

JEA LONG-TERM PERFORMANCE UNIT PLAN

RECITALS:

WHEREAS, all Employees of JEA, a body politic and corporate under the laws of the State of Florida and an independent agency of the Consolidated City of Jacksonville ("JEA"), perform valuable services for the customers and citizens they serve;

WHEREAS, JEA provides a work environment which emphasizes safety and a positive culture;

WHEREAS, JEA operates in a rapidly evolving business climate to provide energy, water and wastewater utility services;

WHEREAS, JEA desires to recognize the past and continued service of its Employees;

WHEREAS, JEA desires to have long-term incentives, in accordance with its total compensation philosophy approved by the Board in January 2019 and the compensation framework approved by the Board in June 2019, that motivates Employees to drive the customer, community and environmental value of JEA;

WHEREAS, 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 on the terms and conditions set forth herein; and

WHEREAS, except as otherwise recommended by JEA's Chief Executive Officer and approved by the Administrator, all Employees are eligible to participate in the plan.

SECTION 1 PURPOSE

(a) The purpose of this JEA Long-Term Performance Unit Plan (this "Plan") is to provide a means by which employees of JEA may be given incentives to (i) remain with JEA, (ii) drive value for customers, (iii) drive value for the community of North East Florida, (iv) drive environmental value, and (v) drive financial value for JEA and the City of Jacksonville.

(b) JEA hereby seeks to retain the services of Employees and to provide incentives for such Employees to exert maximum efforts for the success of JEA and for the benefit of JEA's customers and the community it serves and the City of Jacksonville.

SECTION 2 CERTAIN DEFINITIONS

As used in this Plan, the following terms shall have the meanings given to them in this Section 2. Certain other terms are defined elsewhere in this Plan.

$\Delta \pi$ EXHIBIT 32
Deponent <u>Hyde</u>
Date <u>8/21/20</u> Rptr. <u>TW</u>
WWW.DEPOBOOK.COM

EXHIBIT 32

(a) “Administrator” means the Chairperson of the Compensation Committee of the Board and, following a Recapitalization Event, the entity designated in the definitive agreement entered into in connection with such Recapitalization Event to act as the representative of JEA’s interests under such agreement (and, in the absence of such a designation, the Chairperson of the Board).

(b) “Agreement” means a Long-Term Performance Unit Agreement in the form prescribed by the Administrator for the purchase of Performance Units under this Plan.

(c) “Applicable Law” means any constitution, law, statute, ordinance, rule, regulation, regulatory requirement, code, order, judgment, injunction or decree enacted, issued, promulgated, enforced or entered by a federal, state, provincial or local government or other political subdivision thereof, any entity, authority or body exercising executive, legislative, judicial, regulatory or administrative functions of any such government or political subdivision.

(d) “Board” means the Board of Directors of JEA.

(e) “Cause” means (x) in the case where a Participant has an employment agreement, consulting agreement or similar agreement in effect with JEA at the time of purchase of the Performance Units that defines a termination for “cause” (or words of like import), “cause” as defined in such agreement or (y) in the case where a Participant does not have an employment agreement, consulting agreement or similar agreement in effect with JEA at the time of purchase of the Performance Units or where there is such an agreement but it does not define “cause” (or words of like import):

(i) the Participant has been convicted of, pled guilty or no contest to or entered into a plea agreement with respect to, (A) any felony under Applicable Law or (B) any crime involving dishonesty or moral turpitude;

(ii) the Participant has engaged in (A) any willful misconduct or gross negligence or (B) any act of dishonesty, violence or threat of violence, in each case with respect to this clause (B), that would reasonably be expected to result in a material injury to the JEA Group;

(iii) the Participant willfully fails to perform the Participant’s duties to the JEA Group and/or willfully fails to comply with lawful directives of the Board;

(iv) the Participant materially breaches any term of any contract to which the Participant and any member of the JEA Group is a party; or

(v) the Participant materially breaches any term of this Plan and/or his or her Agreement;

provided that, with respect to clauses (iii), (iv) and (v) and if the event giving rise to the claim of Cause is curable, JEA provides written notice to the Participant of the event within thirty (30) days of JEA learning of the occurrence of such event, and such Cause event remains uncured fifteen (15) days after JEA has provided such written notice; provided further that any termination

of the Participant's employment for "Cause" with respect to clause (iii), (iv) or (v) occurs no later than thirty (30) days following the expiration of such cure period.

Notwithstanding the foregoing, to the extent that this definition of "Cause" is inconsistent with a definition of "cause" (or words of like import) in any applicable and lawful collective bargaining agreement or the applicable and lawful Civil Service and Personnel Rules and Regulations of the City of Jacksonville (the "Civil Service Rules"), the definition of "cause" (or words of like import) in such collective bargaining agreement or the Civil Service Rules, as applicable, shall control.

(f) "Closing Date" means the date on which a Recapitalization Event occurs.

(g) "Code" means the Internal Revenue Code of 1986, as amended, and the rules, regulations and guidance issued thereunder.

(h) "Deferral Election" means an election by an Employee under the Agreement to defer pay to purchase Performance Units under this Plan payable for services to be performed in calendar years beginning after the date the Election Notice becomes irrevocable. An Employee shall make a new Deferral Election with respect to each Performance Period to the extent that such Employee is eligible to participate in this Plan for such Performance Year.

(i) "Disability" means (i) if JEA provides long-term disability insurance to its employees generally and if JEA's long-term disability plan defines the term "disability," then the same meaning as in JEA's long-term disability plan or (ii) if JEA does not provide long-term disability insurance to its employees generally, a condition that renders a Participant unable to engage in substantial gainful activity by reason of any medically determinable physical or mental impairment as determined by JEA's absence management vendor; provided, however, that the absence management vendor has no obligation to investigate whether Disability exists, unless the Participant or representative thereof puts JEA on notice within ninety (90) days after the Participant's termination of employment.

(j) "Election Notice" means the notice or notices established from time to time by the Administrator for making Deferral Elections under this Plan. The Election Notice shall include the amount of compensation to be deferred and the number of Performance Units to be purchased (subject to any minimum or maximum amounts set forth herein). Each Election Notice shall become irrevocable as of December 31st of the calendar year immediately preceding the calendar year in which the Purchase Date occurs (or such earlier date as determined by the Administrator).

(k) "Employee" means, except as otherwise recommended by JEA's Chief Executive Officer and approved by the Administrator, any (i) full-time employee of the JEA Group who has been employed by any member of the JEA Group for at least three (3) months prior to the Purchase Date and (ii) 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 (3) months prior to the Purchase Date.

(l) "Involuntary Termination" means, with respect to a Participant, a termination of the Participant's employment by any member of the JEA Group without Cause or due to such Participant's death or Disability.

- (m) “JEA Group” means JEA and its affiliates, assigns, subsidiaries and successors.
- (n) “Participant” means any Employee who makes a Deferral Election to purchase Performance Units under this Plan.
- (o) “Performance Period” means a three (3)-year period used to measure the Value Change Percentage beginning on the applicable Purchase Date and ending on the earlier to occur of the third anniversary of the Purchase Date and the Closing Date.
- (p) “Performance Unit” means a bookkeeping entry representing a potential right to receive a payment under this Plan.
- (q) “Purchase Date” means the date on which Performance Units are purchased by Participants under this Plan, which shall be each January 27th of the calendar year following the calendar year in which JEA’s annual financial statements audit is completed (or, if January 27th falls on a weekend or a holiday, the next business day thereafter) The first Purchase Date under the Plan shall be January 27, 2020.
- (r) “Purchase Price” means the price to be paid by a Participant for each Performance Unit under this Plan which shall be no less than \$10.00 per Performance Unit.
- (s) “Recapitalization Event” means the closing and funding of a transaction or a series of related transactions in accordance with Article 21 of the Charter of the City of Jacksonville and any other Applicable Law that results in either (i) unencumbered cash proceeds to the City of Jacksonville of at least Three Billion Dollars (\$3,000,000,000) or (ii) at least fifty percent (50%) of the net depreciated property, plant and equipment value of either JEA’s electric system or JEA’s water and wastewater system being transferred, assigned, sold or otherwise disposed of.
- (t) “Redemption Price” means a price per Performance Unit payable by JEA to each Participant calculated in accordance with the redemption price schedule substantially in the form attached hereto as Schedule A (the “Redemption Price Schedule”); provided, however, that if the Threshold Value Target (as defined on Schedule A attached hereto) set forth on the Redemption Price Schedule is not attained during the applicable Performance Period, the Redemption Price for such Performance Period may be reduced to \$0. For the avoidance of doubt, (i) the Redemption Price shall include the Purchase Price per Performance Unit and the Purchase Price may be reduced to \$0 in accordance with the Redemption Price Schedule and (ii) if performance results in a percentage between the Challenge Value Target and the Threshold Value Target, then a Participant shall only be eligible to receive an amount equal to the Purchase Price paid by such Participant for his or her Performance Units.
- (u) “Retirement Eligible Employee” means an Employee who has attained one of the retirement milestones as described in the General Employees Retirement Plan.
- (v) “Vesting Date” means the last day of the Performance Period.

**SECTION 3
ADMINISTRATION; CERTIFICATION**

(a) Appointment; Delegation. This Plan shall be interpreted and administered by the Administrator, whose actions shall be final and binding on all persons, including the Participants. The Administrator may delegate all or any of its responsibilities hereunder to the Board, a committee of the Board or any member of JEA's senior executive management.

(b) Powers. The Administrator, in its sole but reasonable discretion, shall have the power, subject to, and within the limitations of, the express provisions of this Plan:

(i) to determine whether any individual has status as a Participant, the number of Performance Units that may be purchased by a Participant, and whether a Participant is entitled to payment hereunder;

(ii) to determine for a Participant any additional terms and conditions of participation in this Plan not inconsistent with the terms of this Plan, which such additional terms and conditions shall be set forth in the Agreement;

(iii) to certify whether or not the performance metrics set forth on the Redemption Price Schedule for the applicable Performance Period have been attained, including whether or not the Value Target for the applicable Performance Period has been attained;

(iv) to establish procedures to allow Employees to make deferral elections (provided that such procedures shall be designed to comply with requirements of Applicable Law);

(v) to take all other action as may be required hereunder; and

(vi) to interpret this Plan.

Notwithstanding the foregoing, JEA's Chief Financial Officer shall determine the amount of the Redemption Price.

(c) Certification. As soon as practicable following the completion of JEA's financial statements audit for the applicable Performance Period and in no event later than thirty (30) days following the end of such Performance Period, the Administrator shall certify in writing the Value Change Percentage as set forth on the applicable Redemption Price Schedule for such Performance Period. Notwithstanding the foregoing, if a Recapitalization Event occurs, the Administrator shall certify in writing the Value Change Percentage as set forth on the applicable Redemption Price Schedule for such Performance Period no later than thirty (30) days following such Recapitalization Event.

**SECTION 4
EFFECTIVE DATE; NUMBER OF PERFORMANCE UNITS**

(a) Effective Date. This Plan is effective as of July 23, 2019 (the "Effective Date").

(b) Performance Unit Limit. The aggregate number of Performance Units which may be purchased by Participants under this Plan is one hundred thousand (100,000) Performance Units.

SECTION 5 VESTING; REDEMPTION PRICE

(a) Agreement. Each Performance Unit purchased under this Plan by a Participant shall represent a contractual right to receive, on the terms and subject to the conditions of this Plan and the applicable Agreement evidencing such purchase, payments under this Plan on the terms and subject to the conditions of this Plan and the applicable Agreement.

(b) Number of Units. The number of Performance Units purchased by each Participant shall be set forth in such Participant's Agreement.

(c) Time of Purchase. Upon the conclusion of JEA's annual financial statements audit, Employees may purchase Performance Units on an annual basis (provided, however, that all the Performance Units have not previously been purchased by Participants).

(d) Vesting Schedule. The Performance Units purchased by any Participant shall vest on the Vesting Date if a Participant's employment with any member of the JEA Group had not previously terminated. Notwithstanding the foregoing, in the event of a Participant's Involuntary Termination prior to the applicable Vesting Date, such Participant shall be eligible to receive all of his or her Performance Units and such Performance Units shall vest on the Vesting Date. Any amount payable to a Participant pursuant to the foregoing sentence shall be paid to such Participant at the same time as the Redemption Price for the Performance Units (to the extent unpaid) would have been paid had there been no termination of employment.

(e) Forfeiture. Unvested Performance Units held by a Participant whose employment with any member of the JEA Group is terminated prior to the applicable Vesting Date shall be forfeited for no consideration (but only after giving effect to any vesting pursuant to Section 5(d)). Performance Units forfeited pursuant to the preceding sentence may be available for purchase by other Participants in accordance with the terms of this Plan. If a Participant forfeits all or any of his or her Performance Units, he or she shall be refunded the Purchase Price paid by such Participant for such Performance Units; provided, however, that any forfeiture due to a termination of employment for Cause or a resignation of employment for any reason shall result in a forfeiture of unvested Performance Units and the Purchase Price paid for such unvested Performance Units.

(f) Retirement Eligible Employees. Notwithstanding Section 5(d), if a Participant becomes a Retirement Eligible Employee prior to the applicable Vesting Date and such Participant retires from employment with any member of the JEA Group prior to the Applicable Vesting Date, such Participant's Performance Units shall vest on the applicable Vesting Date. Any amount payable to a Participant pursuant to the foregoing sentence shall be paid to such Participant at the same time as the Redemption Price for the Performance Units (to the extent unpaid) would have been paid had the Participant not retired from employment. The Administrator shall determine in its sole and absolute discretion whether a Participant's termination shall qualify as a retirement for purposes of this Section 5(f).

(g) Civil Service Reversion. If at any time during the period commencing on the date on which an Employee is notified by JEA of his or her eligibility to participate in the Plan and ending on the last day of the Performance Period, such Employee's designation changes from appointed to civil service (whether or not such change is voluntary), the level at which such Employee participates in the Plan shall be adjusted to reflect such change. If such change occurs (i) at any time prior to the Purchase Date, the number of Performance Units that such Employee shall be eligible to purchase shall be reduced to a number of Performance Units that is equal to the number of Performance Units such Employee would have been eligible to purchase had such Employee been civil service on the date on which such Employee was notified of his or her eligibility to participate in the Plan or (ii) at any time on or after the Purchase Date, but prior to the last day of the Performance Period, the Employee shall forfeit a number of Performance Units such that the Employee shall have purchased a number of Performance Units that is equal to the maximum number of Performance Units such Employee would have been eligible to purchase had such Employee been civil service on the Purchase Date (it being understood that such number of forfeited Performance Units may be zero) and JEA shall refund to the Employee the aggregate Purchase Price in respect of such forfeited Performance Units. Performance Units forfeited pursuant to the preceding sentence may be available for purchase by other Participants in accordance with the terms of this Plan.

(h) Redemption Price. On the applicable payment date, each Participant shall receive an amount equal to the number of his or her vested Performance Units multiplied by the Redemption Price per Performance Unit.

SECTION 6 PURCHASE OF PERFORMANCE UNITS; PAYMENT AND DISTRIBUTIONS

(a) Purchase of Performance Units. To purchase Performance Units under this Plan, a Participant must pay to JEA a Purchase Price for each Performance Unit that he or she would like to purchase. To pay the Purchase Price for a Performance Unit, an Employee must elect to defer a portion of his or her pay by completing an Election Notice and filing it with the Administrator no later than December 31st of the calendar year immediately preceding the calendar year to which the Deferral Election relates. The Election Notice must specify the amount of pay that the Employee would like to defer (such pay must be payable for services rendered in a calendar year beginning after the date the Election Notice becomes irrevocable) and the number of Performance Units that such Employee would like to purchase. The Administrator shall notify each Employee of the maximum number of Performance Units that the Employee is eligible to purchase (it being understood that an Employee may not defer an amount of pay in excess of the aggregate Purchase Price for the maximum number of Performance Units that may be purchased by such Employee).

(b) Payments. On the terms and subject to the conditions set forth in this Plan and any Agreement, a Participant who holds vested Performance Units as of the applicable Vesting Date shall be entitled to receive the Redemption Price for such Performance Units. Payments shall be made to the Participants no later than March 15th of the calendar year following the calendar year in which the applicable Performance Period ends.

SECTION 7
CONDITIONS TO RECEIPT OF PAYMENT

A Participant's right to receive a payment in consideration for his or her Performance Units is conditioned on his or her execution of an Agreement and all of the following: (a) the Participant's continuous employment with any member of the JEA Group through the Vesting Date (except as set forth herein), (b) the Participant's execution and non-revocation of a release of claims in favor of the JEA Group ("Release") in a form reasonably satisfactory to JEA, (c) the Employee's compliance with the covenants set forth in the Agreement, and (d) satisfaction of the conditions set forth in Section 215.425(3), Florida Statutes (if applicable). Within sixty (60) days prior to the anticipated payment date, JEA shall deliver the Releases to the Participants and, to the extent required by Applicable Law, the Participants shall have twenty-one (21) or forty-five (45) days from the date of the Releases are delivered to the Participants to review the Releases and an additional seven (7) days to revoke the Releases. Each Participant must have executed an irrevocable Release prior to the applicable payment date to receive any payment in respect of his or her Performance Units.

SECTION 8
AMENDMENT AND TERMINATION OF PLAN

(a) General. This Plan (including the template Redemption Price Schedule attached hereto and any Redemption Price Schedule created for specific Performance Periods) may be amended or terminated at any time or from time to time by the Board; provided, however, that no such amendment or termination shall impair the then-existing rights of a Participant with regard to this Plan without such Participant's written consent.

(b) Final Distribution. This Plan shall automatically terminate upon the payment or distribution of all amounts owed to all Participants under this Plan.

SECTION 9
MISCELLANEOUS

(a) Rounding. All payments provided under this Plan shall be rounded down to the nearest whole cent.

(b) Tax Withholding. The JEA Group shall be entitled to make deductions from the payments hereunder in respect of any applicable income and employment tax, up to the maximum amount permitted by Applicable Law, subject to the JEA Group's normal withholding procedures.

(c) Unfunded Plan. This Plan is intended to constitute an "unfunded" program, and no amounts shall be set aside to fund any payments hereunder prior to the end of the Performance Period. JEA's obligations under this Plan are unfunded and unsecured, and the Participants have no rights other than those of general unsecured creditors of the JEA Group with respect to any payment hereunder.

(d) Sections 409A and 457(f). This Plan and any Agreements are intended to provide payments that are exempt from Sections 409A and 457(f) of the Code ("Code Sections 409A and

457(f)”), or alternatively that comply with Code Sections 409A and 457(f), and the terms of this Plan and any Agreements shall be construed and administered in a manner that is exempt from or in compliance with Code Sections 409A and 457(f), as appropriate. Each payment hereunder is intended to be treated as one of a series of separate payments for purposes of Code Sections 409A and 457(f). Notwithstanding anything herein to the contrary, no amendment may be made to this Plan or any Agreement if it would cause this Plan, any Agreement or any payment hereunder or thereunder not to be in compliance with Code Sections 409A and 457(f).

(e) Successors and Assigns.

(i) This Plan and any Agreements shall be binding on and shall inure to the benefit of JEA and its successors (including any organization(s) that succeeds to a substantial portion of the assets and business of JEA) and assigns, and the term “JEA” whenever used in this Plan and any Agreements shall mean and include any such successors or assigns. This Plan and any Agreements shall be assigned to and assumed by any successor of JEA (including any organization(s) that succeeds to a substantial portion of the assets and business of JEA) and this Plan and any applicable Agreements may be assigned in part to and assumed by any successor of a substantial portion of the assets and business of JEA as determined by the Administrator in its sole discretion, which such determination shall be final and binding on JEA, the Participants (and their respective beneficiaries) and any such successor. Upon such assignment and assumption, the rights and obligations of JEA under this Plan and any applicable Agreements shall become the rights and obligations of such successor. Further, JEA shall require any successor to assume expressly and agree to perform this Plan and any applicable Agreements in the same manner and to the same extent that JEA would be required to perform this Plan and any such Agreements if no such succession had taken place. This Plan and any Agreements shall be administered in a manner which best reflects the spirit and purpose of this Section 9(e)(i), and the Board may amend or clarify this Plan and/or any Agreements to reflect the spirit and purpose of this Section 9(e)(i) in accordance with the amendment procedures set forth in Section 8(a).

(ii) Neither this Plan nor any Agreements nor any right or interest hereunder or thereunder shall be assignable or transferable by any Participants or their beneficiaries or legal representatives, except by will or by the laws of descent and distribution. Notwithstanding the foregoing, in the event of the death of a Participant, payments that otherwise would have been made to the Participant shall instead be made to the Participant’s estate.

(f) Governing Law. All questions concerning the construction, validity and interpretation of this Plan and any Agreement shall be governed by the laws of the State of Florida, applicable to contracts to be executed and performed entirely therein, regardless of the laws of any other jurisdiction that might otherwise govern due to applicable conflicts of laws principles.

(g) Arbitration. Except for suits seeking injunctive relief or specific performance or as otherwise prohibited by law, the parties hereby agree that any dispute, controversy or claim arising out of, connected with and/or otherwise relating to this Plan and/or any Agreement and the arbitrability of any controversy or claim relating hereto shall be finally settled by binding

arbitration. The parties hereby knowingly and voluntarily waive any rights that they may have to a jury trial for any such disputes, controversies or claim. The parties agree to resolve any dispute arising out of this Plan and/or any Agreement before the American Arbitration Association (the "AAA") in accordance with the AAA's then existing National Rules of Resolution of Employment Disputes. The arbitration shall be administered by the AAA and the hearing shall be conducted in Duval County of the State of Florida before a neutral arbitrator, who must have been admitted to the practice of law for at least the last ten (10) years (the "Arbitrator"). Each party further agrees to pay its or his own arbitration costs, attorneys' fees, and expenses, unless otherwise required by the AAA's then-existing arbitration rules. The Arbitrator shall issue an opinion within thirty (30) days of the final arbitration hearing and shall be authorized to award reasonable attorneys' fees to the prevailing party, which decision of the Arbitrator shall be final, conclusive, unappealable and binding on the parties. Subject to Applicable Law, the arbitration proceeding and any and all related awards, relief or findings shall be confidential, except that any arbitration award may be filed in a court of competent jurisdiction by either party for the purpose of enforcing the award.

(h) Survival. The provisions of this Plan and any Agreement that are intended to survive this Plan and any Agreement and to survive the Participant's termination of employment shall survive in accordance with their terms.

(i) Severability. If any provision of this Plan or any Agreement becomes or is deemed invalid, illegal or unenforceable in any applicable jurisdiction by reason of the scope, extent or duration of its coverage, then such provision shall be deemed amended to the minimum extent necessary to conform to Applicable Law so as to be valid and enforceable or, if such provision cannot be so amended without materially altering the intention of the parties, then such provision shall be stricken and the remainder of this Plan or any Agreement (as applicable) shall continue in full force and effect.

(j) Collective Bargaining; Civil Service Rules. If or as required, JEA shall collectively bargain this Plan and/or any Agreement with unions representing covered bargaining unit employees of JEA. This Plan and any Agreement shall not be interpreted to be inconsistent with the Civil Service Rules, as applicable.

(k) Penalties. In the event that any payments under this Plan and/or any Agreement to any Participant are subject to any excise tax, interest or penalties under the Code (the "Penalties"), the JEA Group shall pay to such Participant an amount equal to the full amount of the Penalties. Such payment is intended to place the Participant in the same economic position such Participant would have been in if the Penalties did not apply and shall be calculated in accordance with such intent. Notwithstanding anything to the contrary contained herein, the JEA Group shall not make any Participant economically whole for Penalties caused by, relating to or arising from such Participant's breach of this Plan or any Award Agreement or such Participant's failure to comply with his or her obligations under Applicable Law.

(l) Compliance with Applicable Law. No provision of this Plan and/or any Agreement shall be deemed to violate Applicable Law and this Plan and any Agreement shall be interpreted in accordance with this intent.

(m) Determinations. All determinations regarding the Performance Units, including the amount of the Redemption Price, shall be made by JEA in its sole and absolute discretion in accordance with the terms of this Plan and any Agreement, and shall be final, conclusive and binding on all parties.

(n) Section Headings. The headings in this Plan are inserted for convenience only and shall not be deemed to constitute a part hereof nor to affect the meaning hereof.

(o) Savings Account. The aggregate Purchase Price paid by the Participants in respect of the Performance Units shall be deposited by JEA into a FDIC-insured savings account. JEA shall be entitled to any interest on the amount deposited into the savings account.

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SCHEDULE A
[YEAR] REDEMPTION PRICE SCHEDULE

The Redemption Price shall increase by \$100.00 per Performance Unit for each Value Change Percentage increase of 1.00% in excess of the Challenge Value Target and shall decrease by \$0.50 per Performance Unit for each Value Change Percentage decrease of 1.00% below the Threshold Value Target, but in no event shall the Redemption Price per Performance Unit be less than \$0.00.

For purposes of this Schedule A, the following defined terms shall mean:

(a) “Base Year Value” means \$[AMOUNT].¹

(b) “Challenge Value Target” means [PERCENT].²

(c) “Current Year Value” means, with respect to each Performance Period, the sum of (i) JEA’s Net Position, as shown on JEA’s audited financial statements for such Performance Period (or, in the case of a Recapitalization Event, JEA’s Net Position as shown on JEA’s audited financial statements immediately following the Closing Date), (ii) the aggregate consideration paid directly or otherwise transferred to the City of Jacksonville whether in cash or in-kind (excluding any public service taxes or franchise fees) during the twelve (12)-month period prior to the end of the Performance Period, and (iii) the aggregate consideration (including refunds, rebates and distributions) paid, distributed, credited or otherwise provided to the customers of the JEA Group during the twelve (12)-month period prior to the end of the Performance Period. For the avoidance of doubt, for purposes of calculating the amounts in clauses (i), (ii) and (iii), any consideration and change in Net Position, as applicable, in connection with the Recapitalization Event shall be taken into account.

(d) “Value Change Percentage” means a percentage equal to the Current Year Value divided by the Base Year Value.

(e) “Threshold Value Target” means [PERCENT].³

Any amounts paid, distributed, credited or otherwise provided in a form other than cash shall be valued at the value ascribed to them in the documents governing, or if none, then at their fair market value as determined by the Administrator in its sole discretion.

¹ For the first performance period, this amount will be equal to the Current Year Value for fiscal year 2019 as reflected on the audited financial statements when available.

² For the first performance period, insert 110%.

³ For the first performance period, insert 100%.