From:	Rhode, Lynne C. (City of Jacksonville)
To:	Maillis, Patricia L. - Director, Employee Services
Cc:	Kendrick, Jonathan A. - VP & Chief Human Resources Officer
Subject:	RE: Confidential - Feedback on PUPs Plan Docs
Date:	Friday, September 13, 2019 3:29:02 PM

Pat,

Thanks for sending your concerns. Responses below. It is important to note that this plan has been fully vetted, including through four subject matter expert attorneys, prior to be presented to the JEA Board for approval in July.

1) Agree that the letter is too technical. It is being revised. It is wholly appropriate to reference the financial statements in the assessment of risks.
2) The example is a placeholder in the q&a section that has not been filled in yet but will be completed before the information is distributed.
3) This is for tax reasons: risk of forfeiture is a critical fact for tax purposes. Can give you more color if you would like to discuss.
4) Yes

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From: Maillis, Patricia L. - Director, Employee Services <mailpl@jea.com>
Sent: Thursday, September 12, 2019 2:36 PM
To: Rhode, Lynne C. (City of Jacksonville) <rhodlc@jea.com>
Cc: Kendrick, Jonathan A. - VP & Chief Human Resources Officer <kendja@jea.com>
Subject: Confidential - Feedback on PUPs Plan Docs

Hi Lynne,

I reviewed the PUP docs from the v9/10. From an employee and benefits perspective, here are some concerns:

1) The documents read very legalize. Typically there is a Plan document that is very legal and formal in nature (which is appropriate), however, the employee letter and an exhibit(s) would be highlights of interest with references to see the Plan doc. The exhibit should include an example of the how the benefit is calculated: metrics, calculation and potential results. Referencing the Financial Statements is not appropriate.

2) The Plan does not provide clear calculation of how monies will grow.

3) The goals for the Plan as a Retention Tool don't align with a tool where an employee is investing their dollars. There is no Company investment. Usually when there is an investment from the employee it is to ensure success and ownership in the company. The Plan appears to hold employees captive. Understand there are Plans that have provisions to vest, but this is typically where there is an investment made by the company, not the employee. While there are typically penalties associated with certain investments for early withdrawal, e.g., timeframes to retain the investment, I do believe that most investments tools have forfeiture rules, whereby a person may receive a refund, but not a return of your money at $0 (unless it is a stock and it crashes). Employees who separate from the company whether for cause or voluntarily should have the right to a refund of their money or if the value is less than their purchase, the decreased value. Increased value can have the caveat of vesting or retention.

   Example: If an employee voluntarily or involuntarily terminates, they will be refunded 100% of the value of the units at the purchase price. They will not be eligible for any increase in the value. If the value has decreased, the person may only receive the value of the units as of the termination date.

4) Does this Plan comply with all applicable non-qualified IRS rules for government Deferred Compensation plans.

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