

Introduction

Pursuant to the authority in Section 3 of the * (the “*”), this letter (this “Letter”) contains the parameters for use in administering the *. Also under Section 3 of the *, I may delegate any of my authority under the * to JEA’s senior executive management and, as described below, I delegate my authority to you, as JEA’s CEO, as set forth in this Letter. [Will the Compensation Committee adopt resolutions delegating authority under the * to the CEO? This is how delegation is typically accomplished.]

Capitalized terms not otherwise defined in this Letter have the same meanings as those found in Section 2 of the *.

Allocation Parameters

Under Section 3 of the *, in my sole but reasonable discretion, I (as Administrator of the *) am authorized to interpret the * and to, among other powers, determine the number of [PU] that may be purchased by a * Employee and (under Section 6) notify each Employee of the maximum number of [PU] that each such Employee may purchase under the *. A total of 100,000 [PU] will [may?] be issued and allocated. [See comment below.]

Only Employees are eligible to participate in the *. The * defines an “Employee” as, except as otherwise recommended by you, as JEA’s CEO, and approved by me, as Administrator, any full-time employee of the JEA Group who has been employed by any member of the JEA Group for at least three months prior to the Purchase Date or any full-time attorney from the Office of the General Counsel of the City of Jacksonville who is dedicated exclusively to JEA for at least three months prior to the Purchase Date.

In order to further the purpose of the * and in accordance with my duties as Administrator of the *, I delegate my authority to you, as CEO of JEA, to allow each Employee (other than yourself as CEO) [The CEO should not have the ability to determine his allocation.] to purchase a maximum number of [PU] determined in accordance with the following parameters and to notify each such Employee of the maximum number of PU that may be purchased by such Employee:

- (1) The maximum number of [PU] each Employee may purchase shall be determined based on two factors: (i) a base number of [PU] determined in accordance with each such Employee’s position level at JEA (the “Base Number”) and (ii) an increase or decrease or no change to the Base Number of [PU] based on such Employee’s performance during the most recent twelve month period prior to the time at which the allocation is determined. [Are there circumstances where, based on performance, an employee should receive zero PUs – e.g., where an employee is on probation? If yes, then consider specifying as such.]
 - (i) The position levels at JEA for the purpose of this allocation shall be: Manager, Individual, Civil Service, Director, Senior Leadership Team, and Executive Leadership Team. [Do these position levels include OGC attorneys?] Temporary JEA employees are ineligible for * participation.
 - (ii) 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. [See comment below.]



- (2) One-hundred percent of the 100,000 [PU] available shall be allocated. [Allocating all the PUs and re-allocating PUs that are not purchased suggests that the * is not long-term which had initially been expressed as a concern.]
- (3) [PU] must be purchased as whole units.
- (4) Allocated units that are not purchased by the requisite deadline shall [may?] be reallocated as available for purchase on a pro-rata basis to Employees. [What happens if there are not enough PUs to be reallocated to all employees – e.g., will participation be determined based on seniority? What happens if there are not enough PUs for employees to receive whole PUs? What happens if all the PUs are still not purchased after being reallocated?] [Upon notice of the number of reallocated [PU] available for purchase, Employees will need to complete an additional Schedule I to their executed Agreement.] [Recommended that participants sign new Schedule I for additional PUs purchased. Will reallocated PUs only be available for purchase by employees who purchased PUs in the first round?]
- (5) The allocation for the Chief Executive Officer shall be [%] of the total 100,000 [PU]. [I have determined that the CEO has exceeded his performance metrics _____ and such [%] allocation is inclusive of both a base number of [PU] and a performance-based number of [PU].] [It would be typical for the number of PUs to be awarded to the CEO to be determined in the Compensation Committee resolutions. Also, if the allocation for non-CEO employees is determined based on the annual JEA Performance Ranking Program, should the same should apply to the CEO? Additionally, this should be moved to a separate section because its current placement in the letter suggests that the CEO has the authority to determine his own allocation, which is not the case.]
- (6) The allocation for all Employees at the Manager, Individual, Civil Service, Director, Senior Leadership Team, and Executive Leadership Team shall total the remaining [%] of the total 100,000 [PU].
- (7) No position level shall be allocated in excess of [20%] of the next highest position level allocation.
- (8) The Base Number of [PU] allocated to each 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 [PU] based on the Employee's assessment under the annual JEA Performance Ranking Program shall be determined on an individual employee basis. [How will this work as a practical matter? Will the CEO review all 2,000 employees and adjust up or down/make no change? If so, should there be parameters for the upward/downward/no change adjustment? For example, the employee's ranking could equate to a multiplier – e.g., employees who are ranked 5 are allocated a number of PUs equal to the Base Number multiplied by 1.25; employees who are ranked 4 are allocated a number of PUs equal to the Base Number multiplied by 1.20, etc.]