



# Total Market Compensation Strategy

Performance Unit Plan  
July 2019





## **GUIDING PRINCIPLES**

ACCELERATING UTILITY INNOVATION

### **Core Competencies**

*The things we need to be exceptionally and uniquely good at in order to yield better and better results of our Corporate Measures which drive our Mission to demonstrate our Vision*



**Work together to elevate the entire team**

Core competencies accelerate results



# ELEVATE THE ENTIRE TEAM

1. Ensure JEA’s corporate compensation philosophy is aligned with JEA’s Guiding Principles
2. Encourage long-term culture of value creation
3. Establish formal compensation policy to align behavior to 4 Corporate Measures of Value and market based compensation
4. Ensure policy promotes collaboration to drive Vision and Mission

Employee incentives should drive “value” & “teamwork”

# JEA Board Policy Manual

(Revision to Policy 2.7 adopted by JEA Board on January 22, 2019)

“With respect to employment, compensation, and benefits to employees, consultants, and contract workers, the CEO shall promote a compensation philosophy that encompasses salary/wages, retirement benefits, incentives and health and welfare benefits that align with and drive JEA’s Corporate Measures of value: 1) Customer; 2) Financial; 3) Environmental; and 4) Community Impact.

Total compensation will meet the market (50% percentile), which is where the majority of companies in the industry and geographical area reside. Total compensation will include Base Salary, Short Term Incentives and Long Term Incentives. The 50th percentile pays competitively for behavior that meets expectations. Short term and long term incentives will align to and drive JEA’s Corporate Measures of Value. Internal equity will be achieved by evaluating differences in skill, effort, responsibility and working conditions among jobs.”

50<sup>th</sup> %

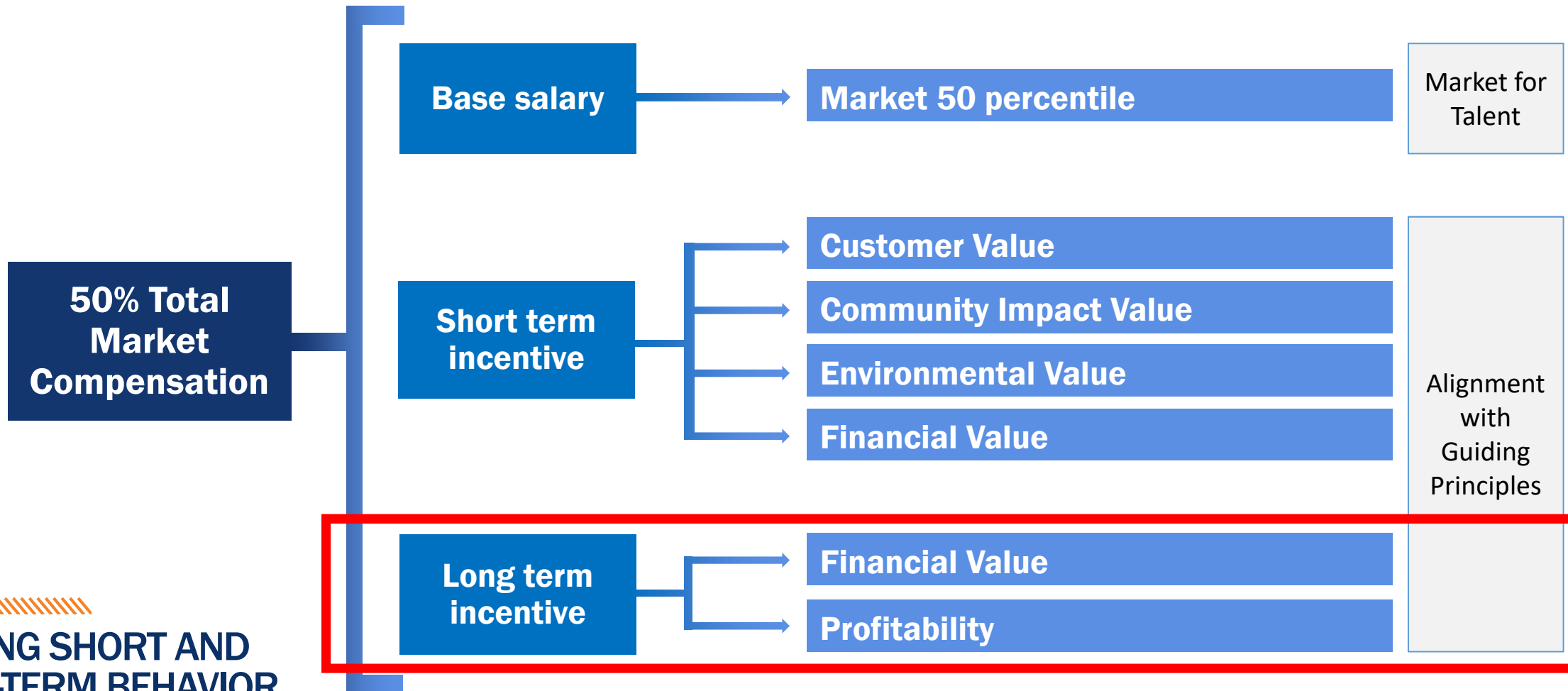


JEA’s total compensation structure should both compete with the market for talent & drive results aligned with “guiding principles”



**JEA’S COMPENSATION  
PHILOSOPHY**

# Establish a Formal Compensation Policy to Align with: 1) Talent Market and 2) Guiding Principles



DRIVING SHORT AND  
LONG-TERM BEHAVIOR

# Performance Unit Program

Compensation committee proposes adoption of a performance unit plan (“PUP”) which would be a new benefit program provided to employees

It is designed to allow employees to participate in the upside and downside as the business changes

Employees will be eligible to purchase JEA performance units for \$10 per unit

Units will increase or decrease in value based on the financial performance of JEA over a 3 year performance period

Employees will be required to remain employed through the end of the performance period to benefit from any increase in value

For the first performance period (FY2020 to FY2022) it is recommended that 30,000 performance units be made available for purchase

# Key terms of the performance unit plan

The calculated value will be based on the sum of 1.) JEA net position 2.) The city contribution; and 3.) any refunds to customers

Units will have a threshold target and challenge target set for each 3 year performance period

For the initial performance period, the threshold target will be set at 100% of the calculated value at the beginning of the performance period and the challenge target will be set at 110% of the calculated value at the beginning of the performance period

The unit will increase in value if the calculated value at the end of the performance period is greater than the challenge target

The unit will decrease in value if the calculated value at the end of the performance period is less than threshold target

If the calculated value at the end of the performance period is between the threshold target and challenge target of the calculated value at the beginning of the performance period the unit the redemption value of the unit will be equal to the purchase price

# Example redemption value of the PUPs

## Traditional utility response:

Estimated calculated value at end of the performance period – 121%

Change in value of PUP Units – \$32.010 million (\$10.67 million average per year or approximately 6.5% of annual payroll)

## Recapitalization table stakes:

Estimated calculated value at the end of the performance period – 110%

Change in value of PUP Units - \$0.015 million (\$0.005 million average per year or approximately 0.00% of annual payroll)

## Business decline:

Estimated calculated value at the end of the performance period – 98%

Change in value of PUP Units – -\$30,000 (Employee loss of \$10,000 average per year)