--	--	--	--	\$109,636	--	--
Mgr Sampling & Support Services	1	--	--	--	--	\$107,243	\$120,000	-9%
Mgr Quality Assurance & Environmental Compliance Systems	1	--	--	--	--	\$105,011	\$115,000	-9%
Mgr Laboratory Section Analytical	1	--	--	--	--	\$90,874	\$100,000	-11%
Mgr Fuels Laboratory	1	--	--	--	--	\$91,498	--	--
Mgr Laboratory Section Biology	1	--	--	--	--	\$86,818	--	--
Mgr Environmental Incident Response	1	--	--	--	--	\$101,898	--	--
Mgr Business Support Center	1	--	--	--	--	\$90,059	\$86,000	4%
Mgr Community Involvement & Project Impact	1	--	8%	--	--	\$111,168	\$110,000	0%
Mgr Business Client Relationships Key Accounts	1	--	7%	--	--	\$110,398	\$125,000	-13%
Mgr Media Relations	1	--	7%	--	--	\$86,818	\$115,000	-24%
Mgr Customer Contacts	8	--	--	--	--	\$82,098	\$83,000	-1%
Mgr Digital Communications	1	--	7%	--	--	\$105,510	\$125,000	-15%
Mgr Customer and Corporate Communications	1	--	--	--	--	\$106,010	--	--
Mgr Community Engagement	1	--	8%	--	--	\$107,466	\$110,000	-3%
Mgr Internal Communications	1	--	--	--	--	\$91,162	\$88,000	3%
Mgr Multimedia Production	1	--	5%	--	--	\$90,874	\$100,000	-9%
Mgr Product Marketing	1	--	7%	--	--	\$104,928	\$120,000	-13%
Mgr Customer Experience Training & Quality Coaching	1	--	--	--	--	\$90,562	\$88,000	3%
Mgr Customer Experience Strategy Support & Implementation	1	--	--	--	--	\$124,210	--	--
Mgr Customer Experience Policy & Accuracy	1	--	--	--	--	\$90,874	--	--
Mgr Corporate Research	1	--	6%	--	--	\$117,013	\$145,000	-20%
Mgr Utility Analytics	1	--	11%	--	--	\$127,850	\$130,000	-2%
Mgr Customer Solutions	4	--	--	--	--	\$100,364	\$100,000	-2%
Mgr Strategic Customer Solutions	1	--	--	--	--	\$110,045	--	--
Mgr Customer Center & Revenue Assurance Operations	1	--	--	--	--	\$95,096	--	--
Mgr Receivables & Collection Services	1	--	--	--	--	\$89,792	\$89,000	1%
Mgr Billing Support Services	1	--	--	--	--	\$101,024	\$94,000	7%



## Appendix D

## Appointed Population Market Data

JEA	Position Title	Number of Incumbents	JEA Average Long term Incentives %	Competitive Market Long-term Incentives %		JEA Average Target TDC	Competitive Market Target TDC	
				50th Percentile <sup>(1)</sup>	Absolute Variance		50th Percentile <sup>(2),(3)</sup>	Variance
	Mgr Customer Assistance Programs	1	--	--	--	\$83,819	\$83,000	1%
	Mgr Electric Meter Services	1	--	--	--	\$122,712	\$130,000	-7%
	Mgr Meter Data Collection & Analysis	1	--	--	--	\$120,923	--	--
	Mgr Conservation & Efficiency Field Services	1	--	--	--	\$103,618	\$115,000	-9%
	Mgr Water Meter Services	1	--	--	--	\$106,592	\$140,000	-24%
	Mgr Field Services	1	--	--	--	\$103,618	\$130,000	-21%
	Mgr Ethics Investigations & Audit	1	--	5%	--	\$118,677	\$140,000	-15%
	Mgr Internal Audit	1	--	6%	--	\$117,158	\$130,000	-12%
	Mgr Electric Production Reliability Engineering	1	--	--	--	\$131,594	--	--
	Associate Manager Facilities Operations	2	--	--	--	\$96,694	--	--
	Associate Mgr, Facilities Capital Projects	1	--	--	--	\$111,486	\$105,000	8%
	Associate Manager Facilities Asset Support Services	1	--	--	--	\$79,805	--	--
	Associate Mgr, Utility Locate Services	2	--	--	--	\$78,754	--	--
	Associate Mgr, Warehouse Operations	3	--	--	--	\$70,805	\$92,000	-23%
	Mgr Operations & Help Desk Support	1	--	7%	--	\$118,427	\$125,000	-6%
	Mgr Information Security	2	--	--	--	\$125,135	\$125,000	0%
	Mgr IT Infrastructure & Collaboration Platforms	1	--	--	--	\$118,781	--	--
	Mgr T&D Preventative Maintenance	1	--	--	--	\$133,195	\$150,000	-10%
	Mgr Transmission & Substation Projects	1	--	8%	--	\$132,904	\$150,000	-12%
	Mgr UG Network & Commercial Maintenance	1	--	8%	--	\$124,189	\$150,000	-17%
	Sr Mgr Electric Production Maintenance	1	--	8%	--	\$140,750	\$175,000	-20%
	Sr Mgr Electric Production Operations	1	--	6%	--	\$141,353	\$185,000	-23%
	Sr Mgr Electric Systems Construction & Maintenance	1	--	6%	--	\$136,090	\$155,000	-12%
	Sr Mgr NGS Bulk Material Handling	1	--	9%	--	\$140,750	\$170,000	-18%
	Mgr Safety & Health Services	1	--	--	--	\$107,805	\$110,000	-3%
	Mgr Real Estate Services	1	--	7%	--	\$119,550	\$130,000	-6%
	Mgr Enterprise Architecture	1	--	--	--	\$143,121	--	--
	Mgr Telecom Sales & Services	1	--	--	--	\$95,262	--	--
	Mgr Technology Innovation Initiatives	1	--	--	--	\$133,278	--	--
	Mgr Pollution Prevention Programs	1	--	--	--	\$113,019	--	--
	Mgr Environmental Permitting & Compliance	1	--	--	--	\$113,269	--	--
	Mgr Water Policy, Permitting & Compliance	1	--	--	--	\$134,651	--	--
	Mgr Financial Planning & Rates	1	--	6%	--	\$112,811	\$135,000	-17%
	Mgr Operating Budgets	1	--	6%	--	\$108,381	\$130,000	-16%
	Mgr Capital Budget Planning	1	--	6%	--	\$105,094	\$140,000	-24%
	Mgr Cash & Investments	1	--	6%	--	\$133,736	\$135,000	-1%
	Mgr Accounts Payable	1	--	--	--	\$100,667	\$88,000	14%
	Mgr Performance Improvement	1	--	6%	--	\$116,493	\$120,000	-4%
	Mgr Tax Administration	1	--	6%	--	\$118,365	\$145,000	-18%
	Mgr Project Accounting	1	--	6%	--	\$106,072	\$125,000	-15%
	Mgr Financial Accounting & Reporting	1	--	6%	--	\$115,016	\$140,000	-18%
	Mgr Executive Administration	1	--	--	--	\$92,306	\$81,000	14%
<b>Individual Contributor<sup>(4)</sup></b>								
	Appointed Process Assignment (NE)	3	--	--	--	\$88,908	--	--

# Appendix D

## Appointed Population Market Data

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JEA	Position Title	Number of Incumbents	JEA Average Long term Incentives %	Competitive Market Long-term Incentives %		JEA Average Target TDC	Competitive Market Target TDC	
				50th Percentile <sup>(1)</sup>	Absolute Variance		50th Percentile <sup>(2)(3)</sup>	Variance
	Consulting Engineer	4	--	7%	--	\$126,981	\$130,000	-3%
	Electric Standards Specialist	1	--	--	--	\$104,970	\$120,000	-12%
	Electric System Operations Specialist	1	--	--	--	\$102,245	\$140,000	-27%
	Fuels Specialist	1	--	--	--	\$103,618	\$125,000	-19%
	Generation O&M Specialist	3	--	--	--	\$102,619	\$130,000	-20%
	Manager Natural Gas Commercial Services	1	--	--	--	\$103,389	--	--
	Capital Project Controls Specialist	1	--	--	--	\$100,462	--	--
	Maintenance Specialist	1	--	--	--	\$82,426	--	--
	Financial Analyst W/WW Operations	1	--	--	--	\$78,245	\$65,000	20%
	Contract Specialist	1	--	7%	--	\$76,394	\$94,000	-18%
	Water Wastewater Reliability Specialist	1	--	--	--	\$87,064	--	--
	Water Sewer System Planning Specialist	2	--	--	--	\$112,707	--	--
	W/WW Program Manager	1	--	--	--	\$106,765	--	--
	Labor Relations Specialist	4	--	--	--	\$94,477	\$92,000	3%
	Compensation Specialist	1	--	4%	--	\$84,381	\$93,000	-9%
	Learning & Development Technology Specialist	1	--	--	--	\$84,006	\$83,000	2%
	Compliance Analyst Senior	2	--	--	--	\$94,087	\$97,000	-3%
	Compliance Specialist	1	--	--	--	\$112,520	\$135,000	-17%
	CIP Compliance Program Manager	1	--	--	--	\$133,112	\$135,000	-2%
	Audit Services Analyst	1	--	5%	--	\$92,368	\$89,000	4%
	Information Technology Auditor	1	--	4%	--	\$85,670	\$99,000	-14%
	Emergency Planning & Business Continuity Coordinator	1	--	--	--	\$91,328	\$96,000	-5%
	Real Estate Coordinator	2	--	--	--	\$93,245	\$87,000	8%
	Integration Service Specialist	1	--	4%	--	\$99,090	\$99,000	1%
	Appointed Process Assignment	1	--	--	--	\$108,200	--	--
	Financial Analysis Specialist - Customer Revenue	1	--	5%	--	\$86,818	\$115,000	-23%
	Black Belt	2	--	--	--	\$94,898	\$100,000	-5%
	Performance Management Coordinator	1	--	--	--	\$74,813	--	--
	HRIS Analyst	1	--	5%	--	\$79,805	\$95,000	-16%
	Workforce Analyst	1	--	5%	--	\$69,592	\$77,000	-9%
	Payroll Analyst	1	--	--	--	\$67,866	\$69,000	-2%
	Payroll Specialist	1	--	--	--	\$83,715	\$83,000	1%
	Talent Acquisition Senior Specialist	1	--	5%	--	\$79,077	\$92,000	-14%
	Talent Acquisition Specialist	2	--	9%	--	\$67,699	\$72,000	-7%
	Compensation Analyst	1	--	--	--	\$71,027	\$70,000	2%
	Technical Development Spec	8	--	--	--	\$109,718	--	--
	Leadership Development Solutions Specialist	5	--	6%	--	\$82,126	\$86,000	-5%
	Security & Investigative Support Specialist	1	--	--	--	\$68,302	--	--
	Public Records Compliance Specialist	1	--	--	--	\$66,805	\$71,000	-6%
	Records Compliance Coordinator	1	--	--	--	\$65,765	\$61,000	7%
	Senior Auditor	4	--	5%	--	\$92,782	\$85,000	10%
	Senior Ethics Auditor	2	--	5%	--	\$100,171	\$95,000	5%
	Procurement Vendor Specialist	1	--	--	--	\$69,405	\$70,000	-1%
	Fleet Specialist	1	--	--	--	\$85,858	\$80,000	7%

# Appendix D

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## Appointed Population Market Data

JEA	Position Title	Number of Incumbents	JEA Average Long term Incentives %	Competitive Market Long-term Incentives %		JEA Average Target TDC	Competitive Market Target TDC	
				50th Percentile <sup>(1)</sup>	Absolute Variance		50th Percentile <sup>(2)(3)</sup>	Variance
	Supply Chain Specialist	1	--	--	--	\$87,626	--	--
	Facilities and Space Planning Specialist	1	--	3%	--	\$78,349	\$89,000	-12%
	Electric T&D Analytics Specialist	1	--	--	--	\$115,640	--	--
	Water Wastewater Specialist	1	--	--	--	\$87,002	--	--
	Account Executive Customer Accounts	8	--	--	--	\$86,232	\$88,000	-2%
	Community Involvement and Project Outreach Coordinator	2	--	--	--	\$68,781	--	--
	Community Engagement Coordinator	2	--	--	--	\$83,434	\$85,000	-2%
	Communications Coordinator	1	--	--	--	\$79,118	\$79,000	0%
	Digital Communications Specialist	2	--	10%	--	\$83,642	\$94,000	-11%
	Digital Media Communications Associate	2	--	--	--	\$56,301	--	--
	Customer Experience Accuracy & Internal Controls Analyst	1	--	--	--	\$67,866	--	--
	Customer Experience Quality Assurance Analyst	4	--	--	--	\$67,101	\$56,000	20%
	Customer Experience Training Specialist	4	--	7%	--	\$79,207	\$72,000	10%
	Associate Program Manager	3	--	--	--	\$79,111	\$69,000	15%
	Financial Analysis Specialist	2	--	5%	--	\$93,130	\$115,000	-17%
	Financial Analyst Senior Financial Planning & Rates	2	--	4%	--	\$83,122	\$91,000	-8%
	Financial Analyst Senior Operating Budget	2	--	--	--	\$81,261	\$86,000	-6%
	Financial Associate	2	--	--	--	\$55,302	--	--
	Financial Analyst Senior Capital Budget Planning	1	--	--	--	\$83,611	\$86,000	-3%
	Cash Management Analyst	2	--	4%	--	\$93,096	\$83,000	12%
	Portfolio Specialist	1	--	4%	--	\$118,302	\$105,000	12%
	Black Belt Candidate	2	--	--	--	\$81,531	\$80,000	1%
	Master Black Belt	4	--	--	--	\$106,098	\$125,000	-15%
	Financial Reporting Analyst Sr	2	--	4%	--	\$86,315	\$85,000	2%
	Financial Reporting Specialist	1	--	5%	--	\$90,686	\$115,000	-20%
	Financial Analyst Senior Accounting	2	--	4%	--	\$76,581	\$85,000	-10%
	Protection & Controls Specialist	1	--	--	--	\$122,546	--	--
	Human Resources Business Partner	3	--	5%	--	\$113,234	\$110,000	1%
	Ethics Officer	1	--	--	--	\$143,038	\$120,000	20%
	Special Project-EAM	2	--	--	--	\$125,572	--	--
	Government Relations Specialist	2	--	--	--	\$112,641	\$93,000	21%
	Government Relations Coordinator	1	--	--	--	\$80,304	\$75,000	7%



## Appendix D

### Appointed Population Market Data

DRAFT

JEA		JEA Average Long term Incentives %	Competitive Market Long-term Incentives %		JEA Average Target TDC	Competitive Market Target TDC	
Position Title	Number of Incumbents		50th Percentile <sup>(1)</sup>	Absolute Variance		50th Percentile <sup>(2)(3)</sup>	Variance
Risk Mgmt Specialist	1	--	--	--	\$78,536	\$93,000	-16%
Bond Compliance Specialist	2	--	4%	--	\$108,870	\$110,000	-2%
Bond Administration Specialist	1	--	4%	--	\$104,200	\$110,000	-6%
Executive Assistant	4	--	5%	--	\$59,842	\$67,000	-11%

#### Notes

"--"=Data not available

(1) Competitive Market Long-term Incentives % reflect 1/2 for all reported market data to account for the fact that Energy Services Industry surveys are comprised of responses by Public Power Utilities and General Industry surveys are comprised of responses by not-for-profit organizations, which typically do not grant LTI.

(2) Competitive Market Target TDC values are calculated by building up from Competitive Market Base Salary, Competitive Market Target TCC, and Competitive Market Long-term Incentives % values.

(3) Market data between \$50,000 and \$100,000 rounded to the nearest \$1,000 and greater than \$100,000 rounded to the nearest \$5,000.

(4) Although Competitive Market Long-term Incentives % data are available for some of the Managers and Individual Contributors, maximum eligibility percentages are approximately 30-40% and 20-30% respectively (for the positions with data available).



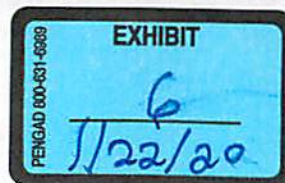
# Long-Term Incentive Plan Market Practices & Proposed Design

Prepared for JEA

March 19, 2019

Discussion Draft

6



Willis Towers Watson 



# Table of Contents

Section	Page
Introduction	2
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# Introduction

## Summary

- JEA engaged Willis Towers Watson (“WTW”) to complete the following:
  - Conduct an analysis of market competitive long-term incentive (“LTI”) plan design practices in the utility industry, covering both investor owned utilities and public power utilities, and
  - Develop an LTI plan design that align with JEA’s compensation philosophy and business strategy
- Pages 4 through 15 summarize competitive market practices for:
  - Investor Owned Utility (IOUs) peer group (comparably sized to JEA)
  - Public Power utilities (based on client work and anecdotal consulting experience)
  - Broader Utility Industry practices from WTW’s *2018 Long-Term Incentives Policies and Practices Survey Report*; Energy Services Industry data cut reflecting predominantly IOU peer practices
- Pages 16 through 23 present LTI plan design alternatives and a strawman design for JEA’s consideration

## Introduction

### *Methodology*

- WTW completed a competitive market analysis of LTI plan designs with regards to the following key design aspects:
  - Prevalence
  - Eligibility
  - Target incentive opportunity
  - Award frequency
  - Award vehicles
  - Performance metrics
  - Performance metrics weights
  - Performance range
  - Payout range
- The following perspectives were reviewed during the analysis:
  - IOU peer group practices
  - Public power utilities' practices
  - Broader Utility Industry practices

# Long-Term Incentive Plan Design Market Practices

## Summary

Design Aspect	Public Power Utilities	Investor Owned Utility (IOU) Peer Group	Broader Utility Industry
<b>Prevalence</b>	LTI plans are uncommon	All 13 IOU peers have an LTI plan	LTI plans are very prevalent with almost all IOUs using an LTI plan
<b>Eligibility</b>	For those Public Power Utilities with an LTI plan, eligibility limited to select executives	Typically executives down to director level positions	Typically executives down to director level positions
<b>Target Opportunity (% of Base Salary)</b>	Varies widely based on the organization, but targets will be lower than IOU levels	Median for CEOs: 230% Median for NEOs*: 110% Median for Directors: NA	Median for CEOs: 240% Median for NEOs*: 75% Median for Directors: 15-25%
<b>Award Frequency</b>	Annual awards with overlapping cycles are most common	All 13 peers grant annual awards with overlapping cycles	98.1% of organizations grant annual awards and overlapping cycles are the most common

\*NEOs = Named Executive Officers, as disclosed in the IOU's proxy statement



## Long-Term Incentive Plan Design Market Practices Summary (continued)

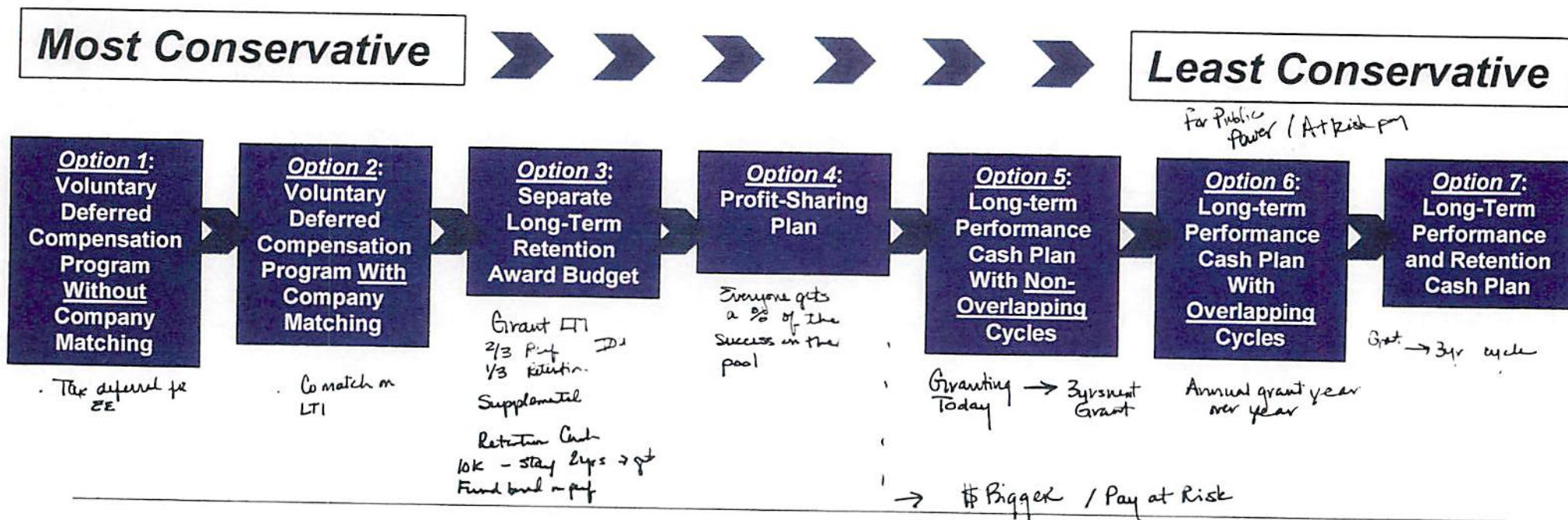
Design Aspect	Public Power Utilities	Investor Owned Utility (IOU) Peer Group	Broader Utility Industry
Award Vehicles	Cash-based performance plans	100% of peers use performance plans 69% use restricted stock No peers use stock options	93% of organizations use performance plans 66% use restricted stock 16% use stock options
Performance Metrics	Financial and operational	TSR (100%) EPS (38%) Operational (15%)	TSR (64%) EPS (22%) Other operational metrics are also common
Performance Metrics Weights	Operational metrics weighted more heavily than financial metrics	TSR and financial metrics weighted more heavily than operational metrics	Not available
Performance Range	More conservative compared to IOUs	Relative TSR: 28 <sup>th</sup> %ile at threshold, 50 <sup>th</sup> %ile at target, and 90 <sup>th</sup> %ile at maximum	Relative TSR: 25 <sup>th</sup> %ile at threshold, 50 <sup>th</sup> %ile at target, and 90 <sup>th</sup> %ile at maximum
Payout Range	Threshold: 50% of Target Maximum: 150% of Target	Threshold: 0-50% of Target Maximum: 150-200% of Target	Threshold: 50% of Target Maximum: 200% of Target



# Long-Term Incentive Plan Design Market Practices

## Design Considerations

- At JEA's request, potential LTI plan designs for consideration are presented below
- They are arranged from most conservative to least conservative
  - A description of the plan designs and the advantages/disadvantages of each is presented later in this report (see "LTI Plan Design Alternatives" section)



## Long-Term Incentive Plan Design Market Practices Prevalence

- LTI plans are not commonly found at Public Power Utilities, but are very common at IOUs
  - In cases where a Public Power Utility does have a long-term incentive plan, it is usually only for the CEO or a small group of select executives
  - All 13 IOU peers have a LTI plan, and most IOUs utilize a portfolio approach, reflecting the use of multiple LTI vehicles (typically 2 vehicles)
- In the broader Utility Industry, almost all IOUs have a LTI plan

### Public Power Utility Perspective:

Uncommon to have a LTI plan due to lack of long-term measures and stakeholder scrutiny/criticism



# Long-Term Incentive Plan Design Market Practices

## Eligibility

- All 13 IOU peers have a LTI plan, eligibility typically covers executives to director level positions
- In the broader Utility Industry, position or title is the most common criteria used by organizations to determine eligibility for LTI awards
  - 70% of organizations use position or title to determine eligibility for performance plans, 67% for restricted stock, and 71% for stock options (Director level typically the lowest title)
  - Award eligibility is as follows:

**Broader Utility Industry: LTI Award Eligibility**

LTI Vehicle	Median % of Eligible Employees	Median Lowest Midpoint Eligible (\$000s)	Median Midpoint of 100% Participation (\$000s)
Performance Plan	2.6%	\$153.8	\$175.7
Restricted Stock	5.0%	\$135.3	\$157.0
Stock Options	1.8%	\$176.3	\$192.9

### Public Power Utility Perspective:

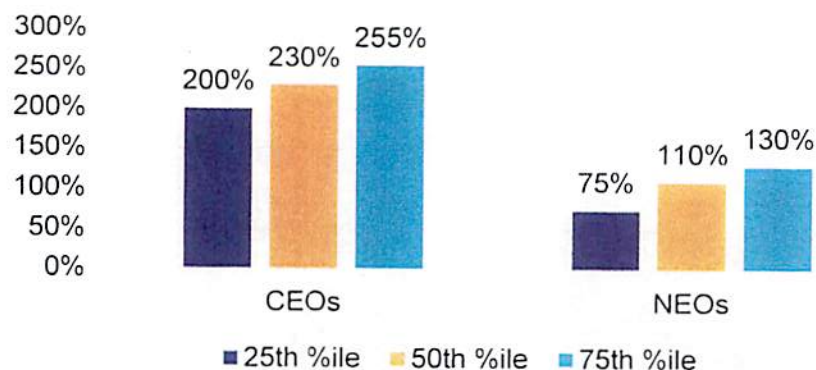
LTI eligibility is limited to the CEO and select executives only, broad based eligibility is not common

# Long-Term Incentive Plan Design Market Practices

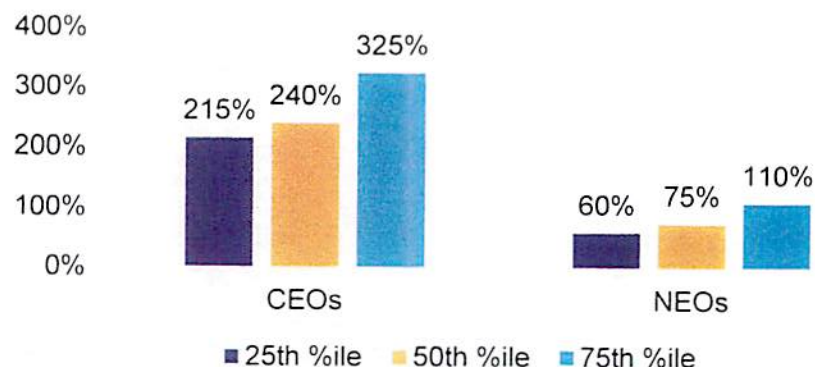
## Target Incentive Opportunity

- Median target incentive opportunities are as follows:
  - IOU peer group: for CEOs is approximately **230%** and for NEOs is approximately **110%**
  - Broader Utility Industry\*: for CEOs is approximately **240%** and for NEOs is approximately **75%**
    - For Directors is approximately **15-25%**

**IOU Peer Group: LTI Target % for CEOs and NEOs**



**Broader Utility Industry: LTI Target % for CEOs and NEOs**



### Public Power Utility Perspective:

Target incentive opportunities vary widely based on the size of the Public Power Utility, however the targets are typically lower than what is common among the IOUs given the lower level of performance risk and sensitivity to not-for-profit focus

\*Broader Utility Industry data reflects trend-line data from WTW's 2018 Energy Services Executive (Revenues from \$1B-\$3B) and MMPS Compensation Surveys

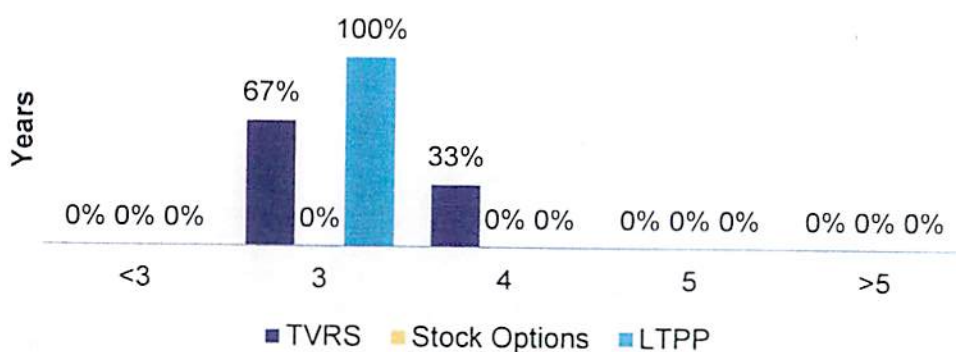


## Long-Term Incentive Plan Design Market Practices

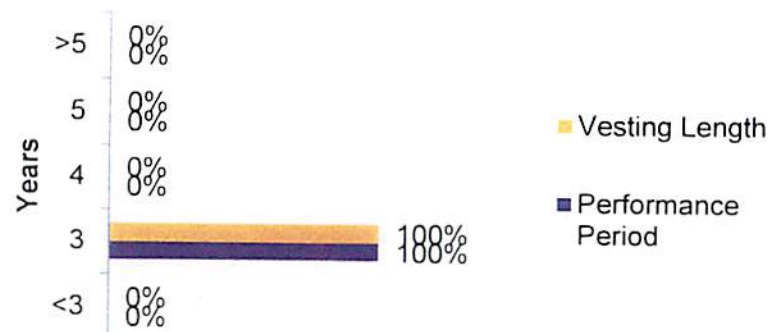
### Award Frequency

- All 13 IOU peers grant awards on an annual basis with an attached vesting schedule
  - 98.1% of the broader Utility Industry also grant annual LTI awards
- IOU peers attach a **3 to 4 year** vesting requirement on their LTI
  - A three-year cliff vesting schedule is the most common vesting requirement for performance plans
  - Restricted stock vesting is mixed between 3-4 years and cliff and ratable

IOU Peer Group: Vesting Length Prevalence



IOU Peer Group: LTPP Performance Period vs. Vesting

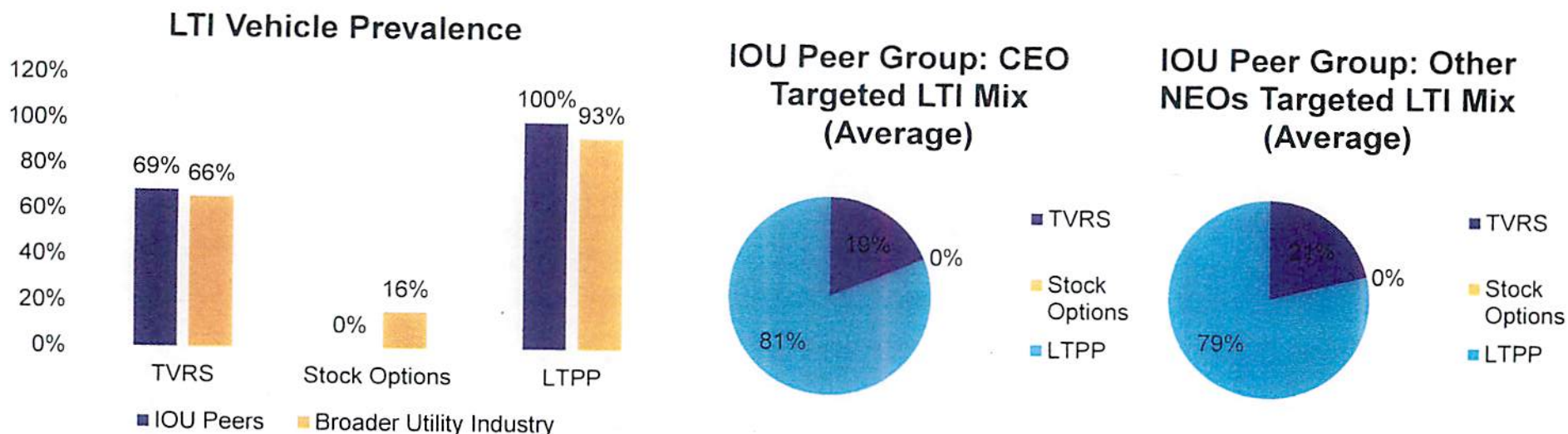


#### Public Power Utility Perspective:

For the limited number of Public Power Utilities that make LTI grants, awards are most commonly awarded on an annual basis

## Long-Term Incentive Plan Design Market Practices Award Vehicles

- Performance plans are much more common than restricted stock as an award vehicle for the IOU peer group, aligning with the broader Utility Industry
  - 100%** of the peers use performance plans and **69%** use restricted stock
  - On average, the CEO's LTI mix is comprised of performance plans at a slightly higher % than the other NEOs' LTI mix among the IOU peer group
- Unlike **16%** of the broader Utility Industry, **none** of the IOU peer group uses stock options as an award vehicle



**Public Power Utility Perspective:**  
Performance cash awards are most common

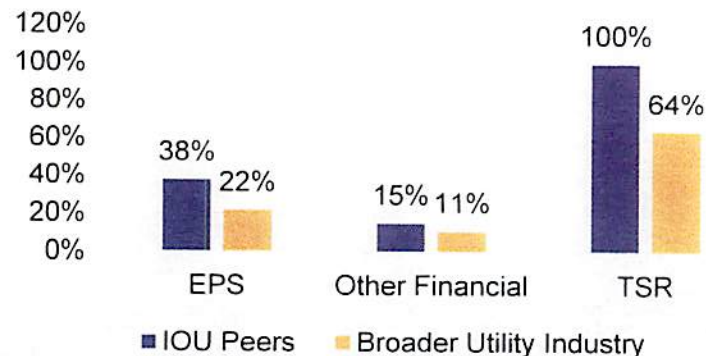


## Long-Term Incentive Plan Design Market Practices

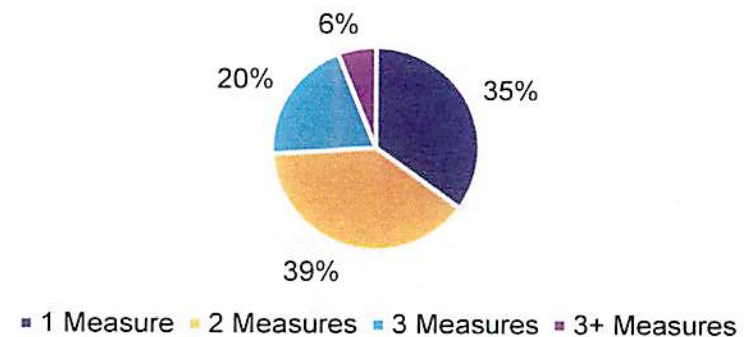
### Performance Metrics

- LTI performance plans commonly consist of a mix of financial and operational metrics
- 9 of the 13 IOU peers utilize financial metrics while only 2 of the 13 peers utilize operational metrics
  - EPS is the most common financial metric for IOU peers and the broader Utility Industry
  - Operational metrics include health and safety, customer service, strategic measures, etc.
- All 13 IOU peers utilize relative TSR as a performance plan metric, much more prevalent than the broader Utility Industry

**Financial and TSR Performance Metrics (% of Organizations)**



**Broader Utility Industry: # of Metrics**



#### Public Power Utility Perspective:

Common for Public Power Utilities to have a mix of financial and operational metrics for their performance plans

## Long-Term Incentive Plan Design Market Practices

### *Performance Metrics Weights*

- LTI performance metrics have specific weightings based on the organization's long-term strategies and goals
- For the 2 IOU peers that utilize operational metrics, the weightings are 50% for one peer and not disclosed for the other peer
- For the IOU peers that utilize relative TSR and EPS metrics, the approximate median weightings are as follows:

Performance Measure	Weight (%)
Relative TSR	67%
EPS	25%

#### **Public Power Utility Perspective:**

Operational metrics typically have higher weights than financial metrics; measure weighting typically reflective of the importance and focus placed on the measure



## Long-Term Incentive Plan Design Market Practices

### Performance Range

- The width of performance ranges (e.g. the difference between threshold/maximum performance goals and target) vary by performance metric
  - All 13 of the IOU peers have a relative TSR component in their LTI performance plan
  - Relative TSR and EPS have the following median performance ranges:

Performance Measure	IOU Peer Group			Broader Utility Industry		
	Threshold (% of Target)	Target	Maximum (% of Target)	Threshold (% of Target)	Target	Maximum (% of Target)
Relative TSR (%ile Rank)	28 <sup>th</sup> %ile	50 <sup>th</sup> %ile	90 <sup>th</sup> %ile	25 <sup>th</sup> %ile	50 <sup>th</sup> %ile	90 <sup>th</sup> %ile
EPS	98%	100%	102%		NA	

#### Public Power Utility Perspective:

Common for performance ranges to be more conservative (more narrow) compared to IOU peer group and broader Utility Industry, as performance outcomes are less volatile



## Long-Term Incentive Plan Design Market Practices

### *Payout Range*

- Payout ranges are often provided as a percentage of the target incentive opportunity (target is equal to 100% payout)
- The IOU peer groups' threshold and maximum payouts as a % of target align with what is most common in the broader Utility Industry

Payout Range	IOU Peer Group	Broader Utility Industry
Threshold	Range of 0%-50% Median: 50%	50%
Target	100%	100%
Maximum	Range of 150%-200% Median: 200%	200%

#### Public Power Utility Perspective:

Payout ranges are similar to both IOU Peer Group and broader Utility Industry with thresholds typically at around 50% and maximums typically at 150%

# Long-Term Incentive Plan Design Alternatives

## Option 1: Voluntary Deferred Compensation Program Without Company Match

### Description of Plan

- Employee can voluntarily defer all or a portion of pay (typically defined as some portion of base salary and all of bonus) into a non-qualified deferred compensation account
  - No cost would be incurred by the company
  - Employees can delay taxation until a later date (e.g. retirement)

	To JEA	To Employee
Advantages	<ul style="list-style-type: none"><li>• No cost to company</li><li>• Easy to administer</li></ul>	<ul style="list-style-type: none"><li>• Taxation is delayed (probably until retirement)</li></ul>
Disadvantages	<ul style="list-style-type: none"><li>• Limited retention value given relatively small gain compared to IOU LTI programs</li><li>• Does not align with public power utility market practice</li></ul>	<ul style="list-style-type: none"><li>• Risk of loss if company goes bankrupt (non-qualified plan means no protection from creditors)</li><li>• Deferred compensation is not liquid given IRC 409(A) restrictions</li></ul>



## Long-Term Incentive Plan Design Alternatives

### Option 2: Voluntary Deferred Compensation Program With Company Match

#### Description of Plan

- Employee can voluntarily defer all or a portion of pay (typically defined as some portion of base salary and all of bonus) into a non-qualified deferred compensation account and receive a matching contribution from the company; company match dependent on achieving defined financial performance

	To JEA	To Employee
Advantages	<ul style="list-style-type: none"><li>Limited cost to company</li><li>Easy to administer</li><li>Creates a retention incentive for employee to stay (to receive full company match)</li></ul>	<ul style="list-style-type: none"><li>Taxation is delayed (typically until retirement)</li></ul>
Disadvantages	<ul style="list-style-type: none"><li>Limited retention value given relatively small gain compared to IOU LTI programs</li><li>Does not align with public power utility market practice</li></ul>	<ul style="list-style-type: none"><li>Company match not guaranteed given performance requirement</li><li>Risk of loss if company goes bankrupt (non-qualified plan means no protection from creditors)</li><li>Deferred compensation is not liquid given IRC 409(A) restrictions</li></ul>



## Long-Term Incentive Plan Design Alternatives

### Option 3: Separate Long-Term Retention Award Budget

#### Description of Plan

- Organization has a separate budget (similar to merit budget) that focuses entirely on long-term retention awards for high performers and key roles

	To JEA	To Employee
<b>Advantages</b>	<ul style="list-style-type: none"><li>Creates a retention incentive for high performers or key employees to stay</li></ul>	<ul style="list-style-type: none"><li>Employee can receive annual value attached to retention award with ratable vesting</li></ul>
<b>Disadvantages</b>	<ul style="list-style-type: none"><li>Limited retention value given relatively small gain compared to IOU LTI programs</li><li>Does not align with public power utility market practice</li><li>Potentially subject to criticism/scrutiny from outside observers given not common among public power utilities</li></ul>	<ul style="list-style-type: none"><li>May not receive an award depending on individual performance and size of the allocated retention budget for that year</li><li>Some key roles will receive higher awards despite performance levels</li></ul>

# Long-Term Incentive Plan Design Alternatives

## Option 4: Profit-Sharing Plan

### Description of Plan

- An employer shares a percentage of earnings or profit with employees based on pre-established multi-year financial goal(s); payouts would be at the end of the performance cycle and in cash, assuming requisite performance goals achieved

	To JEA	To Employee
<b>Advantages</b>	<ul style="list-style-type: none"> <li>• Promotes pay-for-performance philosophy</li> <li>• Flexibility to decide how much profit (if any) to share with employees</li> </ul>	<ul style="list-style-type: none"> <li>• Employee can receive annual value attached to profit-sharing plan</li> <li>• Plan creates a sense of ownership in the company</li> </ul>
<b>Disadvantages</b>	<ul style="list-style-type: none"> <li>• Limited retention value given relatively small gain compared to IOU LTI programs</li> <li>• Does not align with public power utility market practice</li> <li>• Subject to criticism/scrutiny from outside observers given not common among public power utilities</li> <li>• Could receive additional negative criticism given the potential for payouts during periods of poor company performance</li> <li>• Limited retention value as no post performance cycle vesting required</li> </ul>	<ul style="list-style-type: none"> <li>• May not receive an award depending on company's decision to share profits or if company performance is poor</li> <li>• Payouts typically not differentiated based on individual employee performance</li> </ul>

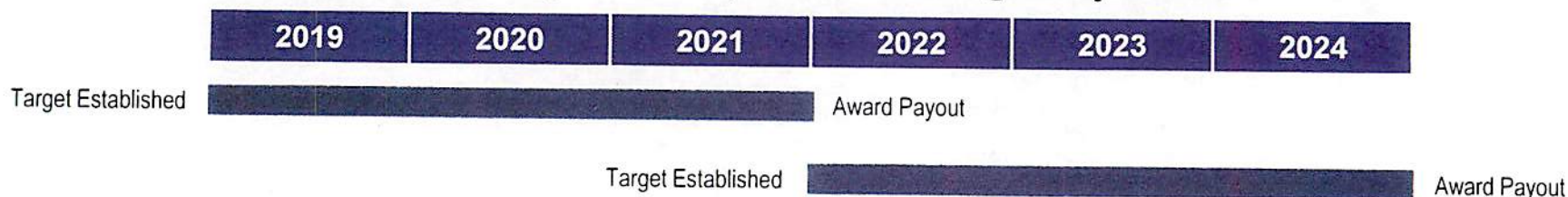


# Long-Term Incentive Plan Design Alternatives

## Option 5: Long-Term Performance Cash Plan With Non-Overlapping Cycles

### Description of Plan

- Employee receives a triennial, non-overlapping grant of performance cash based on predetermined financial, operational, and/or strategic objectives



	To JEA	To Employee
<b>Advantages</b>	<ul style="list-style-type: none"> <li>Promotes pay-for-performance philosophy</li> <li>Use of performance plan aligns with IOUs</li> <li>Creates incentive for employee to deliver sustained (multi-year) financial and operational results</li> </ul>	<ul style="list-style-type: none"> <li>Opportunity to receive significant award after conclusion of three-year period</li> </ul>
<b>Disadvantages</b>	<ul style="list-style-type: none"> <li>Does not align with public power utility market practice</li> <li>Subject to criticism/scrutiny from outside observers given not common among public power utilities</li> <li>Limited "line of sight" or ability of employees to impact defined performance measure outcomes; typical line of sight limited to select group of senior employees</li> </ul>	<ul style="list-style-type: none"> <li>Non-overlapping cycle increases the risk of forfeiture due to leaving the company</li> <li>Non-overlapping cycle prevents the employee from receiving an annual value from the performance cash</li> <li>Non-overlapping cycle increases the chances that "one bad year" could make achievement of three-year goals difficult to achieve</li> <li>All performance-based, no consideration for sustained service</li> <li>Plans/measures can be complex to understand and communicate</li> </ul>

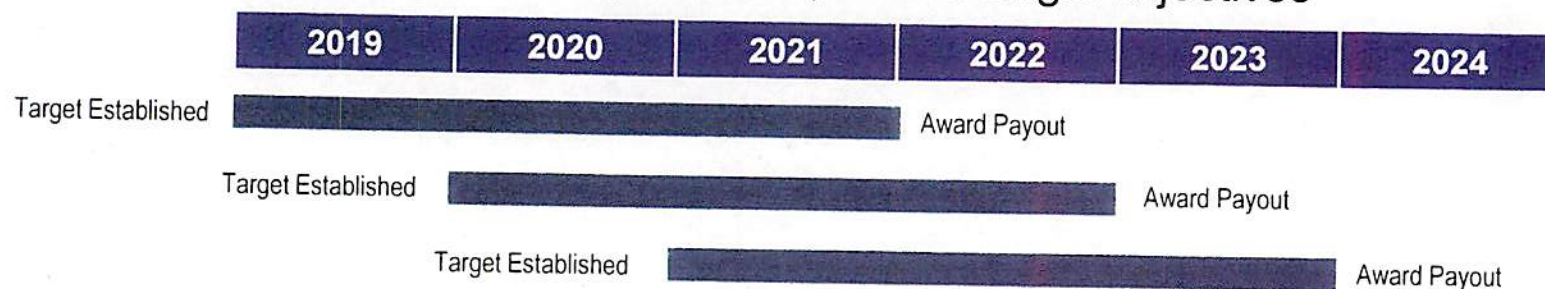


# Long-Term Incentive Plan Design Alternatives

## Option 6: Long-Term Performance Cash Plan With Overlapping Cycles

### Description of Plan

- Employee receives an annual, overlapping grant of performance cash based on predetermined financial, operational, and strategic objectives



	To JEA	To Employee
<b>Advantages</b>	<ul style="list-style-type: none"> <li>Promotes pay-for-performance philosophy</li> <li>Greater alignment with IOU peers (more than non-overlapping plans)</li> <li>Creates incentive for employee to deliver sustained (multi-year) financial and operational results</li> <li>Most common design used by public power utilities with LTI</li> </ul>	<ul style="list-style-type: none"> <li>Employee can receive annual value attached to long-term incentive plan</li> <li>Rolling three-year performance periods means that "one bad year" can't make goals unachievable</li> <li>Opportunity to receive significant award after conclusion of three-year period</li> </ul>
<b>Disadvantages</b>	<ul style="list-style-type: none"> <li>Does not align with public power utility market practice</li> <li>Subject to criticism/scrutiny from outside observers given not common among public power utilities</li> <li>Limited "line of sight" or ability of employees to impact defined performance measure outcomes; typical line of sight limited to select group of senior employees</li> </ul>	<ul style="list-style-type: none"> <li>All performance-based, no consideration for sustained service</li> <li>Plans/measures can be complex to understand and communicate</li> </ul>



# Long-Term Incentive Plan Design Alternatives

## Option 7: Long-Term Performance Cash and Retention Cash Plan

### Description of Plan

- A mix of long-term cash linked to both company performance and continued employment
- The mix would be weighed more heavily towards the performance-based component (e.g., 75%/25% performance-based to service/time-based)

	To JEA	To Employee
Advantages	<ul style="list-style-type: none"><li>• Promotes pay-for-performance philosophy</li><li>• Creates incentive for employee to deliver sustained (multi-year) financial and operational results</li><li>• Time-based portion creates strong retention incentive to employee (even during periods when company performance is poor)</li><li>• Design that most closely aligns with IOU LTI designs</li></ul>	<ul style="list-style-type: none"><li>• Time-based portion provides opportunity for payout even if company performance is poor</li><li>• Employee can receive annual value attached to long-term incentive plan</li><li>• Opportunity to receive significant award after conclusion of three-year period</li></ul>
Disadvantages	<ul style="list-style-type: none"><li>• Does not align with public power utility market practice</li><li>• Subject to criticism/scrutiny from outside observers given not common among public power utilities</li><li>• Limited "line of sight" or ability of employees to impact defined performance measure outcomes; typical line of sight limited to select group of senior employees</li></ul>	<ul style="list-style-type: none"><li>• No upside potential (e.g. maximum opportunity) would be attached to the time-based portion of the LTI</li><li>• Plans/measures can be complex to understand and communicate</li></ul>

## Appendix

### *Utility Peer Group*

#### ***IOUs (13 Companies)***

- ALLETE
- Alliant Energy
- Avista
- Black Hills
- El Paso Electric
- Hawaiian Electric Industries
- NorthWestern Energy
- OGE Energy
- Otter Tail
- Pinnacle West Capital
- PNM Resources
- Portland General Electric
- Vectren

#### ***Public Power Utilities***

- *Six public power utility clients*
- *Anecdotal consulting experience*

## Appendix



## Appendix

### *Utility Peer Group*

#### ***IOUs (13 Companies)***

- ALLETE
- Alliant Energy
- Avista
- Black Hills
- El Paso Electric
- Hawaiian Electric Industries
- NorthWestern Energy
- OGE Energy
- Otter Tail
- Pinnacle West Capital
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#### ***Public Power Utilities***

- *Six public power utility clients*
- *Anecdotal consulting experience*

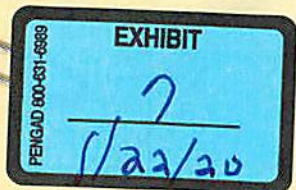


JEA

## **Annual Incentive Plan Review**

**Discussion Draft**

**March 19, 2019**



# Annual Incentive Plan Review

This document summarizes Willis Towers Watson's review of JEA's annual incentive plan (Pay for Performance Program). Our review covers key plan design features: eligibility, target award opportunities, payout ranges, bonus pool funding, performance measures and performance range.

At JEA's request, we have provided a high-level review of the 2019 proposed short-term incentive plan, providing commentary on key design aspects based on our understanding of utility industry, as well as general industry, short-term incentive plan design practices. To conduct this review we have researched results from Willis Towers Watson's Global Executive Incentive Design Survey, Willis Towers Watson's Middle Management and Professional Survey (both utility and general industry) as well as our consulting experience.

## Eligibility

Eligibility is typically quite broad for both the utility as well as general industry practices. More than 60% of organizations extend incentive plan eligibility to individuals at lower exempt levels and in non-exempt roles (with prevalence actually higher for utilities than general industry). In our experience, however, it is uncommon to include bargaining unit employees in an incentive plan.

Although they may be eligible, employees in these types of roles (lower exempt levels and non-exempt roles) may not have an expressed target bonus opportunity, but rather, be part of a broad-based "sharing program" based on organizational performance. In some cases, overall funding and allocation to participants in these roles may be done on a discretionary basis.

JEA's intent to include all employees in the short-term incentive plan is aligned with current market practices, with the exception of the bargaining unit, which is typically not included in an incentive plan.

The chart on the following page summarizes market practices for short-term incentive plan eligibility.

## Incentive Plan Eligibility—By Job Level

Level		Utility Industry			General Industry		
		Minimum	Median	Maximum	Minimum	Median	Maximum
M5	Senior Group Manager	NA	NA	NA	46%	96%	100%
M4	Group Manager	50%	98%	100%	33%	88%	100%
M3	Senior Manager	54%	96%	100%	14%	84%	100%
M2	Manager	60%	95%	100%	15%	80%	100%
M1	Supervisor	50%	93%	100%	0%	64%	100%
P6	Renowned Expert	NA	NA	NA	40%	66%	100%
P5	Master	63%	95%	100%	21%	76%	100%
P4	Specialist	58%	92%	100%	31%	76%	100%
P3	Career	49%	93%	100%	8%	65%	100%
P2	Intermediate	31%	87%	100%	10%	58%	94%
P1	Entry	40%	85%	100%	7%	52%	96%
U4	Lead/Advanced	38%	76%	100%	7%	41%	80%
U3	Senior	59%	85%	100%	8%	44%	100%
U2	Intermediate	40%	78%	100%	0%	37%	79%
U1	Entry	46%	75%	94%	5%	26%	92%

Source: Willis Towers Watson 2018 General Industry and Energy Services MMPS Compensation Survey Reports - U.S.

## Target Incentive Award Opportunities

Our understanding is that JEA's target opportunities range from 3.5% for bargaining unit employees, up to 35% for the senior leadership team (excluding the Chief positions which are covered in a separate report from Willis Towers Watson).

The table below summarizes JEA target incentive opportunities by role/career level, based on how JEA roles are matched to survey data (i.e., JEA pay grades have been aligned with their survey matches). JEA targets are then compared to market target opportunities for both utilities and general industry.

Role/Career Level	Target STI Opportunities		
	JEA	Utilities	General Industry
Non-exempt	3.5-9%	5%	3-5%
Entry-Mid Level Professionals	7-9%	7-10%	5-8%
Senior Level Professionals	9-11%	13-20%	11-18%
Supervisors	9-11%	10%	9%
Managers	11-15%	15%	13%
Senior Directors	15-18%	25%	24%

## Payout Ranges

Payout ranges typically are 50% of target (at threshold performance) and 200% of target (for maximum performance), although our experience is that public power utilities have a maximum payout of 150% of target. JEA's current payout range (75% to 125%) is narrower than what we typically see in the market (even for public power), with a higher threshold and lower maximum payout. While it is important to look at the payout range in concert with the performance range (the range of performance over which incentives are earned), the current JEA payout range may not create sufficient motivation to maximize performance (either because the threshold award is too high to achieve and/or because there is no additional leverage to encourage greater levels of performance).



## Bonus Pool Funding

There are two primary approaches to determine bonus pool funding: sum-of-targets and financial results-based formula. The sum-of-targets approach identifies specific target opportunities for each participant (typically by role or grade), and the sum of these targets determine the bonus "pool" which would be generated at target performance. In this approach, organizations often accrue for bonus payouts based on how well performance is tracking against performance expectations, with actual funding moving up or down based on actual performance.

For the financial results-based formula approach to bonus pool funding, an organization determines a bonus pool typically using a financially-driven formula (e.g., bonus pool equals 10% of profits above a specified threshold). Allocation of the bonus pool may be on a pro-rata basis, or may vary based on individual or team performance.

A sum-of-targets approach is the more common approach both in general and utility industries. However, for broad-based plans that are separate from executive plans, prevalence increases a bit for financial results-based formulas. JEA appears to have a sum-of-targets approach to bonus pool funding.

There are other design elements that can impact bonus pool funding. A circuit breaker requires defined performance along one measure (typically financial measure) before any incentive award is determined (i.e., if the circuit breaker funding is not achieved, there is no bonus payout, regardless of performance in any other performance measure). Circuit breakers are common in the utility industry, with approximately 60% reporting their usage. In our experience, circuit breakers are particularly important if there is not an overall financial funding requirement. It appears that JEA has a circuit breaker in the recommended 2019 plan. We view this as a best practice to ensure financial funding to support incentive award payouts.

Another design element is the use of a modifier to adjust initial bonus funding either up or down. For this feature, the bonus funding is typically determined based on financial performance, but then may be adjusted by operational or customer performance measures.

## Performance Measures

Performance measures send an important message about what the organization must achieve, and how individual employees can influence that achievement. While some organizations may have only a single financial funding measure, best practice is to identify a portfolio of performance measures to ensure appropriate balance across financial, operational and customer service performance. However, relatively few measures (e.g., 3-5) helps to ensure appropriate focus, and avoids diluting the award across too many measures with relatively little impact on the award. In

addition to focusing on 3-5 performance measures, each performance measure should be weighted at least 10%. JEA has a portfolio of performance measures including financial and environmental values, customer value and community value.

While financial performance metrics will vary by industry and life cycle, our experience is that most organizations include at least one profit or income measure, with profit/operating income most common for both utilities and general industry.

For non-financial performance measures, environmental health and safety, as well as operating/strategic measures are most common in utility organizations.

Individual performance measures are common in both general industry and utilities industry. These may be tied to the annual performance management process, or may be specific MBOs that create line-of-sight to broader corporate measures. Alternatively, organizations may qualitatively consider individual performance through modifying the corporate payout. Increasingly, organizations question the return on the time required to develop and measure individual, rigorous goals; but they realize that line-of-sight goals are more motivating.

## Performance Range

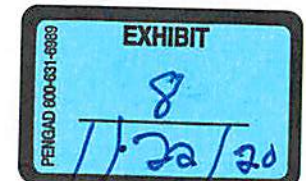
Performance ranges reflect the minimum acceptable performance as a percentage of target performance, and the maximum performance recognized, also as a percentage of target performance. Performance ranges can differ based on the performance measures used. Narrower performance ranges are generally used for measures where results are not expected to vary significantly from target (e.g., revenues). Wider ranges are more prevalent for measures where performance can fluctuate significantly from year to year (e.g., profitability). For utilities, the performance range for profitability is for minimum performance to be set at 90% of target and maximum performance to be set at 115% of target.

Meets					
STI					
Group	# Employees	Current Payout	Current Payout - TOTAL	Proposed Payout	Proposal Payout - TOTAL
Non-Appointed	1574	\$1,200	\$1,888,800	\$2,500	\$3,935,000
Appt - PG E	11	\$4,800	\$52,800	\$4,800	\$52,800
Appt - PG F	32	\$4,800	\$153,600	\$4,800	\$153,600
Appt - PG G	71	\$4,800	\$340,800	\$7,000	\$497,000
Appt - PG H	70	\$6,800	\$476,000	\$10,000	\$700,000
Appt - PG I	151	\$8,000	\$1,208,000	\$12,000	\$1,812,000
Appt - PG J	42	\$11,020	\$462,840	\$20,000	\$840,000
Appt - PG K	21	\$13,020	\$273,420	\$28,000	\$588,000
SLT	9	10%	\$205,780	35%	\$765,819
CFO	1	10%	\$35,000	50%	\$191,395
COO	1	10%	\$40,000	65%	\$265,530
CEO	1	10%	\$33,000	100%	\$693,443
		<b>TOTAL</b>	<b>\$5,170,040</b>		<b>\$10,494,588</b>

Meets - Total	
STI	\$10,494,588
LTI	\$5,463,327
Total Budget	\$15,957,915

Exceeds (Exceeds Corporate/Meets Performance)					
STI					
Group	# Employees	Current Payout	Current Payout - TOTAL	Proposed Payout	Proposal Payout - TOTAL
Non-Appointed	1574	\$2,000	\$3,148,000	\$3,125	\$4,918,750
Appt - PG E	11	\$6,400	\$70,400	\$6,000	\$66,000
Appt - PG F	32	\$6,400	\$204,800	\$6,000	\$192,000
Appt - PG G	71	\$6,400	\$454,400	\$8,750	\$621,250
Appt - PG H	70	\$9,040	\$632,800	\$12,500	\$875,000
Appt - PG I	151	\$10,740	\$1,621,740	\$15,000	\$2,265,000
Appt - PG J	42	\$14,690	\$616,980	\$25,000	\$1,050,000
Appt - PG K	21	\$17,340	\$364,140	\$35,000	\$735,000
SLT	9	12%	\$246,935	45%	\$984,624
CFO	1	12%	\$42,000	65%	\$248,814
COO	1	12%	\$48,000	80%	\$326,807
CEO	1	12%	\$39,600	125%	\$866,804
		<b>TOTAL</b>	<b>\$7,489,795</b>		<b>\$13,150,049</b>

Exceeds - Total	
STI	\$13,150,049
LTI	\$5,463,327
Total Budget	\$18,613,376



	Total	Market 50th base salary	Average %	Pool Size
Director J	42	\$131,292	20	\$1,102,852
Director K	21	\$147,877	22	\$683,190
SLT	9	\$243,117	50	\$1,094,027
CFO	1	\$382,791	80	\$306,233
COO	1	\$408,508	150	\$612,763
CEO	1	\$693,443	240	\$1,664,264
Total				\$5,463,327



March 8, 2019

Ms. Angie Hiers  
Chief Human Resources Officer  
JEA  
21 West Church Street  
Jacksonville, FL 32202

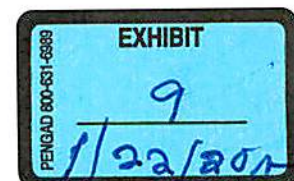
**SUBJECT: AMENDMENT TO PROPOSAL FOR INCENTIVE PLAN REVIEW AND DESIGN**

Dear Angie:

We appreciate the opportunity to support JEA ("JEA") with a review of the short-term incentive plan design, competitive market review of long-term incentive design practices and development of a strawman long-term incentive plan design. This statement of work is an amendment to the original agreement between JEA and Willis Towers Watson executed January 31, 2019. This amendment addresses out of scope services requested by JEA in support of the incentive plan review project and the associated fees.

**Requested Out of Scope Services**

- Project status calls
  - Check in calls (2) with the JEA HR & Compensation team and the Willis Towers Watson project team to provide project updates, address questions and clarify market data provided
  - **Estimated additional fees \$4,000**
- Participation / attendance in additional meetings with Management and/or the Compensation Committee
  - Original scope of work included one conference call and one in person meeting with the Compensation Committee with participation from one senior consultant
  - To date, three in person meetings scheduled - March 19 meeting with CEO, April 16 Compensation Committee meeting and May 21 Compensation Committee meeting – requesting participation of two senior consultants (Andrea Deeb and David Wathen)
  - **Estimated additional fees \$9,000**
- Additional time required to review and validate JEA market data
  - Original scope of work involved Willis Towers Watson leveraging market data JEA had independently pulled for the executives (excluding the CEO) and the Appointed population and developing summary exhibits similar to the 2017 study. Given incomplete market data for some positions and the iterative process required to clarify, validate and update missing market data, the time spent by Willis Towers Watson reviewing and validating market data provided by JEA has exceeded original time allocated
  - **Estimated additional fees: \$6,000**



**FEES AND EXPENSES**

Willis Towers Watson's consulting fees are based on the services and assumptions described above. The additional fees to cover the out of scope services on this project are estimated to be \$19,000, inclusive of Willis Towers Watson's 7% technology and administrative fee. To the extent that out-of-pocket expenses are incurred (e.g., travel and lodging), they will be billed to JEA in addition to consulting fees as detailed in the Terms and Conditions of Engagement.

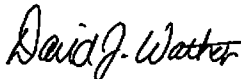
**TERMS AND CONDITIONS OF ENGAGEMENT**

The out of scope services described in this amended scope of work and any other services that Willis Towers Watson provides to JEA are subject to the Terms and Conditions of Engagement signed on May 5, 2011.

**IN CLOSING**

If this amendment addressing the out of scope services is acceptable to you, please sign and return to us, retaining a copy for your records. If you have any questions now or during the course of our engagement, please contact me at 678-684-0751.


Thank you,



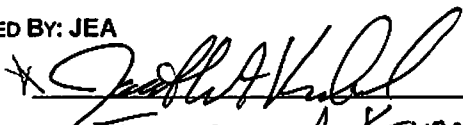
David J. Wathen  
Utility Industry Compensation Practice Leader

cc: Patricia Mallis, JEA  
Andrea Deeb, Willis Towers Watson

**AGREED AND ACCEPTED BY: WILLIS TOWERS WATSON US LLC**

Signature:   
Printed Name: David J. Wathen  
Title: Senior Director  
Date: March 8, 2019

**AGREED AND ACCEPTED BY: JEA**

Signature:   
Printed Name: JONATHAN A. KENDRICK  
Title: INT VP/CHRD  
Date: 5/15/19

April 22, 2019

Ms. Patricia Mallis  
Director, Employee Services  
JEA  
21 West Church Street  
Jacksonville, FL 32202

**SUBJECT: AMENDMENT TO PROPOSAL FOR INCENTIVE PLAN REVIEW AND DESIGN**

Dear Pat:

We appreciate the opportunity to support JEA ("JEA") with a review of the short-term incentive plan design, competitive market review of long-term incentive design practices and development of a strawman long-term incentive plan design. This statement of work is an amendment to the original agreement between JEA and Willis Towers Watson executed January 31, 2019. This amendment addresses out of scope services requested by JEA in support of the incentive plan review project and the associated fees.

**Requested Out of Scope Services**

Below is a list of out of scope requests received from the JEA team that we have addressed or are currently addressing:

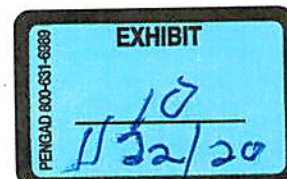
- LTI (performance unit) valuation review and call
- Non-qualified deferred compensation plan research (sample document, plan administration vendors, funding approaches)
- Research and summarize the evolution of compensation plans at JEA
- Presentation material updates/additional check in calls (e.g., re-running variance analyses with pay grade midpoints).
- Gap analysis for the entire JEA employee population
- Cost modeling of the proposed STI/LTI plans
- Modernizing total rewards practices

We estimate the additional fees for these out of scope requests associated with the incentive plan review and design project to be \$25,000-\$30,000.

Likewise, we summarize below the expected future out of scope work requests and associated fees:

- Committee meeting materials updates based on CEO and CFO feedback
- Committee meeting materials updates based Committee feedback

We estimate the additional fees for these future out of scope requests associated with the incentive plan review and design project to be \$5,000-\$10,000.



**FEES AND EXPENSES**

Willis Towers Watson's consulting fees are based on the services and assumptions described above. The additional fees to cover the out of scope services on this project are estimated to be \$30,000 to \$40,000, inclusive of Willis Towers Watson's 7% technology and administrative fee. To the extent that out-of-pocket expenses are incurred (e.g., travel and lodging), they will be billed to JEA in addition to consulting fees as detailed in the Terms and Conditions of Engagement.

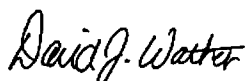
**TERMS AND CONDITIONS OF ENGAGEMENT**

The out of scope services described in this amended scope of work and any other services that Willis Towers Watson provides to JEA are subject to the Terms and Conditions of Engagement signed on May 5, 2011.

**IN CLOSING**

If this amendment addressing the out of scope services is acceptable to you, please sign and return to us, retaining a copy for your records. If you have any questions now or during the course of our engagement, please contact me at 678-684-0751.

Thank you,

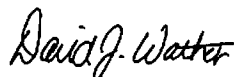


David J. Wathen  
Utility Industry Compensation Practice Leader

cc: Andrea Deeb, Willis Towers Watson

**AGREED AND ACCEPTED BY: WILLIS TOWERS WATSON US LLC**

Signature:



Printed Name:

David J. Wathen

Title:

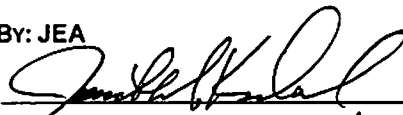
Managing Director

Date:

April 22, 2019

**AGREED AND ACCEPTED BY: JEA**

Signature:



Printed Name:

JONATHAN A. KENDRICK

Title:

WT VP & CHRO

Date:

5/9/2019



**From:** [Maillis, Patricia L. - Director, Employee Services](#)  
**To:** [Kendrick, Jonathan A. \(Jon\) - Interim VP & HR Officer](#)  
**Subject:** FW: Updated Committee Meeting Materials  
**Date:** Monday, April 29, 2019 12:29:19 PM  
**Attachments:** [JEA Comp Committee Draft 4.22.19 v2.pptx](#)  
[Comp Committee 1.15.19 Presentation - Total Market Compensation Strategy.pdf](#)  
**Importance:** High

---

Jon,

Back in January, Angie directed me to have Willis Towers Watson conduct a Compensation Study of: CEO Compensation; Total Compensation for all employees with a focus on base salary, total cash and total compensation. Additionally they were asked to provide guidance on the design of LTI plans and to make recommendation on the cost and the structure. I can fill you in on the history of work dating back to September 2018 and why we chose WTW.

To date, Aaron does not have a contract. He is seeking to implement / add an LTI plan to our compensation package. Because LTI is rarely found in the government sector, Angie and I sought a 3<sup>rd</sup> party counsel on this, WTW. Typically, Angie would have worked directly with the Compensation Committee Chair and led them through the study for the CEO Compensation and the resultant contract. In the past, WTW has been present at the Committee Meeting and led the discussion with the Committee and had meetings with the Chair prior to the actual meeting. The CEO was not typically in the discussions with the Chair. Last Comp Committee, Aaron indicated that we were going to do this study(see attached ) and that he would not finalize his compensation until the study was complete for the whole company.

Aaron (and Ryan W) received the attached last week. Angie and I reviewed this with WTW prior and made modifications/edits – so the next step would be for Aaron and WTW to have a call to discuss and make the final changes. Compensation Committee is scheduled for May 28 at 1:00.

I do not get the impression that he is happy with the product. Let's plan to talk about this so I can give you the history and put our heads together to make sure Aaron gets the product he is seeking.

Pat

**From:** Maillis, Patricia L. - Director, Employee Services  
**Sent:** Monday, April 29, 2019 11:22 AM  
**To:** Taylor, Brandi N. - Executive Assistant <taylbn@jea.com>  
**Subject:** FW: Updated Committee Meeting Materials

**From:** Maillis, Patricia L. - Director, Employee Services  
**Sent:** Thursday, April 25, 2019 10:24 AM  
**To:** Zahn, Aaron F. - Managing Director/CEO <zahnaf@jea.com>  
**Subject:** RE: Updated Committee Meeting Materials



JEA0629

Here is the PPT version as well.

**From:** Maillis, Patricia L. - Director, Employee Services  
**Sent:** Thursday, April 25, 2019 8:51 AM  
**To:** Zahn, Aaron F. - Managing Director/CEO <[zahnaf@jea.com](mailto:zahnaf@jea.com)>  
**Subject:** RE: Updated Committee Meeting Materials

Hi Aaron,

Heard you are traveling. Do you want me to convert the Adobe doc to a PowerPoint? I've also left a physical copy in your office.

Pat

**From:** Zahn, Aaron F. - Managing Director/CEO <[zahnaf@jea.com](mailto:zahnaf@jea.com)>  
**Sent:** Wednesday, April 24, 2019 6:25 PM  
**To:** Maillis, Patricia L. - Director, Employee Services <[mailpl@jea.com](mailto:mailpl@jea.com)>  
**Cc:** Wannemacher, Ryan F. - Chief Financial Officer <[wannrf@jea.com](mailto:wannrf@jea.com)>; Strackbine, Scott I. - Compensation Specialist <[strasi@jea.com](mailto:strasi@jea.com)>; Dykes, Melissa H. - President/COO <[dykemh@jea.com](mailto:dykemh@jea.com)>  
**Subject:** Re: Updated Committee Meeting Materials

Can you please get me the ppt? Thanks.

Aaron F. Zahn  
JEA  
Managing Director & Chief Executive Officer  
Email: [zahnaf@jea.com](mailto:zahnaf@jea.com)  
Phone: (312) 286-1040

On Apr 24, 2019, at 8:33 AM, Maillis, Patricia L. - Director, Employee Services <[mailpl@jea.com](mailto:mailpl@jea.com)> wrote:

Aaron and Ryan,

Attached is the draft Comp Committee presentation regarding the compensation study and recommendations from Willis Towers Watson. Once you have had an opportunity to review, we can schedule a brief conference call with WTW should there be any modifications needed and discuss Committee prep.

Pat

**From:** Wathen, David (Atlanta) <[david.wathen@willistowerswatson.com](mailto:david.wathen@willistowerswatson.com)>  
**Sent:** Monday, April 22, 2019 4:58 PM

JEA0630

**To:** Hiers, Angelia R. - VP & Chief Human Resources Officer <[hierar@jea.com](mailto:hierar@jea.com)>; Maillis, Patricia L. - Director, Employee Services <[mailpl@jea.com](mailto:mailpl@jea.com)>; Strackbine, Scott I. - Compensation Specialist <[strasi@jea.com](mailto:strasi@jea.com)>  
**Cc:** Deeb, Andrea (Atlanta) <[andrea.deeb@willistowerswatson.com](mailto:andrea.deeb@willistowerswatson.com)>; Hwang, Paul (Atlanta) <[paul.hwang@willistowerswatson.com](mailto:paul.hwang@willistowerswatson.com)>; Meng, Patrick (Atlanta) <[Patrick.Meng@willistowerswatson.com](mailto:Patrick.Meng@willistowerswatson.com)>  
**Subject:** Updated Committee Meeting Materials

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

Angie, Pat and Scott:

Attached is the updated committee meeting materials. We incorporated all of the edits we discussed on our last call. Please review and let us know if there are any additional changes.

Best regards,

**David Wathen**  
Senior Director, Rewards

**Willis Towers Watson**  
5 Concourse Parkway (Please note new address and work phone number)  
Atlanta, GA 30328  
Work: 678.684.0751  
Cell: 404.285.9848  
Email: [david.wathen@willistowerswatson.com](mailto:david.wathen@willistowerswatson.com)

Visit [Executive Pay Matters](#) to stay up-to-date on developments, trends and issues in executive compensation and governance

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<JEA Comp Committee\_Draft\_4.22.19 v2.pdf>

**JEA0631**





# Compensation Program Review – Discussion Document for Compensation Committee Meeting

Prepared for JEA

April 22, 2019

Discussion Draft



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# Introduction



# Introduction

## Summary

- JEA engaged Willis Towers Watson (“WTW”) to complete the following:
  - Conduct a competitive market assessment for JEA’s entire employee population
  - Provide a summary of market practices related to short-term incentive plan design
  - Conduct a competitive market analysis of long-term incentive (“LTI”) plan design practices and develop a proposed design
- This report includes the following:
  - Confirmation of JEA’s current compensation philosophy
  - Review of the evolution of JEA’s compensation programs
  - Analysis of the compensation variances for JEA’s employee population
  - Analysis of the gaps to market for JEA’s Appointed population and Bargaining Units
  - Proposed LTI plan design
  - Total rewards market best practices

# Compensation Philosophy Review



## Compensation Philosophy Review

### JEA's Current Compensation Philosophy

- The following table summarizes JEA's current compensation philosophy, which guided WTW's review of JEA's competitive market assessments:

Compensation Philosophy Element	Details
Alignment of Interest Between Employees, Stakeholders, and Organization	JEA's compensation philosophy should support the overall business and board strategy with the ultimate goal of driving performance of the organization
Market for Talent	JEA's geographic market for talent varies by job level: <ul style="list-style-type: none"> <li><u>Individual Contributors/Managers</u> – local and regional scope</li> <li><u>Directors/Executives</u> – national scope</li> </ul>
Target Competitiveness	Targets the market 50 <sup>th</sup> %ile for all pay elements (Base, Short-term Incentive and Long-Term Incentive) <i>and Total Comp add</i>
Pay Mix	JEA's pay mix currently consists of base salary and a short-term incentive award, but JEA is implementing a long-term incentive plan in 2020 to align the interests of employees to JEA's Guiding Principles and four (4) Corporate Measures of Value (Customer, Community, Environmental and Financial)
Industry Perspectives	For <u>functional roles</u> – a 50/50 weighted mix of Utility/General Industry market data For <u>operational roles</u> – only Utility Industry market data

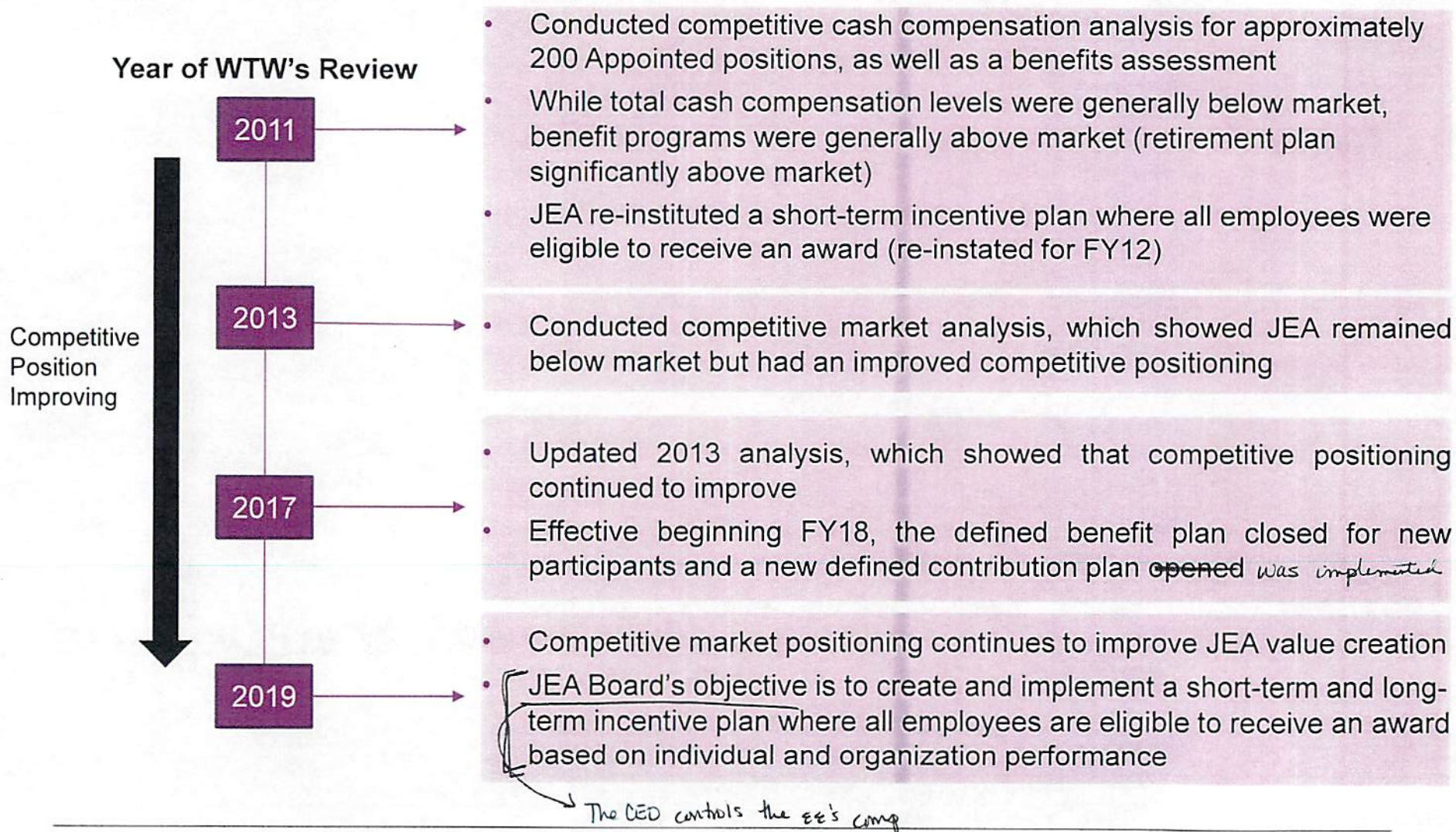


## Evolution of JEA's Compensation Program



# Evolution of JEA's Compensation Program

## Timeline of Goals and Major Changes



## CEO Competitive Market Pricing



## CEO Competitive Market Pricing Methodology

- To conduct the competitive market pricing for the CEO position, a peer group was developed reflecting:
  - Investor Owned Utilities (“IOUs”) and Public Power Utilities
  - Focus on electric and/or diversified utilities (electric and gas and/or water utilities)
  - Comparably-sized (revenues in a range of ½ to 2x JEA’s revenues of \$1.79B OR generation capacity in a range of ½ to 2x JEA’s generation capacity of 3,330 kWh)
  - Survey source: Willis Towers Watson’s *2018 Energy Services Industry Executive Compensation Database*
- Target TDC for the Combined Peer Group perspective is built up by using this formula:
  - Target TCC + (Base Salary \* ½ reported LTI opportunity %)
    - Given public power utilities do not typically provide LTI, market data is not shown for the public power peers; therefore, the Combined Peer Group perspective reflects 1/2 of the reported market data because the data are comprised of responses from both public power and IOUs (average of public power and IOUs)

# CEO Competitive Market Pricing

## Market Pricing Details

Chief Executive Officer		Competitive Market Data <sup>(5)</sup>		
Pay Component	Data Perspective	25th %ile	50th %ile	75th %ile
Base (\$000s)	Combined Peer Group	\$605.0	\$800.0	\$980.0
	Investor Owned Utility Peers	\$730.0	\$835.0	\$995.0
	Public Power Peers	\$475.0	\$580.0	\$920.0
Target Bonus % <sup>(1)</sup>	Combined Peer Group	48%	100%	108%
	Investor Owned Utility Peers	100%	100%	110%
	Public Power Peers <sup>(3)</sup>	---	---	---
Target TCC (\$000s)	Combined Peer Group	\$760.0	\$1,275.0	\$1,790.0
	Investor Owned Utility Peers	\$1,380.0	\$1,725.0	\$2,065.0
	Public Power Peers	\$515.0	\$720.0	\$985.0
LTI % <sup>(2)</sup>	Combined Peer Group	107%	125%	166%
	Investor Owned Utility Peers	213%	249%	331%
	Public Power Peers	---	---	---
Target TDC (\$000s)	Combined Peer Group <sup>(4)</sup>	\$1,515.0	\$2,270.0	\$3,010.0
	Investor Owned Utility Peers	\$2,845.0	\$3,970.0	\$5,110.0
	Public Power Peers	\$515.0	\$720.0	\$985.0

"---"= Data not available.

(1) Target bonus percentages are represented as a percentage of base salary.

(2) Long-term incentive (LTI) percentages are represented as a percentage of base salary. LTI figures are based on ASC 718 (FAS 123R) "accounting values". Given public power utilities do not typically provide LTI, market data is not shown for the public power peers; therefore, the Combined Peer Group perspective reflects 1/2 of the reported market data because the data are comprised of responses from both public power and IOUs (average of public power and IOUs).

(3) Only 4 public power peers report a target bonus opportunity (sample size less than 5 is too small to report data). Responses range from 8-35% with an average of 22%.

(4) Target TDC for the Combined Peer Group perspective is built up by using Base Salary, Target TCC, and LTI % data.

(5) Market data greater than \$100,000 rounded to the nearest \$5,000.



## Compensation Benchmarking Summary

# Compensation Benchmarking Summary

## *Methodology*

- The following page contains a summary of WTW's review of JEA's competitive market data for its Appointed population (including 13 executives)
- WTW reviewed the most current incumbent and market data provided by JEA
  - Market data for the positions below the Director-level reflect a -5% geographic differential to account for the cost of labor of Jacksonville, FL vs. the US national average
  - Analysis of competitive positioning focused on market data at the 50<sup>th</sup> percentile



## Compensation Benchmarking Summary

### *Appointed Population vs. Market 50<sup>th</sup> Percentile Variances By Job Level*

- The following exhibits summarize variances comparing incumbent pay data with market data from job weighted and incumbent weighted perspectives for the Appointed population only
- Variances are similar for both perspectives, and are lower to market for executives and directors at target bonus %, target TCC, and target TDC compared to the other job levels

#### Job Weighted:

Level	Average Base Salary Variance	Average Target Bonus % Absolute Variance	Average Target TCC Variance	Average Long-term Incentive % Absolute Variance	Average Target TDC Variance
Executive	-12%	-33%	-28%	--	-42%
Director	-1%	-10%	-8%	--	-13%
Manager	-2%	-5%	-6%	--	-6%
Individual Contributor	-1%	-2%	-1%	--	-1%
Total	-2%	-7%	-6%	--	-7%

#### Incumbent Weighted:

Level	Average Base Salary Variance	Average Target Bonus % Absolute Variance	Average Target TCC Variance	Average Long-term Incentive % Absolute Variance	Average Target TDC Variance
Executive	-12%	-33%	-28%	--	-42%
Director	0%	-10%	-7%	--	-12%
Manager	-3%	-5%	-6%	--	-6%
Individual Contributor	0%	-2%	1%	--	1%
Total	-2%	-5%	-4%	--	-6%

## Short-Term Incentive Plan Practices



# Short-Term Incentive Plan Practices

## *Introduction*

- JEA re-instated a broad-based short-term incentive plan several years ago, both to address competitive pay levels, as well as to reinforce specific messages related to performance expectations
- The following pages summarize market practices related to short-term incentive plan design
  - As appropriate, JEA may consider these practices as they continue to evolve their incentive plan design
  - Key design features covered include eligibility, target award opportunities, payout ranges, bonus pool funding, performance measures and performance range
- The market practices information has been summarized from survey research, as well as our consulting experiences



## Short-Term Incentive Plan Practices

### *Eligibility*

- Eligibility for short-term incentive plans is typically broad for both the Utility and General Industries, with prevalence actually higher in the Utility Industry (particularly at the lower job levels)
- Over 60% of organizations in the industry extend eligibility to the lower exempt and non-exempt roles
  - Lower roles may not have an expressed target opportunity, but they may be part of a “sharing program” based on organizational performance
  - In some cases, overall funding and participation at lower levels may be discretionary

## Short-Term Incentive Plan Practices

### Target Incentive Award Opportunities

- Target incentive opportunities typically increase with job level, and are relatively similar in both the Utility and General Industries
- Note that we have recommended STI targets as part of our analysis to “close the gap” between market and JEA’s desired competitive positioning

Target Incentive Award Opportunities – By Job Level

Role/Career Level	Target STI Opportunities	
	Utilities	General Industry
Senior Directors	25%	24%
Managers	15%	13%
Supervisors	10%	9%
Senior Level Professionals	13-20%	11-18%
Entry-Mid Level Professionals	7-10%	5-8%
Non-exempt	5%	3-5%

Source: Willis Towers Watson 2018 General Industry and Energy Services MMPS Compensation Survey Reports – U.S.

## Short-Term Incentive Plan Practices

### *Payout Ranges*

- Payout ranges reflect the total award opportunity as a percentage of the target award, and represent the minimum award opportunity if threshold performance is achieved, and the maximum opportunity if maximum performance is achieved
- Payout ranges are typically 50% of target at threshold performance and 200% of target at maximum performance
  - In WTW's consulting experience, public power utilities typically have a maximum payout of 150% of target
- In most cases (and based on the specific performance standards), organizations will interpolate actual performance between threshold, target and maximum to provide appropriate incentive to improve performance at every possible increment
- Note that it is important to calibrate the payout range with the performance range to ensure that the awards are aligned with the probability of achievement



## Short-Term Incentive Plan Practices

### *Bonus Pool Funding*

- There are two primary approaches to determine bonus pool funding:
  1. Sum-of-targets: specific target opportunities are defined (typically by role or grade) and the sum of these targets determines the bonus “pool” (the aggregated award which would be generated at target performance)
  2. Financial results-based formula: typically a financially-driven formula (e.g., bonus pool equals 10% of profits above a specific threshold)
- The sum-of-targets approach is typically the most common in both the Utility and General Industries
  - Prevalence for financial results-based formulas increases slightly for broad-based plans that are separate from executive plans because there is often a greater requirement that they be self-funding
- Particularly for sum-of-target plans, circuit breakers are a common design feature
  - A circuit breaker represents a single performance measure (typically a financial measure) that must be reached before any incentive award is paid regardless of performance in other measures
  - In other words, if the circuit breaker financial performance isn't achieved, it shuts down the entire plan regardless of performance on other performance measures
  - Note that a financial circuit breaker may be set at levels below threshold levels for payout
- Another design feature is a modifier, which can be used to adjust the initial funding up or down based on another important measure (e.g. determine pool based on financial performance, and then modify by operational or customer performance measures)

## Short-Term Incentive Plan Practices

### *Performance Measures*

- Performance measures send an important message about what an organization must achieve, and how individual employees can contribute to those objectives
- We consider it a best practice to have a portfolio of performance measures to balance expectations across financial, operational and customer service categories
  - However, in order to ensure appropriate focus, we typically see 4-6 performance measures, with each measure having at least a 10% weight
- It is typical for organizations in both Utility and General Industry to include at least one profit or income measure, with profit / operating income being the most common in both industries
- For non-financial performance measures, environmental health and safety, as well as operating / strategic measures are the most common in the Utility Industry
- Individual performance measures are also common in the Utility and General Industries
  - These measures help create line-of-sight to broader corporate measures

## Short-Term Incentive Plan Practices

### *Performance Range*

- Performance ranges reflect the minimum acceptable performance as a percentage of target performance, and the maximum performance recognized as a percentage of target performance
- Narrow performance ranges are typically used for measures where results are not expected to vary significantly from target (e.g., revenues)
- Wider performance ranges are typically used for measures where performance can fluctuate significantly year to year (e.g., profitability)
- In the Utility Industry, performance ranges for profitability at minimum is typically set to be 90% of target and for maximum is typically set to be 115% of target
- An important consideration in establishing the performance range is the probability of achievement
  - A best practice is to set threshold performance goals where the probability of achievement is 80-90% to ensure appropriate motivation
  - Similarly, probability of achievement for target performance should be 50-60% and 10-20% for maximum performance
  - As noted earlier, it is important to calibrate the performance range with the payout range



# Long-Term Incentive Plan Design

# Long-Term Incentive Plan Design

## Introduction

Why Companies Have Long-Term Incentive Plans	Factor Driving JEA Inclusion of LTI
Focus on long-term performance and align performance to long-term business strategies	✓
Necessary component of a market competitive compensation program for investor owned utilities	✓
Aligns the interests of employees with stakeholders	✓
Fosters long-term retention	✓
Encourages teamwork and collaboration across groups, functions, businesses, etc.	✓
Rewards for long-term shareholder/stakeholder value creation	✓
Balances focus on short-term results that are driven by annual incentives	✓



## Long-Term Incentive Plan Design

### Market Practices Summary

Design Aspect	Public Power Utilities	Investor Owned Utility (IOU) Peer Group	Broader Utility Industry
Prevalence	LTI plans are used selectively	All 13 IOU peers have an LTI plan	LTI plans are very prevalent with almost all IOUs using an LTI plan
Eligibility	For those Public Power Utilities with an LTI plan, eligibility typically limited to select executives	Typically executives down to director level positions	Typically executives down to director level positions
Target Opportunity (% of Base Salary)	Varies widely based on the organization, but targets will be lower than IOU levels	Median for CEOs: 230% Median for NEOs*: 110% Median for Directors: NA	Median for CEOs: 240% Median for NEOs*: 75% Median for Directors: 15-25%
Award Frequency	Annual awards with overlapping cycles are most common	All 13 peers grant annual awards with overlapping cycles	98.1% of organizations grant annual awards and overlapping cycles are the most common

NEOs\* = Named Executive Officers, as disclosed in the IOU's proxy statement.



## Long-Term Incentive Plan Design

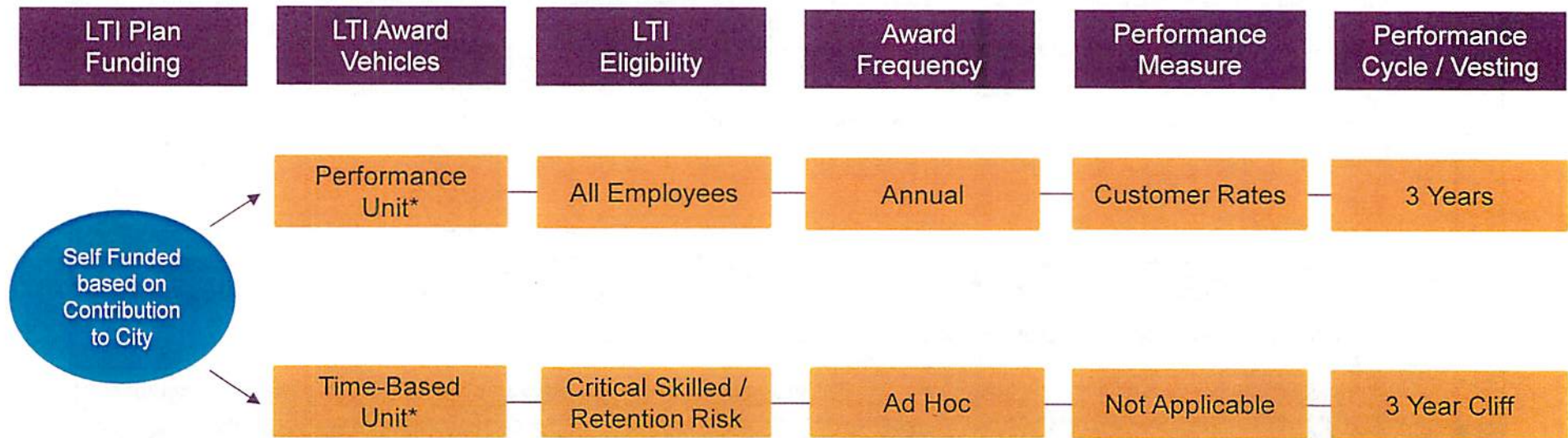
### Market Practices Summary (continued)

Design Aspect	Public Power Utilities	Investor Owned Utility (IOU) Peer Group	Broader Utility Industry
Award Vehicles	Cash-based performance plans	100% of peers use performance plans 69% use restricted stock No peers use stock options	93% of organizations use performance plans 66% use restricted stock 16% use stock options
Performance Metrics	Financial and operational	TSR (100%) EPS (38%) Operational (15%)	TSR (64%) EPS (22%) Other operational metrics are also common
Performance Metrics Weights	Operational metrics weighted more heavily than financial metrics	TSR and financial metrics weighted more heavily than operational metrics	Not available
Performance Range	More conservative compared to IOUs	Relative TSR: 28 <sup>th</sup> %ile at threshold, 50 <sup>th</sup> %ile at target, and 90 <sup>th</sup> %ile at maximum	Relative TSR: 25 <sup>th</sup> %ile at threshold, 50 <sup>th</sup> %ile at target, and 90 <sup>th</sup> %ile at maximum
Payout Range	Threshold: 50% of Target Maximum: 150% of Target	Threshold: 0-50% of Target Maximum: 150-200% of Target	Threshold: 50% of Target Maximum: 200% of Target

## Long-Term Incentive Plan Design

### Proposed Design

- Given consideration of the overarching goal to allow all employees the opportunity to share in the long-term success of the company, we propose a multi-pronged LTI design approach below:



\* Value of units tied to JEA Net Book Value.



# Long-Term Incentive Plan Design

## Proposed Design Details: Performance Unit

### Performance Unit

Plan Design Element	Plan Design Details
Award Vehicle	<ul style="list-style-type: none"> <li>Performance Unit: value of unit tied to JEA Net Book Value; unit valuation formula to be determined</li> </ul>
Eligibility	<ul style="list-style-type: none"> <li>All employees would be eligible in order to drive collective focus on JEA long-term performance</li> </ul>
Target Award Opportunity (as % of base salary)	<ul style="list-style-type: none"> <li>Award opportunities vary based on level in the organization (see page 31 for proposed targets); intent is to close competitive gap to market for LTI over 2 to 3 years. Proposed targets are intended to keep JEA compensation competitive with market 50<sup>th</sup> percentile</li> </ul>
Award Frequency	<ul style="list-style-type: none"> <li>Annual</li> </ul>
Circuit Breaker	<ul style="list-style-type: none"> <li>Defined level of contribution to the City will be established for each award cycle; intent is for contribution level to ensure LTI plan is self funded</li> </ul>
Performance Measures	<ul style="list-style-type: none"> <li>Net Book Value: used to determine Performance Unit value</li> <li>Customer Rates: performance measure used to modify the number of Performance Units earned; performance goal to be determined</li> </ul>
Performance Period	<ul style="list-style-type: none"> <li>3-year performance cycle with overlapping cycles due to annual grant frequency</li> </ul>
Payout Range	<ul style="list-style-type: none"> <li>Threshold: 50% of Target</li> <li>Maximum: 150% of Target</li> </ul>
Estimated Cost	<ul style="list-style-type: none"> <li>Estimated cost of annual Performance Unit awards to all employees based on current incumbent base salaries* is \$4M</li> </ul>

\*Bargaining Unit costs calculated based on step structure data if incumbent data are not available.



# Long-Term Incentive Plan Design

## *Proposed Design Details: Time-Based Unit*

### Time-Based Unit

Plan Design Element	Plan Design Details
Award Vehicle	<ul style="list-style-type: none"> <li>Time-Based Unit: value of unit tied to JEA Net Book Value; unit valuation formula to be determined</li> </ul>
Eligibility	<ul style="list-style-type: none"> <li>All employees eligible, but awards targeted to <b>critically skilled employees or employees viewed as retention risk</b>; awards generally intended for Manager level positions and below in order to enhance employee retention</li> <li>Target 10% of employees below the Director level (approximately 1,500 including Bargaining Units) or approximately 150 employees below the Director level to receive awards each year</li> </ul>
Target Award Opportunity (as % of base salary)	<ul style="list-style-type: none"> <li>Retention award values range from 10% to 20% depending on criticality of role and/or retention need</li> </ul>
Award Pool Funding	<ul style="list-style-type: none"> <li>Defined level of contribution to the City will be established each year with intent for contribution level to ensure LTI plan, covering both Performance Unit and Time-Based Unit awards, is self funded</li> </ul>
Award Frequency	<ul style="list-style-type: none"> <li>Ad hoc awards</li> </ul>
Vesting Period	<ul style="list-style-type: none"> <li>3-year cliff vesting period</li> </ul>
Estimated Cost	<ul style="list-style-type: none"> <li>Estimated cost of annual Time-Based Unit awards to employees below the Director level based on current incumbent base salaries* is \$1.2M</li> </ul>

\*Bargaining Unit costs calculated based on step structure data if incumbent data are not available.



## Proposed Compensation Adjustments



1. Struggling to understand why proposed adjustments don't = market
2. Please come talk to me

## Proposed Compensation Adjustments

### Competitive Pay Gaps to Market by Pay Element

- The following exhibit summarizes the current gaps to market for JEA's population (excluding the M&C roles due to lack of incumbent data) by each pay element:
  - JEA's base salary, target TCC, and target TDC show variances comparing incumbent pay to market for the Appointed population
  - Bargaining Units' pay elements and JEA target bonus % are based off of pay structures (many of the Bargaining Units are in step structures)
- Gaps to market exist at target bonus % and long-term incentive %, particularly for the executives and directors, which lead to higher variances to market at target TCC and target TDC

#### Job Weighted:

Level	Average Base Salary/Midpoint Variance	Average Target Bonus %		Average Target TCC Variance	Average Long-term Incentive %		Average Target TDC Variance
	JEA	JEA	Market	JEA	JEA	Market	JEA
Executive	-12%	10%	43%	-28%	--	40%	-42%
Director	-1%	8%	18%	-8%	--	8%	-13%
Manager	-2%	7%	13%	-6%	--	--	-6%
Individual Contributor	-1%	6%	9%	-1%	--	--	-1%
Bargaining Units	11%	2%	7%	8%	--	--	8%
Total	3%	5%	12%	-1%	--	19%	-2%

Note: Market data provided by JEA.



1. Struggling to understand why proposed adjustments don't = market
2. Please come talk to me

## Proposed Compensation Adjustments

### Proposed Base Salary, Target Bonus and Long-Term Incentive Adjustments

- **Base Salary:** assess individual competitive position to market; for individual positions well below market, JEA should bring positions to within the competitive range of the market median within two to three years, assuming that performance expectations are being met
- **Target Bonus % and LTI % (as % of salary):** the tables below summarize JEA's current average target bonus and LTI incentive opportunities and WTW's proposed target values
  - The proposed incentive adjustments are intended to partially close the gap to market with the intent of moving to market within two to three years, depending on market movement

Level	Target Bonus %			LTI Opportunity %			Total At Risk Compensation		
	Current	Market	Proposed	Current	Market	Proposed	Current	Market	Proposed
Executive	10%	43%	20%	--	40%	30%	10%	83%	50%
Director	8%	18%	10%	--	8%	15%	8%	26%	25%
Manager	7%	13%	7%	--	--	3%	7%	13%	10%
Individual Contributor	6%	9%	7%	--	--	3%	6%	9%	10%
Bargaining Units	2%	7%	--	--	--	1%	2%	7%	3%

- **Estimated Cost Impact:** the estimated incremental cost impact of the proposed target bonus and LTI adjustments are as follows:
  - Target Bonus Cost: \$400K based off current incumbent base salaries
  - LTI Cost: \$4M based off current incumbent base salaries for performance unit award (\$5.2M if time-based unit award is included)

Note: Market data provided by JEA.

1. Struggling to understand why proposed adjustments don't = market
2. Please come talk to me

## Proposed Compensation Adjustments

### *Market Positioning Based on Proposed Pay Adjustments*

- The following exhibit summarizes the competitive position of JEA pay based on WTW's proposed target bonus % and LTI % adjustments
  - JEA's competitive position to market improves at all levels with Executive level competitive gap to market target TDC cut in half
    - While a competitive gap to market for executives at target TCC and target TDC still exists, applicable base salary adjustments and multi-year approach for adjusting target bonus and LTI plan will close the gap
  - All levels except for executives at target TCC and all levels at target TDC fall within the competitive range of market (defined as +/-15% for target TCC and +/-20% for target TDC)

#### Job Weighted:

Level	Average Base Salary/Midpoint Variance	Average Target Bonus %		Proposed Target TCC Variance	Average Long-term Incentive %		Proposed Target TDC Variance
	JEA	JEA Proposed	Market	JEA	JEA Proposed	Market	JEA
Executive	-12%	20%	43%	-22%	30%	40%	-20%
Director	-1%	10%	18%	-6%	15%	8%	1%
Manager	-2%	7%	13%	-6%	3%	--	0%
Individual Contributor	-1%	7%	10%	-1%	3%	--	5%
Bargaining Units	11%	2%	7%	8%	1%	--	9%
Total	3%	6%	12%	0%	4%	19%	4%

Note: Market data provided by JEA.

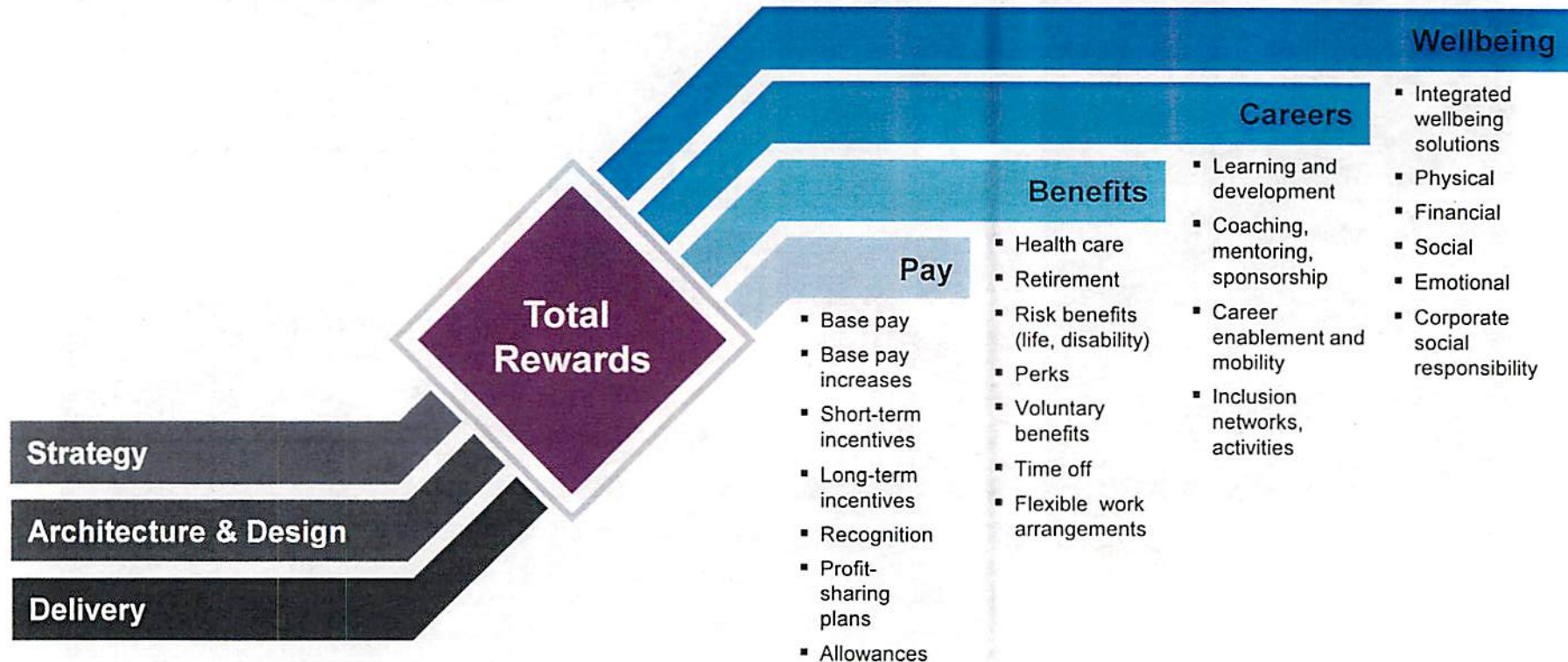


## Modernizing Total Rewards



# Modernizing Total Rewards

*Integrated Total Rewards strategy, architecture & design and delivery for a superior Talent Value Proposition*



Source: 2018 Willis Towers Watson Modernizing Total Rewards Survey



# Modernizing Total Rewards

*Key themes emerging in the market with implications for Total Rewards*

## 1. Future focused

Emerging work dynamics and skills and multi-generational workforce re-write the deal



## 2. Technology Advancements

Expansion of *digitization* of the Total Rewards delivery and experience



## 3. Optimising cost and risk of TR

Analytics and data measurement



## 4. Segmentation

More tailored Total Rewards with increased choice



## 5. Consumerism and flexibility

Expansion of worker choice and *voluntary benefits*



## 6. Transparency

Legislative and social media increase public scrutiny



## 7. Inclusion and diversity

Total rewards that enable an inclusive culture and diverse workforce



## 9. Talent experience

Emphasis on *workplace differentials* that enhance the environment and Talent Value Proposition



## 10. Good governance

Being *agile and nimble* to adapt to changing, fast-moving business strategies



## 8. Wellbeing

Holistic *physical, financial, social and emotional health*

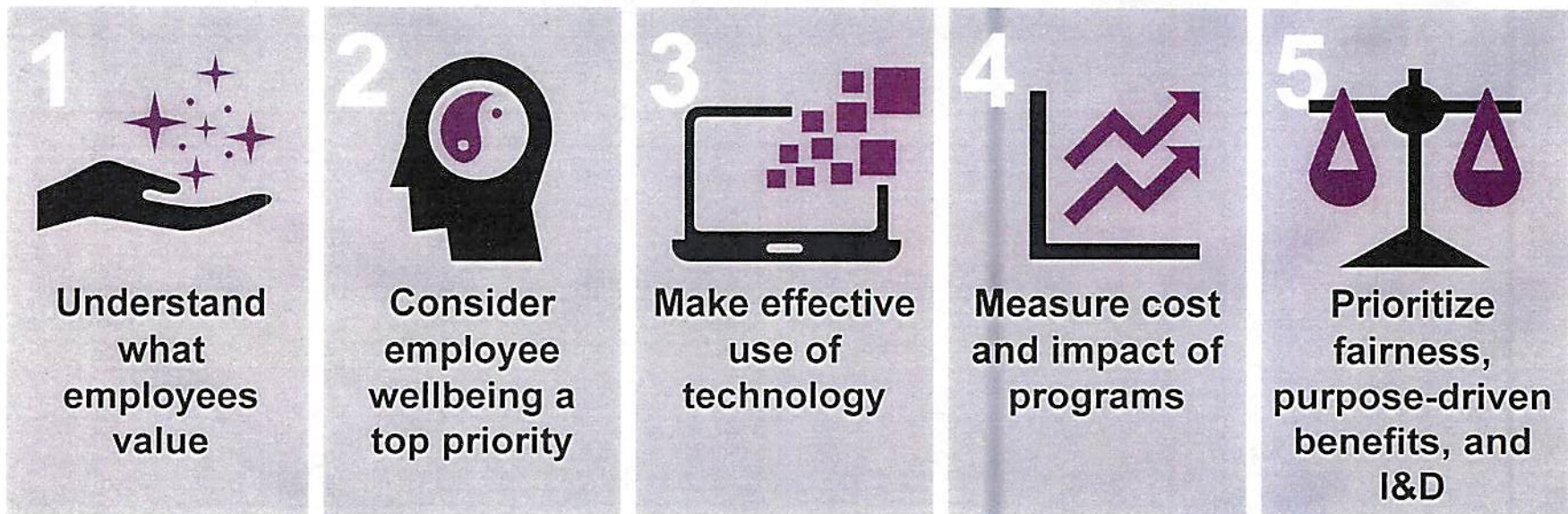


Source: 2018 Willis Towers Watson Modernizing Total Rewards Survey



## Modernizing Total Rewards

*Our findings identify five areas critical to meeting employees' Total Rewards expectations and delivering a consumer-grade experience*



Source: 2018 Willis Towers Watson Modernizing Total Rewards Survey



## Appendix



## Appendix

### CEO Competitive Market Pricing Utility Peer Group

Organization	Ticker	Revenues (\$MMs)	Generation Capacity (MW)	Characteristics			
				Type	Generation	Transmission	Distribution
ALLETE	ALE	\$1,419	1,961	Diversified	X	X	X
Alliant Energy	LNT	\$3,382	4,746	Diversified	X	X	X
Avista	AVA	\$1,446	1,780	Diversified	X	X	X
Black Hills	BKH	\$1,680	941	Diversified	X	X	X
City of Austin Utilities	Public Power	\$1,362	3,549	Diversified	X	X	X
CPS Energy	Public Power	\$2,667	8,115	Diversified	X	X	X
El Paso Electric	EE	\$917	2,082	Electric	X	X	X
Great River Energy	Public Power	\$1,270	3,350	Electric	X	X	X
Hawaiian Electric Industries	HE	\$2,556	2,224	Electric	X	X	X
Lower Colorado River Authority	Public Power	\$991	3,670	Diversified	X	X	
Nebraska Public Power District	Public Power	\$1,102	3,651	Electric	X	X	X
New York Power Authority	Public Power	\$2,573	6,351	Electric	X	X	X
NorthWestern Energy	NWE	\$1,306	1,294	Diversified	X	X	X
OGE Energy	OGE	\$2,261	6,304	Diversified	X	X	X
Oglethorpe Power	Public Power	\$1,434	7,843	Electric	X	X	X
Omaha Public Power	Public Power	\$1,104	2,646	Electric	X	X	X
Pinnacle West Capital	PNW	\$3,565	6,236	Electric	X	X	X
PNM Resources	PNM	\$1,445	2,580	Electric	X	X	X
Portland General Electric	POR	\$2,009	3,857	Electric	X	X	X
Salt River Project	Public Power	\$3,085	7,689	Diversified	X	X	X
Santee Cooper	Public Power	\$1,757	5,104	Diversified	X	X	X
Tri-State Generation & Transmission	Public Power	\$1,389	2,808	Electric	X	X	
Vectren	VVC	\$2,657	1,248	Diversified	X	X	X

n=23

JEA	Public Power	\$1,790	3,330	Diversified	X	X	X
Percentile Rank		60%	45%				

25th Percentile	\$1,334	2,153
Median (50th Percentile)	\$1,446	3,549
75th Percentile	\$2,564	5,670

Number of Public Powers	11
Number of Investor Owned Utilities	12

## Appendix

### *Incentive Plan Review Methodology*

- The competitive market review of short and long-term incentive plan design practices covered the following:
  - Utility and General Industry market best practices were considered
  - Peer group reflecting a mix of Public Power Utilities and comparably-sized IOUs was developed for the LTI plan design review
- Sources:
  - WTW's 2018 *General Industry and Energy Services Executive Compensation Survey Report*
  - WTW's 2018 *General Industry and Energy Services MMPS Compensation Survey Report*
  - WTW's 2018 *Long-Term Incentives Policies and Practices Survey Report – General and Utility Industries data cuts*
  - WTW's 2018 *Global Executive Incentive Design Survey*
  - Consulting experience with broad-based and executive compensation practices in both the Utility and General Industries



# Appendix

## *LTI Plan Design Review Utility Peer Group*

### ***IOUs (13 Companies)***

- ALLETE
- Alliant Energy
- Avista
- Black Hills
- El Paso Electric
- Hawaiian Electric Industries
- NorthWestern Energy
- OGE Energy
- Otter Tail
- Pinnacle West Capital
- PNM Resources
- Portland General Electric
- Vectren

### ***Public Power Utilities***

- *Six public power utility clients*
- *Anecdotal consulting experience*

**From:** [Zahn, Aaron F. - Managing Director/CEO](#)  
**To:** [Maillis, Patricia L. - Director, Employee Services](#)  
**Cc:** [Wannemacher, Ryan F. - Chief Financial Officer](#); [Vinyard, Herschel T. - Chief Administrative Officer](#); [Kendrick, Jonathan A. - Interim VP & HR Officer](#)  
**Subject:** Re: Committee Meeting Materials Discussion  
**Date:** Wednesday, June 05, 2019 8:31:32 PM

---

Jon / Pat

I'm not sure what kind of games T&W are playing. We need to discuss.

This work product is:

- 1) highly unprofessional as it remains incomplete and inconsistent with prior discussion;
- 2) inaccurate relative to market and inconsistent with prior data they already provided (which is subject to public record)
- 3) 3 months late;

I look forward to our discussion on how to actually provide the board a work product they expect.

Aaron F. Zahn  
JEA  
Managing Director & Chief Executive Officer  
[zahnaf@jea.com](mailto:zahnaf@jea.com)  
(312) 286-1040

On Jun 5, 2019, at 5:52 PM, Maillis, Patricia L. - Director, Employee Services <[mailpl@jea.com](mailto:mailpl@jea.com)> wrote:

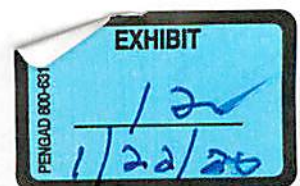
Aaron,

The proxy analysis has been updated and integrated into the presentation. Will discuss further in tomorrow's meeting.

---

**From:** Wathen, David (Atlanta) <[david.wathen@willistowerswatson.com](mailto:david.wathen@willistowerswatson.com)>  
**Sent:** Wednesday, June 5, 2019 4:30 PM  
**To:** Maillis, Patricia L. - Director, Employee Services <[mailpl@jea.com](mailto:mailpl@jea.com)>; Kendrick, Jonathan A. - Interim VP & HR Officer <[kendja@jea.com](mailto:kendja@jea.com)>  
**Cc:** Deeb, Andrea (Atlanta) <[andrea.deeb@willistowerswatson.com](mailto:andrea.deeb@willistowerswatson.com)>; Hwang, Paul (Atlanta) <[paul.hwang@willistowerswatson.com](mailto:paul.hwang@willistowerswatson.com)>; Meng, Patrick (Atlanta) <[Patrick.Meng@willistowerswatson.com](mailto:Patrick.Meng@willistowerswatson.com)>  
**Subject:** RE: Committee Meeting Materials Discussion

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Pat and Jon:

The updated committee meeting report is attached, presenting the CEO market data (see updated pages 9 and 10, added page 38 in the Appendix). The market rates for the Combined Peer Group perspective are lower than the survey data we were originally using, but not major differences so I think we are in a good place. Please review and let us know if you have any comment or edits.

Thanks.

David

-----Original Appointment-----

**From:** Wathen, David (Atlanta)

**Sent:** Thursday, May 30, 2019 10:25 AM

**To:** Wathen, David (Atlanta); Maillis, Patricia L. - Director, Employee Services; [kendja@jea.com](mailto:kendja@jea.com); Deeb, Andrea (Atlanta)

**Subject:** Committee Meeting Materials Discussion

**When:** Friday, May 31, 2019 9:00 AM-9:30 AM (UTC-05:00) Eastern Time (US & Canada).

**Where:** Skype Meeting

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<20190618 JEA Comp Committee Draft\_Public Session v2.pdf>

**From:** [Maillis, Patricia L. - Director, Employee Services](#)  
**To:** [Zahn, Aaron F. - Managing Director/CEO](#); [Wannemacher, Ryan F. - Chief Financial Officer](#); [Vinyard, Herschel T. - Chief Administrative Officer](#)  
**Cc:** [Kendrick, Jonathan A. - Interim VP & HR Officer](#)  
**Subject:** FW: Committee Meeting Materials Discussion  
**Date:** Wednesday, June 05, 2019 5:52:26 PM  
**Attachments:** [20190618 JEA Comp Committee Draft Public Session v2.pdf](#)

---

Aaron,

The proxy analysis has been updated and integrated into the presentation. Will discuss further in tomorrow's meeting.

---

**From:** Wathen, David (Atlanta) <david.wathen@willistowerswatson.com>  
**Sent:** Wednesday, June 5, 2019 4:30 PM  
**To:** Maillis, Patricia L. - Director, Employee Services <mailpl@jea.com>; Kendrick, Jonathan A. - Interim VP & HR Officer <kendja@jea.com>  
**Cc:** Deeb, Andrea (Atlanta) <andrea.deeb@willistowerswatson.com>; Hwang, Paul (Atlanta) <paul.hwang@willistowerswatson.com>; Meng, Patrick (Atlanta) <Patrick.Meng@willistowerswatson.com>  
**Subject:** RE: Committee Meeting Materials Discussion

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Pat and Jon:

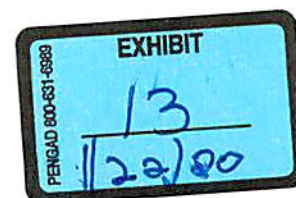
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# Compensation Program Review – Discussion Document for Compensation Committee Meeting

Prepared for JEA

June 18, 2019

Discussion Draft

# Table of Contents

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# Introduction

# Introduction

## Summary

- JEA engaged Willis Towers Watson (“WTW”) to complete the following:
  - Conduct a competitive market assessment for JEA’s entire employee population
  - Provide a summary of market practices related to short-term incentive plan design
  - Conduct a competitive market analysis of long-term incentive (“LTI”) plan design practices and develop a proposed design
- This report includes the following:
  - Confirmation of JEA’s current compensation philosophy
  - Review of the evolution of JEA’s compensation programs
  - Analysis of the compensation variances for JEA’s employee population
  - Analysis of the gaps to market for JEA’s Appointed population and Bargaining Units
  - Proposed LTI plan design
  - Total rewards market best practices
- ***Note: Confidential and proprietary market data has been used in completing this review, as such, this information has been removed or redacted from this report***

# Compensation Philosophy Review



## Compensation Philosophy Review

### *JEA's Current Compensation Philosophy*

- The following table summarizes JEA's current compensation philosophy, which guided WTW's review of JEA's competitive market assessments:

Compensation Philosophy Element	Details
Alignment of Interest Between Employees, Stakeholders, and Organization	JEA's compensation philosophy should support the overall business and board strategy with the ultimate goal of driving performance of the organization
Market for Talent	JEA's geographic market for talent varies by job level: <ul style="list-style-type: none"> <li>• <u>Individual Contributors/Managers</u> – local and regional scope</li> <li>• <u>Directors/Executives</u> – national scope</li> </ul>
Target Competitiveness	Targets the market 50 <sup>th</sup> %ile for all pay elements (Base Salary, Short-Term Incentive, and Long-Term Incentive)
Pay Mix	JEA's pay mix currently consists of base salary and a short-term incentive award, but JEA is implementing a long-term incentive plan in 2020 to align the interests of employees to JEA's Guiding Principles and four (4) Corporate Measures of Value (Customer, Community, Environmental and Financial)
Industry Perspectives	For <u>functional roles</u> – a 50/50 weighted mix of Utility/General Industry market data For <u>operational roles</u> – only Utility Industry market data

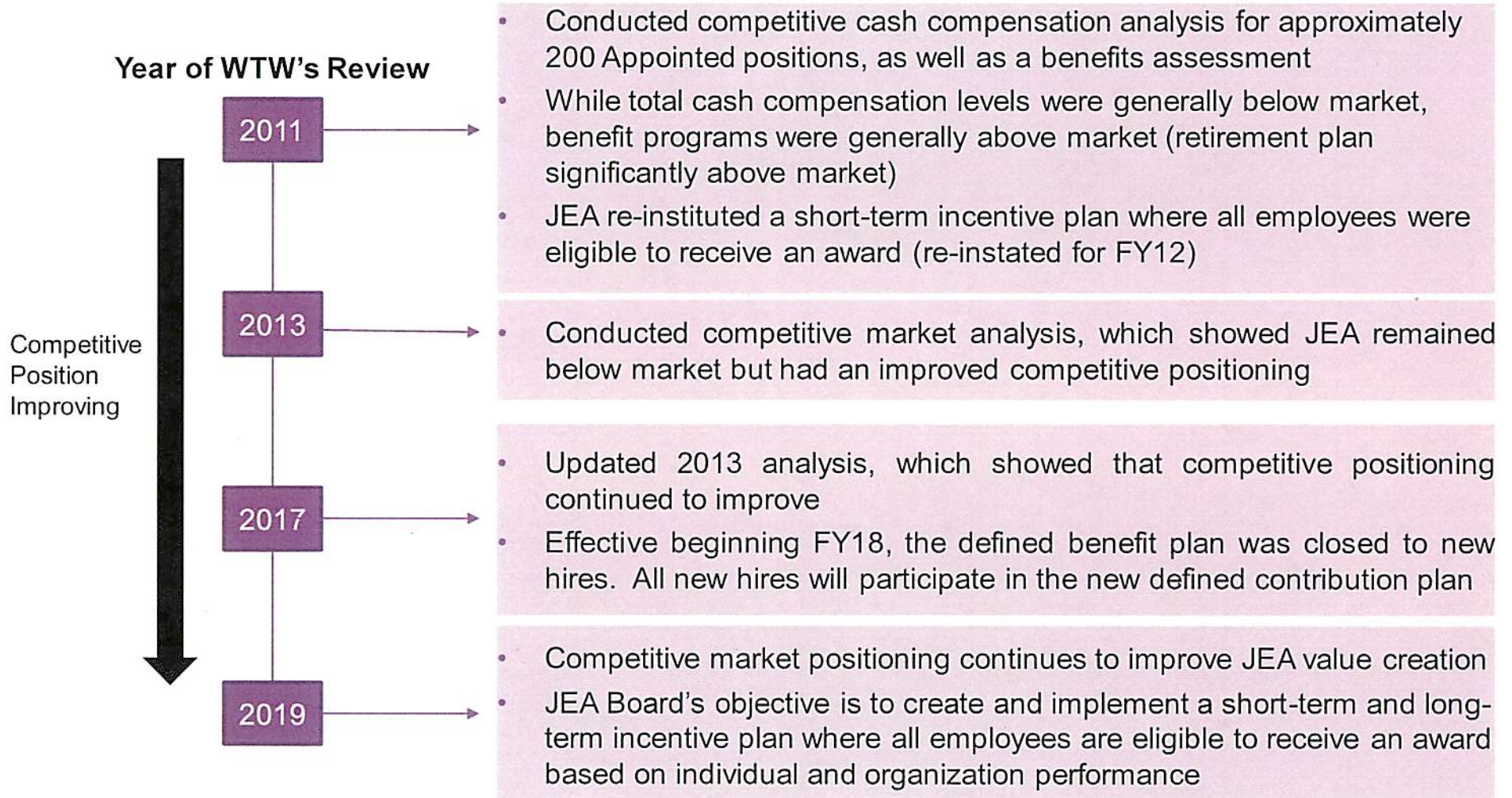


## Evolution of JEA's Compensation Program



# Evolution of JEA's Compensation Program

## *Timeline of Goals and Major Changes*





## CEO Compensation Benchmarking

# CEO Compensation Benchmarking

## *Methodology*

- ▣ To conduct the competitive compensation benchmarking analysis for the CEO position, a combination of publicly available proxy data and published survey data were utilized, reflecting the following market for talent:
  - ▣ Investor Owned Utilities (“IOUs”) and Public Power Utilities
  - ▣ Electric and/or diversified utilities (electric and gas and/or water utilities)
- ▣ IOUs market perspective: Proxy data of comparably-sized IOUs (revenues in a range of ½ to 2x JEA’s revenues of \$1.79B OR generation capacity in a range of ½ to 2x JEA’s generation capacity of 3,330 kWh)
  - ▣ Peer group of 12 IOUs with median revenues of approximately \$1.84B and median generation capacity of approximately 2,153 MW
  - ▣ Full details of the proxy analysis can be found in the Appendix on page 38
- ▣ Public Power Utilities market perspective: 2018 LPPC Executive Salary Survey data for the Chief Executive Officer benchmark
  - ▣ Peer group of 22 public power utilities with median revenues of approximately \$1.04B
  - ▣ Given public power utilities do not typically provide LTI, market data is not shown in the table on the following page
- ▣ Combined Peer Group market perspective in the table on the next page reflects the average of the IOU and Public Power Utilities market data

# CEO Compensation Benchmarking

## Market Analysis Details

Chief Executive Officer			Competitive Market Data <sup>(4)</sup>			Variance: JEA vs. Market		
Pay Component	Current CEO Pay	Data Perspective	25th %ile	50th %ile	75th %ile	25th %ile	50th %ile	75th %ile
Base (\$000s)	\$330.0	Combined Peer Group	\$525.0	\$625.0	\$730.0	-37%	-47%	-55%
		Investor Owned Utility Peers	\$745.0	\$870.0	\$960.0	-56%	-62%	-66%
		Public Power Utilities	\$300.0	\$380.0	\$500.0	10%	-13%	-34%
Target Bonus % <sup>(1)</sup>	0%	Combined Peer Group	59%	62%	72%	-59%	-62%	-72%
		Investor Owned Utility Peers	100%	100%	111%	-100%	-100%	-111%
		Public Power Utilities <sup>(3)</sup>	---	---	---	---	---	---
Target TCC (\$000s)	\$330.0	Combined Peer Group	\$915.0	\$1,130.0	\$1,290.0	-64%	-71%	-74%
		Investor Owned Utility Peers	\$1,460.0	\$1,785.0	\$1,955.0	-77%	-82%	-83%
		Public Power Utilities	\$365.0	\$470.0	\$625.0	-10%	-30%	-47%
LTI % <sup>(2)</sup>	0%	Combined Peer Group	102%	122%	135%	-102%	-122%	-135%
		Investor Owned Utility Peers	203%	244%	269%	-203%	-244%	-269%
		Public Power Utilities	---	---	---	---	---	---
Target TDC (\$000s)	\$330.0	Combined Peer Group	\$1,665.0	\$2,110.0	\$2,645.0	-80%	-84%	-88%
		Investor Owned Utility Peers	\$2,965.0	\$3,750.0	\$4,660.0	-89%	-91%	-93%
		Public Power Utilities	\$365.0	\$470.0	\$625.0	-10%	-30%	-47%

"---"= Data not available.

Market data for investor owned utility peers are based on publically available data from proxy filings. Market data for public power utilities are based on CEO data from the 2018 LPPC Executive Salary Survey.

(1) Target bonus percentages are represented as a percentage of base salary.

(2) Long-term incentive (LTI) percentages are represented as a percentage of base salary. Given public power utilities do not typically provide LTI, market data is not shown.

(3) Target bonus market data not shown due to limited data sample.

(4) Market data greater than \$100,000 rounded to the nearest \$5,000.



## Compensation Benchmarking Summary

# Compensation Benchmarking Summary

## *Methodology*

- ▣ The following page contains a summary of WTW's review of JEA's competitive market data for its Appointed population (including 13 executives)
- ▣ WTW reviewed the most current incumbent and market data provided by JEA
  - ▣ Market data for the positions below the Director-level reflect a -5% geographic differential to account for the cost of labor of Jacksonville, FL vs. the US national average
  - ▣ Analysis of competitive positioning focused on market data at the 50<sup>th</sup> percentile

## Compensation Benchmarking Summary

### *Appointed Population vs. Market 50<sup>th</sup> Percentile Variances By Job Level*

- The following exhibits summarize variances comparing incumbent pay data with market data from job weighted perspective for the Appointed population only
- Variances are lower to market for executives and directors at target bonus %, target TCC, and target TDC compared to the other job levels

#### Job Weighted:

Level	Average Base Salary Variance	Average Target Bonus % Absolute Variance	Average Target TCC Variance	Average Long-term Incentive % Absolute Variance	Average Target TDC Variance
Executive	-12%	-33%	-28%	--	-42%
Director	-1%	-10%	-8%	--	-13%
Manager	-2%	-5%	-6%	--	-6%
Individual Contributor	-1%	-2%	-1%	--	-1%
Total	-2%	-7%	-6%	--	-7%



## Short-Term Incentive Plan Practices

# Short-Term Incentive Plan Practices

## *Introduction*

- JEA re-instated a broad-based short-term incentive plan several years ago, both to address competitive pay levels, as well as to reinforce specific messages related to performance expectations
- The following pages summarize market practices related to short-term incentive plan design
  - As appropriate, JEA may consider these practices as they continue to evolve their incentive plan design
  - Key design features covered include eligibility, target award opportunities, payout ranges, bonus pool funding, performance measures and performance range
- The market practices information has been summarized from survey research, as well as our consulting experiences

# Short-Term Incentive Plan Practices

## *Eligibility*

- Eligibility for short-term incentive plans is typically broad for both the Utility and General Industries, with prevalence actually higher in the Utility Industry (particularly at the lower job levels)
- Over 60% of organizations in the industry extend eligibility to the lower exempt and non-exempt roles
  - Lower roles may not have an expressed target opportunity, but they may be part of a “sharing program” based on organizational performance
  - In some cases, overall funding and participation at lower levels may be discretionary



## Short-Term Incentive Plan Practices

### *Target Incentive Award Opportunities*

- Target incentive opportunities typically increase with job level, and are relatively similar in both the Utility and General Industries
- Note that we have recommended STI targets as part of our analysis to “close the gap” between market and JEA’s desired competitive positioning

Target Incentive Award Opportunities – By Job Level

Role/Career Level	Range of Target STI Opportunities*
Senior Directors	20% - 25%
Managers	10% - 15%
Supervisors	7% - 10%
Senior Level Professionals	10% - 20%
Entry-Mid Level Professionals	5% -10%
Non-exempt	2% - 5%

*\*Source: Market data in the table above have been summarized from Willis Towers Watson 2018 General Industry and Energy Services MMPS Compensation Survey Reports – U.S.*

## Short-Term Incentive Plan Practices

### *Payout Ranges*

- ▣ Payout ranges reflect the total award opportunity as a percentage of the target award, and represent the minimum award opportunity if threshold performance is achieved, and the maximum opportunity if maximum performance is achieved
- ▣ Payout ranges are typically 50% of target at threshold performance and 200% of target at maximum performance
  - ▣ In WTW's consulting experience, public power utilities typically have a maximum payout of 150% of target
- ▣ In most cases (and based on the specific performance standards), organizations will interpolate actual performance between threshold, target and maximum to provide appropriate incentive to improve performance at every possible increment
- ▣ Note that it is important to calibrate the payout range with the performance range to ensure that the awards are aligned with the probability of achievement

## Short-Term Incentive Plan Practices

### *Bonus Pool Funding*

- There are two primary approaches to determine bonus pool funding:
  1. Sum-of-targets: specific target opportunities are defined (typically by role or grade) and the sum of these targets determines the bonus “pool” (the aggregated award which would be generated at target performance)
  2. Financial results-based formula: typically a financially-driven formula (e.g., bonus pool equals 10% of profits above a specific threshold)
- The sum-of-targets approach is typically the most common in both the Utility and General Industries
  - Prevalence for financial results-based formulas increases slightly for broad-based plans that are separate from executive plans because there is often a greater requirement that they be self-funding
- Particularly for sum-of-target plans, circuit breakers are a common design feature
  - A circuit breaker represents a single performance measure (typically a financial measure) that must be reached before any incentive award is paid regardless of performance in other measures
  - In other words, if the circuit breaker financial performance isn’t achieved, it shuts down the entire plan regardless of performance on other performance measures
  - Note that a financial circuit breaker may be set at levels below threshold levels for payout
- Another design feature is a modifier, which can be used to adjust the initial funding up or down based on another important measure (e.g. determine pool based on financial performance, and then modify by operational or customer performance measures)



## Short-Term Incentive Plan Practices

### *Performance Measures*

- Performance measures send an important message about what an organization must achieve, and how individual employees can contribute to those objectives
- We consider it a best practice to have a portfolio of performance measures to balance expectations across financial, operational and customer service categories
  - However, in order to ensure appropriate focus, we typically see 4-6 performance measures, with each measure having at least a 10% weight
- It is typical for organizations in both the Utility and General Industries to include at least one profit or income measure, with profit / operating income being the most common in both industries
- For non-financial performance measures, environmental health and safety, as well as operating / strategic measures are the most common in the Utility Industry
- Individual performance measures are also common in the Utility and General Industries
  - These measures help create line-of-sight to broader corporate measures

## Short-Term Incentive Plan Practices

### *Performance Range*

- Performance ranges reflect the minimum acceptable performance as a percentage of target performance, and the maximum performance recognized as a percentage of target performance
- Narrow performance ranges are typically used for measures where results are not expected to vary significantly from target (e.g., revenues)
- Wider performance ranges are typically used for measures where performance can fluctuate significantly year to year (e.g., profitability)
- In the Utility Industry, performance ranges for profitability at minimum is typically set to be 90% of target and for maximum is typically set to be 115% of target
- An important consideration in establishing the performance range is the probability of achievement
  - A best practice is to set threshold performance goals where the probability of achievement is 80-90% to ensure appropriate motivation
  - Similarly, probability of achievement for target performance should be 50-60% and 10-20% for maximum performance
  - As noted earlier, it is important to calibrate the performance range with the payout range

## Long-Term Incentive Plan Design



# Long-Term Incentive Plan Design

## Introduction

Why Companies Have Long-Term Incentive Plans	Factor Driving JEA Inclusion of LTI
Focus on long-term performance and align performance to long-term business strategies	✓
Necessary component of a market competitive compensation program for investor owned utilities	✓
Aligns the interests of employees with stakeholders	✓
Fosters long-term retention	✓
Encourages teamwork and collaboration across groups, functions, businesses, etc.	✓
Rewards for long-term shareholder/stakeholder value creation	✓
Balances focus on short-term results that are driven by annual incentives	✓

## Long-Term Incentive Plan Design

### Market Practices Summary

Design Aspect	Public Power Utilities <sup>1</sup>	Investor Owned Utility (IOU) Peer Group <sup>2</sup>	Broader Utility Industry <sup>3</sup>
<b>Prevalence</b>	LTI plans are used selectively	All 13 IOU peers have an LTI plan	LTI plans are very prevalent with almost all IOUs using an LTI plan
<b>Eligibility</b>	For those Public Power Utilities with an LTI plan, eligibility typically limited to select executives	Typically executives down to director level positions	Typically executives down to director level positions
<b>Target Opportunity (% of Base Salary)</b>	Varies widely based on the organization, but targets will be lower than IOU levels	Median for CEOs: 230% Median for NEOs*: 110% Median for Directors: NA	
<b>Award Frequency</b>	Annual awards with overlapping cycles are most common	All 13 peers grant annual awards with overlapping cycles	Almost all organizations grant annual awards and overlapping cycles are the most common

<sup>1</sup> Source: WTW anecdotal consulting experience.

<sup>2</sup> Source: data disclosed in proxy statements for publicly-traded utilities.

<sup>3</sup> Source: Willis Towers Watson's 2018 Long-Term Incentive Policies and Practices Report – Energy Services cut.

\* NEOs = Named Executive Officers, as disclosed in the IOU's proxy statement.



## Long-Term Incentive Plan Design

### Market Practices Summary (continued)

Design Aspect	Public Power Utilities <sup>1</sup>	Investor Owned Utility (IOU) Peer Group <sup>2</sup>	Broader Utility Industry <sup>3</sup>
Award Vehicles	Cash-based performance plans	100% of peers use performance plans 69% use restricted stock No peers use stock options	Most common vehicles are performance plans and restricted stock
Performance Metrics	Financial and operational	TSR (100%) EPS (38%) Operational (15%)	Most common are TSR, EPS and operational metrics
Performance Metrics Weights	Operational metrics weighted more heavily than financial metrics	TSR and financial metrics weighted more heavily than operational metrics	Not available
Performance Range	More conservative compared to IOUs	Relative TSR: 28 <sup>th</sup> %ile at threshold, 50 <sup>th</sup> %ile at target, and 90 <sup>th</sup> %ile at maximum	Comparable to IOU peer group
Payout Range	Threshold: 50% of Target Maximum: 150% of Target	Threshold: 0-50% of Target Maximum: 150-200% of Target	Most common range is 50% at Threshold and 200% at Maximum

<sup>1</sup> Source: WTW anecdotal consulting experience.

<sup>2</sup> Source: data disclosed in proxy statements for publicly-traded utilities.

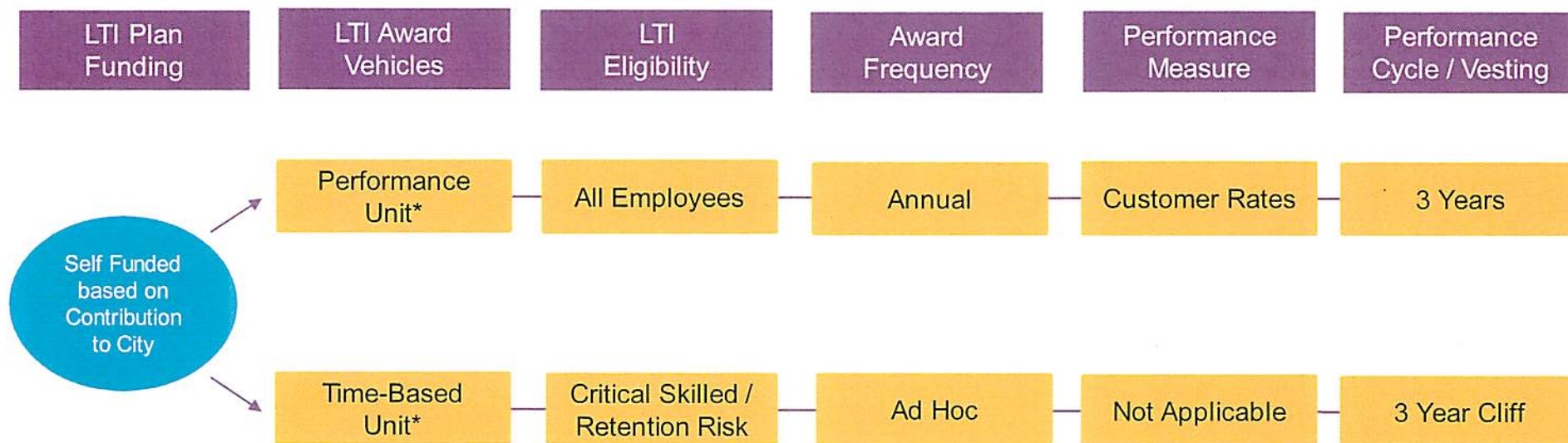
<sup>3</sup> Source: Willis Towers Watson's 2018 Long-Term Incentive Policies and Practices Report – Energy Services cut.



## Long-Term Incentive Plan Design

### Proposed Design

- Given consideration of competitive market practices and the overarching goal to allow all employees the opportunity to share in the long-term success of the company, we propose a multi-pronged LTI design approach below for consideration:

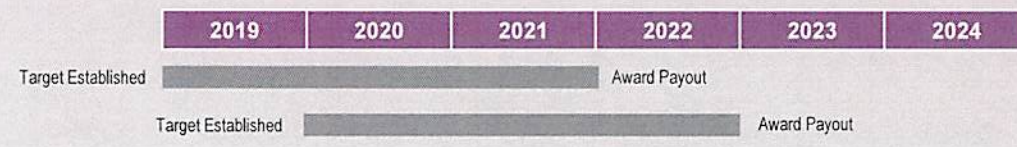


\* Value of units tied to JEA Net Book Value.

# Long-Term Incentive Plan Design

## Proposed Design Details: Performance Unit

### Performance Unit

Plan Design Element	Plan Design Details
Award Vehicle	<ul style="list-style-type: none"> <li>Performance Unit: value of unit tied to JEA Net Book Value; unit valuation formula to be determined</li> </ul>
Eligibility	<ul style="list-style-type: none"> <li>All employees would be eligible in order to drive collective focus on JEA long-term performance</li> </ul>
Target Award Opportunity (as % of base salary)	<ul style="list-style-type: none"> <li>Award opportunities vary based on level in the organization (see page 28 for proposed targets); Management and Board's intent is to close competitive gap to market for LTI in first year of grant and ensure JEA compensation is competitive with market 50<sup>th</sup> percentile</li> </ul>
Award Frequency	<ul style="list-style-type: none"> <li>Annual</li> </ul>
Circuit Breaker	<ul style="list-style-type: none"> <li>Defined level of contribution to the City will be established for each award cycle; intent is for contribution level to ensure LTI plan is self funded</li> </ul>
Performance Measures	<ul style="list-style-type: none"> <li>Net Book Value: used to determine Performance Unit value</li> <li>Customer Rates: performance measure used to modify the number of Performance Units earned; performance goal to be determined</li> </ul>
Performance Period	<ul style="list-style-type: none"> <li>3-year performance cycle with overlapping cycles due to annual grant frequency</li> </ul> 
Payout Range	<ul style="list-style-type: none"> <li>Threshold: 50% of Target</li> <li>Maximum: 150% of Target</li> </ul>
Estimated Cost	<ul style="list-style-type: none"> <li>Estimated cost of annual Performance Unit awards to all employees based on current incumbent base salaries* is \$3.4M</li> </ul>

\*Bargaining Unit costs calculated based on step structure data if incumbent data are not available.



# Long-Term Incentive Plan Design

## *Proposed Design Details: Time-Based Unit*

### Time-Based Unit

Plan Design Element	Plan Design Details
Award Vehicle	<ul style="list-style-type: none"> <li>Time-Based Unit: value of unit tied to JEA Net Book Value; unit valuation formula to be determined</li> </ul>
Eligibility	<ul style="list-style-type: none"> <li>All employees eligible, but awards targeted to <b>critically skilled employees or employees viewed as retention risk</b>; awards generally intended for Manager level positions and below in order to enhance employee retention</li> <li>Target 10% of employees below the Director level (approximately 1,500 including Bargaining Units) or approximately 150 employees below the Director level to receive awards each year</li> </ul>
Target Award Opportunity (as % of base salary)	<ul style="list-style-type: none"> <li>Retention award values range from 10% to 20% depending on criticality of role and/or retention need</li> </ul>
Award Pool Funding	<ul style="list-style-type: none"> <li>Defined level of contribution to the City will be established each year with intent for contribution level to ensure LTI plan, covering both Performance Unit and Time-Based Unit awards, is self funded</li> </ul>
Award Frequency	<ul style="list-style-type: none"> <li>Ad hoc awards</li> </ul>
Vesting Period	<ul style="list-style-type: none"> <li>3-year cliff vesting period</li> </ul>
Estimated Cost	<ul style="list-style-type: none"> <li>Estimated cost of annual Time-Based Unit awards to employees below the Director level based on current incumbent base salaries* is \$1.2M</li> </ul>

\*Bargaining Unit costs calculated based on step structure data if incumbent data are not available.



## Proposed Compensation Adjustments

## Proposed Compensation Adjustments

### Competitive Pay Gaps to Market by Pay Element

- The table below summarizes the current gaps to market for JEA's population (excluding the M&C roles due to lack of incumbent data) by each pay element:
  - JEA's base salary, target TCC, and target TDC show variances comparing incumbent pay to market for the Appointed population
  - Bargaining Units' pay elements and JEA target bonus % are based off of pay structures (many of the Bargaining Units are in step structures)
- Gaps to market exist at target bonus % and long-term incentive %, particularly for the executives and directors, which lead to higher variances to market at target TCC and target TDC

#### Job Weighted:

Level	Average Base Salary/Midpoint Variance (Median)	Average Target Bonus %		Proposed Target TCC Variance (Median)	Average Long-term Incentive %		Proposed Target TDC Variance (Median)
	JEA	JEA	Market	JEA	JEA	Market	JEA
Executive	-12%	10%		-28%	--		-42%
Director	-1%	8%		-8%	--		-13%
Manager	-2%	7%		-6%	--		-6%
Individual Contributor	-1%	7%		-1%	--		-1%
Bargaining Units	11%	2%		8%	--		8%
Total	3%	5%		-1%	--		-2%

Note: Market data provided by JEA.



## Proposed Compensation Adjustments

### Proposed Base Salary, Target Bonus and Long-Term Incentive Adjustments

- **Base Salary:** assess individual competitive position to market; for individual positions well below market, JEA could bring positions to within the competitive range of the market median within two to three years, assuming performance expectations are being met
- **Target Bonus % and LTI % (as % of salary):** the table below summarize JEA's current average target bonus and LTI incentive opportunities and proposed target values
  - The incentive targets below are intended to close the gap to market for target total direct compensation within the first year in order to align with the Board's compensation philosophy
  - **Note:** when material gaps to market exist, typical market practice is to make incremental adjustments over a multi-year period (2 to 3 years) to close the gap to market. Company performance, cost considerations and stakeholder optics will influence the level of pay adjustment and the timeframe over which pay is brought to market

Level	Target Bonus %			LTI Opportunity %			Total At Risk Compensation		
	Current	Market	Proposed	Current	Market	Proposed	Current	Market	Proposed
Executive	10%		45%	--		40%	10%		85%
Director	8%		20%	--		5%	8%		25%
Manager	7%		10%	--		3%	7%		13%
Individual Contributor	6%		7%	--		3%	6%		10%
Bargaining Units	2%		2%	--		1%	2%		3%

- **Estimated Cost Impact:** estimated incremental cost impact of proposed target bonus and LTI adjustments to bring JEA compensation to the market median is **\$5.8M**; see details below for cost breakdown:
  - Target Bonus Cost: **\$2.4M** based off current incumbent base salaries
  - LTI Cost: **\$3.4M** based off current incumbent base salaries for performance unit award (total cost of **\$4.6M** if time-based unit award is included)

Note: Market data provided by JEA.



## Proposed Compensation Adjustments

### Market Positioning Based on Proposed Pay Adjustments

- The following exhibit summarizes the competitive position of JEA pay based on the target bonus % and LTI % adjustments needed to align pay with market median
  - All levels approximate or exceed the market median for target TDC, thereby aligning with the Board's articulated competitive compensation positioning
    - Proposed target bonus % and LTI % for executives bring target TDC to market competitive levels; therefore, material base salary adjustments are not required
    - Bargaining Unit variance exceeds market median target TDC due primarily to variances that are calculated based off of step structure base salaries

#### Job Weighted:

Level	Average Base Salary/Midpoint Variance (Median)	Average Target Bonus %		Proposed Target TCC Variance (Median)	Average Long-term Incentive %		Proposed Target TDC Variance (Median)
	JEA	JEA Proposed	Market	JEA	JEA Proposed	Market	JEA
Executive	-12%	45%		-6%	40%		-2%
Director	-1%	20%		2%	5%		1%
Manager	-2%	10%		-3%	3%		-1%
Individual Contributor	-1%	7%		-1%	3%		2%
Bargaining Units	11%	2%		8%	1%		9%
Total	3%	8%		2%	3%		3%

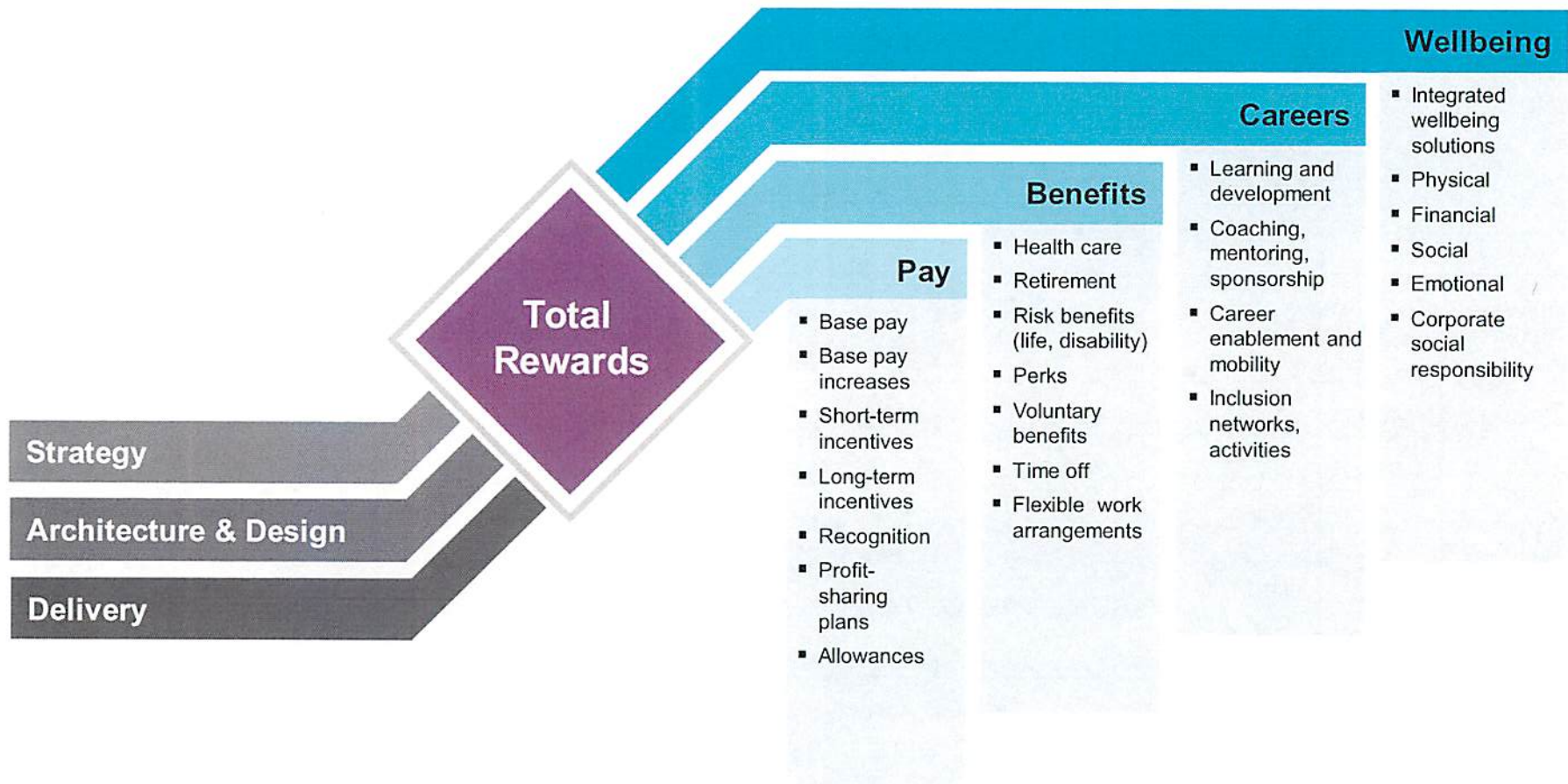
Note: Market data provided by JEA.

## Modernizing Total Rewards



# Modernizing Total Rewards

*Integrated Total Rewards strategy, architecture & design and delivery for a superior Talent Value Proposition*



Source: 2018 Willis Towers Watson Modernizing Total Rewards Survey



# Modernizing Total Rewards

*Key themes emerging in the market with implications for Total Rewards*

## 1. Future focused

Emerging work dynamics and skills and multi-generational workforce re-write the deal



## 2. Technology Advancements

Expansion of *digitization* of the Total Rewards delivery and experience



## 3. Optimising cost and risk of TR

Analytics and data measurement



## 4. Segmentation

More tailored Total Rewards with increased choice



## 5. Consumerism and flexibility

Expansion of worker choice and *voluntary benefits*



## 6. Transparency

Legislative and social media increase public scrutiny



## 7. Inclusion and diversity

Total rewards that enable an inclusive culture and diverse workforce



## 9. Talent experience

Emphasis on *workplace differentials* that enhance the environment and Talent Value Proposition



## 10. Good governance

Being *agile and nimble* to adapt to changing, fast-moving business strategies



## 8. Wellbeing

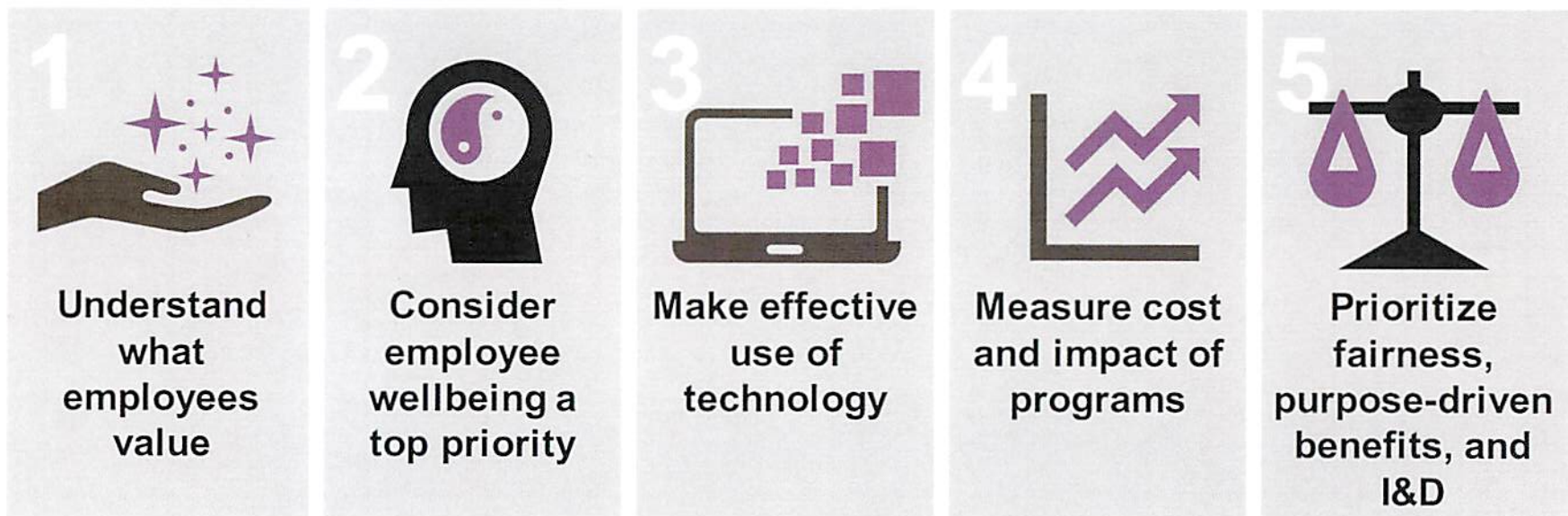
Holistic *physical, financial, social and emotional health*



Source: 2018 Willis Towers Watson Modernizing Total Rewards Survey

## Modernizing Total Rewards

*Our findings identify five areas critical to meeting employees' Total Rewards expectations and delivering a consumer-grade experience*



Source: 2018 Willis Towers Watson Modernizing Total Rewards Survey



# Appendix



## Appendix

### CEO Investor Owned Utility Proxy Analysis Details\*

Company	Executive	Position	Total Compensation Opportunity				
			Base Salary <sup>1</sup>	Target Bonus % Base	Target Total Cash <sup>2</sup>	LTI (% of Base)	Target Total Direct Comp <sup>3</sup>
ALLETE, Inc.	Alan R. Hodnik	Chairman, President and Chief Executive Officer	\$631	100%	\$1,262	205%	\$2,553
Alliant Energy Corporation	Patricia L. Kampling	Chairman and Chief Executive Officer	\$1,009	115%	\$2,170	330%	\$5,498
Avista Corporation	Scott L. Morris	Chairman and Chief Executive Officer	\$845	100%	\$1,689	250%	\$3,801
Black Hills Corporation	David R. Emery	Chairman and Chief Executive Officer	\$820	110%	\$1,722	237%	\$3,666
El Paso Electric Company	Mary E. Kipp	President and Chief Executive Officer	\$725	85%	\$1,341	185%	\$2,684
Hawaiian Electric Industries, Inc.	Constance H. Lau	President and Chief Executive Officer	\$922	100%	\$1,844	239%	\$4,045
NorthWestern Corporation	Robert C. Rowe	President and Chief Executive Officer	\$630	100%	\$1,261	254%	\$2,863
OGE Energy Corp.	Sean Trauschke	Chairman, President and Chief Executive Officer	\$960	100%	\$1,919	348%	\$5,256
Pinnacle West Capital Corporation	Donald E. Brandt	Chairman, President and Chief Executive Officer	\$1,395	125%	\$3,139	313%	\$7,509
PNM Resources, Inc.	Patricia K. Collawn	Chairman, President and Chief Executive Officer	\$900	115%	\$1,935	196%	\$3,700
Portland General Electric Company	Maria M. Pope	President and Chief Executive Officer	\$750	100%	\$1,500	200%	\$3,000
Vectren Corporation	Carl L. Chapman	Chairman, President & CEO	\$960	110%	\$2,016	255%	\$4,463

n =12

75th Percentile	\$960	111%	\$1,955	269%	\$4,661
Average	\$879	105%	\$1,816	251%	\$4,086
Median	\$872	100%	\$1,783	244%	\$3,750
25th Percentile	\$744	100%	\$1,460	203%	\$2,966

JEA	Aaron Zahn	CEO	\$330	0%	\$330	0%	\$330
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#### Notes:

\* Data source: publicly-filed proxy statements.

(1) Salary is annualized if partial year for executive.

(2) Target TCC (Total Cash Compensation) includes base salary and target bonus.

(3) Target TDC (Total Direct Compensation) includes base salary, target bonus, and long-term incentives.

## Appendix

### *Incentive Plan Review Methodology*

- The competitive market review of short and long-term incentive plan design practices covered the following:
  - Utility and General Industry market best practices were considered
  - Peer group reflecting a mix of Public Power Utilities and comparably-sized IOUs was developed for the LTI plan design review
- Sources:
  - WTW's *2018 General Industry and Energy Services Executive Compensation Survey Report*
  - WTW's *2018 General Industry and Energy Services MMPS Compensation Survey Report*
  - WTW's *2018 Long-Term Incentives Policies and Practices Survey Report – General and Utility Industries data cuts*
  - WTW's *2018 Global Executive Incentive Design Survey*
  - Consulting experience with broad-based and executive compensation practices in both the Utility and General Industries

## Appendix

### *LTI Plan Design Review Utility Peer Group*

#### ***IOUs (13 Companies)\****

- ▣ ALLETE
- ▣ Alliant Energy
- ▣ Avista
- ▣ Black Hills
- ▣ El Paso Electric
- ▣ Hawaiian Electric Industries
- ▣ NorthWestern Energy
- ▣ OGE Energy
- ▣ Otter Tail
- ▣ Pinnacle West Capital
- ▣ PNM Resources
- ▣ Portland General Electric
- ▣ Vectren

#### ***Public Power Utilities***

- ▣ *Six public power utility clients*
- ▣ *Anecdotal consulting experience*

#### **Notes:**

\* Data source: publicly-filed proxy statements.