
From: Wathen, David (Atlanta) <david.wathen@willistowerswatson.com>
Sent: Friday, March 29, 2019 6:11 PM
To: Maillis, Patricia L. - Director, Employee Services; Deeb, Andrea (Atlanta)
Subject: RE: Follow-up from Meeting - FY19 Metrics

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Pat:

The market target TCC and TDC values are based on market base salary and JEA's target TCC and TDC are based on the current base salaries you provided to ensure that we reflect the applicable gap to market for your pay.

Regarding timing of the draft materials for the Board meeting, we are targeting the end of next week.

Best regards,

David

From: Maillis, Patricia L. - Director, Employee Services [mailto:mailpl@jea.com]
Sent: Friday, March 29, 2019 3:42 PM
To: Wathen, David (Atlanta) ; Deeb, Andrea (Atlanta)
Subject: FW: Follow-up from Meeting - FY19 Metrics

Please see Ryan's request as we proceed forward with the final presentation for the Board.

Also, what is our target date to have the draft for the Board?

Pat

From: Hiers, Angelia R. - VP & Chief Human Resources Officer <hierar@jea.com>
Sent: Friday, March 29, 2019 1:40 PM
To: Maillis, Patricia L. - Director, Employee Services <mailpl@jea.com>
Subject: FW: Follow-up from Meeting - FY19 Metrics

This has come up because of the new market sheets and the info on the new adjustments. Go figure.

From: Wannemacher, Ryan F. - Chief Financial Officer <wannrf@jea.com>
Sent: Tuesday, March 26, 2019 2:57 PM
To: Hiers, Angelia R. - VP & Chief Human Resources Officer <hierar@jea.com>
Subject: RE: Follow-up from Meeting - FY19 Metrics

Angie,

Separately, one other thing that I noticed as I was going back through the slides is that the calculations for the target TCC and TDC were based on the existing JEA base salary and not the competitive market base salary. This understates the magnitude of the total market comp discrepancies because the STI and LTI is expressed as a % of the base which in all cases is lower than the market base salary. When they update their presentation can we be sure that they apply the % for STI and LTI to market base so that we get an accurate comparison when we look at target vs actual TCC and TDC for 50th percentile?

Thank you,
Ryan

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

From: [Hiers, Angelia R. - VP & Chief Human Resources Officer](#)

Sent: Tuesday, March 26, 2019 2:43 PM

To: [Wannemacher, Ryan F. - Chief Financial Officer](#)

Subject: Follow-up from Meeting - FY19 Metrics

Please see the email below based on the conversation with David from Towers. He needs some information in order to give us the deliverable by the end of next week. Let's talk!!

Based on the input from last week's meeting, we are pulling together materials for the April committee meeting that will address the following:

- Review current compensation philosophy
- Evolution as to how compensation programs got to their current state
- Current gaps to market in compensation levels – specifically calling out gaps in base salary, short and long-term incentives by organizational level and actions to take to close those gaps to market. These proposed pay adjustments will detail by grade what base salary, short-term and long-term incentive opportunities should be
- Short-term incentive plan design – based on the meeting last week, our takeaway is the short-term incentive plan design you proposed was not changing materially other than the introduction of a Net Income measure. Is there anything you need from us as it relates to short-term incentive plan design?
- Long-term incentive plan design – we will provide a more detailed LTI design given Aaron's feedback around the draft strawman design we shared. It will include target incentive opportunities by level, where applicable, as well as performance measure weightings and a proposed formula for determining a Performance Share Unit (PSU) value. As it relates to the LTI plan performance measures (rates customers pay, change in net book value and contribution to the city), we would look to Ryan to provide guidance on what performance hurdles should be at Threshold, Target and Maximum, as he has insights into historical performance, future projections, business strategy, etc., but we can certainly provide guidance as to what probability payout distributions look a well-designed incentive plan
- Overview of best practices to consider for modernizing total rewards

As it relates to determining an applicable formula for valuing a PSU in the long-term incentive plan, we need some additional information. Would you please check with Ryan to see if he could provide us information on key drivers of long-term performance, such as:

- 1) Historical financials, most importantly on book value as of year-end and anything impacting that other than income/surplus generated in a year less any cash contributions/outlays made
- 2) Better understanding (and history) of cash contributions made to City and the basis by which the contribution level in a given year is determined and/or could be evaluated. Percentage of income/surplus or something else. Also understanding of timing on those contributions and how they impact book value – for example, contribution made in 2018 based on surplus generated in 2017 and so are reflected in year-end book value for 2018 but not 2017.
- 3) How “customer rates” are determined and evaluated, along with historical JEA information as well as historical/current information on relevant comparators or index
- 4) Any information on forward looking projections/estimates on these same items.

We are working to deliver the next draft of materials by the end of next week, assuming we get the financial data requested above. Please let us know if we need to schedule a call to talk through these additional data needs or if we are missing anything in the materials we are pulling together for the committee meeting.

Best regards,

David

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