

**OFFICE OF GENERAL COUNSEL  
CITY OF JACKSONVILLE**

**JASON R. GABRIEL\***  
GENERAL COUNSEL



CITY HALL, ST. JAMES BUILDING  
117 WEST DUVAL STREET, SUITE 480  
JACKSONVILLE, FLORIDA 32202

KAREN M. CHASTAIN  
DERREL Q. CHATMON  
ARIEL P. COOK  
JULIA B. DAVIS  
STEPHEN M. DURDEN  
SHANNON K. ELLER  
CRAIG D. FEISER  
GILBERT L. FELTEL, JR.  
LORRETT I. FRENCH  
CHRISTOPHER GARRETT  
KYLE GAVIN  
SEAN B. GRANAT  
SUSAN C. GRANDIN  
KATY A. HARRIS  
MIRIAM R. HILL  
LAWSKIA J. HODGES  
SONYA HARRELL HOFNER  
PAIGE HOBBS JOHNSTON  
RITA M. MAIRS

BRETT G. MERFNESS  
JAMES R. MCCAIN, JR.  
WENDY L. MUMMAW  
KELLY H. PAPA  
KORI PARDE  
JACOB J. PAYNE  
TIFFINY DOUGLAS PINKSTAFF  
JON R. PHILLIPS  
CHERRY SHAW POLLACK  
STEPHEN J. POWELL  
LYNNE C. RHODE  
ASHLEY B. RUTHERFORD  
JOHN C. SAWYER, JR.  
MARGARET M. SIDMAN  
JASON R. TEAL  
ADINA TEODORESCU  
KEALY WEST  
STANLEY M. WESTON  
GARY YOUNG

**\*BOARD CERTIFIED CITY, COUNTY  
AND LOCAL GOVERNMENT LAW**

November 12, 2019

Aaron F. Zahn  
Managing Director & CEO  
JEA  
21 W. Church Street, 19<sup>th</sup> Floor  
Jacksonville, FL 32202

RE: JEA Long Term Performance Unit Plan (the "PUP")

Dear Aaron:

I greatly appreciate you meeting with our office last week and providing us with additional information and insight regarding the JEA Long Term Performance Unit Plan approved by the JEA Board on July 23, 2019 (the "PUP"). As you indicated, the PUP was proposed as a voluntary employee benefit program akin to a deferred compensation plan under Florida law that would have allowed full-time JEA employees to personally invest in the enterprise growth of JEA in the next three years. In theory, under the PUP, employees would have been encouraged to have "skin in the game" by deferring their compensation to purchase a performance unit and later redeeming such performance unit for an amount based on JEA's current year value (i.e., the redemption price). At the employee's investment risk, the redemption price for a performance unit at the end of the PUP performance period could have been zero, or more than ten times the employee's initial investment amount. You also advised that the primary purpose of the PUP was to incentivize employees to drive and increase JEA's customer, community and environmental value.

First, I laud you, the JEA senior leadership team, and the JEA Board for your efforts to find outside-the-box ways to increase JEA's value and motivate JEA employees to do their best work for JEA. I also appreciate the extensive time and effort that specialized outside counsel has dedicated to analyzing the PUP in order to achieve the Board's directive. The plan would be a novel approach to accomplishing the Board's goals in the public sector, but as currently structured contains outstanding issues under the City Charter and other law. That is not to say that

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Office Telephone  
(904) 255-5100

Writer's Direct Line  
(904) 255-5050

Facsimile  
(904) 255-5119

Writer's E-Mail Address  
JGabriel@coj.net

Office Web Site  
GeneralCounsel.coj.com

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Aaron F. Zahn  
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an appropriate plan under Section 215.425, Florida Statutes could not be designed and implemented. It is unnecessary, however, to go into any suggested restructure or outstanding issues at this time due to my understanding that JEA leadership, in consultation with the Chair and our office, has decided to postpone indefinitely the implementation of the PUP.

We appreciate the opportunity to have performed a detailed review of the plan and its documents. Our office continues to stand ready to assist you, JEA leadership and JEA Board should it decide in the future to move forward with an employee incentive plan.

Sincerely,

A handwritten signature in blue ink, appearing to read "J. R. Gabriel". The signature is stylized and cursive.

Jason R. Gabriel  
General Counsel

cc: Herschel Vinyard, Chief Administrative Officer  
Lynne C. Rhode, Chief Legal Officer

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