

RE: JEA Long-Term Performance Unit Program Units allocation

Dear _____,

As you are aware, the JEA Board of Directors (the "Board") passed on July 23, 2019 Resolution 2019-10 approving the Long-Term Performance Unit Plan (the "PUP" or "Plan") and associated Long-Term Performance Unit Agreement (the "Plan Agreement") and 2019 Redemption Price Schedule. The resolution authorizes you, as CEO, or your designee, to implement the Plan; execute Plan Agreements with eligible participants; with Office of General Counsel, make technical and clerical amendments to the Plan and Plan Agreement; and take any and all action to prepare, execute, and deliver any and all documents that you deem necessary or advisable to carry out the intent of Resolution 2019-10. The resolution additionally appointed me, as Chair of the Compensation Committee of the Board, as the Administrator of the Plan, with full power and authority to administer the Plan in accordance with its terms.

The Plan represents the culmination of a months-long effort by the Board, through direction to JEA management, to develop a total compensation policy to align with the talent market and JEA guiding principles. Towards that end, the Compensation Committee directed JEA management in January 2019 to develop the compensation policy and in June 2019 approved the framework for a compensation plan, including a long-term employee incentive plan. The Board in June 2019 approved that framework and instructed management to develop a plan for presentation to the Board at its July 2019 meeting.

Resolution 2019-10 reflected the Board's decision that the Plan is in the best interest of JEA in connection with employee annual performance reviews and the general operation of JEA. The Plan states, "in recognition of the Employees obtaining performance standards that shall be individually determined and evaluated based on the Employees' proportionate contribution to JEA, JEA desires to allow Employees to participate in a long-term performance unit plan." Participation in the Plan is entirely voluntary and is available to all eligible employees. As detailed in the Plan, eligible employees are all full-time JEA employees, including JEA-dedicated OGC attorneys, represented employees, and appointed employees, employed for at least three months prior to the purchase date of Plan performance units.

Under Section 3 of the Plan, at my sole and reasonable discretion, I am directed to interpret the Plan and to, among other powers, determine the number of Performance Units that may be purchased by a Plan Participant and (under Section 6) notify each employee of the maximum number of Performance Units that employee may purchase. A total of up to 100,000 Performance Units may be issued and allocated, with 30,000 units allocated for purchase for the first Performance Period. "Performance Unit" means "a bookkeeping entry representing a potential right [of a Plan Participant] to receive a payment under this Plan." A Participant is an employee who makes a deferral election to purchase Performance Units under the Plan. Also under Section 3, I may delegate any of my responsibilities to JEA's senior executive management.

The allocation for the Chief Executive Officer shall be [] % of the total 30,000 Performance Units. The CEO has exceeded his performance metrics for the year 2019, as determined by the Board

_____, and such [%] allocation is inclusive of both a base number of Performance Units and a performance-based adjustment.

In order to further the purpose of the Plan and in accordance with my duties as Administrator, I delegate my authority to you, as CEO of JEA, to allow each other Employee (other than yourself as CEO) to purchase a maximum number of Performance Units determined in accordance with the following parameters and to notify each such Employee of the maximum number of Performance Units he or she may purchase:

- (1) The maximum number of Performance Units each eligible employee may purchase shall be based on two factors: (i) a base number of Performance Units in accordance with the employee's position level at JEA and (ii) an increase or decrease or no change to the base number of Performance Units based on the employee's most recent annual performance review.
- (2) Each employee's performance for the purpose of this allocation shall be measured by his or her assessment under the annual JEA Performance Ranking Program or other position-specific metric utilized in the employee's annual performance review.
- (3) The position levels at JEA for the purpose of this allocation shall be: **Manager, Individual, Civil Service, Director, Senior Leadership Team, Executive Leadership Team, and Chief Executive Officer**. I note that temporary JEA employees are ineligible for Plan participation.
- (4) 100% of the 30,000 Performance Units available, inclusive of the units allocated to the CEO, shall be allocated for the first Performance Period.
- (5) Performance Units must be purchased as whole units.
- (6) Allocated units that are not purchased by the requisite deadline may be reallocated as available for purchase on a pro-rata basis to Participants. Upon notice of the number of reallocated Performance Units available for purchase, Participants will need to complete and sign an additional Schedule I to their executed Agreement.
- (7) No position level shall be allocated in excess of [20%] of the next highest position level allocation.
- (8) The base number of Performance Units allocated to each eligible employee shall be based solely on his or her position level and shall be uniform for all employees within each position level.
- (9) The increase or decrease or no change to the base number of Performance Units based on the employee's assessment under the most recent annual performance review shall be determined on an individual employee basis.

Commented [JU1]: Need confirmation

Thank you for your assistance in executing this important initiative to retain and motivate JEA's most important resource – our employees.

Sincerely,