JEA BOARD MEETING AGENDA

December 17, 2019 • 9:00 a.m.

21 W. Church Street, 19th Floor

JEA Building Community®

I.	WELCOME
A.	Call to Order
B.	Time of Reflection
C.	Pledge to Flag
D.	Introductions
E.	Adoption of the Agenda – Action
F.	Safety Briefing – Lynne Rhode, Chief Legal Officer
G.	Sunshine Law/Public Records Statement – Lynne Rhode, Chief Legal Officer

II.	COMMENTS / PRESENTATIONS	
	Item(s)	Speaker/Title
A.	Comments from the Public	Public
B.	Council Liaison's Comments	Council Member Danny Becton

III.	PERSONNEL MATTERS (DISCUSSION/ACTION)		
	Item(s)	Speaker/Title	Discussion Action/Information
A.	CEO & Managing Director/Executive Management	April Green, Board Chair	Action

IV.	OPERATIONS (DISCUSSION / ACTION)			
	Definition: The "Operations" section of the Board Meeting is for business matters requiring Board discussion, Board action, or for matters being submitted to the Board as information only.			
	Item(s)		Speaker/Title	Discussion Action/Information
A.	Consent Agenda – The Consent Agenda consists of agenda items that require Board approval but are routine in nature, or have been discussed in previous public meetings of the Board. The Consent Agenda items require no explanation, discussion or presentation, and are approved by one motion and vote.			
	Consent Agenda Reference Material (Provided in Appendices)			
	Appendix A:	Board Meeting Minutes October 22, 2019		Action
	Appendix B:	Real Estate Optimization – Deerwood Water Treatment Plant		Action
	Appendix C:	Fiscal Year 2020 Operating Budget Line Item Transfers to Continue Star Plan		Action
	Appendix D:	Monthly Financial Statements		Information
	Appendix E:	Monthly FY19 Communications & Engagement Calendar and Plan Update		Information
	Appendix F:	Corporate Campus Update		Information

		Appendix G:	Financial and Operations Detail		Information
		Appendix H:	Monthly Financial and Operations Dashboard	Caren Anders, VP/GM Energy Systems Deryle Calhoun, VP/GM Water/Wastewater Systems	Information
	B.	FY2019 Annual Disclosure Approval		Ryan Wannemacher, Chief Financial Officer	Action
	C.	Rescind Resolution 2019-10 Approved by Board of Directors July 23, 2019 (Performance Unit Plan)		Jon Kendrick, VP/HR	Action
	D.	Discussion of Mayor's Recommendations Regarding the ITN Process and JEA's Future		April Green, Board Chair	Action

V.	STRATEGY (DISCUSSION ONLY)		
	Definition: The "Strategy" section of the Board Meeting is <u>only</u> for discussion & feedback to management on strategic initiatives of and for JEA.		
	Item(s)		Speaker/Title
		N/A	

VI.	SUBJECT MATTER EXPLORATION (OPPORTUNITIES & RISKS – PRESENTATION)		
	Definition: The "Subject Matter Exploration" section of the Board Meeting will be used to brief the Board Members on market, environment, business or other generally important matters. Staff and/or 3rd party experts will provide presentations on a specific subject and the Board will be afforded an opportunity for Q&A at the end.		
	Item(s)		Speaker/Title
	A.	N/A	

VII.	COMMITTEE REPORTS			
	Item(s)		Speaker/Title	Discussion/Action/ Information
	A.	N/A		

VIII.	OTHER BUSINESS		
	Item(s)		Speaker/Title
	A.	Old Business	
	B.	Other New Business	
	C.	Open Discussion	
	D.	Managing Director/CEO's Report	
	E.	Chair's Report	April Green, Board Chair

IX.	CLOSING CONSIDERATIONS	
	Item(s)	
	A.	Announcements – Next Board Meeting January 28, 2020
	B.	Adjournment

Board Calendar

Board Meetings: 9am – Fourth Tuesday of Every Month (exceptions: November 17, 2020 and December 15, 2020)

Committees: Finance & Audit Committee: Monday, March 16, 2020

Compensation Committee: TBD

Government Affairs Committee: TBD

Nominating Committee: TBD

A. If you have a disability that requires reasonable accommodations to participate in the above meeting, please call **665-7550** by **8:30 AM** the day before the meeting and we will provide reasonable assistance for you.

B. If a person decides to appeal any decision made by the JEA Board with respect to any matter considered at this meeting, that person will need a record of the proceedings, and, for such purpose, needs to ensure that verbatim record of the proceedings is made, which record includes the evidence and testimony upon which the appeal is to be based.

Florida's Government in the Sunshine Law
Office of General Counsel

This meeting is subject to Florida's Government in the Sunshine Law, §286.011, Florida Statutes, and shall be open to the public at all times.

JEA BOARD MINUTES
October 22, 2019

The JEA Board met in regular session on Tuesday October 22, 2019, on the 19th Floor, 21 W. Church Street, Jacksonville, Florida. Present were April Green, Reverend Fredrick Newbill, Camille Lee-Johnosn, Kelly Flanagan, Andy Allen, Henry Brown, Aaron Zahn, and Lynne Rhode.

Agenda Item I – Welcome

A. The meeting was **called to order** at 9:04am by Chair April Green.

B. A **Moment of Reflection** was observed by all.

C. The **Pledge of Allegiance** was led by Chair Green.

D. **Introductions** were made by board members present, Aaron Zahn, and Lynne Rhode.

E. **Adoption of Agenda** – The agenda was approved on **motion** by Vice-Chair Newbill and second by Ms. Lee-Johnson.

F. The **Safety Briefing** was given by Aaron Zahn, Managing Director/Chief Executive Officer.

G. **Sunshine Law/Public Records Statement** – Lynne Rhode, Office of General Counsel (OGC), stated this Board Meeting is being held in compliance with Florida's Government in the Sunshine Law, §286.011. The complete statement can be found in section I. F. of the Board package.

Agenda Item II – Comments / Presentations

A. **Comments from the Public –** Yvonne Ward (information on file), had comments and concerns on the septic phase out program for her neighborhood, Moncrief Springs, and others. Mr. Zahn suggested that she follow up with Kerri Stewart, VP/Chief Customer Officer and Councilman Becton and he offered to follow up with her as well if needed.

B. **Comments from Council Liaison –** no comments from Councilman Becton

C. **John Campion Recognition –** Aaron Zahn recognized and thanked John Campion for his time on the board. A Resolution from the Board of Directors and token of appreciation will be sent to him. **Motion** to approve Resolution passed unanimously.

Agenda Item III – Operations (Discussion/Action)

A. **Consent Agenda –** used for items that require no explanation, discussion or presentation and are approved by one motion and vote. On **motion** by Vice-Chair Newbill and second by Ms. Lee-Johnson the consent agenda was unanimously approved.

Appendix A: Board Meeting Minutes September 24, 2019 – approved

Appendix B: **FY2019 Operating and Capital Budget Line Item Transfers –** approved

Appendix C: Approval of Resolution: FY2020 Budgetary Transfers – approved

Appendix D: JEA Investment Policy Revisions – approved

B. Monthly Reports and Updates – The following monthly reports and updates are submitted to the Board as information only. These items require no explanation, discussion, presentation or action.

Appendix E: Monthly Financial Statements – received for information

Appendix F: Monthly FY2019 Communications & Engagement Calendar and Plan Update – received for information

Appendix G: Financial Operations Detail – received for information

Appendix H: Corporate Campus Update – received for information

Appendix I: Sole Source & Emergency/Procurement Appeals Board Report – received for information

C. Monthly Financials and Operations Dashboard – The Financial and Operations Dashboards were presented by Deryle Calhoun, VP/GM Water/Wastewater Systems and Caren Anders, VP/GM Energy Systems. Mr. Calhoun and Ms. Anders presented, in detail, the Energy, Water/Wastewater, and Corporate metrics noting the changes in the FY20 metrics and the continuous improvements being made. In discussion with Chair Green, Mr. Calhoun and Ms. Anders assured the board that employees are engaged in what is going on in the future but are still working safely and taking pride in their work. This presentation was received for information only.

D. JEA's Jacksonville Small and Emerging Business Program Report – John McCarthy, VP/Chief Supply Chain Officer highlighted the stretch spend achievements, increase in JSEB contracts, and the increase in the number of vendors in the JSEB program. The presentation concluded with video showcasing JEA's Annual JSEB Summit. This presentation was received for information only.

E. Renewal of Firm Natural Gas Supply Agreement with Shell Energy North America – Caren Anders, VP/GM Energy Systems and Randall Van Artsen, Manager Energy Fuel Systems presented the importance of Natural Gas, the background, and the evaluation process for choosing a contract. Ms. Anders highlighted the benefits, risk, and mitigation of the risk. Staff recommends the Board of Directors approve the extension of the natural gas supply and transportation agreement with Shell Energy North America for 10 years, 2021 to 2031. Lynne Rhode, Chief Legal Officer, read Resolution 2019-14**.**

On **motion** by Secretary Lee-Johnson and second by Vice Chair Newbill, agenda item III. E. was unanimously approved.

<u>Agenda Item IV – JEA Invitation to Negotiate Update</u>

A. JEA Invitation to Negotiate Update – Aaron Zahn, Managing Director/CEO introduced the speakers and the information be received from the presentation. Todd Giardinelli, Global Head of Mergers and Acquisitions - Morgan Stanley, provided some background on Morgan Stanley and his experience with Mergers and Acquisitions. Edward Manheimer, Global Power and Utility Mergers and Acquisitions - Morgan Stanley introduced himself and provided his professional background and years of experience. Jennifer Dooly, Global Power & Utilities - JP Morgan provided her professional background and history of JP Morgan. Isaac Sine, Head of Public Power – JP Morgan, introduced himself and how his role with JP Morgan fits into this process. Mr. Sine began the ITN Update presentation by explaining the role of the investment bank in the ITN process and the fairness of consideration process. Mr. Sine provided an update on the competitive process and how it aligns with JEA's goals.

Mr. Giardenelli presented an overview of the evaluation phase and stated that there are nine diverse bidders that all meet the minimum requirements. Mr. Giardenelli further explained the minimum requirements that were set in order for bidders to move to the next phase. Mr. Giardinelli concluded his portion of the presentation by summarizing the IPO process and the next steps.

Ms. Dooly began her portion of the presentation with a ten-year overview of improvements made by utilities while maintaining low customer rates. Ms. Dooly stated as we look to the future, scale and scope are going to be increasingly important for U.S. utilities to capture operational and capital efficiencies. Ms. Dooly explained four ways in which scale allows utilities to undergo infrastructure upgrades with rate stability are: 1) Lower cost of capital; 2) Greater O&M efficiency; 3) Renewable generation; and 4) Greater technology adoption abilities.

Mr. Manheimer concluded the presentation outlining three factors causing disruptions facing the utility sector. The three factors are declining cost for renewables, increased penetration of distributed energy resources, and increased customer focus. Mr. Manheimer also presented a map displaying the increase in corporate focus on renewables in the U.S. Mr. Manheimer summarized the presentation with the following concluding remarks: 1) Consolidation continues to remain a theme in the utility sector; 2) Macro conditions provide supportive backdrop for utility sector; 3) Scale allows for greater operating leverage and efficiency of costs; 4) Disruption in the sector applying pressure on utility returns – customers want efficiency; 5) Push for decarbonization is impacting all aspects of the utility model; 5) Utilities are responding accordingly.

Agenda Item V – Subject Matter Exploration (Opportunities & Risks – Presentations)

A. N/A

Agenda Item VI – Committee Reports

A. CEO Performance Review – Jon Kendrick, VP/Chief Human Resource Officer explained the CEO Performance Evaluation process which is mandated by the Board of Directors and Mr. Zahn's employee agreement. Mr. Kendrick stated that Mr. Zahn completed a self-evaluation which was then submitted to the members of the Compensation Committee for their evaluation. Members of the Compensation Committee rated Mr. Zahn with an overall "Meets Expectations". Mr. Zahn also worked with the Compensation Committee to develop his goals for FY20.

Compensation Committee, Ms. Lee-Johnson recommended that the board finds that Mr. Zahn meets the expectations with the performance review for 2019 and that there be no changes made to the employee agreement. Chair Green read Resolution 2019-15.

On **motion** by Ms. Flanagan and second by Vice-Chair Newbill Resolution 2019-15 was approved unanimously.

Agenda Item VII – Other Business

A. Old Business – N/A

B. Other New Business – Board member Andy Allen had a question on rate changes. Ryan Wannemacher, Chief Financial Officer, provided clarity with an explanation of rate trends and how savings are passed along to customers.

C. Open Discussion – Vice Chair Newbill provided positive comments on JSEB and commended John McCarthy and his team on their work.

D. Managing Director/CEO's Report – Aaron Zahn, CEO stated that he will be able to provide a report on traditional response in the next few months. Management will provide an overview of what options the team could possibly pursue. Management will also explore Plant Vogtle rate impacts.

E. Chair's Report – Board Chair April Green thanked the team for their hard work and commended Aaron Zahn on his efforts as well.

Agenda Item VIII – Closing Considerations

A. Announcements – Next Board Meeting – November 19, 2019

B. Adjournment

With no further business claiming the attention of the Board, Chair Green adjourned the meeting at 10:52am.

APPROVED BY:

____
SECRETARY
DATE: ____________________________

Board Meeting recorded by:

____
Madricka L. Jones, Executive Staff Assistant

INTER-OFFICE MEMORANDUM
December 2, 2019

SUBJECT:	**REAL ESTATE OPTIMIZATION – DEERWOOD WATER TREATMENT PLANT**
FROM:	Aaron F. Zahn, Managing Director/CEO
TO:	JEA Board of Directors

BACKGROUND:
In July 2019, JEA was approached by Johnson & Johnson regarding the purchase of an unimproved, 3.21 acre JEA owned parcel (the "JEA parcel") adjacent to the Deerwood Water Treatment Plant and the Johnson & Johnson campus near the intersection of Deerwood Park Boulevard and Southside Boulevard. The subject parcel is landlocked and lacks legal access except to the adjacent landowners, JEA and Johnson & Johnson. Johnson & Johnson's request is related to a planned ~$50 million expansion of its 60 acre campus.

Due to operational and growth considerations, JEA has a need to retain a portion of the JEA parcel for future system expansion. Given the future need, JEA and Johnson & Johnson have agreed to a transaction of approximately 2.65 acres of the JEA parcel. This will allow JEA and Johnson & Johnson to accommodate the desired future growth and expansion of their respective sites. Additionally, Johnson & Johnson will acquire a small portion of JEA's Deerwood Water Treatment Plant site to help smooth traffic lanes as part of Johnson & Johnson's future expansion. A location map depicting the subject properties is included with this memo. In total, JEA would sell 2.7 acres of surplus property to Johnson & Johnson.

DISCUSSION:
The JEA Real Estate Services Procurement Directive requires Board of Directors approval for any sale or purchase of real property exceeding $500,000. A negotiated purchase price has been agreed to in the amount of $793,881. The Directive also requires JEA to offer surplus property through a competitive sealed bid or auction process. Considering the subject parcel is landlocked and lacks legal access, a competitive sealed bid process or auction process is not practical. Per JEA policy, the parcel was offered to the City of Jacksonville and other governmental agencies and no agency declared a need for the property.

RECOMMENDATION:
Staff recommends the following:

1. The the Board approve Resolution 2019-16

2. That the Board waive any conflicting provisions of the JEA Real Estate Services Procurement Directive and allow negotiations solely with Johnson & Johnson, reflecting their status as an adjacent landowner and the positive community impact of Johnson & Johnson's expansion project.

3. That the Board of Directors declare the property described in Exhibit A of Resolution 2019-16 surplus to the needs of JEA and approve a sale in the amount of $793,881 to Johnson & Johnson, Inc.

4. That the Board delegate authority to the Real Property Procurement Officer to execute all documents necessary to effectuate the closing.

Aaron F. Zahn, Managing Director/CEO

AFZ/MHD/SGM/JAP
Attachment:
Resolution 2019-16
Exhibit A

Resolution No. 2019-16

A RESOLUTION DECLARING 2.7 ACRE REAL PROPERTY SURPLUS AND DELEGATING THE NEGOTIATION OF SALE

WHEREAS, Johnson & Johnson Vision Care, Inc. (“Johnson & Johnson”) desires to purchase, and JEA desires to sell, an unimproved portion of JEA’s real property near the intersection of Deerwood Park Boulevard and Southside Boulevard and having the Duval County Real Estate numbers 147982-0295 & 147982-0500 and as more particularly described in attached Exhibit A (the “Property”);

WHEREAS, an extensive analysis of current and future operational needs with regard to the Property has determined that 2.7 acres of the Property (the “Subject Parcel”) may be sold without impairing JEA’s operations;

WHEREAS, the JEA Charter, Section 21.04(b)(4) authorizes JEA to dispose of real property if it determines it is in the best interest of JEA to do so;

WHEREAS, JEA Management Directive 110 last revised June 19, 2018 (the “Directive”) requires Board of Directors approval for any sale or purchase of real property exceeding $500,000;

WHEREAS the Directive requires JEA to offer surplus property through a competitive sealed bid or auction process;

WHEREAS, the Property is landlocked and lacks legal access, making a competitive sealed bid process or auction process not practical;

WHEREAS, consistent with JEA policy, the parcel has been offered to the City of Jacksonville and other governmental agencies and no agency has declared a need for the property; and

WHEREAS, the JEA Charter, Section 21.10 authorizes the Board to delegate to an officer, agent or employee of JEA by resolution, to execute any documents necessary to effectuate a sale.

BE IT RESOLVED by the JEA Board of Directors that:

1. The 2.7 acre real property identified in Exhibit A as the “Subject Parcel” is declared surplus to the needs of JEA and a sale is hereby approved to Johnson & Johnson;

2. Any conflicting provisions of the JEA Real Estate Services Procurement Directive are hereby waived and the Real Property Procurement Officer may proceed with negotiations solely with Johnson & Johnson, reflecting their status as an adjacent landowner and the positive community impact of Johnson & Johnson’s expansion project;

3. Authority is hereby delegated to the Real Property Procurement Officer to execute all documents necessary to effectuate the closing; and

4. This Resolution shall be effective immediately upon passage.

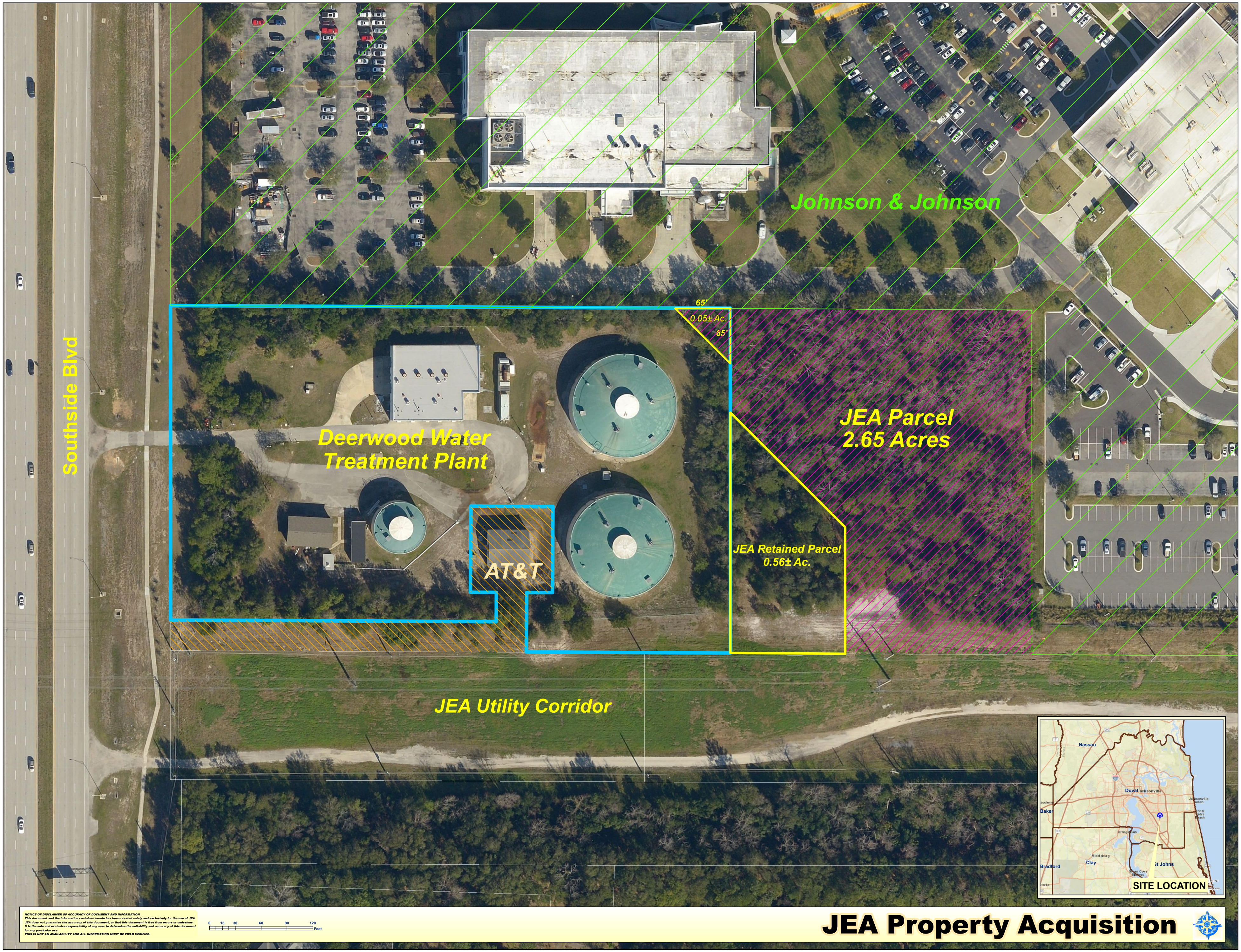
Dated this _______ day of _____________2019.

JEA

By: ______________________________________
Chair

Form Approved:

____
Lynne C. Rhode
Chief Legal Officer


Johnson & Johnson
Southside Blvd
65'
0.05± Ac.
65'
Deerwood Water Treatment Plant
JEA Parcel 2.65 Acres
AT&T
JEA Retained Parcel 0.56± Ac.
JEA Utility Corridor
Nassau
Duval
Baker
Clay
St Johns
Bradford
SITE LOCATION
NOTICE OF DISCLAIMER OF ACCURACY OF DOCUMENT AND INFORMATION
This document and the information contained herein has been created solely and exclusively for the use of JEA.
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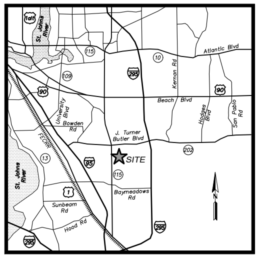
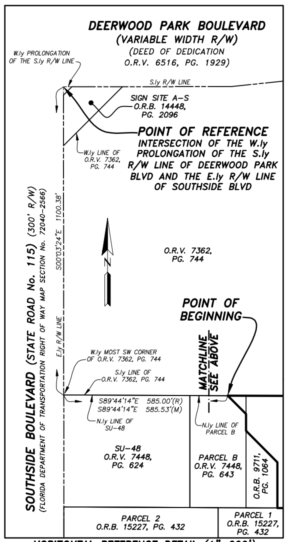
It is the sole and exclusive responsibility of any user to determine the suitability and accuracy of this document for any particular use.
THIS IS NOT AN AVAILABILITY AND ALL INFORMATION MUST BE FIELD VERIFIED.
0 15 30 60 90 120 Feet
JEA Property Acquisition

MAP SHOWING BOUNDARY SURVEY OF

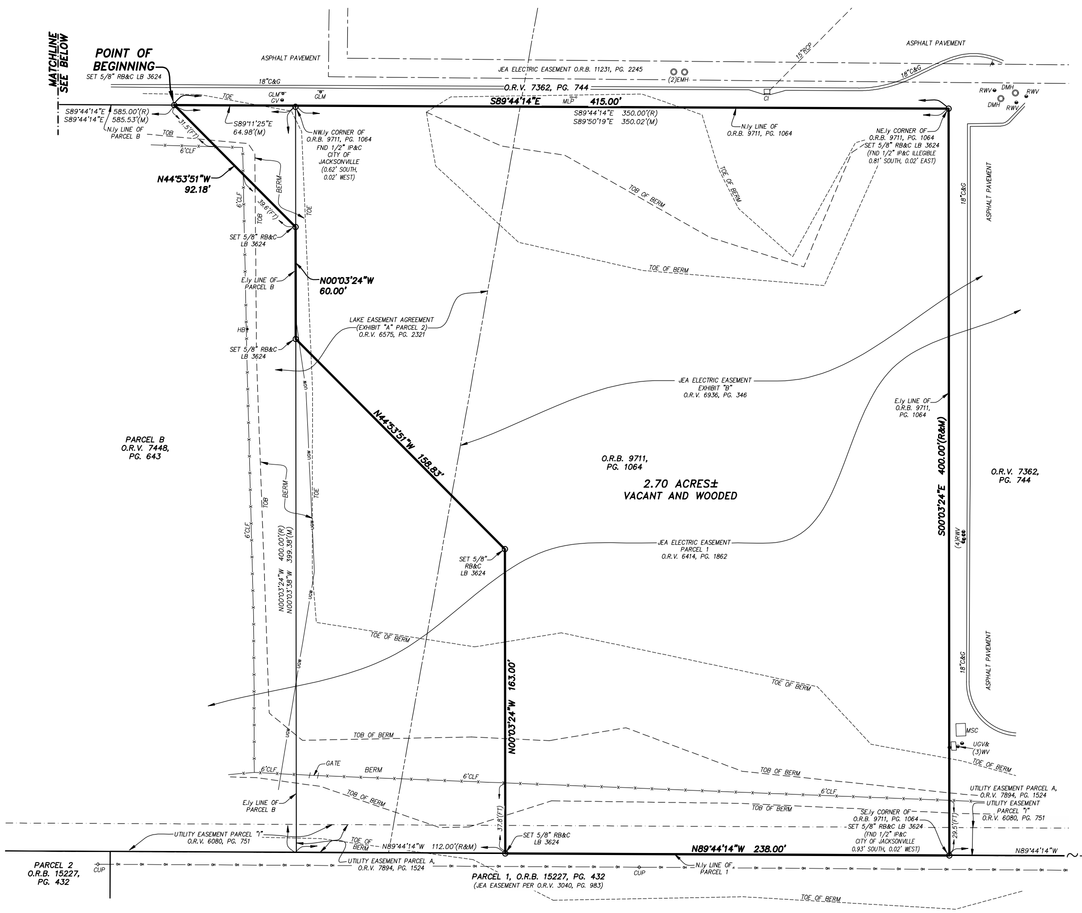
A PORTION OF SECTION 13, TOWNSHIP 3 SOUTH, RANGE 27 EAST, DUVAL COUNTY, FLORIDA, BEING A PORTION OF THOSE LANDS DESCRIBED AND RECORDED IN OFFICIAL RECORDS VOLUME 7448, PAGE 643, AND OFFICIAL RECORDS BOOK 9711, PAGE 1064, BOTH OF THE CURRENT PUBLIC RECORDS OF SAID COUNTY.



VICINITY MAP
(NOT TO SCALE)



HORIZONTAL REFERENCE DETAIL (1"=200')



TRACT B
DEERWOOD PARK SOUTH
PLAT BOOK 49, PAGES 29 & 29A

N89°44'14"W 578.62'(R) 578.09'(M)

SW.ly CORNER OF TRACT B
FND 4"X4" CM
NO ID

S.ly LINE OF DEERWOOD PARK SOUTH
N89°44'14"W 1043.34'(R)
N89°44'14"W 1043.37'(M)

SE.ly CORNER OF TRACT B
FND 4"X4" CM
RLS 4271

GRAPHIC SCALE

(IN FEET)
1 inch = 30 ft.

SURVEYOR'S DESCRIPTION:

A portion of Section 13, Township 3 South, Range 27 East, Duval County, Florida, being a portion of those lands described and recorded in Official Records Volume 7448, page 643, and a portion of Official Records Book 9711, page 1064, both of the current Public Records of said county, being more particularly describe as follows:

For a Point of Reference, commence at the intersection of the Westerly prolongation of the Southerly right of way line of Deerwood Park Boulevard, a variable width right of way as described in Deed of Dedication recorded in Official Records Volume 6516, page 1929, of said current Public Records, and the Easterly right of way line of Southside Boulevard (State Road No. 115), a 300 foot right of way as depicted on Florida Department of Transportation Right of Way Map Section No. 72040–2566; thence South 00°03'24" East, along said Easterly right of way line, 1100.38 feet to the Westerly most Southwest corner of those lands described and recorded in Official Records Volume 7362, page 744, of said current Public Records; thence South 89°44'14" East, departing said Easterly right of way line, along the Southerly line of said Official Records Volume 7362, page 744, and along the Northerly line of Parcel B, as described and recorded in said Official Records Volume 7448, page 643, a distance of 585.00 feet to the Point of Beginning.

From said Point of Beginning, thence continue South 89°44'14" East, along said Northerly line of Parcel B and along the Northerly line of said Official Records Book 9711, page 1064, a distance of 415.00 feet to the Northeasterly corner thereof; thence South 00°03'24" East, along the Easterly line of said Official Records Book 9711, page 1064, a distance of 400.00 feet to the Southeasterly corner thereof, said corner lying on the Northerly line of Parcel 1, as described and recorded in Official Records Book 15227, page 432, of said current Public Records; thence North 89°44'14" West, along said Northerly line, 238.00 feet; thence North 00°03'24" West, departing said Northerly line, 163.00 feet; thence North 44°53'31" West, 158.83 feet to a point lying on the Easterly line of said Parcel B; thence North 00°03'24" West, along said Easterly line, 60.00 feet; thence North 44°53'51" West, departing said Easterly line, 92.18 feet to the Point of Beginning.

Containing 2.70 acres, more or less.

LEGEND:

O.R.V.	OFFICIAL RECORDS VOLUME
O.R.B.	OFFICIAL RECORDS BOOK
PG.	PAGE
R/W	RIGHT OF WAY
L.A.R.W.	LIMITED ACCESS RIGHT OF WAY
BLVD	BOULEVARD
(R)	DATA OF RECORD
(M)	FIELD MEASURED DATA
(FT)	FENCE TIE
ID	IDENTIFICATION
LB	LICENSED BUSINESS
RLS	REGISTERED LAND SURVEYOR
FND	FOUND
CM	CONCRETE MONUMENT
RB&C	REBAR AND CAP
IP	IRON PIPE
IP&C	IRON PIPE AND CAP
CONC	CONCRETE
EP	EDGE OF PAVEMENT
C&G	CONCRETE CURB AND GUTTER
CUP	CONCRETE UTILITY POLE
MLP	METAL LIGHT POLE
—OH—	OVERHEAD UTILITIES
EMH	ELECTRIC MANHOLE
WV	WATER VALVE
HB	HOSE BIBB
RWV	REUSE WATER VALVE
—UGW—	UNDERGROUND WATER UTILITIES (DELINEATED BY OTHERS)
DMH	DRAINAGE MANHOLE
CI	CURB INLET
TOB	TOP OF BANK
RCP	REINFORCED CONCRETE PIPE
CLF	CHAIN LINK FENCE
UGV	UNDERGROUND VAULT (UNDETERMINED UTILITY)
MSC	METAL SERVICE CABINET (UNDETERMINED UTILITY)
GV	GAS VALVE
GLM	GAS LINE MARKER
	INFORMATION SIGN (UNLESS OTHERWISE NOTED)

GENERAL NOTES:

1) BEARINGS BASED ON THE SOUTHERLY LINE OF DEERWOOD PARK SOUTH AS BEING NORTH 89°44'14" WEST. RECORD BEARINGS DEPICTED HEREON ARE REFLECTIVE OF ADJUSTMENT OF DEED TO STATE PLANE COORDINATES AND ARE NOT TRANSCRIBED VERBATIM FROM DEEDS OF RECORD.

2) SECTION AND/OR LOT LINES DEPICTED HEREON ARE GRAPHIC REPRESENTATIONS ONLY UNLESS OTHERWISE DENOTED.

3) UNDERGROUND IMPROVEMENTS AND UTILITIES NOT LOCATED, EXCEPT AS EVIDENCED BY ABOVE GROUND FEATURES THEREOF.

4) UPON EXAMINATION OF DUVAL COUNTY FLOOD INSURANCE RATE MAP NUMBER 12031C0556H, DATED JUNE 3, 2013, THE PROPERTY DESCRIBED HEREON APPEARS TO LIE WITHIN FLOOD ZONE "X". NO ATTEMPT WAS MADE TO FIELD VERIFY.

5) ZONING FOR THE DESCRIBED PROPERTY IS PLANNED UNIT DEVELOPMENT (PUD) BY ORDINANCE 2000–328–E PER THE DUVAL COUNTY PROPERTY APPRAISER'S DATABASE. NO OTHER INFORMATION WAS PROVIDED TO THIS OFFICE.

6) SURVEY PERFORMED WITHOUT BENEFIT OF COMMITMENT FOR TITLE, AND MAY THEREFORE BE SUBJECT TO RESTRICTIONS, RESERVATIONS, EASEMENTS AND RIGHTS OF WAY OF RECORD AND/OR NON–RECORD THAT DO NOT APPEAR HEREON.

ETM Surveying & Mapping, Inc.
VISION • EXPERIENCE • RESULTS
14775 Old St. Augustine Road, Jacksonville, FL. 32258
Tel: (904) 642–8550 Fax: (904) 642–4165
Certificate of Authorization No.: LB 3624

SCALE 1"=30'
DATE NOVEMBER 5, 2019

THIS ITEM HAS BEEN ELECTRONICALLY SIGNED AND SEALED USING A DIGITAL SIGNATURE. PRINTED COPIES OF THIS DOCUMENT ARE NOT CONSIDERED SIGNED AND SEALED AND THE SIGNATURE MUST BE VERIFIED ON ANY ELECTRONIC COPIES.

Digital Signature By:
Damon J. Kelly, PSM

DAMON J. KELLY
PROFESSIONAL SURVEYOR AND MAPPER
STATE of FLORIDA LS No. 6284
KellyD@etmsurvey.com

CAD FILE: I:\Survey\RMAproj\Vistakon\Bndy\JEA Parcel Bndy.dwg FIELD BOOK: EFB3 "VISTIKAN" DRAWN BY: DMS CHECKED BY: DJK COUNTY: DUVAL ORDER NO.: 19–273.00 FILE NO.: 125G–26.00A

INTER-OFFICE MEMORANDUM
December 2, 2019

SUBJECT:	**FISCAL YEAR 2020 OPERATING BUDGET LINE ITEM TRANSFERS**
FROM:	Aaron F. Zahn, Managing Director/CEO
TO:	JEA Board of Directors

BACKGROUND

In October 2019, the Board of Directors approved the agenda item for FY20 Budgetary Transfers authorizing the Managing Director/CEO to make certain transfers within the budget. Resolution No. 2019-13 allows the Managing Director/CEO to make transfers up to $5.0 million during a budget year. Transfers in excess of $5.0 million during the fiscal year are brought to the Board of Directors for authorization after the fact. This agenda item requests authorization from the Board of Directors for transfers supporting JEA's financial objectives and to obtain a balanced budget.

JEA provides the Council Auditor a revised budget with supporting Funds Transfer Requests by the following month after the transfer.

DISCUSSION

In December 2018, the Board approved the Strategic & Timely Asset Realignment Plan (STAR) to increase operating efficiency and reduce corporate risk by optimizing JEA assets and liabilities. In February 2019, Phase 1 of the STAR Plan was executed for a total of approximately $195 million in early debt retirement. In October 2019, Phase 2 was executed for a total of approximately $94 million, bringing the STAR plan total debt defeasance to approximately $289 million. Both the Energy and Water and Sewer Systems utilized available cash balances from the Debt Service Reserve Fund, Debt Management Rate Stabilization and Renewal and Replacement Fund.

RECOMMENDATION

Staff recommends that the Board ratify the FY2020 the budget line item transfers of:

Energy System

- $25.3 million to Debt Service – Bond Buyback from Other Revenues – Energy. This entry utilizes prior period cash reserves to reduce outstanding debt. The Revenues and Appropriations for FY20 will increase by $25.3 million.

Water and Sewer System

- $34.0 million to Debt Service – Bond Buyback from Other Revenues – Water. This entry utilizes prior period cash reserves to reduce outstanding debt. The Revenues and Appropriations for FY20 will increase by $34.0 million.

Aaron F. Zahn, Managing Director/CEO

AFZ/RFW/KMQ

JEA
FY 19/20 FUNDS TRANSFER

Energy System
Operating Budget

TRANSFER FROM ACCOUNT	DESCRIPTION	AMOUNT
Credit 021-Z0000-8023	Other Revenues - Energy	$ 25,269,914
	Total	$ 25,269,914

TRANSFER TO ACCOUNT	DESCRIPTION	AMOUNT
Debit 021-Z0000-5103	Debt Service - Bond Buyback	$ 25,269,914
	Total	$ 25,269,914

JUSTIFICATION: Utilization of prior year balances to defease debt.

APPROVALS:

APPROVED: Juli Crawford — 12/2/19
Director, Financial Planning and Analysis — DATE

APPROVED: — 12/2/19
Chief Financial Officer — DATE

APPROVED: — 12/9/19
Managing Director/CEO — DATE

Forwarded to Council Auditor: Date:______________________

JEA
FY 19/20 FUNDS TRANSFER

Water and Sewer System
Operating Budget

TRANSFER FROM ACCOUNT	DESCRIPTION	AMOUNT
Credit		
071-Z0000-8023	Other Revenues - Water	$ 33,986,631
	Total	$ 33,986,631

TRANSFER TO ACCOUNT	DESCRIPTION	AMOUNT
Debit		
071-Z0000-5103	Debt Service - Bond Buyback	$ 33,986,631
	Total	$ 33,986,631

JUSTIFICATION: Utilization of prior year balances to defease debt.

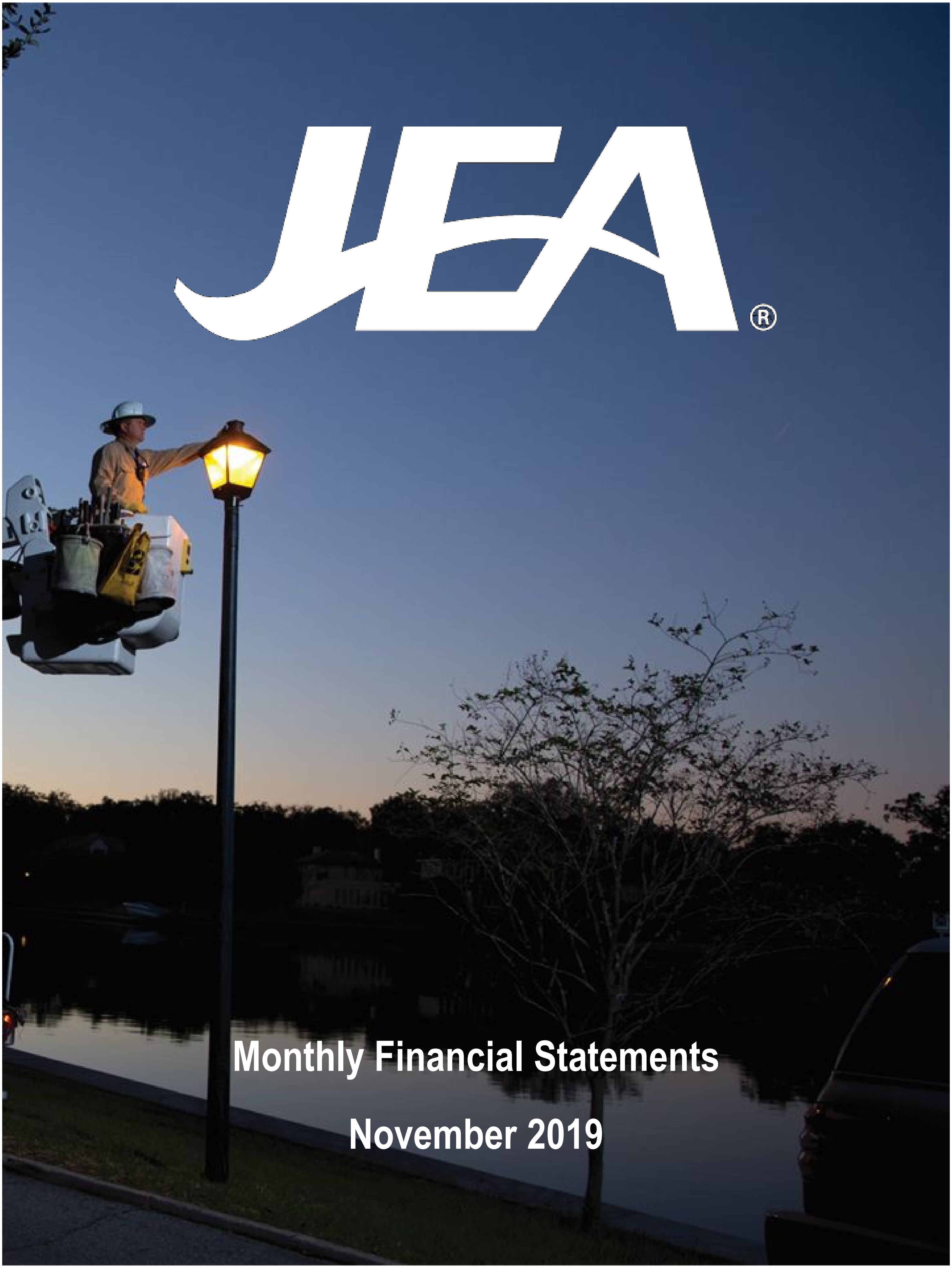
APPROVALS:

APPROVED: Juli Crawford 12/2/19
Director, Financial Planning and Analysis DATE

APPROVED: 12/2/19
Chief Financial Officer DATE

APPROVED: 12/9/19
Managing Director/CEO DATE

Forwarded to Council Auditor: Date:______________________



Monthly Financial Statements

November 2019

Monthly Financial Statements

November 2019

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Appendix

JEA
Statements of Net Position
(in thousands)

	November 2019 (unaudited)	September 2019
Assets		
Current assets:		
Cash and cash equivalents	$ 266,322	$ 414,438
Investments	121,832	2,399
Customer accounts receivable, net of allowance ($1,138 and $1,341, respectively)	196,104	226,848
Inventories:		
Materials and supplies	61,322	58,962
Fuel	36,602	30,898
Other current assets	14,485	19,592
Total current assets	696,667	753,137
Noncurrent assets:		
Restricted assets:		
Cash and cash equivalents	112,659	265,784
Investments	250,396	380,250
Accounts and interest receivable	1,078	1,071
Total restricted assets	364,133	647,105
Costs to be recovered from future revenues	844,541	851,046
Other assets	21,829	19,016
Total noncurrent assets	1,230,503	1,517,167
Capital assets:		
Land and easements	195,461	195,461
Plant in service	11,586,340	11,563,873
Less accumulated depreciation	(6,892,590)	(6,836,311)
Plant in service, net	4,889,211	4,923,023
Construction work in progress	583,339	542,421
Net capital assets	5,472,550	5,465,444
Total assets	7,399,720	7,735,748
Deferred outflows of resources		
Unrealized pension contributions and losses	131,554	131,554
Unamortized deferred losses on refundings	107,611	108,875
Accumulated decrease in fair value of hedging derivatives	166,672	161,485
Unrealized asset retirement obligations	48,760	50,329
Unrealized OPEB contributions and losses	9,100	9,100
Total deferred outflows of resources	463,697	461,343
Total assets and deferred outflows of resources	$ 7,863,417	$ 8,197,091

JEA

Statements of Net Position
(in thousands)

		November 2019 (unaudited)		September 2019
Liabilities				
Current liabilities:				
Accounts and accrued expenses payable	$	53,085	$	53,827
Customer deposits and prepayments		72,773		73,974
Billings on behalf of state and local governments		21,167		26,292
Current portion of asset retirement obligations		17,432		18,884
Compensation and benefits payable		13,979		17,228
City of Jacksonville payable		10,101		10,269
Total current liabilities		188,537		200,474
Current liabilities payable from restricted assets:				
Debt due within one year		102,700		192,555
Interest payable		20,772		64,775
Renewal and replacement reserve		45,112		46,955
Construction contracts and accounts payable		42,923		66,775
Total current liabilities payable from restricted assets		211,507		371,060
Noncurrent liabilities:				
Net pension liability		566,372		566,372
Asset retirement obligations		31,328		31,445
Net OPEB liability		18,987		18,256
Other liabilities		63,648		59,840
Total noncurrent liabilities		680,335		675,913
Long-term debt:				
Debt payable, less current portion		3,231,885		3,428,080
Unamortized premium, net		108,512		118,125
Fair value of debt management strategy instruments		149,887		149,887
Total long-term debt		3,490,284		3,696,092
Total liabilities		4,570,663		4,943,539
Deferred inflows of resources				
Revenues to be used for future costs		195,964		238,690
Unrealized pension gains		50,880		50,880
Unrealized OPEB gains		11,249		11,249
Accumulated increase in fair value of hedging derivatives		401		-
Total deferred inflows of resources		258,494		300,819
Net position				
Net investment in capital assets		2,562,066		2,248,863
Restricted for:				
Capital projects		114,760		165,186
Debt service		16,385		193,063
Other purposes		41,567		42,005
Unrestricted		299,482		303,616
Total net position		3,034,260		2,952,733
Total liabilities, deferred inflows of resources, and net position	$	7,863,417	$	8,197,091

JEA
Statements of Revenues, Expenses, and Changes in Net Position
(in thousands - unaudited)

	Month November 2019	Month November 2018	Year-to-Date November 2019	Year-to-Date November 2018
Operating revenues				
Electric - base	$ 59,201	$ 61,228	$ 161,792	$ 131,105
Electric - fuel and purchased power	25,810	30,109	54,406	66,889
Water and sewer	33,333	32,433	88,162	72,417
District energy system	461	562	1,322	1,395
Other	2,978	3,029	5,859	6,126
Total operating revenues	121,783	127,361	311,541	277,932
Operating expenses				
Operations and maintenance:				
Fuel	20,637	23,182	45,215	55,935
Purchased power	9,194	11,022	17,573	19,640
Maintenance and other operating expenses	32,865	33,497	60,581	61,728
Depreciation	30,195	31,005	59,943	60,162
State utility and franchise taxes	5,235	5,422	11,940	12,372
Recognition of deferred costs and revenues, net	2,169	1,121	4,274	2,348
Total operating expenses	100,295	105,249	199,526	212,185
Operating income	21,488	22,112	112,015	65,747
Nonoperating revenues (expenses)				
Interest on debt	(10,701)	(12,440)	(24,950)	(24,886)
Investment income	1,301	1,800	2,960	3,730
Allowance for funds used during construction	1,876	1,046	3,684	2,346
Other nonoperating income, net	657	588	1,389	1,186
Earnings from The Energy Authority	147	(290)	452	59
Other interest, net	392	(223)	245	(487)
Total nonoperating expenses, net	(6,328)	(9,519)	(16,220)	(18,052)
Income before contributions	15,160	12,593	95,795	47,695
Contributions (to) from				
General Fund, City of Jacksonville, Florida	(9,901)	(9,804)	(19,803)	(19,608)
Developers and other	8,449	4,320	17,448	14,026
Reduction of plant cost through contributions	(5,361)	(2,445)	(11,913)	(9,797)
Total contributions, net	(6,813)	(7,929)	(14,268)	(15,379)
Change in net position	8,347	4,664	81,527	32,316
Net position, beginning of period	3,025,913	2,782,961	2,952,733	2,755,309
Net position, end of period	$ 3,034,260	$ 2,787,625	$ 3,034,260	$ 2,787,625

Statement of Cash Flows
(in thousands - unaudited)

	Year-to-Date November 2019	Year-to-Date November 2018
Operating activities		
Receipts from customers	$ 294,856	$ 311,735
Payments to suppliers	(110,646)	(141,145)
Payments to employees	(46,663)	(50,138)
Other operating activities	11,414	2,238
Net cash provided by operating activities	148,961	122,690
Noncapital and related financing activities		
Contribution to General Fund, City of Jacksonville, Florida	(19,718)	(19,526)
Net cash used in noncapital and related financing activities	(19,718)	(19,526)
Capital and related financing activities		
Defeasance of debt	(93,495)	-
Proceeds received from debt	-	2,000
Acquisition and construction of capital assets	(86,488)	(67,043)
Repayment of debt principal	(192,555)	(185,790)
Interest paid on debt	(67,182)	(76,155)
Capital contributions	5,535	4,230
Other capital financing activities	(9,487)	193
Net cash used in capital and related financing activities	(443,672)	(322,565)
Investing activities		
Purchase of investments	(46,379)	(133,156)
Proceeds from sale and maturity of investments	56,800	133,524
Investment income	2,651	2,914
Distributions from The Energy Authority	116	67
Net cash provided by investing activities	13,188	3,349
Net change in cash and cash equivalents	(301,241)	(216,052)
Cash and cash equivalents at beginning of year	680,222	555,782
Cash and cash equivalents at end of period	$ 378,981	$ 339,730
Reconciliation of operating income to net cash provided by operating activities		
Operating income	$ 112,015	$ 65,747
Adjustments:		
Depreciation and amortization	60,144	60,373
Recognition of deferred costs and revenues, net	4,274	2,348
Other nonoperating income, net	256	24
Changes in noncash assets and noncash liabilities:		
Accounts receivable	36,330	39,815
Inventories	(8,065)	(6,132)
Other assets	(2,620)	(4,407)
Accounts and accrued expenses payable	(8,250)	(30,982)
Current liabilities payable from restricted assets	(1,388)	(594)
Other noncurrent liabilities and deferred inflows	(43,735)	(3,502)
Net cash provided by operating activities	$ 148,961	$ 122,690
Noncash activity		
Contribution of capital assets from developers	$ 11,913	$ 9,797
Unrealized gains (losses) on fair value of investments, net	$ -	$ -

(in thousands - unaudited) November 2019

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
Assets							
Current assets:							
Cash and cash equivalents	$ 194,402	$ 65,221	$ -	$ 259,623	5,524	$ 1,175	$ 266,322
Investments	74,032	2,980	-	77,012	44,820	-	121,832
Customer accounts receivable, net of allowance ($1,138)	141,044	-	-	141,044	54,723	337	196,104
Inventories:							
Materials and supplies	2,253	97	-	2,350	58,972	-	61,322
Fuel	36,602	-	-	36,602	-	-	36,602
Other current assets	13,975	9,827	(13,416)	10,386	4,099	-	14,485
Total current assets	462,308	78,125	(13,416)	527,017	168,138	1,512	696,667
Noncurrent assets:							
Restricted assets:							
Cash and cash equivalents	-	79,308	-	79,308	28,555	4,796	112,659
Investments	149,572	10,234	-	159,806	90,590	-	250,396
Accounts and interest receivable	1,053	18	-	1,071	7	-	1,078
Total restricted assets	150,625	89,560	-	240,185	119,152	4,796	364,133
Costs to be recovered from future revenues	341,578	251,948	-	593,526	250,981	34	844,541
Other assets	18,623	-	-	18,623	3,179	27	21,829
Total noncurrent assets	510,826	341,508	-	852,334	373,312	4,857	1,230,503
Capital assets:							
Land and easements	124,457	6,660	-	131,117	61,293	3,051	195,461
Plant in service	5,607,543	1,316,043	-	6,923,586	4,605,604	57,150	11,586,340
Less accumulated depreciation	(3,285,048)	(1,313,037)	-	(4,598,085)	(2,266,366)	(28,139)	(6,892,590)
Plant in service, net	2,446,952	9,666	-	2,456,618	2,400,531	32,062	4,889,211
Construction work in progress	241,551	-	-	241,551	340,935	853	583,339
Net capital assets	2,688,503	9,666	-	2,698,169	2,741,466	32,915	5,472,550
Total assets	3,661,637	429,299	(13,416)	4,077,520	3,282,916	39,284	7,399,720
Deferred outflows of resources							
Unrealized pension contributions and losses	78,089	3,539	-	81,628	49,926	-	131,554
Unamortized deferred losses on refundings	61,021	3,468	-	64,489	42,943	179	107,611
Accumulated decrease in fair value of hedging derivatives	135,406	-	-	135,406	31,266	-	166,672
Unrealized asset retirement obligations	32,433	16,327	-	48,760	-	-	48,760
Unrealized OPEB contributions and losses	5,551	-	-	5,551	3,549	-	9,100
Total deferred outflows of resources	312,500	23,334	-	335,834	127,684	179	463,697
Total assets and deferred outflows of resources	$ 3,974,137	$ 452,633	$ (13,416)	$ 4,413,354	$ 3,410,600	$ 39,463	$ 7,863,417

JEA
Combining Statement of Net Position
(in thousands - unaudited) November 2019

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
Liabilities							
Current liabilities:							
Accounts and accrued expenses payable	$ 41,776	$ 5,195	$ (4,787)	$ 42,184	$ 10,880	$ 21	$ 53,085
Customer deposits and prepayments	55,543	-	-	55,543	17,230	-	72,773
Billings on behalf of state and local governments	17,426	(1)	-	17,425	3,742	-	21,167
Current portion of asset retirement obligations	1,105	16,327	-	17,432	-	-	17,432
Compensation and benefits payable	10,626	-	-	10,626	3,341	12	13,979
City of Jacksonville payable	8,009	-	-	8,009	2,092	-	10,101
Total current liabilities	134,485	21,521	(4,787)	151,219	37,285	33	188,537
Current liabilities payable from restricted assets:							
Debt due within one year	67,765	13,340	-	81,105	19,870	1,725	102,700
Interest payable	10,429	1,741	-	12,170	8,386	216	20,772
Renewal and replacement reserve	-	45,112	-	45,112	-	-	45,112
Construction contracts and accounts payable	30,288	4,314	(3,546)	31,056	11,867	-	42,923
Total current liabilities payable from restricted assets	108,482	64,507	(3,546)	169,443	40,123	1,941	211,507
Noncurrent liabilities:							
Net pension liability	343,046	4,001	-	347,047	219,325	-	566,372
Asset retirement obligations	31,328	-	-	31,328	-	-	31,328
Net OPEB liability	11,560	-	-	11,560	7,427	-	18,987
Other liabilities	55,339	5,083	(5,083)	55,339	8,254	55	63,648
Total noncurrent liabilities	441,273	9,084	(5,083)	445,274	235,006	55	680,335
Long-term debt:							
Debt payable, less current portion	1,681,045	251,765	-	1,932,810	1,267,665	31,410	3,231,885
Unamortized premium (discount), net	50,631	1,324	-	51,955	56,586	(29)	108,512
Fair value of debt management strategy instruments	118,621	-	-	118,621	31,266	-	149,887
Total long-term debt	1,850,297	253,089	-	2,103,386	1,355,517	31,381	3,490,284
Total liabilities	2,534,537	348,201	(13,416)	2,869,322	1,667,931	33,410	4,570,663
Deferred inflows of resources							
Revenues to be used for future costs	178,175	-	-	178,175	17,789	-	195,964
Unrealized pension gains	27,276	6,166	-	33,442	17,438	-	50,880
Unrealized OPEB gains	6,862	-	-	6,862	4,387	-	11,249
Accumulated increase in fair value of hedging derivatives	401	-	-	401	-	-	401
Total deferred inflows of resources	212,714	6,166	-	218,880	39,614	-	258,494
Net position			-				
Net investment in (divestment of) capital assets	950,817	(1,236)	-	949,581	1,612,498	(13)	2,562,066
Restricted for:							
Capital projects	66,637	-	-	66,637	43,831	4,292	114,760
Debt service	10,371	2,559	-	12,930	3,167	288	16,385
Other purposes	4,388	29,094	3,546	37,028	4,539	-	41,567
Unrestricted	194,673	67,849	(3,546)	258,976	39,020	1,486	299,482
Total net position	1,226,886	98,266	-	1,325,152	1,703,055	6,053	3,034,260
Total liabilities, deferred inflows of resources, and net position	$ 3,974,137	$ 452,633	$ (13,416)	$ 4,413,354	$ 3,410,600	$ 39,463	$ 7,863,417

(in thousands) September 2019

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
Assets							
Current assets:							
Cash and cash equivalents	$ 282,069	$ 66,734	$ -	$ 348,803	$ 64,146	$ 1,489	$ 414,438
Investments	-	2,399	-	2,399	-	-	2,399
Customer accounts receivable, net of allowance ($1,341)	171,854	-	-	171,854	54,756	238	226,848
Inventories:							
Materials and supplies	2,219	106	-	2,325	56,637	-	58,962
Fuel	30,898	-	-	30,898	-	-	30,898
Other current assets	18,358	9,790	(13,138)	15,010	4,582	-	19,592
Total current assets	505,398	79,029	(13,138)	571,289	180,121	1,727	753,137
Noncurrent assets:							
Restricted assets:							
Cash and cash equivalents	74,586	94,858	-	169,444	89,586	6,754	265,784
Investments	230,849	10,891	-	241,740	138,510	-	380,250
Accounts and interest receivable	1,053	11	-	1,064	7	-	1,071
Total restricted assets	306,488	105,760	-	412,248	228,103	6,754	647,105
Costs to be recovered from future revenues	343,247	253,706	-	596,953	254,059	34	851,046
Other assets	16,285	-	-	16,285	2,731	-	19,016
Total noncurrent assets	666,020	359,466	-	1,025,486	484,893	6,788	1,517,167
Capital assets:							
Land and easements	124,457	6,660	-	131,117	61,293	3,051	195,461
Plant in service	5,598,589	1,316,043	-	6,914,632	4,592,091	57,150	11,563,873
Less accumulated depreciation	(3,252,637)	(1,312,969)	-	(4,565,606)	(2,242,977)	(27,728)	(6,836,311)
Plant in service, net	2,470,409	9,734	-	2,480,143	2,410,407	32,473	4,923,023
Construction work in progress	203,901	-	-	203,901	337,716	804	542,421
Net capital assets	2,674,310	9,734	-	2,684,044	2,748,123	33,277	5,465,444
Total assets	3,845,728	448,229	(13,138)	4,280,819	3,413,137	41,792	7,735,748
Deferred outflows of resources							
Unrealized pension contributions and losses	78,089	3,539	-	81,628	49,926	-	131,554
Unamortized deferred losses on refundings	61,773	3,502	-	65,275	43,418	182	108,875
Accumulated decrease in fair value of hedging derivatives	130,219	-	-	130,219	31,266	-	161,485
Unrealized asset retirement obligations	32,282	18,047	-	50,329	-	-	50,329
Unrealized OPEB contributions and losses	5,551	-	-	5,551	3,549	-	9,100
Total deferred outflows of resources	307,914	25,088	-	333,002	128,159	182	461,343
Total assets and deferred outflows of resources	$ 4,153,642	$ 473,317	$ (13,138)	$ 4,613,821	$ 3,541,296	$ 41,974	$ 8,197,091

(in thousands) September 2019

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
Liabilities							
Current liabilities:							
Accounts and accrued expenses payable	$ 42,875	$ 4,255	$ (3,600)	$ 43,530	$ 10,156	$ 141	$ 53,827
Customer deposits and prepayments	56,714	-	-	56,714	17,260	-	73,974
Billings on behalf of state and local governments	22,406	(1)	-	22,405	3,887	-	26,292
Current portion of asset retirement obligations	837	18,047	-	18,884	-	-	18,884
Compensation and benefits payable	12,236	-	-	12,236	4,944	48	17,228
City of Jacksonville payable	8,186	-	-	8,186	2,083	-	10,269
Total current liabilities	143,254	22,301	(3,600)	161,955	38,330	189	200,474
Current liabilities payable from restricted assets:							
Debt due within one year	122,380	13,780	-	136,160	54,705	1,690	192,555
Interest payable	32,109	5,564	-	37,673	26,436	666	64,775
Renewal and replacement reserve	-	46,955	-	46,955	-	-	46,955
Construction contracts and accounts payable	24,589	3,859	(3,315)	25,133	41,481	161	66,775
Total current liabilities payable from restricted assets	179,078	70,158	(3,315)	245,921	122,622	2,517	371,060
Noncurrent liabilities:							
Net pension liability	343,046	4,001	-	347,047	219,325	-	566,372
Asset retirement obligations	31,445	-	-	31,445	-	-	31,445
Net OPEB liability	11,136	-	-	11,136	7,120	-	18,256
Other liabilities	51,373	6,223	(6,223)	51,373	8,438	29	59,840
Total noncurrent liabilities	437,000	10,224	(6,223)	441,001	234,883	29	675,913
Long-term debt:							
Debt payable, less current portion	1,796,880	265,105	-	2,061,985	1,332,960	33,135	3,428,080
Unamortized premium (discount), net	56,775	1,433	-	58,208	59,946	(29)	118,125
Fair value of debt management strategy instruments	118,621	-	-	118,621	31,266	-	149,887
Total long-term debt	1,972,276	266,538	-	2,238,814	1,424,172	33,106	3,696,092
Total liabilities	2,731,608	369,221	(13,138)	3,087,691	1,820,007	35,841	4,943,539
Deferred inflows of resources							
Revenues to be used for future costs	208,794	-	-	208,794	29,896	-	238,690
Unrealized pension gains	27,276	6,166	-	33,442	17,438	-	50,880
Unrealized OPEB gains	6,862	-	-	6,862	4,387	-	11,249
Total deferred inflows of resources	242,932	6,166	-	249,098	51,721	-	300,819
Net position							
Net investment in (divestment of) capital assets	773,119	(12,879)	-	760,240	1,490,121	(1,498)	2,248,863
Restricted for:							
Capital projects	83,017	-	-	83,017	77,771	4,398	165,186
Debt service	121,541	14,071	-	135,612	55,761	1,690	193,063
Other purposes	4,388	28,186	3,315	35,889	6,116	-	42,005
Unrestricted	197,037	68,552	(3,315)	262,274	39,799	1,543	303,616
Total net position	1,179,102	97,930	-	1,277,032	1,669,568	6,133	2,952,733
Total liabilities, deferred inflows of resources, and net position	$ 4,153,642	$ 473,317	$ (13,138)	$ 4,613,821	$ 3,541,296	$ 41,974	$ 8,197,091

Combining Statement of Revenues, Expenses, and Changes in Net Position
(in thousands - unaudited) for the month ended November 2019

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
Operating revenues								
Electric - base	$ 59,463	$ -	$ -	$ 59,463	$ -	$ -	$ (262)	$ 59,201
Electric - fuel and purchased power	26,795	2,063	(2,064)	26,794	-	-	(984)	25,810
Water and sewer	-	-	-	-	33,338	-	(5)	33,333
District energy system	-	-	-	-	-	491	(30)	461
Other	2,009	16	-	2,025	1,205	(1)	(251)	2,978
Total operating revenues	88,267	2,079	(2,064)	88,282	34,543	490	(1,532)	121,783
Operating expenses								
Operations and maintenance:								
Fuel	20,637	-	-	20,637	-	-	-	20,637
Purchased power	11,258	-	(2,064)	9,194	-	-	-	9,194
Maintenance and other operating expenses	19,777	869	-	20,646	13,317	434	(1,532)	32,865
Depreciation	16,722	34	-	16,756	13,234	205	-	30,195
State utility and franchise taxes	4,421	-	-	4,421	814	-	-	5,235
Recognition of deferred costs and revenues, net	1,168	632	-	1,800	369	-	-	2,169
Total operating expenses	73,983	1,535	(2,064)	73,454	27,734	639	(1,532)	100,295
Operating income	14,284	544	-	14,828	6,809	(149)	-	21,488
Nonoperating revenues (expenses)								
Interest on debt	(5,769)	(843)	-	(6,612)	(3,980)	(109)	-	(10,701)
Investment income	780	217	-	997	294	10	-	1,301
Allowance for funds used during construction	772	-	-	772	1,102	2	-	1,876
Other nonoperating income, net	342	27	-	369	288	-	-	657
Earnings from The Energy Authority	147	-	-	147	-	-	-	147
Other interest, net	251	-	-	251	141	-	-	392
Total nonoperating expenses, net	(3,477)	(599)	-	(4,076)	(2,155)	(97)	-	(6,328)
Income before contributions	10,807	(55)	-	10,752	4,654	(246)	-	15,160
Contributions (to) from								
General Fund, City of Jacksonville, Florida	(7,822)	-	-	(7,822)	(2,079)	-	-	(9,901)
Developers and other	61	-	-	61	8,388	-	-	8,449
Reduction of plant cost through contributions	(61)	-	-	(61)	(5,300)	-	-	(5,361)
Total contributions, net	(7,822)	-	-	(7,822)	1,009	-	-	(6,813)
Change in net position	2,985	(55)	-	2,930	5,663	(246)	-	8,347
Net position, beginning of period	1,223,901	98,321	-	1,322,222	1,697,392	6,299	-	3,025,913
Net position, end of period	$ 1,226,886	$ 98,266	$ -	$ 1,325,152	$ 1,703,055	$ 6,053	$ -	$ 3,034,260

JEA
Combining Statement of Revenues, Expenses, and Changes in Net Position
(in thousands - unaudited) for the month ended November 2018

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
Operating revenues								
Electric - base	$ 61,504	$ -	$ -	$ 61,504	$ -	$ -	$ (276)	$ 61,228
Electric - fuel and purchased power	30,969	2,562	(2,381)	31,150	-	-	(1,041)	30,109
Water and sewer	-	-	-	-	32,489	-	(56)	32,433
District energy system	-	-	-	-	-	594	(32)	562
Other	2,275	123	-	2,398	907	1	(277)	3,029
Total operating revenues	94,748	2,685	(2,381)	95,052	33,396	595	(1,682)	127,361
Operating expenses								
Operations and maintenance:								
Fuel	22,000	1,182	-	23,182	-	-	-	23,182
Purchased power	13,403	-	(2,381)	11,022	-	-	-	11,022
Maintenance and other operating expenses	21,740	701	-	22,441	12,353	385	(1,682)	33,497
Depreciation	18,214	34	-	18,248	12,553	204	-	31,005
State utility and franchise taxes	4,582	-	-	4,582	840	-	-	5,422
Recognition of deferred costs and revenues, net	(238)	1,171	-	933	188	-	-	1,121
Total operating expenses	79,701	3,088	(2,381)	80,408	25,934	589	(1,682)	105,249
Operating income	15,047	(403)	-	14,644	7,462	6	-	22,112
Nonoperating revenues (expenses)								
Interest on debt	(6,874)	(870)	-	(7,744)	(4,584)	(112)	-	(12,440)
Investment income	1,079	215	-	1,294	495	11	-	1,800
Allowance for funds used during construction	339	-	-	339	704	3	-	1,046
Other nonoperating income, net	353	28	-	381	207	-	-	588
Earnings from The Energy Authority	(290)	-	-	(290)	-	-	-	(290)
Other interest, net	(225)	-	-	(225)	2	-	-	(223)
Total nonoperating expenses, net	(5,618)	(627)	-	(6,245)	(3,176)	(98)	-	(9,519)
Income before contributions	9,429	(1,030)	-	8,399	4,286	(92)	-	12,593
Contributions (to) from								
General Fund, City of Jacksonville, Florida	(7,746)	-	-	(7,746)	(2,058)	-	-	(9,804)
Developers and other	2	-	-	2	4,318	-	-	4,320
Reduction of plant cost through contributions	(2)	-	-	(2)	(2,443)	-	-	(2,445)
Total contributions, net	(7,746)	-	-	(7,746)	(183)	-	-	(7,929)
Change in net position	1,683	(1,030)	-	653	4,103	(92)	-	4,664
Net position, beginning of period, as restated	1,082,773	96,811	-	1,179,584	1,597,743	5,634	-	2,782,961
Net position, end of period	$ 1,084,456	$ 95,781	$ -	$ 1,180,237	$ 1,601,846	$ 5,542	$ -	$ 2,787,625

Combining Statement of Revenues, Expenses, and Changes in Net Position
(in thousands - unaudited) for the two months ended November 2019

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
Operating revenues								
Electric - base	$ 162,365	$ -	$ -	$ 162,365	$ -	$ -	$ (573)	$ 161,792
Electric - fuel and purchased power	56,562	4,016	(4,017)	56,561	-	-	(2,155)	54,406
Water and sewer	-	-	-	-	88,210	-	(48)	88,162
District energy system	-	-	-	-	-	1,386	(64)	1,322
Other	3,978	18	-	3,996	2,406	(1)	(542)	5,859
Total operating revenues	222,905	4,034	(4,017)	222,922	90,616	1,385	(3,382)	311,541
Operating expenses								
Operations and maintenance:								
Fuel	45,215	-	-	45,215	-	-	-	45,215
Purchased power	21,590	-	(4,017)	17,573	-	-	-	17,573
Maintenance and other operating expenses	37,616	817	-	38,433	24,666	864	(3,382)	60,581
Depreciation	33,103	68	-	33,171	26,361	411	-	59,943
State utility and franchise taxes	10,154	-	-	10,154	1,786	-	-	11,940
Recognition of deferred costs and revenues, net	2,115	1,735	-	3,850	424	-	-	4,274
Total operating expenses	149,793	2,620	(4,017)	148,396	53,237	1,275	(3,382)	199,526
Operating income	73,112	1,414	-	74,526	37,379	110	-	112,015
Nonoperating revenues (expenses)								
Interest on debt	(14,088)	(1,689)	-	(15,777)	(8,954)	(219)	-	(24,950)
Investment income	1,679	558	-	2,237	699	24	-	2,960
Allowance for funds used during construction	1,478	-	-	1,478	2,201	5	-	3,684
Other nonoperating income, net	690	53	-	743	646	-	-	1,389
Earnings from The Energy Authority	452	-	-	452	-	-	-	452
Other interest, net	106	-	-	106	139	-	-	245
Total nonoperating expenses, net	(9,683)	(1,078)	-	(10,761)	(5,269)	(190)	-	(16,220)
Income before contributions	63,429	336	-	63,765	32,110	(80)	-	95,795
Contributions (to) from								
General Fund, City of Jacksonville, Florida	(15,645)	-	-	(15,645)	(4,158)	-	-	(19,803)
Developers and other	96	-	-	96	17,352	-	-	17,448
Reduction of plant cost through contributions	(96)	-	-	(96)	(11,817)	-	-	(11,913)
Total contributions, net	(15,645)	-	-	(15,645)	1,377	-	-	(14,268)
Change in net position	47,784	336	-	48,120	33,487	(80)	-	81,527
Net position, beginning of year	1,179,102	97,930	-	1,277,032	1,669,568	6,133	-	2,952,733
Net position, end of period	$ 1,226,886	$ 98,266	$ -	$ 1,325,152	$ 1,703,055	$ 6,053	$ -	$ 3,034,260

Combining Statement of Revenues, Expenses, and Changes in Net Position
(in thousands - unaudited) for the two months ended November 2018

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
Operating revenues								
Electric - base	$ 131,679	$ -	$ -	$ 131,679	$ -	$ -	$ (574)	$ 131,105
Electric - fuel and purchased power	68,440	5,800	(5,190)	69,050	-	-	(2,161)	66,889
Water and sewer	-	-	-	-	72,541	-	(124)	72,417
District energy system	-	-	-	-	-	1,468	(73)	1,395
Other	4,474	281	-	4,755	1,924	1	(554)	6,126
Total operating revenues	204,593	6,081	(5,190)	205,484	74,465	1,469	(3,486)	277,932
Operating expenses								
Operations and maintenance:								
Fuel	53,704	2,231	-	55,935	-	-	-	55,935
Purchased power	24,830	-	(5,190)	19,640	-	-	-	19,640
Maintenance and other operating expenses	37,229	1,982	-	39,211	25,142	861	(3,486)	61,728
Depreciation	35,154	68	-	35,222	24,533	407	-	60,162
State utility and franchise taxes	10,580	-	-	10,580	1,792	-	-	12,372
Recognition of deferred costs and revenues, net	(370)	2,344	-	1,974	374	-	-	2,348
Total operating expenses	161,127	6,625	(5,190)	162,562	51,841	1,268	(3,486)	212,185
Operating income	43,466	(544)	-	42,922	22,624	201	-	65,747
Nonoperating revenues (expenses)								
Interest on debt	(13,746)	(1,740)	-	(15,486)	(9,176)	(224)	-	(24,886)
Investment income	2,285	375	-	2,660	1,045	25	-	3,730
Allowance for funds used during construction	777	-	-	777	1,562	7	-	2,346
Other nonoperating income, net	716	57	-	773	413	-	-	1,186
Earnings from The Energy Authority	59	-	-	59	-	-	-	59
Other interest, net	(426)	-	-	(426)	(61)	-	-	(487)
Total nonoperating expenses, net	(10,335)	(1,308)	-	(11,643)	(6,217)	(192)	-	(18,052)
Income before contributions	33,131	(1,852)	-	31,279	16,407	9	-	47,695
Contributions (to) from								
General Fund, City of Jacksonville, Florida	(15,492)	-	-	(15,492)	(4,116)	-	-	(19,608)
Developers and other	282	-	-	282	13,744	-	-	14,026
Reduction of plant cost through contributions	(282)	-	-	(282)	(9,515)	-	-	(9,797)
Total contributions, net	(15,492)	-	-	(15,492)	113	-	-	(15,379)
Change in net position	17,639	(1,852)	-	15,787	16,520	9	-	32,316
Net position, beginning of year, as restated	1,066,817	97,633	-	1,164,450	1,585,326	5,533	-	2,755,309
Net position, end of period	$ 1,084,456	$ 95,781	$ -	$ 1,180,237	$ 1,601,846	$ 5,542	$ -	$ 2,787,625

JEA
Combining Statement of Cash Flows
(in thousands - unaudited) for the two months ended November 2019

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
Operating activities								
Receipts from customers	$ 220,330	$ 4,028	$ (4,302)	$ 220,056	$ 76,354	$ 1,286	$ (2,840)	$ 294,856
Payments to suppliers	(99,020)	(1,644)	4,302	(96,362)	(16,760)	(906)	3,382	(110,646)
Payments to employees	(32,531)	(747)	-	(33,278)	(13,269)	(116)	-	(46,663)
Other operating activities	8,286	18	-	8,304	3,653	(1)	(542)	11,414
Net cash provided by operating activities	97,065	1,655	-	98,720	49,978	263	-	148,961
Noncapital and related financing activities								
Contribution to General Fund, City of Jacksonville, Florida	(15,569)	-	-	(15,569)	(4,149)	-	-	(19,718)
Net cash used in noncapital and related financing activities	(15,569)	-	-	(15,569)	(4,149)	-	-	(19,718)
Capital and related financing activities								
Defeasance of debt	(48,070)	-	-	(48,070)	(45,425)	-	-	(93,495)
Acquisition and construction of capital assets	(41,698)	-	-	(41,698)	(44,586)	(204)	-	(86,488)
Repayment of debt principal	(122,380)	(13,780)	-	(136,160)	(54,705)	(1,690)	-	(192,555)
Interest paid on debt	(33,942)	(5,564)	-	(39,506)	(27,011)	(665)	-	(67,182)
Capital contributions	-	-	-	-	5,535	-	-	5,535
Other capital financing activities	(6,732)	-	-	(6,732)	(2,755)	-	-	(9,487)
Net cash used in capital and related financing activities	(252,822)	(19,344)	-	(272,166)	(168,947)	(2,559)	-	(443,672)
Investing activities								
Purchase of investments	(31,808)	(11,846)	-	(43,654)	(2,725)	-	-	(46,379)
Proceeds from sale and maturity of investments	39,053	11,922	-	50,975	5,825	-	-	56,800
Investment income	1,712	550	-	2,262	365	24	-	2,651
Distributions from The Energy Authority	116	-	-	116	-	-	-	116
Net cash provided by investing activities	9,073	626	-	9,699	3,465	24	-	13,188
Net change in cash and cash equivalents	(162,253)	(17,063)	-	(179,316)	(119,653)	(2,272)	-	(301,241)
Cash and cash equivalents at beginning of year	356,655	161,592	-	518,247	153,732	8,243	-	680,222
Cash and cash equivalents at end of period	$ 194,402	$ 144,529	$ -	$ 338,931	$ 34,079	$ 5,971	$ -	$ 378,981
Reconciliation of operating income to net cash provided by operating activities								
Operating income	$ 73,112	$ 1,414	$ -	$ 74,526	$ 37,379	$ 110	$ -	$ 112,015
Adjustments:								
Depreciation and amortization	33,103	68	-	33,171	26,562	411	-	60,144
Recognition of deferred costs and revenues, net	2,115	1,735	-	3,850	424	-	-	4,274
Other nonoperating income, net	19	-	-	19	237	-	-	256
Changes in noncash assets and noncash liabilities:								
Accounts receivable	35,197	16	-	35,213	1,216	(99)	-	36,330
Inventories	(5,739)	9	-	(5,730)	(2,335)	-	-	(8,065)
Other assets	(1,986)	-	-	(1,986)	(606)	(28)	-	(2,620)
Accounts and accrued expenses payable	(8,119)	941	-	(7,178)	(915)	(157)	-	(8,250)
Current liabilities payable from restricted assets	-	(1,388)	-	(1,388)	-	-	-	(1,388)
Other noncurrent liabilities and deferred inflows	(30,637)	(1,140)	-	(31,777)	(11,984)	26	-	(43,735)
Net cash provided by operating activities	$ 97,065	$ 1,655	$ -	$ 98,720	$ 49,978	$ 263	$ -	$ 148,961
Noncash activity								
Contribution of capital assets from developers	$ 96	$ -	$ -	$ 96	$ 11,817	$ -	$ -	$ 11,913
Unrealized gains on fair value of investments, net	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Combining Statement of Cash Flows
(in thousands - unaudited) for the two months ended November 2018

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
Operating activities								
Receipts from customers	$ 235,378	$ 5,744	$ (5,436)	$ 235,686	$ 77,227	$ 1,754	$ (2,932)	$ 311,735
Payments to suppliers	(124,095)	(3,699)	5,436	(122,358)	(21,426)	(847)	3,486	(141,145)
Payments to employees	(36,666)	(10)	-	(36,676)	(13,343)	(119)	-	(50,138)
Other operating activities	305	281	-	586	2,205	1	(554)	2,238
Net cash provided by operating activities	74,922	2,316	-	77,238	44,663	789	-	122,690
Noncapital and related financing activities								
Contribution to General Fund, City of Jacksonville, Florida	(15,369)	-	-	(15,369)	(4,157)	-	-	(19,526)
Net cash used in noncapital and related financing activities	(15,369)	-	-	(15,369)	(4,157)	-	-	(19,526)
Capital and related financing activities								
Proceeds received from debt	-	-	-	-	2,000	-	-	2,000
Acquisition and construction of capital assets	(31,028)	-	-	(31,028)	(35,751)	(264)	-	(67,043)
Repayment of debt principal	(130,690)	(1,720)	-	(132,410)	(51,720)	(1,660)	-	(185,790)
Interest paid on debt	(39,461)	(5,603)	-	(45,064)	(30,411)	(680)	-	(76,155)
Capital contributions	-	-	-	-	4,230	-	-	4,230
Other capital financing activities	192	-	-	192	1	-	-	193
Net cash used in capital and related financing activities	(200,987)	(7,323)	-	(208,310)	(111,651)	(2,604)	-	(322,565)
Investing activities								
Purchase of investments	(87,554)	(20,043)	-	(107,597)	(25,559)	-	-	(133,156)
Proceeds from sale and maturity of investments	62,609	27,666	-	90,275	43,249	-	-	133,524
Investment income	1,874	354	-	2,228	661	25	-	2,914
Distributions from The Energy Authority	67	-	-	67	-	-	-	67
Net cash provided by (used in) investing activities	(23,004)	7,977	-	(15,027)	18,351	25	-	3,349
Net change in cash and cash equivalents	(164,438)	2,970	-	(161,468)	(52,794)	(1,790)	-	(216,052)
Cash and cash equivalents at beginning of year	285,814	139,953	-	425,767	123,061	6,954	-	555,782
Cash and cash equivalents at end of period	$ 121,376	$ 142,923	$ -	$ 264,299	$ 70,267	$ 5,164	$ -	$ 339,730
Reconciliation of operating income to net cash provided by operating activities								
Operating income	$ 43,466	$ (544)	$ -	$ 42,922	$ 22,624	$ 201	$ -	$ 65,747
Adjustments:								
Depreciation and amortization	35,154	68	-	35,222	24,744	407	-	60,373
Recognition of deferred costs and revenues, net	(370)	2,344	-	1,974	374	-	-	2,348
Other nonoperating income (loss), net	24	-	-	24	-	-	-	24
Changes in noncash assets and noncash liabilities:								
Accounts receivable	36,693	(56)	-	36,637	2,892	286	-	39,815
Inventories	(7,055)	1,214	-	(5,841)	(291)	-	-	(6,132)
Other assets	(3,887)	-	-	(3,887)	(487)	(33)	-	(4,407)
Accounts and accrued expenses payable	(24,257)	(116)	-	(24,373)	(6,554)	(55)	-	(30,982)
Current liabilities payable from restricted assets	-	(594)	-	(594)	-	-	-	(594)
Other noncurrent liabilities and deferred inflows	(4,846)	-	-	(4,846)	1,361	(17)	-	(3,502)
Net cash provided by operating activities	$ 74,922	$ 2,316	$ -	$ 77,238	$ 44,663	$ 789	$ -	$ 122,690
Noncash activity								
Contribution of capital assets from developers	$ 282	$ -	$ -	$ 282	$ 9,515	$ -	$ -	$ 9,797
Unrealized gains (losses) on fair value of investments, net	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Debt Service Coverage
November 2019
(unaudited)

	Month November 2019	Month November 2018	Year-to-Date November 2019	Year-to-Date November 2018
Electric System				
Senior debt service coverage, (annual minimum 1.20x)	7.51 x	4.97 x	12.59 x	5.98 x
Senior and subordinated debt service coverage, (annual minimum 1.15x)	3.41 x	2.14 x	5.70 x	2.57 x
Bulk Power Supply System				
Debt service coverage, (annual minimum 1.15x)	2.46 x	2.69 x	2.34 x	2.18 x
St. Johns River Power Park, Second Resolution				
Debt service coverage, (semi-annual minimum 1.15x)	1.17 x	1.19 x	1.17 x	1.20 x
Water and Sewer System				
Senior debt service coverage, (annual minimum 1.25x)	4.76 x	2.86 x	7.00 x	3.35 x
Senior and subordinated debt service coverage excluding capacity fees [1]	3.68 x	2.20 x	5.70 x	2.59 x
Senior and subordinated debt service coverage including capacity fees [1]	4.22 x	2.40 x	6.19 x	2.81 x
District Energy System				
Debt service coverage, (annual minimum 1.15x)	0.26 x	0.88 x	1.08 x	1.26 x

[1] Annual minimum coverage is either 1.00x aggregate debt service and aggregate subordinated debt service (excluding capacity charges) or the sum of 1.00x aggregate debt service and 1.20x aggregate subordinated debt service (including capacity charges).

	Month November 2019	Month November 2018	Variance	Year-to-Date November 2019	Year-to-Date November 2018	Variance
Electric revenues sales (000s omitted):						
Residential	$ 37,460	$ 40,923	-8.46%	$ 91,610	$ 94,808	-3.37%
Commercial	28,434	31,168	-8.77%	62,849	63,617	-1.21%
Industrial	16,678	16,556	0.74%	32,332	32,322	0.03%
Public street lighting	1,093	1,068	2.34%	2,214	2,166	2.22%
Electric revenues - territorial	83,665	89,715	-6.74%	189,005	192,913	-2.03%
Sales for resale - off system	178	735	-75.78%	404	1,877	-78.48%
Electric revenues	83,843	90,450	-7.30%	189,409	194,790	-2.76%
Rate stabilization & recovery	2,415	2,082	15.99%	29,518	5,540	432.82%
Allowance for doubtful accounts	-	(60)	-100.00%	-	(212)	-100.00%
Net electric revenues	86,258	92,472	-6.72%	218,927	200,118	9.40%
MWh sales						
Residential	321,771	351,866	-8.55%	793,094	822,394	-3.56%
Commercial	288,532	318,091	-9.29%	638,927	647,793	-1.37%
Industrial	210,553	223,874	-5.95%	436,235	437,302	-0.24%
Public street lighting	4,392	4,623	-5.00%	8,879	9,580	-7.32%
Total MWh sales - territorial	825,248	898,454	-8.15%	1,877,135	1,917,069	-2.08%
Sales for resale - off system	5,106	15,146	-66.29%	11,501	44,539	-74.18%
Total MWh sales	830,354	913,600	-9.11%	1,888,636	1,961,608	-3.72%
Number of accounts (1)						
Residential	423,810	415,396	2.03%	423,438	414,965	2.04%
Commercial	53,316	52,741	1.09%	53,288	52,728	1.06%
Industrial	195	195	0.00%	195	196	-0.51%
Public street lighting	3,918	3,823	2.48%	3,911	3,820	2.38%
Total average accounts	481,239	472,155	1.92%	480,832	471,709	1.93%
Residential averages						
Revenue per account - $	88.39	98.52	-10.28%	216.35	228.47	-5.31%
kWh per account	759	847	-10.37%	1,873	1,982	-5.49%
Revenue per kWh - ¢	11.64	11.63	0.10%	11.55	11.53	0.20%
Degree days						
Heating degree days	165	138	27	166	149	17
Cooling degree days	32	90	(58)	364	393	(29)
Total degree days	197	228	(31)	530	542	(12)
Degree days - 30 year average	206			431		

(1) The year-to-date column represents a fiscal year-to-date average.

	Month November 2019	Month November 2018	Variance	Year-to-Date November 2019	Year-to-Date November 2018	Variance
Water						
Revenues (000s omitted):						
Residential	$ 6,758	$ 6,805	-0.69%	$ 16,172	$ 16,099	0.45%
Commercial and industrial	3,714	3,721	-0.19%	7,960	7,938	0.28%
Irrigation	2,775	2,650	4.72%	6,215	5,908	5.20%
Total water revenues	13,247	13,176	0.54%	30,347	29,945	1.34%
Rate stabilization	(386)	(340)	13.53%	4,822	(831)	-680.26%
Allowance for doubtful accounts	(17)	(16)	6.25%	(38)	(34)	11.76%
Net water revenues	$ 12,844	$ 12,820	0.19%	$ 35,131	$ 29,080	20.81%
Kgal sales (000s omitted)						
Residential	1,308,999	1,284,515	1.91%	2,882,728	2,825,464	2.03%
Commercial and industrial	1,163,028	1,127,831	3.12%	2,295,018	2,258,175	1.63%
Irrigation	477,054	449,304	6.18%	1,065,630	990,315	7.61%
Total kgals sales	2,949,081	2,861,650	3.06%	6,243,376	6,073,954	2.79%
Number of accounts (1):						
Residential	296,928	289,875	2.43%	296,641	289,617	2.43%
Commercial and industrial	26,120	25,823	1.15%	26,105	25,830	1.06%
Irrigation	37,370	37,122	0.67%	37,362	37,123	0.64%
Total average accounts	360,418	352,820	2.15%	360,108	352,570	2.14%
Residential averages:						
Revenue per account - $	22.76	23.48	-3.07%	54.52	55.59	-1.92%
Kgals per account	4.41	4.43	-0.45%	9.72	9.76	-0.41%
Revenue per kgals - $	5.16	5.30	-2.64%	5.61	5.70	-1.58%
Sewer						
Revenues (000s omitted):						
Residential	$ 10,295	$ 10,285	0.10%	$ 23,783	$ 23,851	-0.29%
Commercial and industrial	8,929	8,435	5.86%	18,523	17,878	3.61%
Total sewer revenues	19,224	18,720	2.69%	42,306	41,729	1.38%
Rate stabilization	(330)	(525)	-37.14%	7,285	(1,243)	-686.08%
Allowance for doubtful accounts	(24)	(24)	0.00%	(56)	(52)	7.69%
Net sewer revenues	18,870	18,171	3.85%	49,535	40,434	22.51%
Kgal sales (000s omitted)						
Residential	1,121,964	1,113,511	0.76%	2,456,214	2,472,647	-0.66%
Commercial and industrial	1,001,773	927,105	8.05%	1,989,466	1,900,174	4.70%
Total kgals sales	2,123,737	2,040,616	4.07%	4,445,680	4,372,821	1.67%
Number of accounts (1):						
Residential	263,598	256,802	2.65%	263,339	256,556	2.64%
Commercial and industrial	18,603	18,411	1.04%	18,602	18,413	1.03%
Total average accounts	282,201	275,213	2.54%	281,941	274,969	2.54%
Residential averages:						
Revenue per account - $	39.06	40.05	-2.47%	90.31	92.97	-2.86%
kgals per account	4.26	4.34	-1.84%	9.33	9.64	-3.22%
Revenue per kgals - $	9.18	9.24	-0.65%	9.68	9.65	0.31%
Reuse						
Revenues (000s omitted):						
Reuse revenues	$ 1,624	$ 1,498	8.41%	$ 3,544	$ 3,027	17.08%
Kgal sales (000s omitted)						
Reuse sales (kgals)	346,041	331,102	4.51%	760,309	662,592	14.75%
Number of accounts (1):						
Reuse accounts	16,015	13,201	21.32%	15,913	13,064	21.81%
Rainfall			Diff in inches			Diff in inches
Normal	2.11	2.11		6.04	6.04	
Actual	3.69	5.21	(1.52)	6.99	6.51	0.48
Rain Days	6	11	(5)	17	19	(2)

(1) The year-to-date column represents a fiscal year-to-date average.

Appendix

JEA
Schedule of Cash and Investments
(in thousands - unaudited) November 2019

	Electric System and Bulk Power Supply	SJRPP System	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
Unrestricted cash and investments						
Operations	$ 52,008	$ 48,360	$ 100,368	$ 16,148	$ 1,175	$ 117,691
Rate stabilization:						
Fuel	51,349	-	51,349	-	-	51,349
Environmental	24,494	-	24,494	17,789	-	42,283
Purchased Power	53,747	-	53,747	-	-	53,747
DSM/Conservation	4,793	-	4,793	-	-	4,793
Total rate stabilization funds	134,383	-	134,383	17,789	-	152,172
Customer deposits	44,719	-	44,719	16,407	-	61,126
General reserve	-	19,841	19,841	-	-	19,841
Self insurance reserve funds:						
Self funded health plan	10,756	-	10,756	-	-	10,756
Property insurance reserve	10,000	-	10,000	-	-	10,000
Total self insurance reserve funds	20,756	-	20,756	-	-	20,756
Environmental liability reserve	16,568	-	16,568	-	-	16,568
Total unrestricted cash and investments	$ 268,434	$ 68,201	$ 336,635	$ 50,344	$ 1,175	$ 388,154
Restricted assets						
Renewal and replacement funds	$ 64,897	$ 45,112	$ 110,009	$ 15,269	$ 4,292	$ 129,570
Debt service reserve account	58,800	11,036	69,836	59,324	-	129,160
Debt service funds	20,800	4,300	25,100	11,458	504	37,062
Construction funds	-	-	-	28,555	-	28,555
Environmental funds	687	-	687	313	-	1,000
Subtotal	145,184	60,448	205,632	114,919	4,796	325,347
Unrealized holding gain (loss) on investments	4,388	107	4,495	4,226	-	8,721
Other funds	-	28,987	28,987	-	-	28,987
Total restricted cash and investments	$ 149,572	$ 89,542	$ 239,114	$ 119,145	$ 4,796	$ 363,055

JEA
Schedule of Cash and Investments
(in thousands) September 2019

	Electric System and Bulk Power Supply	SJRPP System	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
Unrestricted cash and investments						
Operations	$ 35,605	$ 49,322	$ 84,927	$ 17,961	$ 1,489	$ 104,377
Rate stabilization:						
Fuel	47,152	-	47,152	-	-	47,152
Debt management	29,884	-	29,884	14,209	-	44,093
Environmental	25,632	-	25,632	15,687	-	41,319
Purchased Power	56,870	-	56,870	-	-	56,870
DSM/Conservation	4,363	-	4,363	-	-	4,363
Total rate stabilization funds	163,901	-	163,901	29,896	-	193,797
Customer deposits	44,785	-	44,785	16,289	-	61,074
General reserve	-	19,811	19,811	-	-	19,811
Self insurance reserve funds:						
Self funded health plan	11,210	-	11,210	-	-	11,210
Property insurance reserve	10,000	-	10,000	-	-	10,000
Total self insurance reserve funds	21,210	-	21,210	-	-	21,210
Environmental liability reserve	16,568	-	16,568	-	-	16,568
Total unrestricted cash and investments	$ 282,069	$ 69,133	$ 351,202	$ 64,146	$ 1,489	$ 416,837
Restricted assets						
Renewal and replacement funds	$ 81,964	$ 46,955	$ 128,919	$ 48,796	$ 4,398	$ 182,113
Debt service reserve account	65,433	10,973	76,406	63,441	-	139,847
Debt service funds	153,650	19,635	173,285	80,775	2,356	256,416
Construction funds	-	-	-	28,968	-	28,968
Environmental funds	-	-	-	1,891	-	1,891
Subtotal	301,047	77,563	378,610	223,871	6,754	609,235
Unrealized holding gain (loss) on investments	4,388	107	4,495	4,225	-	8,720
Other funds	-	28,079	28,079	-	-	28,079
Total restricted cash and investments	$ 305,435	$ 105,749	$ 411,184	$ 228,096	$ 6,754	$ 646,034

JEA
INVESTMENT PORTFOLIO REPORT
November 2019
(unaudited)
All Funds

	INVESTMENT	BOOK VALUE	YIELD	% OF TOTAL
*	Treasuries	$ 1,984,609	2.46%	0.27%
	Agencies			
	Federal Farm Credit Bank	34,037,165	1.62%	4.59%
	Federal Home Loan Bank	131,882,567	2.33%	17.78%
	Total	165,919,732	2.19%	22.37%
	Municipal Bonds	171,362,419	2.83%	23.11%
	Commercial Paper	24,221,744	1.94%	3.27%
	U.S. Treasury Money Market Funds (1)	67,029,072	1.60%	9.04%
	Agency Money Market Funds (2)	116,475,000	1.62%	15.71%
	PALM Money Market Fund	20,500,000	1.92%	2.76%
	Florida Prime Fund	124,868,000	1.90%	16.84%
	Wells Fargo Bank Accounts (3)			
	Electric, Scherer	36,979,520	1.60%	4.99%
	SJRPP	5,688,277	1.60%	0.77%
	Water & Sewer, DES	6,528,802	1.60%	0.88%
	Total Portfolio	$ 741,557,175	2.10%	100.00%

* Backed by Full Faith and Credit of U. S. Government

Weighted Avg. Annual Yield for November 2019, Excluding Bank & Money Market Funds: 2.48%

Weighted Avg. Annual Yield for November 2019, Including Bank & Money Market Funds: 2.10%

Some investments listed above may be classified as Cash Equivalents on the Statements of Net Position in accordance with generally accepted accounting principles.

(1) Fidelity Treasury Fund
(2) State Street Government Fund
(3) Month-end bank balances

JEA
Schedule of Outstanding Indebtedness
November 2019

	Interest Rates	Principal Payment Dates	Par Amount Principal Outstanding	Current Portion of Long-Term Debt
Electric Enterprise				
Electric System				
Fixed Rate Senior	3.000-6.056%	2020-2044	515,615,000	18,555,000
Fixed Rate Subordinated	3.000-6.406%	2020-2039	556,980,000	35,730,000
Variable Rate Senior	1.115-1.599%	2020-2040	454,935,000	6,505,000
Variable Rate Subordinated	1.151-1.302%	2021-2038	132,420,000	-
Total Electric System	3.075% (wtd avg)	2020-2044	1,659,950,000	60,790,000
Bulk Power Supply System				
Fixed Rate Senior	2.000-5.920%	2020-2038	88,860,000	6,975,000
St. Johns River Power Park				
Fixed Rate Senior	2.000-5.450%	2020-2039	265,105,000	13,340,000
Total Electric Enterprise	3.216% (wtd avg)	2020-2044	2,013,915,000	81,105,000
Water and Sewer System				
Fixed Rate Senior	2.000-6.310%	2020-2044	929,290,000	8,375,000
Fixed Rate Subordinated	2.750-5.000%	2023-2043	93,890,000	-
Variable Rate Senior	1.105-2.799%	2020-2042	156,220,000	9,195,000
Variable Rate Subordinated	1.075-1.140%	2020-2038	103,135,000	2,300,000
Other Obligations	2.943%	2021	5,000,000	-
Total Water and Sewer System	3.474% (wtd avg)	2020-2044	1,287,535,000	19,870,000
District Energy System				
Fixed Rate Senior	2.415 - 4.538%	2020-2034	33,135,000	1,725,000
Total JEA	3.326% (wtd avg)	2020-2044	3,334,585,000	102,700,000

JEA
Debt Ratio
November 2019

	Current YTD	Year End Target
Electric Enterprise	63.7%	62.1%
Water and Sewer System	43.5%	42.0%

JEA
Interest Rate Swap Position Report
November 2019
(unaudited)

JEA Debt Management Swaps Variable to Fixed

ID	Dealer	Effective Date	Termination Date	Electric System Allocation	Water/Sewer Allocation	Fixed Rate	Floating Rate (1)	Spread	Rate Cap	Index
1	Goldman Sachs	9/18/2003	9/18/2033	$ 84,800,000	$ -	3.717	1.211	2.506	n/a	68% 1 mth Libor
3	Morgan Stanley	1/27/2005	10/1/2039	82,575,000	-	4.351	1.099	3.251	n/a	SIFMA
4	JPMorgan	1/27/2005	10/1/2035	84,775,000	-	3.661	1.211	2.450	n/a	68% 1 mth Libor
6	JPMorgan	1/27/2005	10/1/2037	39,175,000	-	3.716	1.211	2.505	n/a	68% 1 mth Libor
7	Morgan Stanley	10/31/2006	10/1/2022	-	19,110,000	4.054	2.799	1.255	n/a	CPI
8	Morgan Stanley	1/31/2007	10/1/2031	62,980,000	-	3.907	1.099	2.808	n/a	SIFMA
9	Merrill Lynch	3/8/2007	10/1/2041	-	85,290,000	3.895	1.099	2.796	n/a	SIFMA
10	Goldman Sachs	1/31/2008	10/1/2036	51,680,000	-	3.836	1.099	2.737	n/a	SIFMA
			Total	$ 405,985,000	$ 104,400,000	Wtd Avg Spread		2.679		

Note: (1) The "Floating Rate" column is the average of the floating rate for each instrument for this month.

JEA
Electric System
Production Statistics
(unaudited)

	Month November 2019	Month November 2018	Variance	Year-to-Date November 2019	Year-to-Date November 2018	Variance
Generated power:						
Steam:						
Fuel oil						
Fuel expense	$ -	$ (4,996)	-100.00%	$ (37,630)	$ (4,996)	653.20%
Barrels #6 oil consumed	-	(46)	-100.00%	(347)	(46)	654.35%
$/ per barrel consumed	$ -	$ 108.61	-100.00%	$ 108.44	$ 108.61	-0.15%
kWh oil generated (1)	1,014	231,943	-99.56%	141,446	231,943	-39.02%
Cost per MWh - oil	$ -	$ (21.54)	-100.00%	$ (266.04)	$ (21.54)	1135.10%
Natural gas units #1-3						
Gas expense - variable	$ 2,927,376	$ 6,577,983	-55.50%	$ 8,941,181	$ 15,268,455	-41.44%
MMBTU's consumed	1,084,230	1,706,714	-36.47%	3,512,934	4,008,444	-12.36%
$/ per MMBTU consumed	$ 2.70	$ 3.85	-29.95%	$ 2.55	$ 3.81	-33.18%
kWh - gas generated (1)	102,944,413	157,581,419	-34.67%	336,795,957	377,063,072	-10.68%
Cost per MWh - gas	$ 28.44	$ 41.74	-31.88%	$ 26.55	$ 40.49	-34.44%
Cost per MWh - gas & oil - steam	$ 28.44	$ 41.65	-31.73%	$ 26.42	$ 40.45	-34.68%
Coal						
Coal expense	$ 1,716,598	$ 517,083	231.98%	$ 2,105,595	$ 1,443,802	45.84%
kWh generated	70,270,532	6,666,678	954.06%	83,516,973	54,141,066	54.26%
Cost per MWh - coal	$ 24.43	$ 77.56	-68.50%	$ 25.21	$ 26.67	-5.46%
Pet coke and limestone						
Expense	$ 2,551,877	$ 684,689	272.71%	$ 3,423,094	$ 5,050,791	-32.23%
kWh generated	112,236,628	10,961,690	923.90%	139,099,856	108,210,768	28.55%
Cost per MWh - pet coke and limestone	$ 22.74	$ 62.46	-63.60%	$ 24.61	$ 46.68	-47.28%
Cost per MWh - coal & petcoke - steam	$ 23.39	$ 68.17	-65.69%	$ 24.84	$ 40.00	-37.92%
Combustion turbine:						
Fuel oil						
Fuel expense	$ 115,999	$ 251,129	-53.81%	$ 314,452	$ 452,463	-30.50%
Barrels #2 oil consumed	600	2,175	-72.41%	2,297	3,761	-38.93%
$/ per barrel consumed	$ 193.33	$ 115.48	67.41%	$ 136.90	$ 120.30	13.79%
kWh - oil generated	330,466	704,754	-53.11%	1,011,282	1,372,206	-26.30%
Cost per MWh - oil	$ 351.02	$ 356.34	-1.49%	$ 310.94	$ 329.73	-5.70%
Natural gas (includes landfill)						
Gas expense Kennedy & landfill - variable	$ 358,159	$ 253,171	41.47%	$ 712,647	$ 572,301	24.52%
MMBTU's consumed	132,657	65,540	102.41%	275,726	145,925	88.95%
$/ per MMBTU consumed	$ 2.70	$ 3.86	-30.11%	$ 2.58	$ 3.92	-34.10%
kWh - gas generated (1)	10,924,357	5,457,351	100.18%	23,644,504	12,341,562	91.58%
Cost per MWh - gas	$ 32.79	$ 46.39	-29.33%	$ 30.14	$ 46.37	-35.00%
Gas expense BB simple - variable	$ 107,192	$ 565,382	-81.04%	$ 351,608	$ 1,102,634	-68.11%
MMBTU's consumed	$ 39,723	151,909	-73.85%	140,231	323,213	-56.61%
$/ per MMBTU consumed	$ 2.70	$ 3.72	-27.50%	$ 2.51	$ 3.41	-26.50%
kWh - gas generated (1)	3,411,486	13,542,377	-74.81%	21,219,368	28,883,070	-26.53%
Cost per MWh - gas simple	$ 31.42	$ 41.75	-24.74%	$ 16.57	$ 38.18	-56.60%
Gas expense BB combined - variable	$ 4,679,301	$ 9,307,652	-49.73%	$ 12,336,023	$ 17,665,166	-30.17%
MMBTU's consumed	1,733,100	2,502,110	-30.73%	4,822,698	5,141,322	-6.20%
$/ per MMBTU consumed	$ 2.70	$ 3.72	-27.42%	$ 2.56	$ 3.44	-25.55%
kWh - gas generated (1)	261,391,585	361,726,853	-27.74%	698,398,095	735,956,091	-5.10%
Cost per MWh - gas combined	$ 17.90	$ 25.73	-30.43%	$ 17.66	$ 24.00	-26.41%
Gas expense GEC simple - variable	$ 629,193	$ 840,966	-25.18%	$ 2,102,837	$ 1,651,157	27.36%
MMBTU's consumed	233,037	174,291	33.71%	828,010	685,297	20.82%
$/ per MMBTU consumed	$ 2.70	$ 4.83	-44.04%	$ 2.54	$ 2.41	5.40%
kWh - gas generated	21,075,514	14,131,974	49.13%	76,214,136	61,109,624	24.72%
Cost per MWh - gas simple	$ 29.85	$ 59.51	-49.83%	$ 27.59	$ 27.02	2.12%
Cost per MWh - gas & oil ct	$ 19.82	$ 28.36	-30.11%	$ 19.28	$ 25.54	-24.51%
Natural gas expense - fixed	$ 3,031,593	$ 3,090,652	-1.91%	$ 6,147,208	$ 6,264,780	-1.88%
Total generated power:						
Fuels expense	$ 16,117,288	$ 22,083,711	-27.02%	$ 36,397,015	$ 49,466,553	-26.42%
kWh generated	582,585,995	571,005,039	2.03%	1,380,041,617	1,379,309,402	0.05%
Cost per MWh	$ 27.67	$ 38.68	-28.47%	$ 26.37	$ 35.86	-26.46%

(1) Allocation of kWh generated is based upon a ratio of gas MBTU's (adjusted to oil equivalent - 95.5%) and oil MBTU's.

Cost of fuels	Month 2019	Month 2018	Year-to-Date 2019	Year-to-Date 2018
Fuel oil #6	$ -	$ (4,996)	$ (37,630)	$ (4,996)
Natural gas units #1-3 with landfill - variable	2,927,376	6,577,983	8,941,181	15,268,455
Coal	1,716,598	517,083	2,105,595	1,443,802
Petcoke	2,551,877	684,689	3,423,094	5,050,791
Fuel oil #2	115,999	251,129	314,452	452,463
Natural gas - simple cycle (BB & GEC) - variable	1,094,544	1,659,519	3,167,092	3,326,092
Natural gas - combined (BB) - variable	4,679,301	9,307,652	12,336,023	17,665,166
Natural gas - fixed	3,031,593	3,090,652	6,147,208	6,264,780
Total	$ 16,117,288	$ 22,083,711	$ 36,397,015	$ 49,466,553

	Month November 2019	Month November 2018	Variance	Year-to-Date November 2019	Year-to-Date November 2018	Variance
Production Statistics (Continued)						
Purchased power:						
Plant Scherer						
Purchases	$ 4,909,463	$ 5,857,934	-16.19%	$ 9,989,537	$ 10,305,220	-3.06%
kWh purchased	91,876,000	127,936,000	-28.19%	202,562,000	242,360,000	-16.42%
Cost per MWh	$ 53.44	$ 45.79	16.70%	$ 49.32	$ 42.52	15.98%
TEA & other						
Purchases	$ 9,194,077	$ 11,022,701	-16.59%	$ 17,572,671	$ 19,640,006	-10.53%
kWh purchased	210,972,593	238,375,309	-11.50%	402,230,982	425,683,953	-5.51%
Cost per MWh	$ 43.58	$ 46.24	-5.76%	$ 43.69	$ 46.14	-5.31%
SJRPP						
Purchases	$ 2,063,782	$ 2,380,924	-13.32%	$ 4,017,111	$ 5,190,433	-22.61%
kWh purchased	-	-		-	-	
Cost per MWh						
Total purchased power:						
Purchases	$ 16,167,322	$ 19,261,559	-16.06%	$ 31,579,319	$ 35,135,659	-10.12%
kWh purchased	302,848,593	366,311,309	-17.32%	604,792,982	668,043,953	-9.47%
Cost per MWh	$ 53.38	$ 52.58	1.52%	$ 52.22	$ 52.59	-0.72%
Subtotal - generated and purchased power:	$ 32,284,610	$ 41,345,270	-21.91%	$ 67,976,334	$ 84,602,212	-19.65%
Fuel interchange sales	(124,958)	(687,484)	-81.82%	(298,429)	(1,781,121)	-83.24%
Earnings of The Energy Authority	(147,928)	290,065	-151.00%	(451,545)	(61,228)	637.48%
Realized and Unrealized (Gains) Losses	510,570	(4,750,200)	-110.75%	644,370	(5,434,520)	-111.86%
Fuel procurement and handling	1,363,205	896,718	52.02%	2,338,266	2,094,271	11.65%
By product reuse	100,947	576,649	-82.49%	337,590	1,327,761	-74.57%
Total generated and net purchased power:						
Cost, net	33,986,446	37,671,018	-9.78%	70,546,586	80,747,375	-12.63%
kWh generated and purchased	885,434,588	937,316,347	-5.54%	1,984,834,599	2,047,353,355	-3.05%
Cost per MWh	$ 38.38	$ 40.19	-4.49%	$ 35.54	$ 39.44	-9.88%
Reconciliation:						
Generated and purchased power per above	$ 33,986,446	$ 38.38		$ 70,546,586	$ 35.54	
SJRPP operating expenses:						
SJRPP O & M	1,109	0.00		520	0.00	
SJRPP debt service	(1,820,444)	(2.06)		(3,528,736)	(1.78)	
SJRPP R & R	(244,448)	(0.28)		(488,895)	(0.25)	
Scherer operating expenses:						
Scherer power production	(586,857)	(0.66)		(1,092,867)	(0.55)	
Scherer R & R	(1,168,517)	(1.32)		(2,181,288)	(1.10)	
Scherer transmission	(503,815)	(0.57)		(1,006,537)	(0.51)	
Scherer taxes	(105,624)	(0.12)		(211,248)	(0.11)	
Florida and other capacity	(1,327,856)	(1.50)		(2,653,171)	(1.34)	
MEAG	(1,560,350)	(1.76)		(3,123,340)	(1.57)	
Rounding	1	0.00		-	-	
Energy expense per budget page	$ 26,669,645	$ 30.12		$ 56,261,024	$ 28.35	

Electric System Budget vs. Actual November 2019 and 2018 (unaudited)	ANNUAL BUDGET 2019-20	Month BUDGET 2019-20	Month ACTUAL 2019-20	Month Variance %	Prior Year Month ACTUAL 2018-19	Prior Year Month Variance %
Fuel Related Revenues & Expenses						
Fuel Rate Revenues	$ 410,912,768	$ 28,818,381	$ 26,563,793	-7.82%	$ 28,913,756	-8.13%
Fuel Expense and Purchased Power:						
Fuel Expense - Electric System	297,844,914	21,671,154	18,092,009		18,806,881	
Other Purchased Power	94,282,216	6,484,674	8,577,636		11,474,388	
Subtotal Energy Expense	392,127,130	28,155,828	26,669,645	5.28%	30,281,269	11.93%
Transfer to (from) Rate Stabilization, Net	18,169,269	611,189	(106,236)		(1,388,105)	
Fuel Related Uncollectibles	616,369	51,364	384		20,592	
Total	410,912,768	28,818,381	26,563,793	7.82%	28,913,756	8.13%
Fuel Balance	-	-	-		-	
Nonfuel Related Revenues						
Base Rate Revenues	791,145,587	55,485,098	52,215,374		55,709,385	
Conservation Charge Revenue	768,600	53,904	25,342		25,908	
Environmental Charge Revenue	7,814,100	548,023	507,017		549,688	
Investment Income	11,378,365	948,197	780,961		1,078,397	
Natural Gas Revenue Pass Through	1,000,000	83,333	60,496		44,369	
Other Revenues	51,779,029	2,209,093	2,159,153		2,569,989	
Total	863,885,681	59,327,648	55,748,343	-6.03%	59,977,736	-7.05%
Nonfuel Related Expenses						
Non-Fuel O&M	268,792,090	18,342,444	14,579,135		16,390,040	
DSM / Conservation O&M	8,066,103	595,404	465,443		409,836	
Environmental O&M	2,026,518	165,743	17,226		325,050	
Rate Stabilization - DSM	(892,503)	(74,375)	2,135		75,656	
Rate Stabilization - Environmental	5,787,582	482,364	(750,805)		224,639	
Natural Gas Expense Pass Through	960,991	78,841	75,673		54,907	
Debt Principal - Electric System	60,790,000	5,065,833	5,065,833		9,685,833	
Debt Interest - Electric System	77,259,892	6,438,324	5,725,871		6,929,724	
Bond Buy-Back Principal - Electric System	25,269,914	-	-		-	
R&R - Electric System	65,623,650	5,468,637	5,468,638		5,370,642	
Operating Capital Outlay	175,125,724	8,000,000	8,000,000		9,000,000	
Operating Capital Outlay - Environmental	-	-	1,240,596		-	
City Contribution Expense	93,870,968	7,822,581	7,822,581		7,746,012	
Taxes & Uncollectibles	1,399,517	116,626	16,654		56,076	
Emergency Reserve	5,000,000	-	-		-	
Nonfuel Purchased Power:						
* SJRPP D/S Principal	13,340,000	1,111,667	1,111,667		1,148,333	
* SJRPP D/S Interest	10,444,195	870,350	843,913		898,688	
** Other Non-Fuel Purchased Power	51,021,040	4,162,849	5,709,305		5,139,068	
Total Nonfuel Expenses	863,885,681	58,647,288	55,393,865	5.55%	63,454,504	12.70%
Non-Fuel Balance	-	680,360	354,478		(3,476,768)	
Total Balance	-	680,360	354,478		(3,476,768)	
Total Revenues	**1,274,798,449**	**88,146,029**	**82,312,136**	-6.62%	**88,891,492**	-7.40%
Total Expenses	**1,274,798,449**	**87,465,669**	**81,957,658**	6.30%	**92,368,260**	11.27%
KWH Sold - Territorial	**12,810,000,000**	**898,399,000**	**825,248,545**	-8.14%	**898,455,025**	-8.15%
KWH Sold - Off System	**-**	**-**	**5,106,000**		**15,146,000**	
	12,810,000,000	**898,399,000**	**830,354,545**	-7.57%	**913,601,025**	-9.11%

* Gross debt service
** Includes transmission capacity, SJRPP and Scherer R & R, O & M and Investment Income.

Electric System		Year-to-Date			Prior Year-to-Date	
Budget vs. Actual	ANNUAL BUDGET	BUDGET	ACTUAL	Variance	ACTUAL	Variance
November 2019 and 2018 (unaudited)	2019-20	2019-20	2019-20	%	2018-19	%
Fuel Related Revenues & Expenses						
Fuel Rate Revenues	$ 410,912,768	$ 61,763,101	$ 60,461,072	-2.11%	$ 61,725,964	-2.05%
Fuel Expense and Purchased Power:						
Fuel Expense - Electric System	297,844,914	44,345,606	39,717,240		47,454,067	
Other Purchased Power	94,282,216	15,340,869	16,543,784		19,202,728	
Subtotal Energy Expense	392,127,130	59,686,475	56,261,024	5.74%	66,656,795	15.60%
Transfer to (from) Rate Stabilization, Net	18,169,269	1,973,897	4,197,434		(5,003,077)	
Fuel Related Uncollectibles	616,369	102,729	2,614		72,246	
Total	410,912,768	61,763,101	60,461,072	2.11%	61,725,964	2.05%
Fuel Balance	-	-	-		-	
Nonfuel Related Revenues						
Base Rate Revenues	791,145,587	118,914,789	117,293,800		119,453,815	
Conservation Charge Revenue	768,600	115,526	83,035		110,326	
Environmental Charge Revenue	7,814,100	1,174,515	1,149,877		1,173,133	
Investment Income	11,378,365	1,896,394	1,679,548		2,284,125	
Natural Gas Revenue Pass Through	1,000,000	166,667	119,408		102,242	
Other Revenues	51,779,029	29,688,099	29,683,080		5,060,489	
Total	863,885,681	151,955,990	150,008,748	-1.28%	128,184,130	17.03%
Nonfuel Related Expenses						
Non-Fuel O&M	268,792,090	51,349,732	29,671,885		30,566,394	
DSM / Conservation O&M	8,066,103	1,369,755	655,081		542,280	
Environmental O&M	2,026,518	340,686	27,736		328,276	
Rate Stabilization - DSM	(892,503)	(148,750)	430,289		606,535	
Rate Stabilization - Environmental	5,787,582	964,466	(1,138,406)		844,857	
Natural Gas Expense Pass Through	960,991	162,647	144,118		114,403	
Debt Principal - Electric System	60,790,000	10,131,667	10,131,667		19,371,667	
Debt Interest - Electric System	77,259,892	12,876,649	11,642,981		13,857,108	
Bond Buy-Back Principal - Electric System	25,269,914	25,269,914	55,154,065		-	
Rate Stabilization - Debt Management	-	-	(29,884,152)		-	
R&R - Electric System	65,623,650	10,937,275	10,937,275		10,741,283	
Operating Capital Outlay	175,125,724	30,000,000	30,000,000		21,000,000	
Operating Capital Outlay - Environmental	-	-	2,260,547		-	
City Contribution Expense	93,870,968	15,645,161	15,645,161		15,492,025	
Taxes & Uncollectibles	1,399,517	233,253	36,836		172,823	
Emergency Reserve	5,000,000	-	-		-	
* SJRPP D/S Principal	13,340,000	2,223,333	2,223,333		2,296,667	
* SJRPP D/S Interest	10,444,195	1,740,699	1,687,826		1,797,375	
** Other Non-Fuel Purchased Power	51,021,040	8,325,700	10,001,085		9,588,679	
Total Nonfuel Expenses	863,885,681	171,422,187	149,627,327	12.71%	127,320,372	-17.52%
Non-Fuel Balance	-	(19,466,197)	381,421		863,758	
Total Balance	-	(19,466,197)	381,421		863,758	
Total Revenues	**1,274,798,449**	**213,719,091**	**210,469,820**	-1.52%	**189,910,094**	10.83%
Total Expenses	**1,274,798,449**	**233,185,288**	**210,088,399**	9.90%	**189,046,336**	-11.13%
KWH Sold - Territorial	**12,810,000,000**	**1,925,434,000**	**1,877,135,892**	-2.51%	**1,917,069,579**	-2.08%
KWH Sold - Off System	**-**	**-**	**11,501,000**		**44,539,000**	
	12,810,000,000	**1,925,434,000**	**1,888,636,892**	-1.91%	**1,961,608,579**	-3.72%

* Gross debt service
** Includes transmission capacity, SJRPP and Scherer R & R, O & M and Investment Income.

Water and Sewer System

Budget vs. Actual November 2019 and 2018 (unaudited)	ANNUAL BUDGET 2019-20	Month BUDGET 2019-20	ACTUAL 2019-20	Variance %	Prior Year Month ACTUAL 2018-19	Variance %
REVENUES						
Water & Sewer Revenues	$ 450,736,934	$ 35,762,886	$ 33,278,889		$ 32,553,459	
Capacity & Extension Fees	27,600,000	1,642,775	3,088,480		1,875,713	
Investment Income	4,308,356	359,030	293,944		494,649	
Other Income	45,792,672	1,097,080	1,423,438		3,085,919	
Total	528,437,962	38,861,771	38,084,751	-2.00%	38,009,740	0.20%
EXPENSES						
O & M Expenses	185,838,461	14,880,200	12,755,289		11,485,876	
Debt Principal - Water & Sewer	19,870,000	1,655,833	1,655,834		4,558,750	
Debt Interest - Water & Sewer	58,666,036	4,888,836	4,417,921		5,236,619	
Bond Buy-Back - Water & Sewer	33,986,631	-	-		-	
Rate Stabilization - Environmental	-	-	715,859		864,740	
R&R - Water & Sewer	25,138,950	2,094,913	2,094,913		1,962,696	
Operating Capital Outlay	137,450,895	10,312,602	10,312,602		9,198,901	
Operating Capital Outlay - Capacity/Extension	27,600,000	2,300,000	3,088,480		1,875,713	
Operating Capital Outlay - Environmental	13,393,063	1,134,197	369,364		187,184	
City Contribution Expense	24,953,042	2,079,420	2,079,420		2,057,949	
Uncollectibles & Fees	540,884	45,074	40,000		40,000	
Emergency Reserve	1,000,000	-	-		-	
Total Expenses	528,437,962	39,391,075	37,529,682	4.73%	37,468,428	-0.16%
Total Balance	$ -	$ (529,304)	$ 555,069		$ 541,312	
Sales kgals						
Water	39,900,000	3,178,293	2,949,081	-7.21%	2,861,650	3.06%
Sewer	33,180,000	2,519,403	2,469,778	-1.97%	2,371,718	4.13%
Total	73,080,000	5,697,696	5,418,859	-4.89%	5,233,368	3.54%

Budget vs. Actual November 2019 and 2018 (unaudited)	ANNUAL BUDGET 2019-20	Year-To-Date BUDGET 2019-20	ACTUAL 2019-20	Variance %	Prior Year to Date ACTUAL 2018-19	Variance %
REVENUES						
Water & Sewer Revenues	$ 450,736,934	$ 74,066,378	$ 74,410,023		$ 72,908,272	
Capacity & Extension Fees	27,600,000	3,437,743	5,535,393		4,229,594	
Investment Income	4,308,356	718,059	698,891		1,044,427	
Other Income	45,792,672	36,198,404	36,870,701		6,344,131	
Total	528,437,962	114,420,584	117,515,008	2.70%	84,526,424	39.03%
EXPENSES						
O & M Expenses	185,838,461	32,298,434	23,932,314		24,421,969	
Debt Principal - Water & Sewer	19,870,000	3,311,667	3,311,667		9,117,499	
Debt Interest - Water & Sewer	58,666,036	9,777,673	8,961,223		10,481,909	
Bond Buy-Back - Water & Sewer	33,986,631	33,986,631	48,195,881		-	
Rate Stabilization - Debt Management	-	-	(14,209,250)		-	
Rate Stabilization - Environmental	-	-	2,101,764		2,073,987	
R&R - Water & Sewer	25,138,950	4,189,825	4,189,825		3,925,392	
Operating Capital Outlay	137,450,895	29,525,203	29,525,203		24,459,336	
Operating Capital Outlay - Capacity/Extension	27,600,000	4,600,000	5,535,393		4,229,594	
Operating Capital Outlay - Environmental	13,393,063	2,051,088	423,579		373,679	
City Contribution Expense	24,953,042	4,158,840	4,158,840		4,115,898	
Uncollectibles & Fees	540,884	90,147	93,730		86,000	
Emergency Reserve	1,000,000	-	-		-	
Total Expenses	528,437,962	123,989,508	116,220,169	6.27%	83,285,263	-39.54%
Total Balance	$ -	$ (9,568,924)	$ 1,294,839		$ 1,241,161	
Sales kgals						
Water	39,900,000	6,536,985	6,243,376	-4.49%	6,073,954	2.79%
Sewer	33,180,000	5,324,473	5,205,989	-2.23%	5,035,413	3.39%
Total	73,080,000	11,861,458	11,449,365	-3.47%	11,109,367	3.06%

District Energy System

Budget vs. Actual November 2019 and 2018 (unaudited)	ANNUAL BUDGET 2019-20	Month BUDGET 2019-20	Month ACTUAL 2019-20	Month Variance %	Prior Year Month ACTUAL 2018-19	Prior Year Month Variance %
REVENUES						
Revenues	$ 9,044,699	$ 739,662	$ 489,470		$ 593,923	
Investment Income	-	-	10,292		10,706	
Total	9,044,699	739,662	499,762	-32.43%	604,629	-17.34%
EXPENSES						
O & M Expenses	5,164,460	415,199	432,890		384,865	
Debt Principal - DES	1,725,000	143,750	143,750		140,833	
Debt Interest - DES	1,295,550	107,963	107,963		110,871	
R&R - DES	589,200	49,100	49,100		36,913	
Operating Capital Outlay	270,489	-	-		-	
Total Expenses	9,044,699	716,012	733,703	-2.47%	673,482	-8.94%
Total Balance	$ -	$ 23,650	$ (233,941)		$ (68,853)	

Budget vs. Actual November 2019 and 2018 (unaudited)	ANNUAL BUDGET 2019-20	Year-To-Date BUDGET 2019-20	Year-To-Date ACTUAL 2019-20	Year-To-Date Variance %	Prior-Year-to-Date ACTUAL 2018-19	Prior-Year-to-Date Variance %
REVENUES						
Revenues	$ 9,044,699	$ 1,605,976	$ 1,384,451		$ 1,468,559	
Investment Income	-	-	23,822		25,004	
Total	9,044,699	1,605,976	1,408,273	-12.31%	1,493,563	-5.71%
EXPENSES						
O & M Expenses	5,164,460	871,150	861,090		859,161	
Debt Principal - DES	1,725,000	287,500	287,500		281,667	
Debt Interest - DES	1,295,550	215,925	215,925		221,741	
R&R - DES	589,200	98,200	98,200		73,825	
Operating Capital Outlay	270,489	-	-		-	
Total Expenses	9,044,699	1,472,775	1,462,715	0.68%	1,436,394	-1.83%
Total Balance	$ -	$ 133,201	$ (54,442)		$ 57,169	

JEA Community Engagement Calendar November - January 2020

Date	Event/Activity	Location	Time	Type
Nov-19				
11/1/2019	UNF Engineering Students	Buckman WRP Tour	1pm	Ambassador Facility Tour
11/4/2019	USO No Dough Dinner	2560 Mayport Rd.	10am	Volunteer Activity
11/5/2019	JEA Power Pals	Sally B Mathis Elem.	1pm	Ambassador Instructor
11/6/2019	MOSH Education Dept. Staff	Main St Lab Tour	3pm	Ambassador Facility Tour
11/6/2019	JEA Power Pals	North Shore Elem.	9:30am	Ambassador Instructor
11/6/2019	Tulsa Welding Students	Imeson Solar	9:30am	Ambassador Facility Tour
11/7/2019	Ed White High Career Fair	1700 Old Middleburg Rd.	9am	Ambassador Speaker
11/7/2019	DCPS Middle school Teachers - Tour	Main St Lab Tour	11am	Ambassador Facility Tour
11/8/2019	Barnabas Empty Bowls Event	Fernandina Bch.	9am	Volunteer Activity
11/8/2019	UNF Engineering Students	Buckman WRT	1pm	Ambassador Facility Tour
11/9/2019	Ascension St Vincents Life Wellness Fair	2434 Old Middleburg Rd.	10am - 3pm	Ambassador Event
11/11/2019	COJ Veterans Day Parade	Downtown Jax	11:01am	Ambassador Event
11/12/2019	JEA Power Pals	Sally B Mathis Elem.	1pm	Ambassador Instructor
	JEA Power Pals	North Shore Elem.	9:30am	Ambassador Instructor
11/14/2019	Farm Share	1460 Vantage Way	9am	Volunteer Activity
11/14/2019	BEAM Food Bank	Jacksonville Beach	1pm	Volunteer Activity
11/14 - 11/15/2019	Aging True - Spread Thanksgiving Cheer	Lakeshore Blvd.	10am	Volunteer Activity
11/15/2019	Catty Shack	Starratt Rd.	10am	Volunteer Activity
11/15/2019	Jacksonville Arboretum & Gardens	Millcoe Rd.	8:30am	Volunteer Activity
11/19/2019	Dinsmore Elem. Science Night	3126 Civics Club Dr.	6pm	Ambassador Event
11/20/2019	Senior Day at JEA	Customer Business Office	8"30am - 3pm	Ambassador Event
11/19 - 11/20/2019	USO Food Pantry	Mayport Rd.	10am	Volunteer Activity
11/21/2019	West Riverside Elem.	Park St	1pm	Ambassador Speaker
11/21/2019	Eden Gardens	Garden St.	8am	Volunteer Activity

JEA Community Engagement Calendar November - January 2020

Date	Event/Activity	Location	Time	Type
11/21-11/22/2019	Days of Caring at the Salvation Army	Adams St.	8am	Volunteer Activity
11/22/2019	Feeding Northeast Florida Food Bank	Edgewood Ave.	8:30am	Volunteer Activity
11/25/2019	Callahan Food Distribution	Nassau County Extension Office	12pm	Volunteer Activity
11/26/2019	Ortega Elem. Career Day	4010 Baltic Ave.	8:30am	Ambassador Event
11/27/2019	City Rescue Mission Thanksgiving Luncheon	State St.	10:30am	Volunteer Activity
Dec-19				
12/2/2019	1 - Hour Power Pals Duval Scholars	100 Scholars Way	1pm	Ambassador Instructor
12/5/2019	JEA Ambassador & Volunteer Appreciation Breakfast	T-19	8:30am	Ambassasor & Volunteer Event
12/6/2019	Tulsa Welding Students	Imeson Solar	9:30am	Ambassador Facility Tour
12/6/2019	Sandlewood High Career Day	7250 John Prom Blvd.	10:30am	Ambassador Event
12/9 - 12/12/2019	Children's Home Socity Toy Sort & Pack	San Diego Rd.	9:30am	Volunteer Activity
12/9 - 12/17/2019	Annual Salvation Army Toy Shop	Regency Square	8am	Volunteer Activity
12/10/2019	John Stockton Elem. Career Day	4827 Carlile Rd.	10am	Ambassador Event
12/12/2019	BEAM Food Bank	Jacksonville Beach	1pm	Volunteer Activity
12/13/2019	Feeding Northeast Florida Food Bank	Edgewood Ave.	8:30am	Volunteer Activity
12/13/2019	Andrew Jackson Career Fair	3816 N. Main St	8:30am	Ambassador Event
12/13/2019	Yulee High Career Day	85375 Miner Rd.	9am	Ambassador Event

JEA Community Engagement Calendar November - January 2020

Date	Event/Activity	Location	Time	Type
12/16/2019	Holiday Hill Elem. Career Fair	6900 Altama Dr.	9am	Ambassador Event
12/17/2019	Punkin Place Career day	6641 San Juan Ave.	9:30am	Ambassador Event
12/18/2019	West Riverside Elem. Career day	2801 Herschel Ave.	8:30am	Ambassador Event
12/19/2019	Farm Share	Vantage Way	9am	Volunteer Activity
12/19/2019	Hyde Park Elem. Career day	5300 Park St.	8:30am	Ambassador Event
12/23/2019	City Rescue Mission Christmas Luncheon	State St.	10:30am	Volunteer Activity
Jan-19				
1/15/2020	James H Peterson High Tour	NGS	9am	Ambassador Facility Tour
1/16/2020	Susie Tolbert Elem. STEM Night	1925 W 13th St.	5:30pm	Ambassador Event
1/17/2020	Episcopal Student	Arlington East Tour	10am	Ambassador Facility Tour
1/31/2020	Impact Christian Center Vehicle Fair	Lone Star Rd.	10am	Ambassador Event

Building Community.

Customer & Community Engagement Overview and Update
November FY19

Each month, we update the Board on past, present and future Customer & Community Engagement monthly activities. The purpose is to keep you informed of these efforts, so that you are knowledgeable about JEA's attempts to keep our customers informed, to assist them in the management of their utility services and to be a good corporate citizen.

Customer Communications

Neighbor to Neighbor Campaign
JEA encouraged customers to consider participating in the Neighbor to Neighbor Fund. Founded in 1987, JEA's Neighbor to Neighbor Fund is a way for customers to provide temporary assistance to customers unable to pay their utility bill during a financial crisis. The Neighbor to Neighbor Fund helps elderly, disabled, and those less fortunate keep the lights on and water running. So far this year, through the Neighbor to Neighbor Fund, JEA customers and employees have provided $164,310 in bill payment assistance to 538 customers experiencing a temporary crisis.

Holiday Cooking and Proper Oil Disposal Campaign
The focus of the Holiday Cooking and Proper Oil Disposal Campaign was to educate customers on proper behavior during the holidays. During this time, customers are more likely to dispose of items like cooking fat, oil and grease (FOG) down the drain, which can clog the pipes at home and in our system and cause sewage to back up into homes, yards, streets and waterways.

Holiday Safety Tips Campaign
As customers prepare for the holidays, we reminded them through a comprehensive social media campaign, of important electric safety tips. For example, reminding them to never run electric cords under rugs or carpeting. If the cord becomes frayed and sparks a fire, it will take longer to notice. Customers were directed to jea.com to check out our list of tips that they can follow at home and in the office.

Community Engagement
JEA employees participated in numerous Ambassador events and Volunteer activities throughout the month of October. Ambassadors participated in 114 activities and volunteers served 633 hours in the community.

JEA Ambassadors
October was a busy month for Ambassadors through participation in several community events including activities at the 2019 Southern Women's Show and Murray Hill Halloween Parade to name a few. In addition, JEA Ambassadors conducted tours for students of the Tulsa Welding School and the UNF School of Engineering.

Employee Volunteerism
In October, 127 JEA employees volunteered 633 hours in the community, connecting with customers and assisting with numerous nonprofit projects and activities.

Volunteers served at events for the Catty Shack Ranch, Farm Share, HabiJax Builds, Eden Gardens and many others. Through these efforts, JEA employees gave generously of their time and talents to benefit our community.

JEA employees take great pride in the Ambassador and Volunteer programs, which demonstrate tangible ways for our customers and our community to see the "Heart of JEA."

INTER-OFFICE MEMORANDUM
December 3, 2019

SUBJECT:	**CORPORATE CAMPUS UPDATE**
FROM:	Aaron F. Zahn, Managing Director/CEO
TO:	JEA Board of Directors

BACKGROUND:
JEA has been planning for a new corporate headquarters for several years to address business continuity risks while meeting our headquarter needs in a cost-effective manner. The Board approved a lease with Ryan Companies US, Inc. (Ryan) at its June 25, 2019 meeting. The lease was executed by JEA on July 9, 2019 after approval of the site purchase and sale agreement between Ryan and the City of Jacksonville.

DISCUSSION:
JEA and Ryan continue to plan for the project. Ryan submitted a final design application to the City's Downtown Development Review Board (DDRB) for consideration at its December 12th meeting. Ryan continues with site due diligence including environmental review, planning for preliminary site development submittals to the City, geotechnical investigations and testing for structural design and garage design. Ryan has kept JEA and its consultants abreast of progress on all aspects during the planning process. JEA is conducting further programming work to compile and confirm building size, functions and planned departmental adjacencies. The programming work will help inform total usable square footage and building sizes. JEA will issue a Request for Proposals for Tenant Improvement (interiors) design services for responses due in January. Ryan continues to express a strong interest in performing TI construction work to control schedule, coordination and project efficiency.

RECOMMENDATION:
This update is being provided as information only.

Aaron F. Zahn, Managing Director/CEO

AFZ/MHD/NKV

JEA

BOARD OF DIRECTORS MEETING

OPERATIONS UPDATE

as of November 30, 2019

Financial Update

FY2020
Key Financial Metrics:

Our key financial metrics are being impacted by the implementation of the Strategic & Timely Asset Realignment (STAR) Plan

- The STAR Plan was implemented in two phases
- Phase One
  - $195 million was defeased in February
  - $100 million for Energy
  - $95 million for Water/Wastewater
- Phase Two
  - $94 million was defeased in October
  - $46 million for Energy
  - $48 million for Water/Wastewater

- Despite what the decrease in our days liquidity and days cash metrics might indicate, the STAR plan will actually increase cash flow by an average of ~$80 million annually through 2023

Financial Metrics

	Year-to-Date		FY2020 Full Year		
Energy System	**FY2019**	**FY2020**	**Forecast**	**Target**	**Result**
Debt Service Coverage	2.57x	5.70x	4.24x	≥ 2.2x	
Days Liquidity	376	299	307	150 to 250[1]	
Days Cash on Hand	215	135	141		
Debt to Asset %	71%	64%	62%	61%[2]	

	Year-to-Date		FY2020 Full Year		
Water/Wastewater System	**FY2019**	**FY2020**	**Forecast**	**Target**	**Result**
Debt Service Coverage	2.81x	6.19x	4.40x	≥ 1.8x	
Days Liquidity	574	258	272		
Days Cash on Hand	420	108	109	150 to 250[4]	
Debt to Asset %	51%	44%	42%	49%[3]	

[1] Moody's Aa benchmark: 150 to 250 **days liquidity**: per Moody's Rating Methodology: "U.S. Public Power Electric Utilities with Generation Ownership Exposure, Nov. 2017"
[2] Long-term target is 60.9%: per Moody's Sector In-Depth Report Public Power Medians: "Stability Continues Amid Low Energy Prices, Clean Energy Shift, Sep. 2018"
[3] Long-term target is 49%: calculated peer group per "Moody's 214 Aa rated public water-sewer utilities, Dec. 2016"
[4] Moody's Aa benchmark: 150 to 250 **days cash**: per Moody's Rating Methodology: "U.S. Municipal Utility Revenue Debt, Oct. 2017"

FY2019 Combined Debt Outstanding:

Energy System (ES, BPSS, SJRPP):
- Debt outstanding: $1,660
  - $136 decrease due to October 1st principal payments
  - $48 decrease due to Oct 2019 defeasance
- Total variable rate debt: $587

Water/Wastewater System:
- Debt outstanding: $1,287
  - $55 decrease due to October 1st principal payments
  - $45 decrease due to Oct 2019 defeasance
- Total variable rate debt: $259

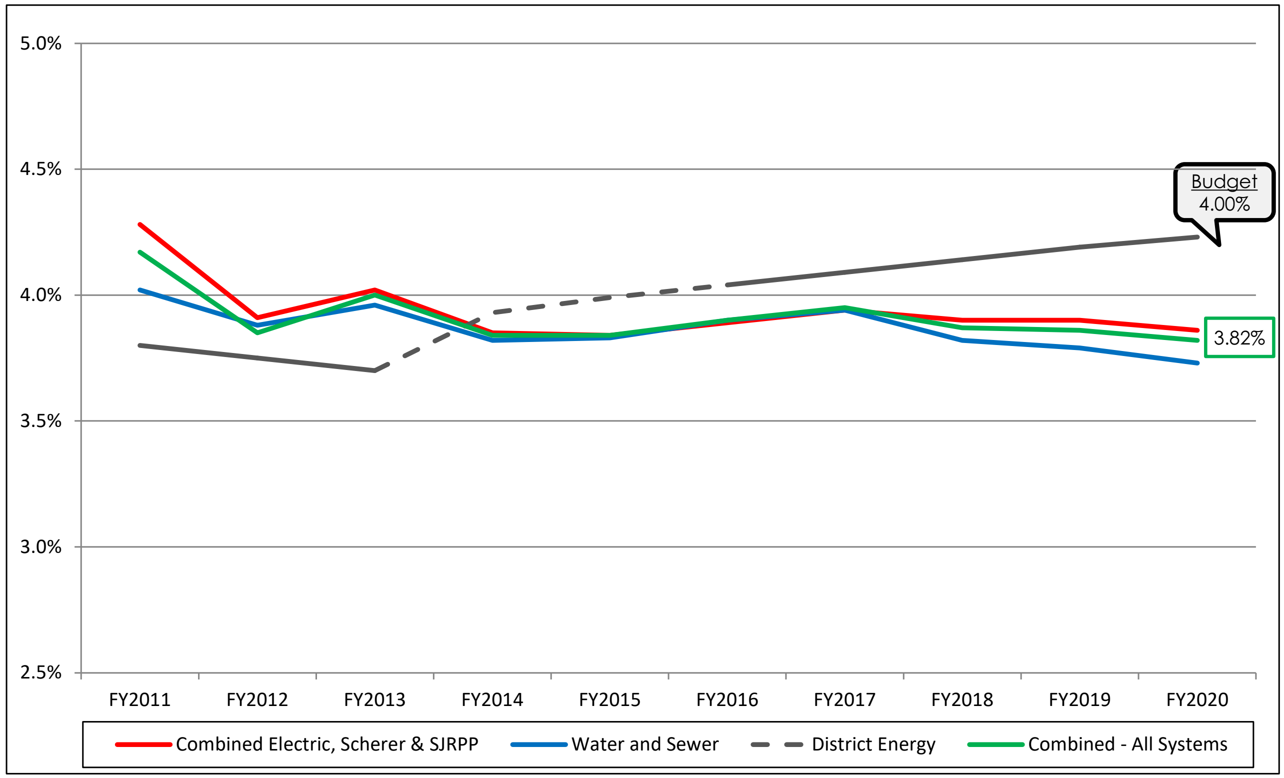
Interest Rates:
- Interest rates are net of BABs subsidy, original issue premiums / discounts and includes variable debt liquidity / remarketing fees and interest rate swap payments

Financial Metrics

($ in millions)	Principal Sep 2019	Principal Nov 20	Change	Nov 2019 Weighted Average Interest Rates
Energy System (ES)				
Fixed rate bonds	$1,233	$1,073	$(160)	3.99%
Hedged variable rate bonds	406	406	--	4.42%
Unhedged variable rate bonds	185	181	(4)	1.77%
Revolving credit agreement	--	--	--	--
Total	*$1,824*	*$1,660*	*$(164)*	*3.86%*
Bulk Power Supply System (BPSS)				
Fixed rate bonds	$95	$89	(6)	3.82%
Total	*$95*	*$89*	*(6)*	*3.82%*
SJRPP				
Fixed rate bonds	$279	$265	$(14)	3.92%
Revolving credit agreement	--	--	--	--
Total	*$279*	*$265*	*$(14)*	*3.92%*
Combined ES, BPSS and SJRPP	**$2,198**	**$2,014**	**$(184)**	**3.86%**
Water/Wastewater System				
Fixed rate bonds	$1,116	$1,024	$(92)	3.99%
Hedged variable rate bonds	110	104	(6)	4.30%
Unhedged variable rate bonds	157	155	(2)	1.59%
Revolving credit agreement	5	5	--	2.94%
Total	*$1,388*	*$1,288*	*$(100)*	*3.73%*
District Energy System				
Fixed rate bonds	$35	$33	$(2)	4.23%
Total	*$35*	*$33*	*$(2)*	*4.23%*
Total JEA Debt	**$3,621**	**$3,335**	**$(286)**	**3.82%**

FY2019
Combined Debt Outstanding*:
*Weighted Average Interest Rates

- Fiscal year end interest rates are net of BABs subsidy, original issue premiums / discounts and includes variable debt liquidity / remarketing fees and interest rate swap payments
- – – – During FY2010 – FY2013 DES was funded with variable rate debt at an average of 1 percent



Financial Metrics

FY2019 Variable Debt Risk Analysis:

Variable debt as a percentage of total debt:

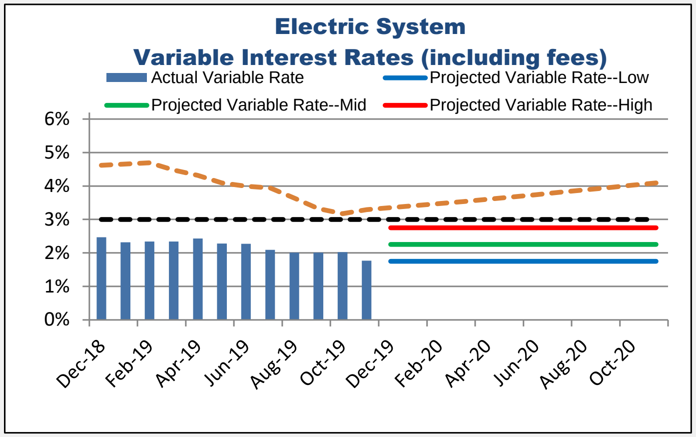
- Unhedged variable at 9% for Energy and 12% for Water/Wastewater
- Hedged variable at 20% for Energy and 8% for Water/Wastewater

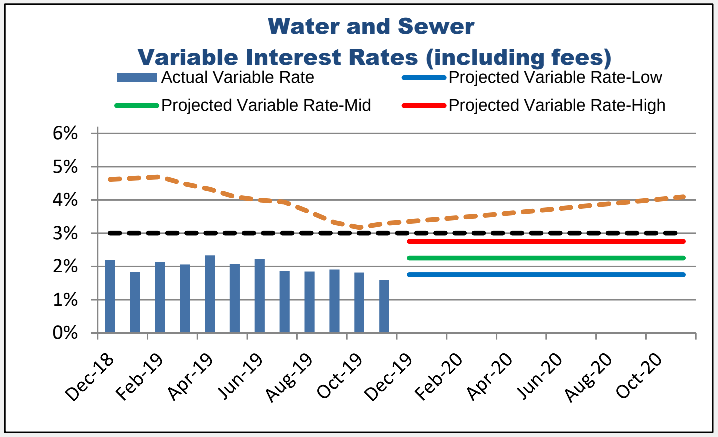
Other Items Of Interest:

- Liquidity facilities / direct purchase bonds are with highly rated providers
- Next liquidity renewal in May 2020
- $44M Variable Rate Reserve utilized for Oct 2019 Star Plan Phase 2

Total variable rate debt of $852MM with $510MM swapped to fixed rate

Financial Metrics

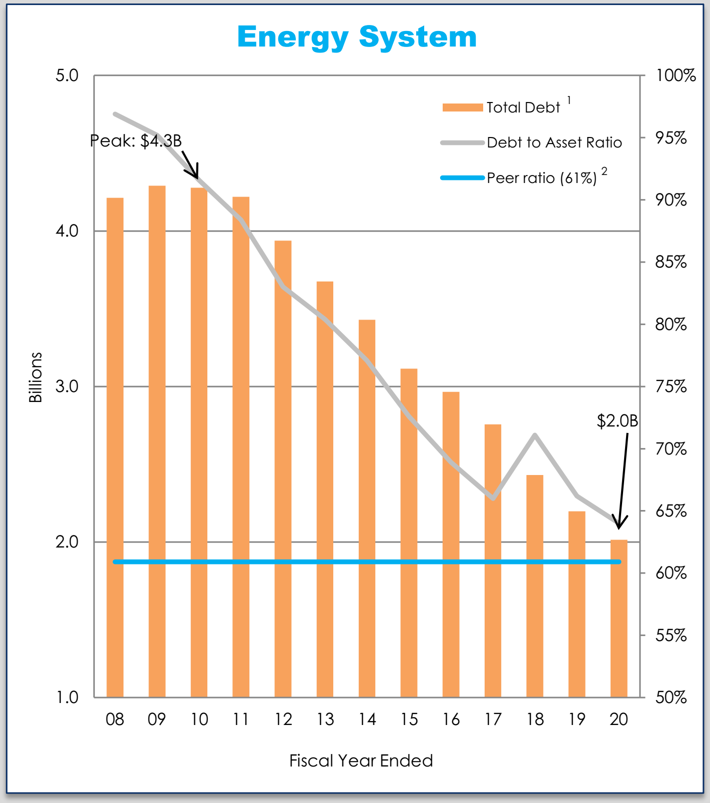


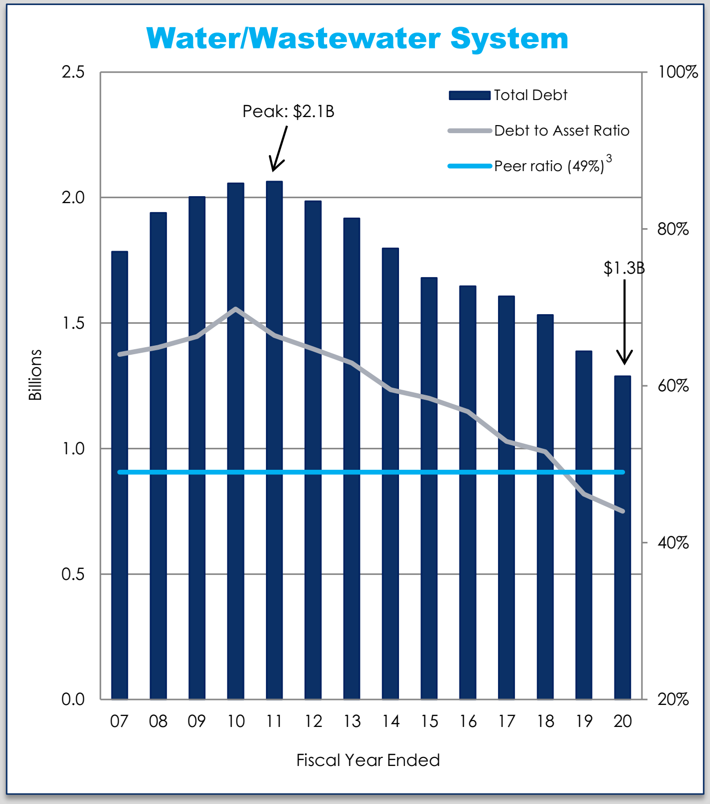


Liquidity Facilities and Direct Purchase Bonds (DPBs)			
Bank	**Moody's/S&P/Fitch**	**$ (in millions)**	**%**
Wells Fargo Bank N.A. (100% DPBs)	Aa2/A+/AA-	$211	26
JP Morgan Chase Bank N.A.	Aa2/A+/AA	199	24
Royal Bank of Canada	A2/AA-/AA	193	23
US Bank, N.A.	A1/AA-/AA-	142	17
Sumitomo	A1/A/A	52	6
State Street Bank	Aa3/AA-/AA	31	4
Total Variable Rate Debt		$828	

Swap Providers			
Bank	**Moody's/S&P/Fitch**	**$ (in millions)**	**%**
Morgan Stanley Capital Services	A3/BBB+/A	$165	32
Goldman Sachs Mitsui Marine Derivative Products	Aa2/AA-/NR	136	27
JP Morgan Chase Bank N.A.	Aa2/A+/AA	124	24
Merrill Lynch	A3/A-/A+	85	17
Total Swapped to Fixed Rate		$510	

Debt & Debt To Asset Ratios

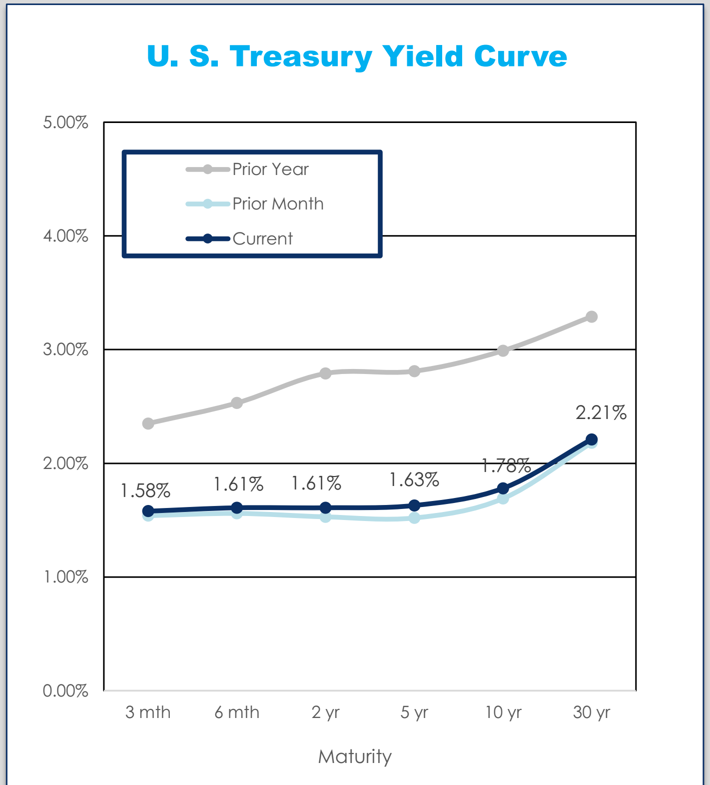


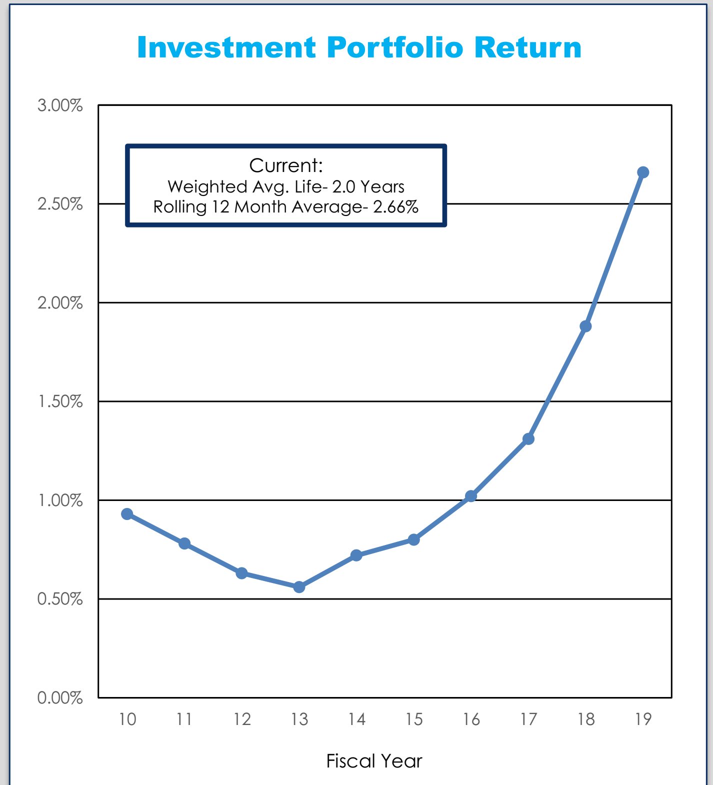


Financial Metrics

[1] Includes JEA, Scherer and SJRPP
[2] Per Moody's Sector In-Depth Report "Public Power Medians: Stability Continues Amid Low Energy Prices, Clean Energy Shift", Sept. 2018
[3] As calculated from Moody's Municipal Financial Ratio Analysis database of 209 Aa rated public water-sewer utilities, Jan. 10, 2017

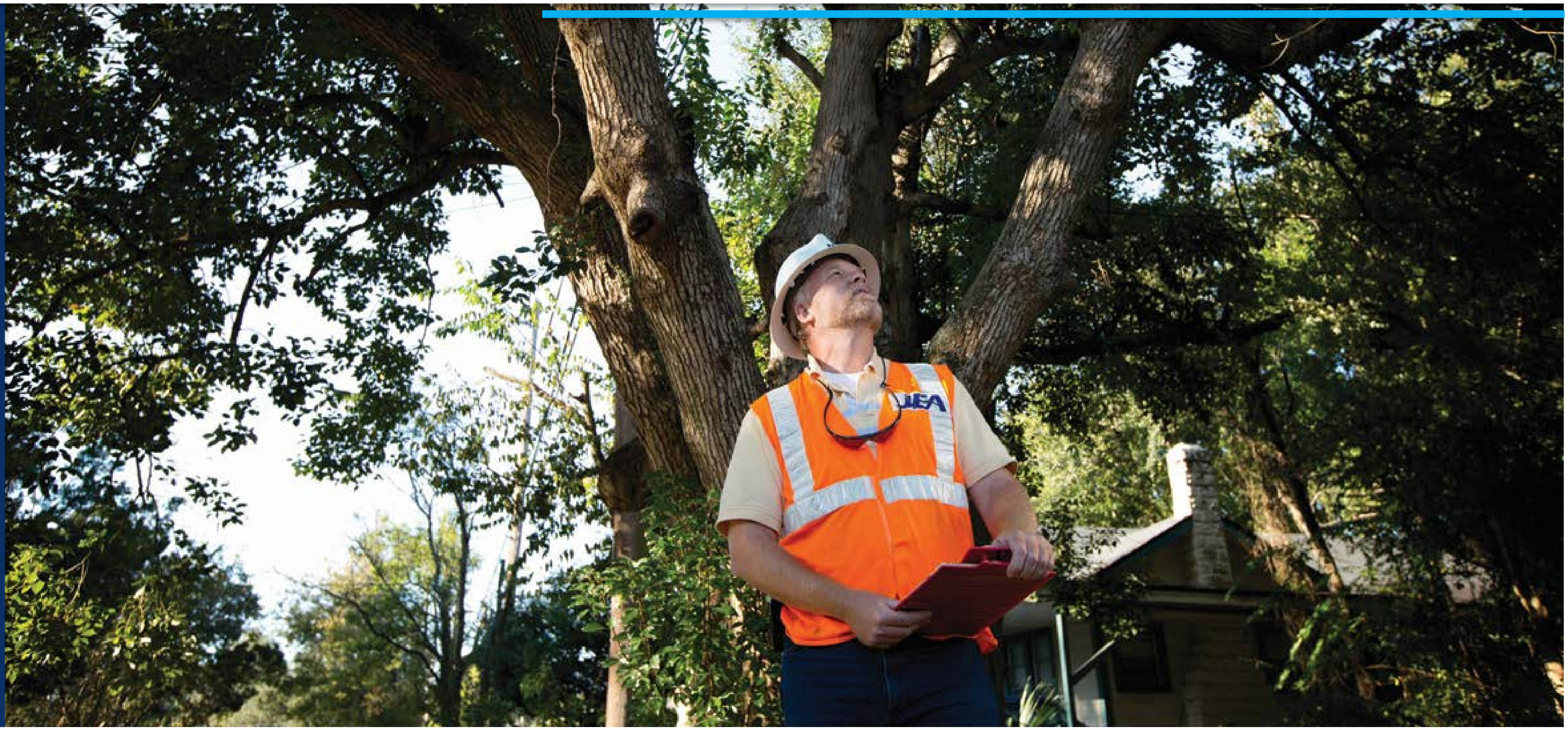
Treasury Yield Curve and Investment Portfolio Return





Financial Metrics

Energy System Update



FY2020

Energy System Financial Results

Forecasted Cost Metrics:

Debt Coverage: 4.24x
Days Liquidity: 307 days
Days Cash on Hand: 141 days
Debt to Asset Ratio: 62%
Total Debt: $2.0B

Energy System Update

Energy System	FY19 Actual	FY20 Budget	FY20 Actual[2]	FY20 vs FY19 ($)	FY20 vs FY19 (%)
Revenues					
Fuel Revenue	$398,533	$402,650	$392,989	($5,544)	(1.4%)
Base Revenue	774,519	782,136	765,701	($8,818)	(1.1%)
Other Revenue	41,348	42,328	38,618	($2,730)	(6.6%)
Total Revenues	$1,214,399	$1,191,879	$1,197,308	($17,091)	(1.4%)
		$5			
Select Expenses					
Fuel Expense	$425,757	$418,167	$345,937	$79,820	18.7%
Fuel Fund Transfers	(27,226)	(15,517)	47,052	($74,277)	
O & M Expense	217,906	280,905	269,100	($51,194)	23.5%
Non-fuel Purchased Power	100,350	73,565	75,361	$24,989	24.9%
Net Revenues	$506,375	$465,689	$496,803	($9,572)	(1.9%)
		$31			
Capital Expenditures	$285,537	$261,000[1]	$254,998	($30,539)	(10.7%)
Debt Service	$180,728	$190,618	$113,209	$67,283	37.2%

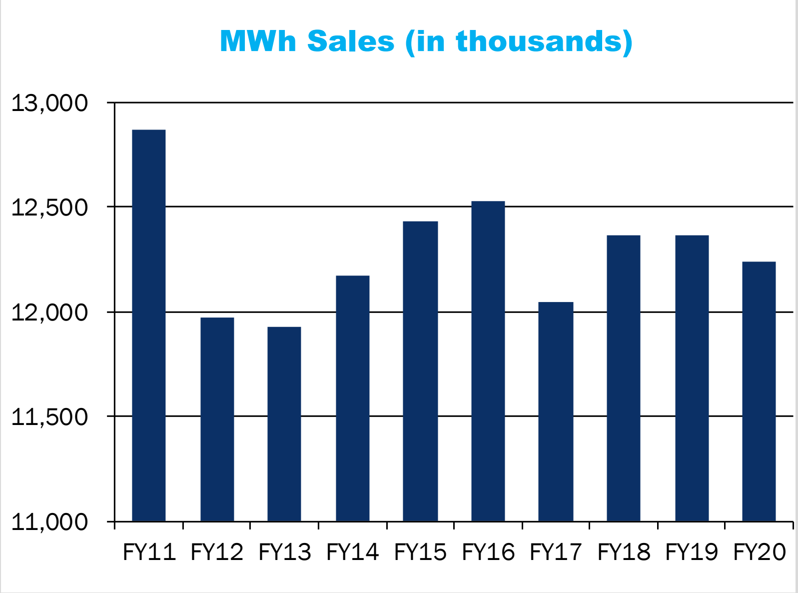
	Beginning Balance	Surplus/(Deficit)	Ending Balance	Percent of Annual Fuel Expense
Fuel Fund	$47.2	$47.1	$94.2	20.7%

[1] Council approved limit for capital expenditures in FY20 is $261 million

FY2020
Energy System MWh Sales

Unit Sales Drivers:

- FY2020 YTD MWh decreased due to lower degree days. November was on average 3 degrees cooler than last year and 2 degrees cooler than historical averages
- YTD degree days lower by 2.3%



Month	FY20	FY19	%
Oct	1,051,888	1,018,615	3.3%
Nov	825,248	898,455	(8.1%)
YTD	**1,877,136**	**1,917,070**	**(2.1%)**
Dec		939,381	
Jan		992,410	
Feb		758,488	
Mar		910,894	
Apr		901,886	
May		1,158,218	
Jun		1,168,654	
Jul		1,218,341	
Aug		1,269,178	
Sep		1,131,874	
Forecast/Total	**12,243,528**	**12,366,394**	

Total System	(2.1%)
Residential	(3.6%)
Comm./Industrial	(0.1%)
Interruptible	(5.6%)

YTD Degree Days		
30-yr. Avg.	FY20	FY19
431	530	542

YTD Customer Accounts		
FY20	FY19	%
481,239	472,155	1.9%

Energy System Update

November 2020
Significant Occurrences of Concern This Month:

- CEMI-4 is currently well below target in FY20, with only 1,817 of 480,863 customers experiencing 5 or more outages in the last 12 months.
- The JEA Fleet Forced Outage Rate below target.
- Energy had 0 Permit Exceedances.

Energy System Update

Energy Monthly Operations Scorecard

Energy System	FY2019	FY2020 Goal	FY2020 YTD	Status
JEA Safety RIR	1.44	1.40	1.09	●
Sales Forecast (million MWh)	12.4	12.4	12.2	●
T&D Grid Performance Customer Outage				
Average Outage Duration (CAIDI)	*47*	*50-54*	*49*	●
CEMI4 (% cust. > 4 outages/year)	*0.4%*	*1.5%-2.0%*	*0.4%*	●
Generating Plant Performance				
Generation Fleet Reliability (forced outages rate)	*5.2%*	*2.25%-2.50%*	*0.14%*	●
Environmental Compliance (permit exceedances)	*0*	*4*	*0*	●

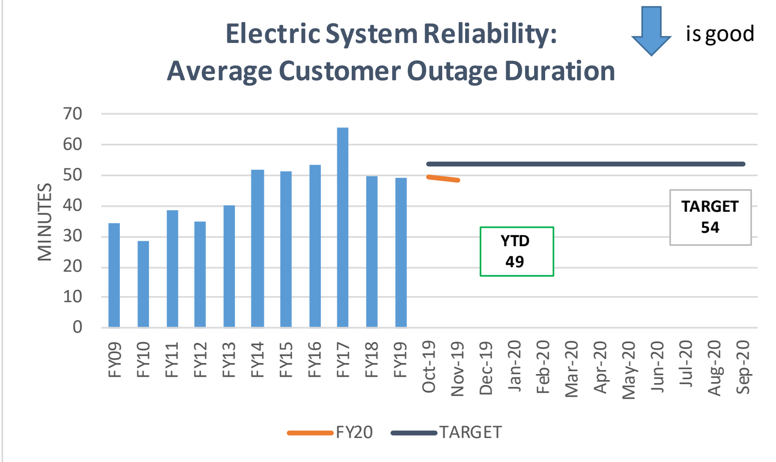
FY2020
Energy System Reliability Metrics:

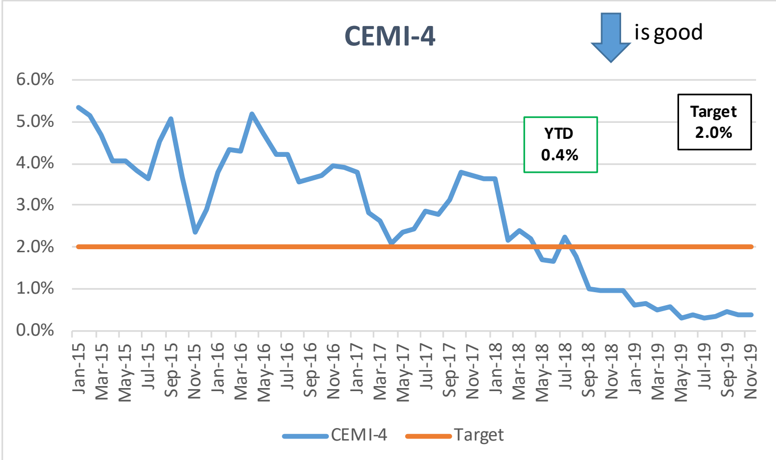
Electric Service Reliability

- We continue to implement system enhancement projects resulting in increased customer reliability in both CAIDI and CEMI-4 metrics.

JEA continues to show favorable trends over time across all other operational metrics

Energy System Update





T&D Grid Performance	Metric	FY2018	FY2019	FY2020 Target	FY2020 YTD
CAIDI	Average Customer Outage Duration	50 minutes	49 minutes	50-54 minutes	49 minutes
$CEMI_4$	% Customers > 4 outages per yr	1.0%	0.4%	1.5%-2.0%	0.4%

FY2020
Energy System Reliability Metrics:

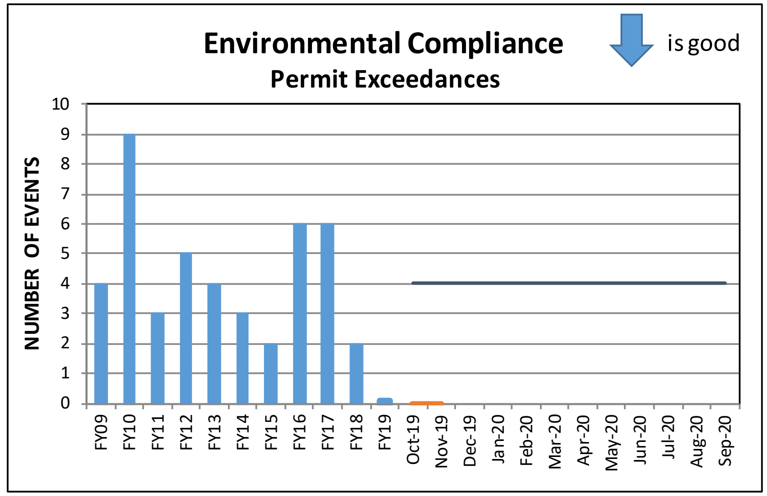
Environmental Compliance

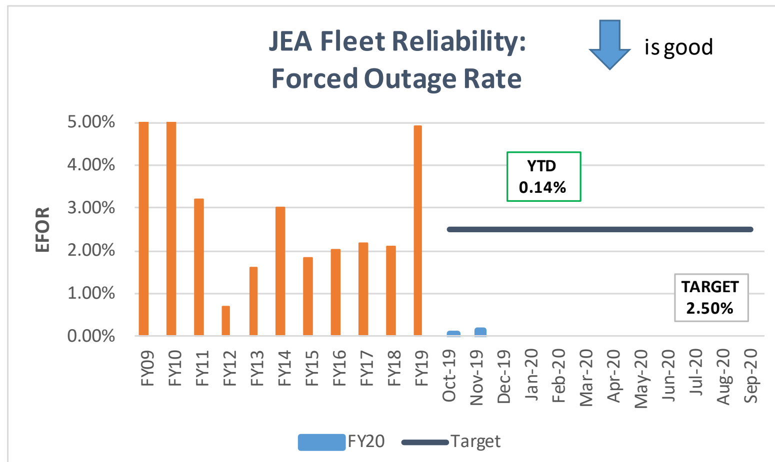
- We experienced 0 reportable events
- JEA remains actively engaged in preparing for all new and emerging environmental regulations

Generating Fleet Reliability

- The JEA Fleet Forced Outage Rate was switched from a rolling 12 month to a YTD reporting in FY20.
- The Generation EFOR achievements were due to minimal operational issues with the running units, as well as, reduced service hours associated with planned outages and the offline economy status of Northside Unit 2.

Energy System Update





Generating Plant Performance	Metric	FY2018	FY2019	FY2020 Target	FY2020 YTD
Generation Fleet Reliability	Forced Outages Rate	2.10%	4.92%	2.50%	0.14%
Environmental Compliance	Permit Exceedances	2	0	4	0

Florida Utilities Monthly Residential Electric Bill Comparison

(Consumption @ 1,000 kWh)
Residential Rates as of November 2019

Water/Wastewater System Update

FY2020

Water/Wastewater System Financial Results & Cost Metrics

Forecasted Cost Metrics:

Debt Coverage: 4.40x
Days Liquidity: 272 days
Days Cash on Hand: 109 days
Debt to Asset Ratio: 42%
Total Debt: $1.3B

Water Wastewater System	FY19 Actual	FY20 Budget	FY20 Actual[2]	FY20 vs FY19 ($)	FY20 vs FY19 (%)
Revenues					
Water & Sewer Revenues	$443,134	$444,081	$444,095	$961	0.2%
Other Revenue	82,981	43,714	$35,771	($47,210)	(56.9%)
Total Revenues	$526,115	$487,795	$479,866	($46,249)	(8.8%)
		($8)			
Select Expenses					
O&M Expense	$157,996	$161,825	$177,472	$19,476	12.3%
Net Revenues	$367,596	$352,654	$315,916	($51,680)	(14.1%)
		($37)			
Capital Expenditures	$212,551	$260,000[1]	$241,656	$29,105	13.7%
Debt Service	$109,817	$83,244	$67,986	($41,831)	(38.1%)

[1] Council approved limit for capital expenditures in FY20 is $260 million

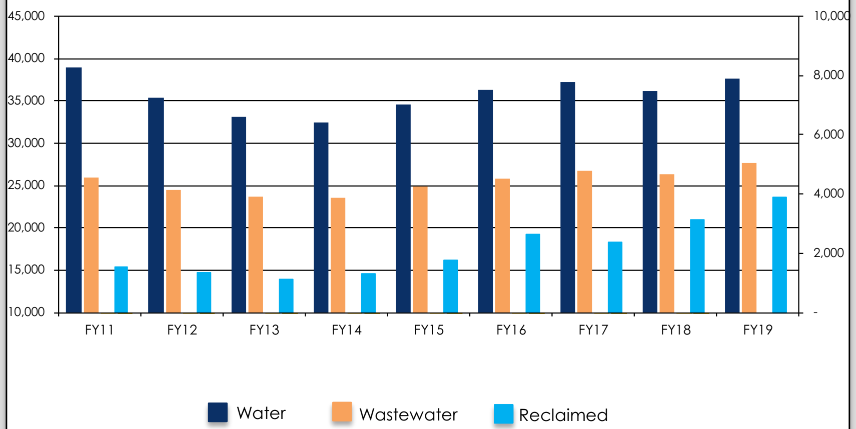
Water/Wastewater System Update

FY2020 Water/Wastewater System kgal Sales:

Unit Sales Drivers:

- FY20 rain days down 2.0 days. Irrigation for FY20 up 7.6% versus FY19
- Water sales are up YTD due to lower rainfall and a higher temperatures

kGal Sales (in thousands)



Month	FY20	FY19	%
Oct	3,294	3,212	2.6%
Nov	2,949	2,862	3.0%
YTD	**6,243**	**6,074**	**2.8%**
Dec		2,792	
Jan		2,724	
Feb		2,436	
Mar		3,014	
Apr		3,046	
May		3,921	
Jun		3,577	
Jul		3,523	
Aug		3,366	
Sep		3,221	
Forecast/Total	**38,018**	**37,694**	

Total System	**2.8%**
Residential	2.0%
Comm./Industrial	1.6%
Irrigation	7.6%

YTD Customer Accounts			
	FY20	FY19	%
Water	360,108	352,570	2.1%
Sewer	281,941	274,969	2.5%
Reclaimed	15,913	13,064	21.8%

YTD Rainfall			
	30-Yr. Avg.	FY20	FY19
Inches	6.0	7.0	6.5
Days	15.0	17.0	19.0

Water/Wastewater System Update

November 2019
Significant Occurrences or Concerns This Month:

- JEA Safety RIR: One OSHA recordable safety incident for JEA in the month of November
- Unplanned Water Main Outages: 237 customers experienced an outage in the month of November
- CUP: Average daily flow of 119 MGD is 14% below CY limit of 138 MGD; reclaimed usage at 19 MGD
- Nitrogen to River: 447 tons estimated for FY20; JEA has a limit of 683 tons per year and provides the COJ with 37 tons
- SSO's Impacting Waters of the US: 4 YTD, root cause analysis is performed on each SSO

Water/Wastewater System Update

Water/Wastewater Monthly Operations Scorecard

Water/Wastewater System	FY2019	FY2020 Goal	FY2020 YTD	Status
JEA Safety RIR	1.51	1.40	1.09	●
Water Sales Forecast (kgal in 1000's)	37,696	37,615	38,018	●
Water Unplanned Outages (# cust.)	3%	2%	0.26%	●
CUP Compliance	Yes	Yes	Yes	●
Nitrogen to the River (tons)	397	466	52	●
Sanitary Sewer Overflows (SSO's per 100 miles of pipe)	0.70	0.58	0.08	●

FY2020
Water/Wastewater System Customer Reliability:

Unplanned Water Outages

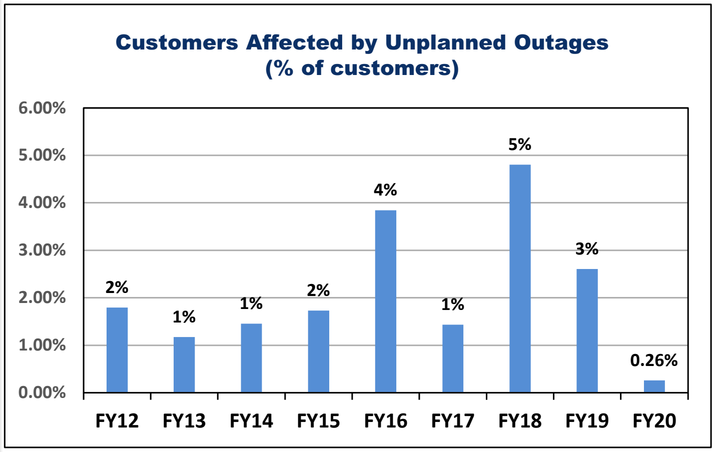
- Percentage of customers affected by unplanned outages.

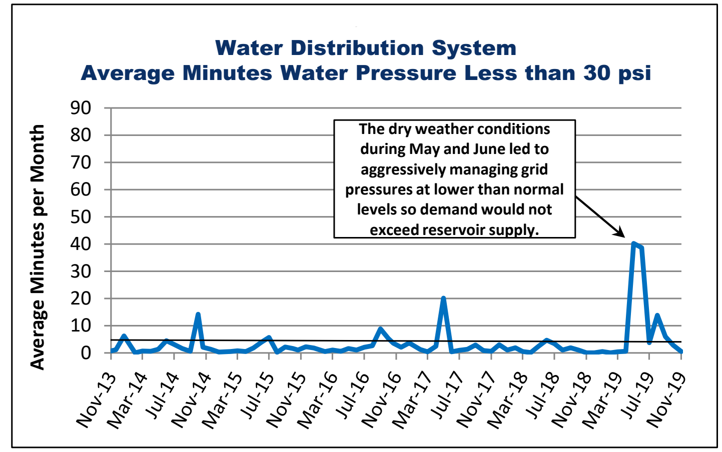
Water Pressure (minutes per month < 30 psi)

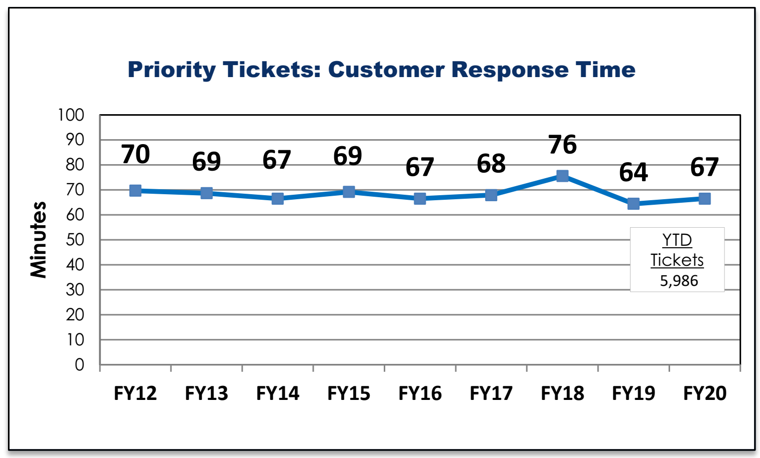
- Measured by 301 pressure monitoring stations in the distribution system. Pressure must be greater than 30 psi, and is expected to be greater than 50 psi. Regulatory requirement is minimum 20 psi.

Customer Response Time

- Average time from a customer call to the ticket completion or transfer to a field crew for a more extensive repair.







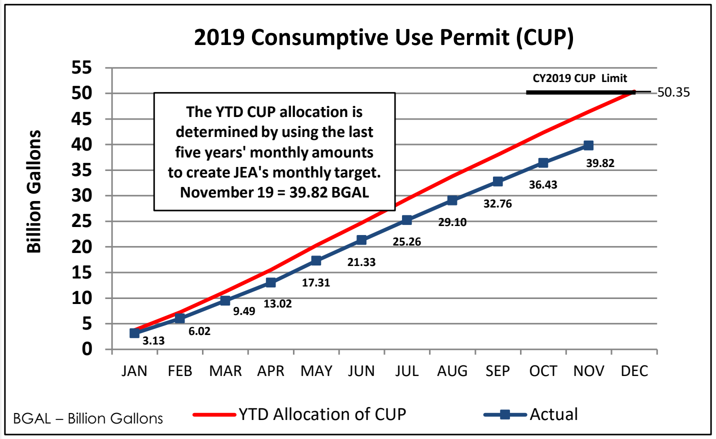
Water/Wastewater System Update

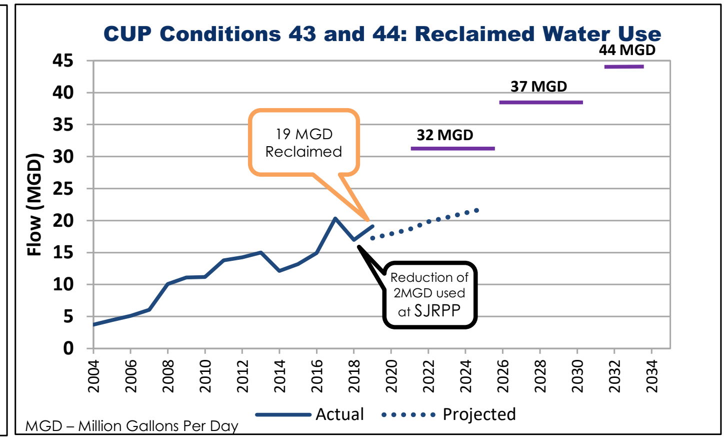
FY2020
Water System Consumptive Use Permit:
St. Johns River Water Management District CUP

YTD CUP Allocation
- The YTD CUP allocation is determined by using the last five years' monthly amounts to create JEA's monthly target
- November 2019 = 39.82 BGAL

Condition 18
- YTD average daily flow is 14% below CY limit of 138 MGD

Water/Wastewater System Update





CUP Condition 44: South Grid Wellfield Allocation Limits

	Permit Limit Post 2014	2014	2015	2016	2017	2018	YTD 2019
		Actuals					
Deerwood III	7.00	7.01	6.67	7.88	7.64	7.17	7.32
Ridenour	6.85	6.39	6.66	7.64	6.68	6.54	6.87
Oakridge	5.65	6.23	4.99	5.79	5.49	5.55	5.46
Greenland	4.53	1.53	4.27	4.16	3.99	4.18	4.31
Brierwood	3.02	4.53	2.84	3.36	2.98	2.43	2.72
Subtotal	***27.05***	***25.69***	***25.43***	***28.83***	***26.78***	***25.87***	***26.68***
Other Wellfields	**23.18**	**20.92**	**22.07**	**24.12**	**21.85**	**20.48**	**21.90**
Total South Grid	**50.23**	**46.61**	**47.50**	**52.95**	**48.62**	**46.35**	**48.58**
Total System ADF MGD	**138**	**104**	**107**	**112**	**114**	**112**	**119**

Compliance	Metric – CY Basis	2018	CY2019 Target	CY2019
Water	CUP Limits (MGD)	112 (135 limit)	138 limit	119
South Grid	Wellfield Allocation (MGD)	46.35 (<50.23 limit)	< 50.23 limit	48.58
Reclaim	Usage (MGD)	17	19	19

FY2020
Wastewater System Environmental Compliance:

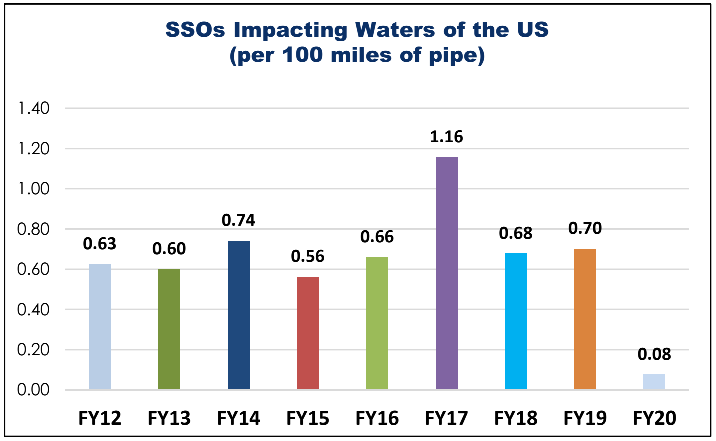
Sanitary Sewer Overflows (SSOs to US Waters)

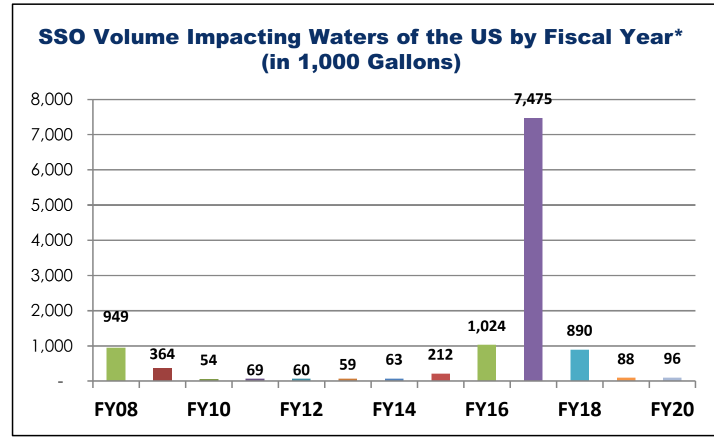
- FY04 – FY07: 54 per year average
- FY08 – FY19: 33 per year average
- 4 SSO's impacting US Waters during FY20

Nitrogen Discharge to St. Johns River

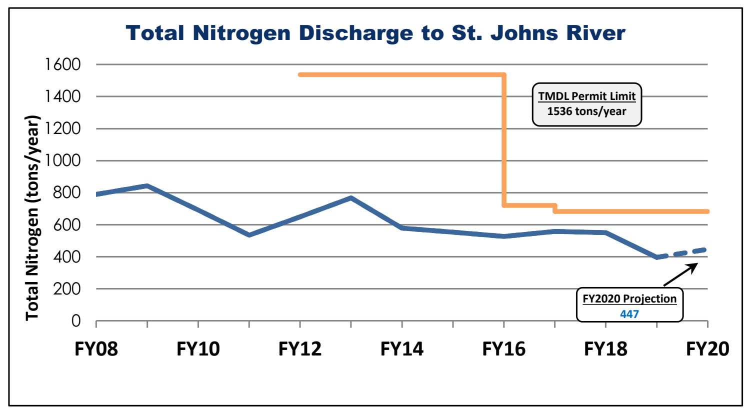
- Total Maximum Daily Load (TMDL) Permit Limit is 683 tons (rolling 12 month total)
- FY20 projection is 447 tons

Water/Wastewater System Update





*Aligned with the PSC Rule for Electric Reliability Reporting, the Operational Metrics will exclude the impact of all service interruptions associated with a storm named by the National Hurricane Center.

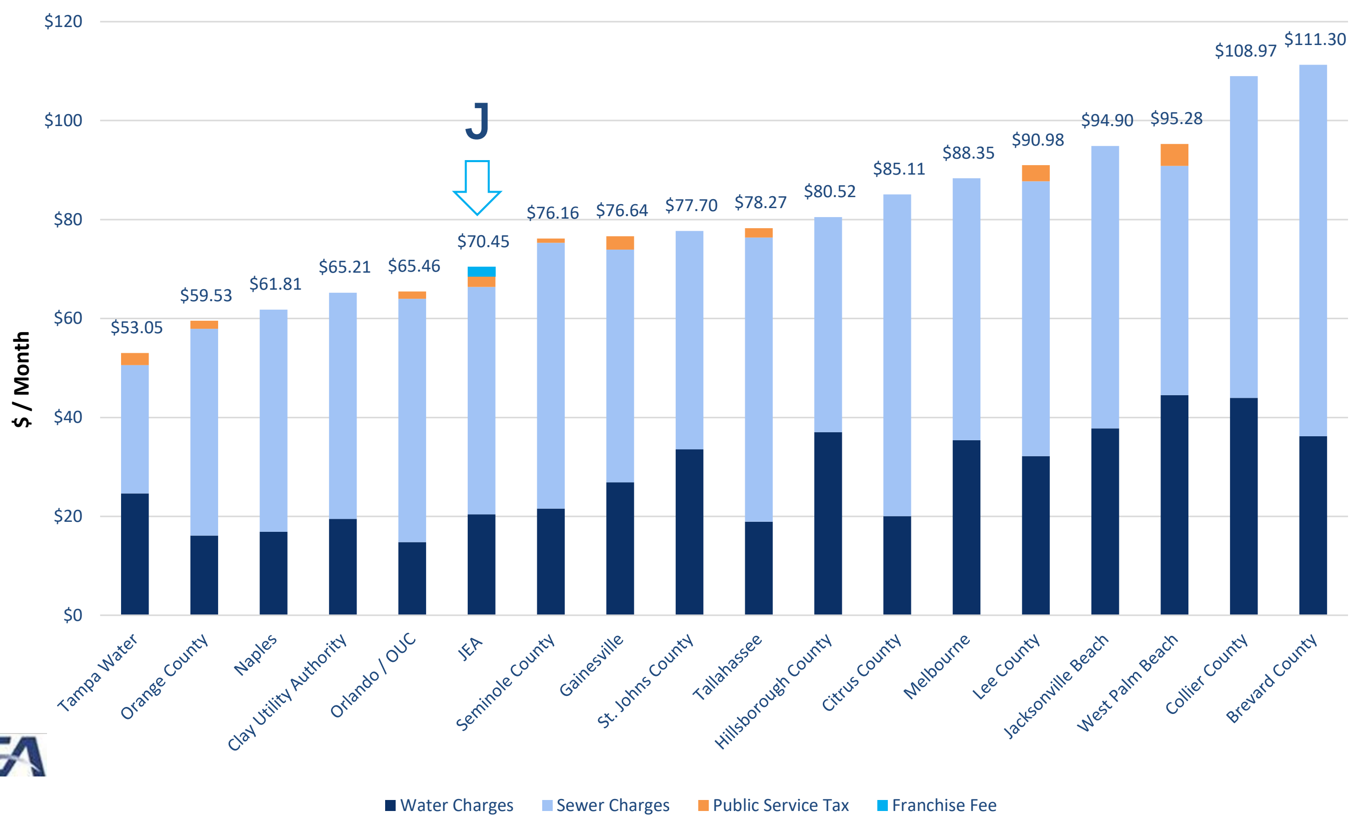


Compliance	Metric – CY Basis	2018	2019	2020 Target	FY2020
Sewer	Nitrogen (N) Tons – FY basis	550 (TMDL of 683*)	397 (TMDL of 683*)	466	52
Sewer	SSOs – US Waters (per 100 miles of pipe)	0.68	0.70	0.58	0.08

Water & Sewer Rates in Florida

Residential Service with a 5/8" meter and 6 kgals of Consumption

Residential Rates as of November 2019



JEA

Safety Update

FY2020 Consolidated Safety Performance:

FY2018

- RIR = 1.48
- # of Recordables = 31
- Lost Time Incidents = 10

FY2019

- RIR = 1.51
- # of Recordables = 32
- Lost Time Incidents = 8

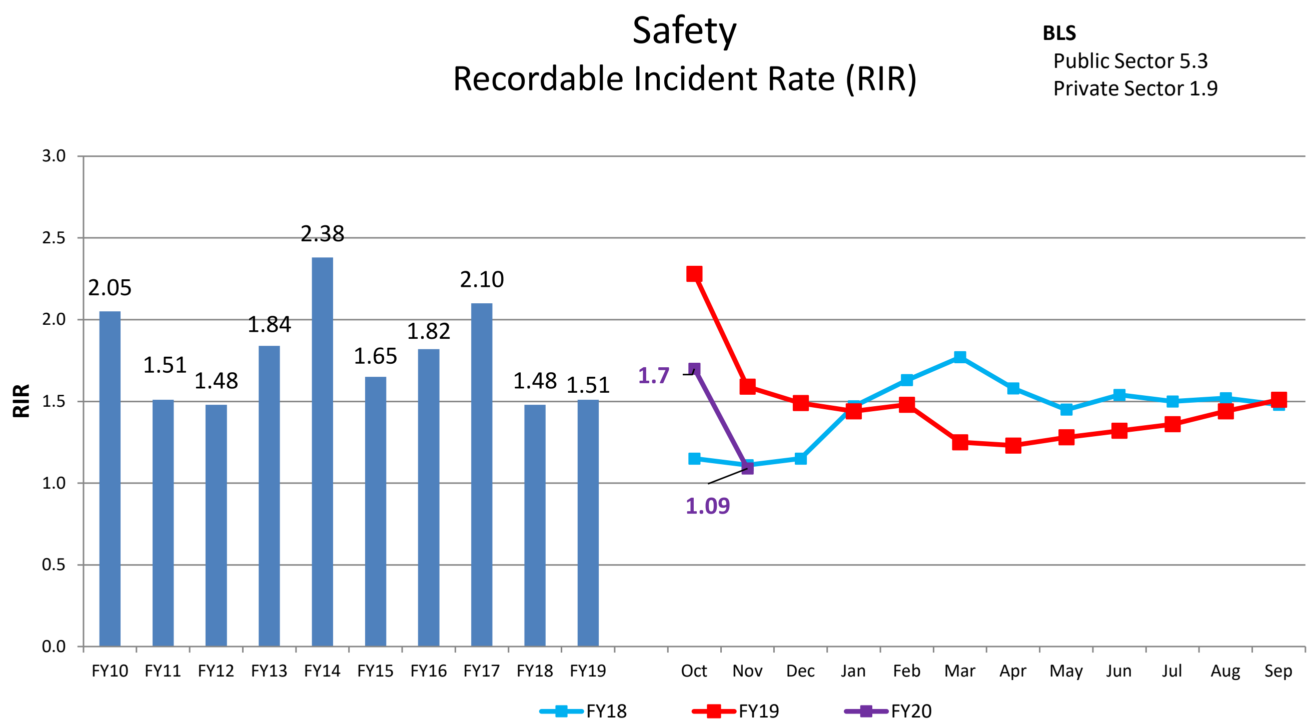
FY2020

- Focus on elevating JEA's Safety Culture and Prevention
- Maintain emphasis on CHOPS

- Industry Benchmark* RIR – 5.3 (2018)
- APPA – 3rd Place, Group H CY 2018

Safety Update

Safety Recordable Incident Rate (RIR)



Units	FY2018	FY2019	FY2020 YTD
Recordable Incident Rate (RIR)	1.48	1.51	*1.09

Customer Experience Update

Customer Experience Monthly Operations Scorecard

Customer Experience	FY2016	FY2017	FY2018	FY2019	FY2020	Status
JDP Customer Satisfaction Index - Residential	2nd Q	1st Q	2nd Q	1st Q	1st Q	●
JDP Customer Satisfaction Index - Business	1st Q	1st Q	1st Q	2nd Q	1st Q	●
Overall First Contact Resolution Index	79.4%	79.4%	78.9%	79.3%	79.8%	●
Self Service Utilization	75.9%	79.6%	82.0%	83.6%	83.8%	●
Net Write-Offs	0.14%	0.15%	0.13%	0.12%	0.09%	●

FY19 Customer Satisfaction Goal

Achieve 1st Quartile Ranking for JD Power Customer Satisfaction Index for both Residential and Business Studies

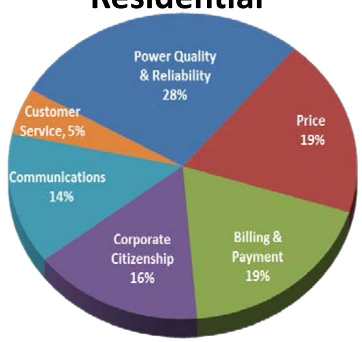
Residential (R)

FY18		FY19		Per 1		Per 2		Per 3		Per 4		FY20 YTD	
2Q	737	1Q	756	1Q	759							1Q	759

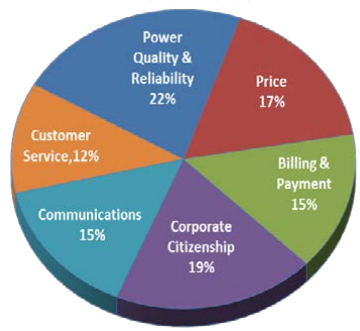
Business (B)

FY18		FY19		Per 1		Per 2		FY20 YTD	
1Q	802	2Q	782	1Q	794			1Q	794

Residential



Business



FY19 Residential # of companies ranked: 142
FY19 Business # of companies ranked: 87

1Q= 1st quartile 2Q= 2nd quartile 3Q = 3rd quartile 4Q = 4th quartile

Achieve 1st Quartile Ranking on All Drivers

Be Easy to Do Business With

Customer Service

	FY19		Per 1		Per 2		Per 3		Per 4		FY20 YTD	
R	1Q	827	3Q	780							3Q	780
B	1Q	838	1Q	846							1Q	846

Power Quality & Reliability

	FY19		Per 1		Per 2		Per 3		Per 4		FY20 YTD	
R	2Q	802	1Q	799							1Q	799
B	2Q	817	1Q	829							1Q	829

Empower Customers to Make Informed Decisions

Billing & Payment

	FY19		Per 1		Per 2		Per 3		Per 4		FY20 YTD	
R	2Q	807	1Q	812							1Q	812
B	2Q	822	2Q	825							2Q	825

Communication

	FY19		Per 1		Per 2		Per 3		Per 4		FY20 YTD	
R	1Q	709	1Q	719							1Q	719
B	2Q	763	1Q	789							1Q	789

Price

	FY19		Per 1		Per 2		Per 3		Per 4		FY20 YTD	
R	1Q	706	1Q	702							1Q	702
B	2Q	741	2Q	753							2Q	753

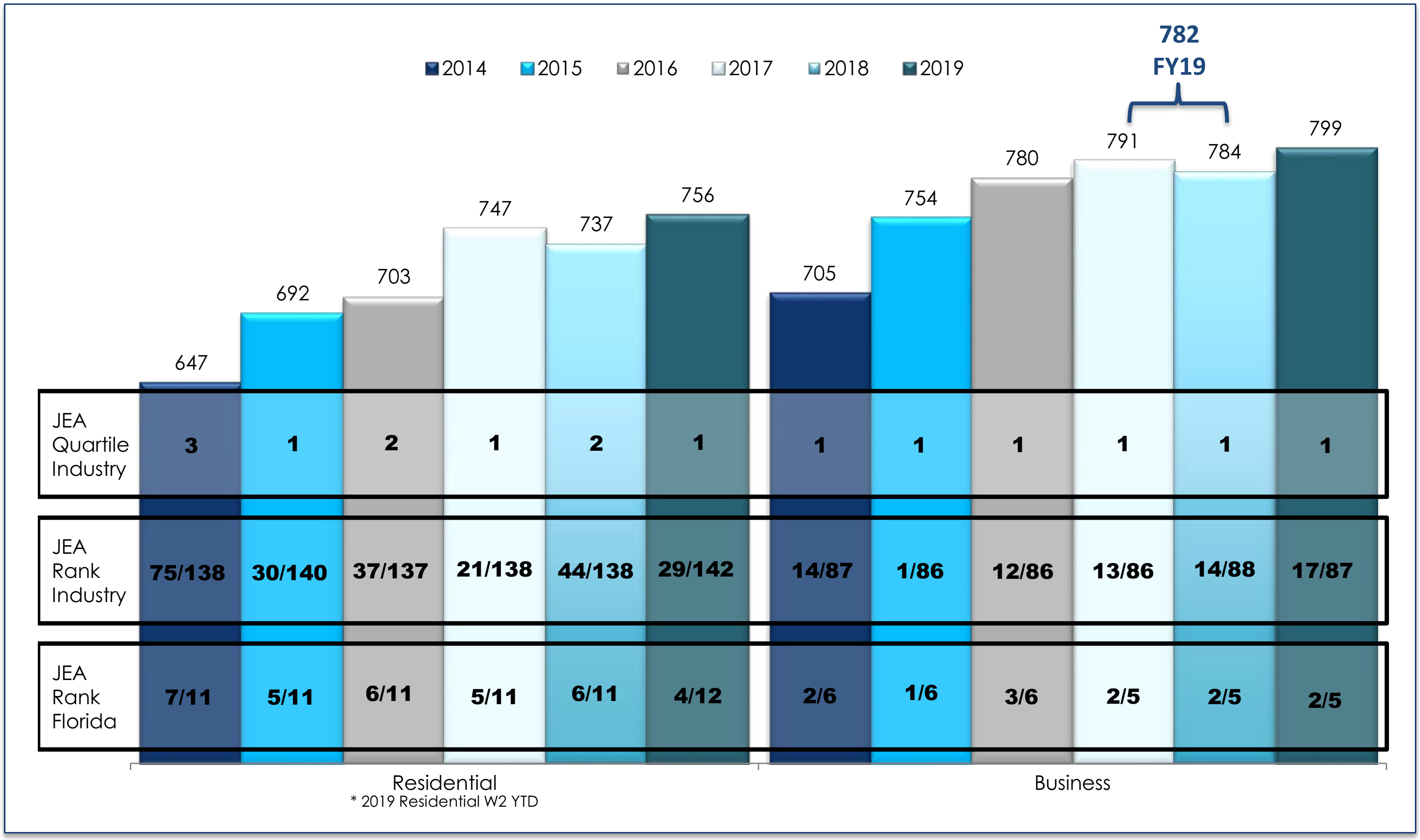
Demonstrate Community Responsibility

Corporate Citizenship

	FY19		Per 1		Per 2		Per 3		Per 4		FY20 YTD	
R	2Q	694	1Q	707							1Q	707
B	3Q	732	3Q	744							3Q	744

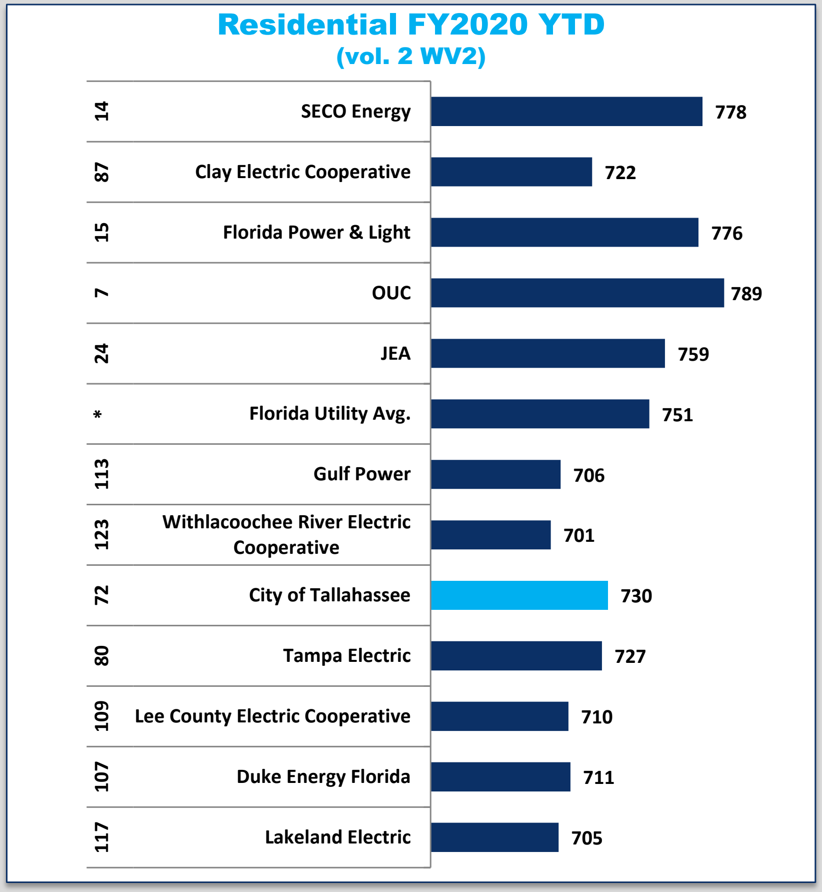
Customer Experience

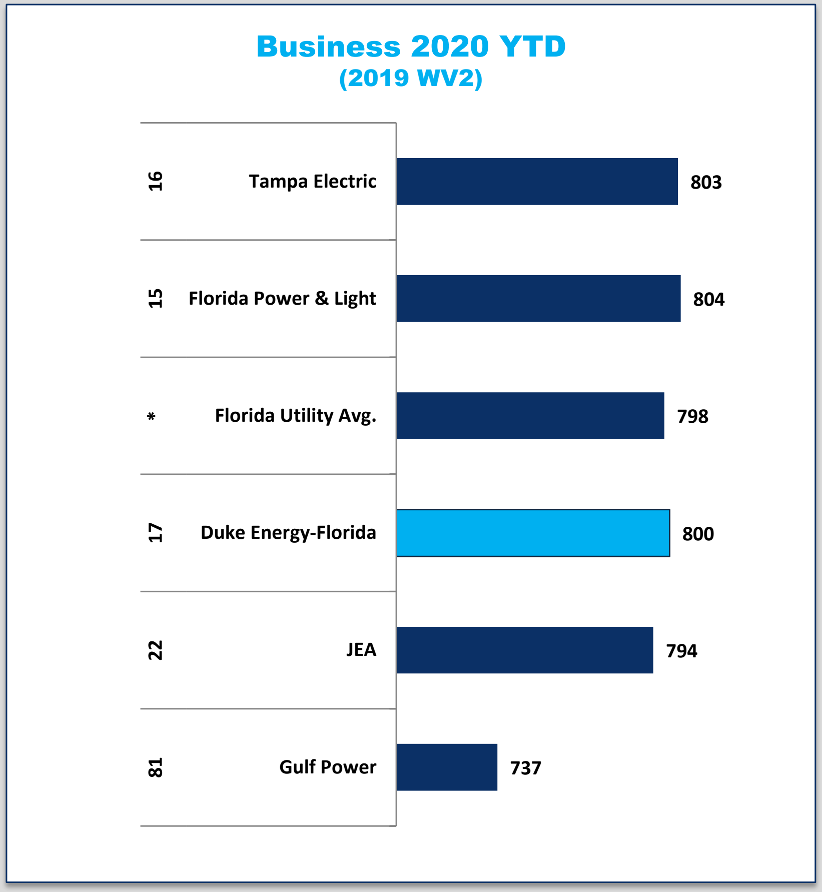
Customer Satisfaction Index Scores



Customer Satisfaction Index Score

Florida Utilities





Corporate Metrics Dashboard

As of November 30, 2019

Metrics for FY20 Goals	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 YTD	2020 Goal	Variance	2020 Goal--Meets	2020 Goal--Exceeds
Customer Value													
JDP Customer Satisfaction Index - Residential	4th Quartile	3rd Quartile	3rd Quartile	1st Quartile	2nd Quartile	1st Quartile	2nd Quartile	1st Quartile	1st Quartile	Top 1/2 of 2nd Quartile	-	Top 1/2 of 2nd Quartile	1st Quartile
JDP Customer Satisfaction Index - Business	4th Quartile	4th Quartile	1st Quartile	1st Quartile	1st Quartile	1st Quartile	1st Decile	2nd Quartile	1st Quartile	Top 1/2 of 2nd Quartile	-	Top 1/2 of 2nd Quartile	1st Quartile
Overall First Contact Resolution	N/A	N/A	78.5%	80.9%	79.4%	79.4%	79.0%	79.3%	78.9%	>=80%	-1%	80%	>80%
Grid Performance: Average Outage Length (CAIDI)	35	40	52	51	54	64	45	47	49	50-54	2%	50-54	<46
Grid Performance: CEMI4	N/A	N/A	4.8%	5.1%	3.6%	3.2%	1.0%	0.4%	0.4%	1.5%-2.0%	76%	1.5%-2.0%	<1.5%
Water Unplanned Outages (% cust.)	2%	1%	1%	2%	4%	1%	5%	3%	0.26%	2%	87%	1.9-2.1%	<1.9%
Water Distribution System Pressure (avg min < 30 psi)	34.9	20.0	2.1	2.8	2.1	3.7	1.8	8.8	1.7	2.0	15%	2-3	<2
Information Technology Mean Time to Recover	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	153	<=90 min	-70%	<90 min	<60 min
Innovation (# of Ideas Submitted)*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	296	1,500 ideas	TBD		
Innovation (# of hours improved)*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	100,000 hours	TBD		
Community Impact Value													
Capital Invested ($000)	$273,774	$234,718	$158,392	$204,708	$298,045	$307,918	$374,456	$497,341	$64,069	$381,695 - $500,974	TBD	$400,000 - $450,000	$450,000 - $500,000
Safety: % of safety checks closed	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	94%	93%	1.1%	93%	>93%
Safety: % of work orders closed in a timely manner	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	80% w/in 1-2 weeks	TBD	80% w/in 1-2 weeks	90% w/in 1-2 weeks
JEA Volunteers	237 Activities	465 Activities	670 Activities	753 Activities	985 Activities	913 Activities	1,050 Activities	7,183	1,023	4,500-4,800 hours	-77%	4500-4800 hours	>4800 hours
JSEB Spend ($000)	$9,168	$10,121	$7,302	$9,318	$9,983	$13,365	$15,760	$18,772	$2.9	$17M	-83%	$15M-$17M	>$17M
Employee Sentiment*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	>2.5	TBD		
Employee Training Hours	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	16,481	50,000	TBD	50,000	60000
Environmental Value													
Electric System Environmental Compliance (permit exceedances)	5	4	3	2	4	6	2	0	0	<4	100%	4-6	<4
Consumptive Use Permit Compliance	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Nitrogen to the River (tons)	650	767	579	553	527	558	550	396	52	466	89%	466-500	<466
Sanitary Sewer Overflows (SSO's) (per 100 miles of pipe)	0.62	0.60	0.74	0.56	0.66	1.16	0.68	0.70	0.08	0.58	86%	0.58-0.68	<0.58
Financial Value													
Generation Fleet Reliability (forced outages rate)	0.7%	1.6%	3.0%	1.8%	2.0%	2.2%	2.1%	5.2%	0.14%	2.25-2.5%	94%	2.25%-2.5%	<2.25%
Percent of Net O&M Budget	92%	90%	88%	93%	93%	93%	93%	94%	96%	97.5%	1.5%	95-97.5%	<95%
Cost Reduction Metric ($000)	n/a	n/a	n/a	n/a	$25,156	$10,087	$10,495	$15,131	$4,620	$5,300	-13%	$3.85M-$5.3M	>$5.35M

*Excluded from calculation of overall corporate performance

Metrics We Watch	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 Forecast
Financial Value									
Change in Net Position ($000)	$182,642	$79,975	$156,269	$323,008	$210,016	$254,620	$126,488	$221,354	$197,628
Debt to Capitalization	73%	71%	72%	67%	64%	59%	57%	52%	49%
City Contribution ($000)	$104,188	$106,687	$109,188	$111,688	$129,187	$115,823	$116,620	$132,648	$118,824
Electric sales (000's MWh)	13,855	11,930	12,172	12,434	12,561	12,050	12,364	12,366	12,244
Water Sales (000's kgal)	35,345	33,088	32,468	34,558	36,358	37,245	36,187	37,696	38,018
Sewer Sales (000's kgal)	24,490	23,624	23,527	24,922	25,818	26,713	26,340	27,727	27,501
Reclaim Sales (000's kgal)	1,330	1,110	1,301	1,784	2,644	3,290	3,120	3,884	4,234
Community Impact Value									
Renewable Energy Production (000's MWh)	121	122	121	131	128	131	173	171	177
Diverse Slate of Candidates (% of recruitments)	N/A	N/A	N/A	97.6%	98.6%	100%	100%	100%	100%
Economic Development Program Participants	N/A	0	0	1	0	0	4	5	1
Organizatioal Sentiment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Safety: Recordable Incident Rate	1.48	1.84	2.38	1.65	1.82	2.10	1.48	1.51	1.09

Strategic Metrics - Long Term Influence	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 Forecast
Customer Value									
Residential Electric Bill in FL (% of State Median)	101%	101%	99%	99.5%	101%	100%	98%	98.6%	98.6%
Residential Water/Sewer Bill in FL (% of State Median)	110%	104%	102%	100%	96%	94%	92%	90.3%	90.3%
Financial Value									
Consolidated Return on Equity	13%	8%	10%	12%	13%	13%	9%	11.0%	9.0%
Return on Net Assets	4%	2%	3%	4%	5%	5%	4%	5.0%	4.7%
Unlevered Free Cash Flow: EBITDA less CAPEX ($000)	$606,131	$532,872	$632,212	$591,925	$547,897	$573,259	$367,007	$275,589	$311,574
Net Position (Book Value of Equity) ($000)	$1,991,311	$2,071,286	$2,196,006	$2,166,909	$2,376,928	$2,631,545	$2,755,310	$2,976,663	$3,174,291
City Contribution NPV	-	-	-	-	-	-	$1,998,311	$1,998,311	$1,998,311
Electric Credit Ratings	Aa2/AA-/AA-	Aa2/AA-/AA	Aa2/AA-/AA	Aa2/AA-/AA	Aa2/AA-/AA	Aa2/AA-/AA	Aa2/A+/AA	A2/A+/AA	A2/A+/AA
W/WW Credit Ratings	Aa2/AA/AA	Aa2/AA/AA	Aa2/AA/AA	Aa2/AA/AA	Aa2/AAA/AA	Aa2/AAA/AA	Aa2/AAA/AA	A2/AAA/AA	A2/AAA/AA
Environmental Value									
CO_2 Emissions (lbs/MWh), net basis, w/ Scherer	1,631	1,828	1,851	1,731	1,799	1,593	1,516	1,535	1,626
CO_2 Emissions Mass(10^3 Short Tons), w/ Scherer	8,881	10,414	11,194	10,425	10,609	8,916	7,731	7,369	8,971
Aquifer Withdrawal Limit	104	100	103	107	112	114	112	117	117
Residential Water Use Efficiency (gal. per capita per day)	88	80	75	79	81	82	75	78	78

*May contain reclaimed customers temporarily supplied with potable water

MANAGEMENT DISCUSSION

Financial

Electric Enterprise:
- FY20 NovYTD sales down 2.1% compared to FY19 NovYTD
- FY20 NovYTD Sales per customer down 3.9% compared to FY19 NovYTD
- FY20 NovYTD Degree days down 2.2% compared to FY19 NovYTD
- FY20 NovYTD Total customers up 1.9% compared to FY19 NovYTD
- Revenue increased $18m vs. FY19 driven by withdrawals from the debt management stabilization fund to defease debt.
- Expenses decreased $14m vs. FY19 driven by lower fuel and purchased power costs.

Water and Sewer:
- FY20 NovYTD Water sales up 2.8% compared to FY19 NovYTD
- FY20 NovYTD Sewer sales up 1.7% compared to FY19 NovYTD
- FY20 NovYTD Reclaimed sales up 14.8% compared to FY19 NovYTD
- FY20 NovYTD Sales per customer up 0.34% compared to FY19 NovYTD
- FY20 NovYTD Rain days down 10.5% (2 days) compared to FY19 NovYTD, FY20 NovYTD irrigation up 7.6% versus FY19 NovYTD
- FY20 NovYTD Total customers up 2.7% compared to FY19 NovYTD
- Revenues increased by $16m vs. FY19 driven by withdrawals from the debt management stabilization fund to defease debt.
- Expenses increased $2m vs. FY19 due to higher depreciation.

DES:
- Stable, minimal change from FY19

Operations

Electric Enterprise:
- **CAIDI**: Due to system ehancement projects customer reliability has increased with the an avarage customer outage duration lasting 49 minutes.
- **CEMI4**: 1,817 of our 480,863 customers served experienced more that 5 outages in the last 12 months.
- **Enviromental Permit Exceedances**: Energy has experieced 0 permit exceedances.
- **EFOR**: The JEA Fleet forced outage rate was switched from a rolling 12 month metric to YTD reporting in FY20. The Generation EFOR achievements were due to minimal operational issues with the running units, as well as, reduced service hours associated with planned outages and the offline economy status of Northside Unit 2.

Water and Sewer:
- Unplanned Water Main Outages: 237 customers experienced an unplanned outage in the month of November.
- Water Distribution System Pressure (avg min per monitor station < 30 psi): 1.7 is the average minutes pressure dropped lower than <30 psi.
- CUP: Average daily flow of 119 MGD is 14% below CY19 limit of 138 MGD; reclaimed usage at 19 MGD
- Nitrogen to River: FY20 Forecast is 447 tons. JEA has a limit of 683 tons per year and provides the COJ with 37 tons.
- SSO's Impacting Waters of the US: 4 YTD, root cause analysis is performed on each SSO.

Safety: 33/35 safety checks on time. 1 recordable for Nov.

INTER-OFFICE MEMORANDUM
December 10, 2019

SUBJECT:	**JEA FY2019 ANNUAL DISCLOSURE REPORTS**
FROM:	Aaron F. Zahn, Managing Director/CEO
TO:	JEA Board of Directors

BACKGROUND:

Each year, JEA files with the Municipal Securities Rulemaking Board (the "MSRB") through the Electronic Municipal Market Access ("EMMA") website Annual Disclosure Reports in compliance with JEA's continuing disclosure undertakings for certain of its bonds and various credit agreements. EMMA is the "central electronic post office" recognized by the United States Securities and Exchange Commission ("SEC") as the single national depository for continuing disclosure information that is required to be prepared and disseminated by issuers of municipal securities. Annual Disclosure Reports have been prepared for the Electric Utility System and separately for the Water and Sewer System and District Energy System, (together, the "Systems"), and will be incorporated by reference in official statements and reoffering memoranda subsequently used by JEA for its respective Systems' bond offerings and reofferings.

JEA, acting through its governing Board, is primarily responsible for the content of the Annual Disclosure Reports and is subject to the provisions of the federal securities laws prohibiting false and misleading information in its disclosure documents. The antifraud provisions of the federal securities laws govern board member disclosure responsibilities. The requirements of the federal securities laws essentially require that disclosure documents of issuers such as JEA not contain an "untrue statement of a material fact" or omit to state a "material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading." "Materiality" under the federal securities laws means whether there is a substantial likelihood that a reasonable investor would consider the facts at issue to be important to an investment decision.

Public officials (including board members) who have the ultimate responsibility to approve the issuance of debt securities and related disclosure documents have a duty under the federal securities laws and may not authorize disclosure he or she knows to be false or misleading or while recklessly disregarding facts that indicate there is a risk that the disclosure may be misleading. The SEC has stated that board members may reasonably rely on the work of governmental employees in the disclosure context. Nothing in the SEC's position mandates that a board member needs to read each page of every disclosure document before approving it. Reasonable reliance can be established when the board member:

- is satisfied that the disclosure process is reasonably designed to produce accurate and reliable information;
- has a reasonable basis to have confidence in the integrity and competence of the staff and financing team; and
- does not know of anything that would cause such board member to question the accuracy of the disclosures or that would indicate that they are misleading or know of any potentially material issues that should be brought to the attention of staff and the financing team for further explanation.

In accordance with existing practices, each Annual Disclosure Report presented for Board approval has been prepared by staff with the assistance of JEA's outside bond counsel in a manner which we believe is reasonably designed to produce disclosure documents meeting the requirements of the federal securities laws.

DISCUSSION:

Each Annual Disclosure Report prepared for the Systems, as referred to above, contains updated disclosure information regarding each of JEA's Systems and JEA's most recently completed fiscal year and will be used (a) to provide that information to all participants in the municipal securities market regarding JEA's outstanding debt and (b) as a basis for the disclosure information regarding JEA that is required to be given by JEA in connection with its issuances from time to time of refunding or additional debt. Among other things, the Annual Disclosure Reports contain JEA's audited financial statements for its fiscal year ended September 30, 2019, as Appendix A thereto. Official Statements and reoffering memoranda prepared by JEA in connection with its respective Systems' debt offerings and reofferings, subsequent to the date of the Annual Disclosure Reports for the Systems, incorporate by reference the relevant disclosure information contained in the respective Annual Disclosure Report and, if necessary, contain a "recent developments" section with respect to material changes in JEA's business and condition that have occurred after the date of the respective Annual Disclosure Report.

The Annual Disclosure Reports for the (i) Electric Utility System and (ii) Water and Sewer System and District Energy System for the fiscal year ended September 30, 2019, are expected to be filed with EMMA on or around December 17, 2019. Drafts of the body portions of the Annual Disclosure Reports for the Systems were distributed electronically to Members on November 21, 2019. Changes from the November 21 drafts are included with this item. Subsequent changes will be distributed at the Board's December 17 meeting.

The JEA Disclosure Policies and Procedures direct the Chief Financial Officer to report to the Finance and Audit Committee, typically at their March meeting, compliance with those policies and procedures prior to the filing of the Annual Disclosure Reports. Because of the accelerated and compressed schedule in producing the Annual Disclosure Reports for fiscal year ended September 30, 2019, that report is being included with this item for the full Board's information.

All documents have been reviewed by the Office of General Counsel.

RECOMMENDATION:

Staff recommends that the Board (i) approve and authorize the Annual Disclosure Reports for the Systems in substantially the forms distributed to Members on November 21, 2019 – with appendices added, with additional changes as are approved by the Managing Director and Chief Executive Officer of JEA and (ii) authorize the filing and use of the Annual Disclosure Reports as described above.

Aaron F. Zahn, Managing Director/CEO

AFZ/RFW/JEO/RLH

JEA

Annual Disclosure Report Overview

December 17, 2019

JEA is committed to ensuring that its disclosures made in connection with its municipal bond offerings and required periodic filings such as the Annual Disclosure Reports are ***fair, accurate, and comply with applicable federal and state securities laws including antifraud provisions*** under state law and any other applicable laws.

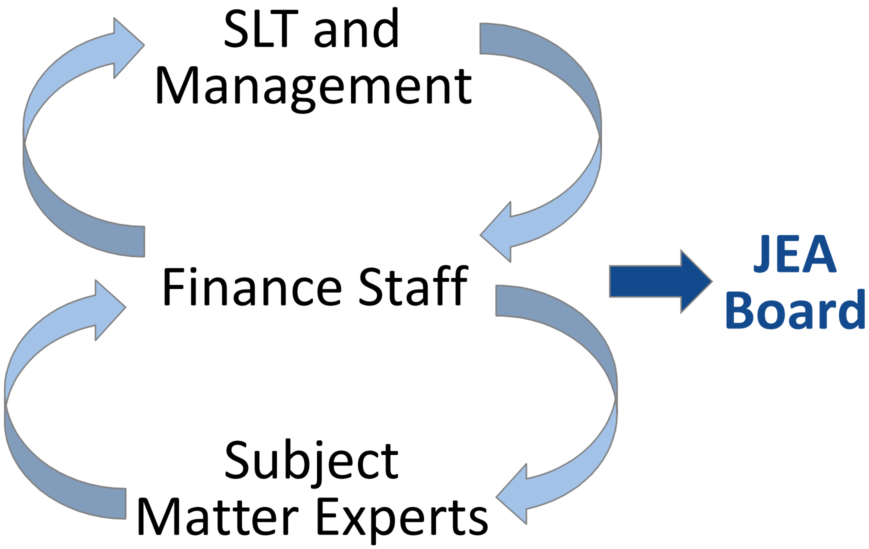
JEA's Disclosure Commitment

- Be intentional and systematic
  - Develop and maintain sound written policies and procedures
- Look at things from an investor's perspective
  - Tell the credit story
- Keep the disclosure free from politics

What is JEA Doing to Keep Course with SEC Expectations

Annual Disclosure Report Preparation Overview

- The ***Treasurer***, with the assistance of ***Finance Staff***, is primarily responsible for the preparation of the Annual Disclosure Reports ("ADRs") for the Electric and Water and Sewer Systems
- Assistance is provided by ***Bond Counsel***, the ***Office of General Counsel***, and ***other JEA Staff*** with specific subject matter expertise
- Named ***members of the Senior Leadership Team*** [8 individuals] review and sign off on the ADRs before they are sent to the Board for approval
- A total of at least **45** JEA Staff and outside individuals have input into/review of the ADRs



ADR Preparation is an Iterative Feedback Process

- The agenda memo requesting approval of the Annual Disclosure Reports for FY2019 summarizes
  - ➢ the Board's fiduciary responsibilities;
  - ➢ the extent members may delegate to and rely on Staff's preparation of disclosure documents.
- Compliance with JEA's Disclosure Policies and Procedures provides the Board with a basis for that reliance.
- Documentation of this compliance is an annual requirement.

ANNUAL DISCLOSURE REPORT
FOR
ELECTRIC UTILITY SYSTEM
FOR
FISCAL YEAR
ENDED
SEPTEMBER 30, 2019

(Prepared pursuant to certain continuing disclosure undertakings relating to the Bonds listed in APPENDIX I hereto)

Filed with EMMA

Dated as of

December [__], 2019

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JEA
21 W. CHURCH STREET
JACKSONVILLE, FLORIDA 32202
(904) 665-7410
(http://www.jea.com)

JEA OFFICIALS

BOARD MEMBERSHIP[1]

Chair	April Green
Vice Chair	Frederick D. Newbill
Secretary	Camille J. Lee-Johnson
	Henry K. Brown
	Kelly Flanagan
	Dane Grey

MANAGEMENT

Managing Director and Chief Executive Officer	Aaron F. Zahn
President and Chief Operating Officer	Melissa H. Dykes
Chief Administrative Officer	Herschel T. Vinyard
Chief Financial Officer	Ryan F. Wannemacher
Vice President and General Manager, Energy	Caren B. Anders
Vice President and General Manager of Water and Wastewater Systems	Deryle I. Calhoun
Vice President and Chief, Energy and Water Planning	Steven G. McInall
Vice President and Chief Government Affairs Officer	Sherry L. Hall
Vice President and Chief Customer Officer	Kerri Stewart
Vice President and Chief Compliance Officer	Ted E. Hobson
Vice President, Chief Legal Officer	Lynne Rhode
Vice President and Chief Human Resources Officer	Jonathan A. Kendrick
Vice President and Chief Information Officer	Shawn W. Eads
Vice President and Chief Supply Chain Officer	John P. McCarthy
Vice President and Chief Environmental Services Officer	Paul K. Steinbrecher
Treasurer	Joseph E. Orfano

GENERAL COUNSEL

Jason R. Gabriel, Esq.
General Counsel of the City of Jacksonville
Jacksonville, Florida

[1] Christian "Andy" Allen resigned from the Board effective December 2, 2019. There is currently one vacancy on the JEA Board.

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* All outstanding Power Park Issue Two Bonds were defeased January 5, 2018.

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ANNUAL DISCLOSURE REPORT
FOR
ELECTRIC UTILITY SYSTEM
FOR
FISCAL YEAR
ENDED
SEPTEMBER 30, 2019

INTRODUCTION

General

This Annual Disclosure Report for Electric Utility System for Fiscal Year Ended September 30, 2019 (together with the Schedule and the Appendices hereto, this "Annual Disclosure Report") is furnished by JEA to provide information concerning (a) JEA, (b) JEA's electric utility operations, and (c) outstanding debt of JEA relating to its electric utility operations. This Annual Disclosure Report is being filed with the Municipal Securities Rulemaking Board (the "MSRB"), through the MSRB's Electronic Municipal Market Access ("EMMA") website currently located at http://emma.msrb.org pursuant to certain continuing disclosure undertakings made by JEA in accordance with the provisions of Rule 15c2-12, as amended ("Rule 15c2-12"), promulgated by the United States Securities and Exchange Commission (the "SEC") pursuant to the Securities Exchange Act of 1934, as amended. The bonds to which such continuing disclosure undertakings relate (including the CUSIP numbers thereof) are listed in APPENDIX I hereto. As permitted by the provisions of Rule 15c2-12, this Annual Disclosure Report also is intended to be included by reference in official statements and other offering and remarketing documents prepared by JEA in connection with (a) the sale and issuance, after the date hereof, of certain securities of JEA and (b) the remarketing in the secondary market, after the date hereof, of certain securities of JEA.

JEA is a body politic and corporate organized and existing under the laws of the State of Florida and is an independent agency of the City of Jacksonville, Florida (the "City"). The City is a consolidated city-county local government for Duval County, located in Northeast Florida. The governing body of JEA (the "JEA Board") consists of seven members appointed by the Mayor of the City and confirmed by the City Council of the City (the "Council"). JEA (then known as Jacksonville Electric Authority) was established in 1968 to own and manage the electric utility which had been owned by the City since 1895 (the "Electric System"). In 1997, the Council amended the Charter of the City (the "Charter") in order to authorize JEA to own and operate additional utility functions and, effective on June 1, 1997, the City transferred to JEA the City's combined water and sewer utilities system (the "Water and Sewer System"). Effective as of October 1, 2004, JEA established a separate utility system (the "District Energy System") for its local district energy facilities, including its chilled water activities and any local district heating facilities JEA may develop in the future. JEA operates and maintains its records on the basis of a fiscal year ending on each September 30th (a "Fiscal Year").

Each of the Electric System, the Water and Sewer System and the District Energy System is owned and operated by JEA separately. For information relating to JEA's Water and Sewer System and District Energy System see the "ANNUAL DISCLOSURE REPORT FOR WATER AND SEWER SYSTEM AND DISTRICT ENERGY SYSTEM FOR FISCAL YEAR ENDED SEPTEMBER 30, 2019" (the "Water and

Sewer/DES ADR"), available from the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA") website at http://emma.msrb.org. **The revenues of each system do not constitute revenues of the other two systems, and revenues of the Electric System are not pledged to the payment of any debt issued or to be issued by JEA to finance and refinance the other two systems.** JEA may, however, satisfy its annual obligation to transfer funds to the City with funds derived from any of its utilities systems. See "OTHER FINANCIAL INFORMATION **-** Transfers to the City" herein.

For purposes of this Annual Disclosure Report, the Electric System, JEA's interest in the St. Johns River Power Park Units 1 and 2 (such generating station, the "Power Park" or "SJRPP") and the Scherer 4 Project (hereinafter defined) are referred to collectively as JEA's "Electric Utility Functions." SJRPP ceased commercial operation on January 5, 2018. See "ELECTRIC UTILITY FUNCTIONS – St. Johns River Power Park – Early Termination of Power Park Joint Ownership Agreement." This Annual Disclosure Report contains information regarding JEA's Electric Utility Functions. For financing purposes, the debt of JEA relating to its Electric Utility Functions is payable from and secured by the revenues derived by JEA from the sale of electricity and related services (including, in the case of certain debt of JEA relating to the Power Park referred to herein as the Power Park Issue Two Bonds, revenues received by JEA from the sale of a portion of JEA's capacity (and associated energy) of the Power Park to Florida Power & Light Company ("FPL"). **Accordingly, the information contained herein relating to JEA's Electric Utility Functions is not relevant to the Water and Sewer System Bonds, the Subordinated Water and Sewer System Bonds or the District Energy System Bonds and should not be taken into account in evaluating such debt.**

The summaries of or references to the Electric System Resolution, the Subordinated Electric System Resolution, the First Power Park Resolution, the Second Power Park Resolution, and the Restated and Amended Bulk Power Supply System Resolution, and certain proposed amendments thereto, where applicable, (as such terms are hereinafter defined) and certain statutes and other ordinances and documents included in this Annual Disclosure Report do not purport to be comprehensive or definitive; and such summaries and references are qualified in their entirety by references to each such resolution, statute, ordinance, and document. Copies of the resolutions are available on the JEA website at https://www.jea.com/About/Investor_Relations/Bonds.aspx and the other documents referred to in this Annual Disclosure Report may be obtained from JEA; *provided* that a reasonable charge may be imposed for the cost of reproduction.

JEA Establishment and Organization

JEA was established in 1968 to own and manage the electric utility which had been owned by the City since 1895. The City's Charter was amended in 1997 to authorize JEA to own and operate other utility systems, including the Water and Sewer System. In 2004, the City authorized JEA to create the District Energy System. The JEA Board consists of seven members appointed by the Mayor of the City, subject to confirmation by the Council. The members serve without pay for staggered terms of four years each, with a maximum of two consecutive full terms each.

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Current members of the JEA Board, their occupations and the commencement and expiration of their terms are as follows:

MEMBER[1]	OCCUPATION	TERM
April Green, Chair	Chief Financial Officer/ Chief Operating Officer Bethel Baptist Institutional Church	December 1, 2017–February 28, 2021
Frederick D. Newbill, Vice Chair	Pastor First Timothy Baptist Church	January 12, 2017–February 28, 2023
Camille J. Lee-Johnson, Secretary	Chief Operating Officer Lee Wesley & Associates, LLC	July 25, 2018–February 28, 2020
Henry K. Brown	President & Chief Executive Officer Miller Electric Company	August 30, 2019–February 28, 2023
Kelly Flanagan	Senior Vice President & CFO Jacksonville Jaguars, LLC	November 25, 2015–February 28, 2020
Dane Grey	President & Chief Executive Officer Elite Parking Services of America, Inc.	November 15, 2019–February 28, 2022

[1] There is currently one vacancy on the JEA Board.

In addition, in accordance with the provisions of the interlocal agreement entered into between JEA and Nassau County, Florida in connection with JEA's acquisition of certain assets and franchises of a private water and sewer utility in Nassau County, Nassau County is entitled to appoint a non-voting representative to the JEA Board. The Nassau County representative is entitled to attend all JEA Board meetings and to participate in discussions concerning matters that affect the provision of water and sewer services within Nassau County. Nassau County has appointed Mike Mullin, a Commissioner on Nassau County's Board of County Commissioners, as its representative to the JEA Board.

The Charter authorizes JEA to construct, acquire (including acquisition by condemnation), establish, improve, extend, enlarge, maintain, repair, finance, manage, operate and promote its utilities systems (which consist of (1) the Electric System, (2) the Water and Sewer System, (3) the District Energy System and (4) any additional utilities systems which JEA may undertake in the future upon satisfaction of the conditions set forth in the Charter), and to furnish electricity, water, sanitary sewer service, natural gas and other utility services as authorized therein within and outside of the City and for said purposes to construct and maintain electric lines, pipelines, water and sewer mains, natural gas lines and related facilities along all public highways and streets within and outside of the City. The Charter also confers upon JEA the power to sue, to enter into contracts, agreements and leases, and to sell revenue bonds to finance capital improvements and to refund previously issued evidences of indebtedness of JEA.

In addition to the powers conferred upon JEA by the Charter, the Bulk Power Act authorizes JEA to acquire, own and operate as separate bulk power supply utilities or systems, electric generating plants and transmission lines within the City and within and outside of the State of Florida. JEA's interests in the Power Park and the Scherer 4 Project are separate bulk power supply systems pursuant to the Bulk Power Act. JEA may develop other separate bulk power supply systems in connection with future generation and/or transmission projects. JEA has launched several initiatives to provide revenue diversity. Included in these initiatives are natural gas sales to commercial and industrial customers (See "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* – Electric System – *Natural Gas Sales*" herein), forestry management of

JEA owned conservation lands, leasing of dark fiber and space on communication towers, transmission and distribution poles and partnering with the North Florida Transportation Planning Organization to encourage electrification.

Management and Employees

The Charter assigns responsibility for the management of JEA's utilities systems to the JEA Board. JEA employs a Managing Director and Chief Executive Officer as its chief executive officer. The Managing Director, executive officers, vice presidents, directors, managers, executive assistants and other appointed staff, numbering approximately 409 persons, form the management team (the "Management Team") and are not subject to the City's civil service system.

Management

Information regarding the Managing Director and Chief Executive Officer of JEA and the executive officers of JEA follow:

Aaron F. Zahn, Managing Director and Chief Executive Officer. Aaron F. Zahn is Managing Director and Chief Executive Officer for JEA. In this role, Mr. Zahn oversees all operations for the eighth-largest public utility in the nation, providing electric, water and sewer services to customers across a 900-mile service territory in Northeast Florida.

Prior to being appointed Interim Managing Director and Chief Executive Officer in April 2018, Mr. Zahn served as Managing Partner and Chief Executive Officer of Pascal Partners, a distributed infrastructure investment and development company. From 2009 to 2017, he was Chairman and Chief Executive Officer of BCR Environmental Corporation, a private equity funded corporation, a water/wastewater technology firm and public-private-partnership development and operations company. Prior to BCR, Mr. Zahn worked as an investment professional for two multi-strategy hedge funds in New York City, managing over $6 billion in equity. He was also a Senior Manager of the Capital Markets team at General Growth Properties, playing a key role in $25+ billion of acquisitions and financing activities along with providing financial oversight for $200+ million of commercial real estate development.

A graduate of Yale University, Mr. Zahn is a supporter of YMCA of Jacksonville, Baptist Health System, Nemours Children's Health System and Yale University. He is a member of the Board of Directors for the Young Presidents Organization, the Jacksonville Chamber of Commerce, and the Bob Graham Center for Public Service at University of Florida.

Melissa H. Dykes, President and Chief Operating Officer. Melissa Dykes serves as JEA's President and Chief Operating Officer. She leads the operation of the utility, responsible for providing utility services to more than one million people across four counties. She manages nearly 1,800 employees in the areas of energy, water, wastewater, customer experience, human resources, environmental services, compliance and supply chain.

Ms. Dykes served as JEA's Chief Financial Officer for nearly six years prior to her current role. As CFO, she provided leadership to ensure the financial health of JEA, resulting in access to capital at low cost on behalf of JEA's customers. She was responsible for all aspects of JEA's finances, including treasury, financial reporting, budgeting, supply chain management, and shared services, and had lead responsibility for ensuring compliance with all reporting, regulatory and tax requirements for JEA.

Prior to joining JEA, Ms. Dykes was CFO at a portfolio company of a large energy private equity firm and a principal in a renewable energy development company, where she was responsible for origination, commercial structuring, development and capital raising for renewable energy projects. She also was Vice

President of Investment Banking at JPMorgan, where she was responsible for providing capital solutions for clients, including more than $26 billion in financings for many municipal electric and water systems across the country, risk management product delivery and mergers and acquisitions. Prior to joining JPMorgan, Ms. Dykes worked for The World Bank Group, where she researched and published on private participation in infrastructure industries in developing countries. She is a graduate of the University of Florida and holds a certificate in Advanced Management from the Tuck School of Business at Dartmouth. Ms. Dykes serves on the Boards of Directors of the United Way of Northeast Florida, the Association of Edison Illuminating Companies, the Florida Coordinating Group, and the Florida Reliability Coordinating Council (where she serves as Secretary/Treasurer and Chair of the Corporate Compliance and Finance and Audit Committee).

Herschel T. Vinyard, Chief Administrative Officer. Mr. Vinyard has 25 years of environmental law, business, and government experience and comes to JEA from the law firm of Foley & Lardner where he was a member of the Environmental Regulation and Government & Public Policy practices.

He also served a four-year term as Secretary of the Florida Department of Environmental Protection (DEP) during Governor Rick Scott's first term, where he was involved in environmental permitting, water rights, and real estate development. He has been a champion for the state's waterways and natural springs including restoration of the Everglades.

Under his leadership, the Florida Park Service received the National Gold Medal Award for Excellence in the management of state park systems from the National Recreation and Park Association.

Prior to serving the State of Florida, Mr. Vinyard was the director of business operations responsible for strategic planning, business development, and regulatory and government affairs for the Southeast Shipyards division of BAE Systems.

Mr. Vinyard obtained both his law and bachelor's degrees from Louisiana State University.

Ryan F. Wannemacher, Chief Financial Officer. Mr. Wannemacher serves as JEA's Chief Financial Officer. He provides leadership to ensure fiscal responsibility for the long-term financial health of JEA, resulting in access to capital at low cost for JEA's customers. He is responsible for all aspects of JEA's finances, including treasury, financial reporting, financial planning and analysis, and budgeting. He has lead responsibility for ensuring compliance with all reporting, regulatory and tax requirements for JEA. Mr. Wannemacher currently serves on the Finance and Audit Committee of The Energy Authority ("TEA").

Prior to his current role at JEA, Mr. Wannemacher served as JEA's Director of Financial Planning and Analysis from April 2015 to 2018. Prior to joining JEA, Mr. Wannemacher was Vice President of Investment Banking at JPMorgan. While at JPMorgan, Mr. Wannemacher was responsible for providing capital solutions for clients, including over $20 billion in financings for many municipal electric, water and natural gas systems across the country, risk management product delivery, and mergers and acquisitions. Mr. Wannemacher currently serves on the board of Leadership Jacksonville and the Finance and Audit Committee of The Energy Authority. Mr. Wannemacher holds a B.B.A. in Financial Consulting from Southern Methodist University graduating Magna Cum Laude.

Caren B. Anders, Vice President and General Manager, Energy. Ms. Anders has lead responsibility for producing and delivering electricity to JEA's electric customers in a safe, reliable and cost-competitive manner, and in full compliance with regulatory objectives. In this role, she and her team are responsible for planning, constructing, operating and maintaining JEA's electric system, including generation plants and the transmission, substations and distribution systems.

Ms. Anders joined JEA in January 2019 from Duke Energy. She brings operational leadership, financial acumen, strategy and innovation, and compliance and risk management to her leadership role at JEA. At both Duke and Exelon Corp., she led high-performing teams across the energy spectrum, including Generation, Transmission, Distribution, Emerging Technologies, and Shared Services. Along with her vast electric experience, she also has expertise in new technologies, strategic business performance, compliance, financial management, employee engagement and customer satisfaction.

Ms. Anders has served on the boards of PT Holding Company LLC, Peak Tower LLC, SERC Reliability Corp. and the Florida Reliability Coordination Council. She has also served her community as a board member for Junior Achievement, Central Carolinas and United Way, Greater Triangle N.C. She earned a bachelor's degree in engineering from the University of Pennsylvania and a master's degree in finance from Drexel University and is a licensed Professional Engineer in the state of Pennsylvania.

***Deryle Calhoun, Vice President and General Manager of Water and Wastewater Systems*.** Deryle Calhoun is responsible for leading JEA's water and wastewater operations, construction and strategy execution, and delivering exceptional service to JEA customers across a four-county area. Mr. Calhoun is currently leading a resiliency program that will improve water, wastewater and district energy system reliability during extreme weather events like hurricanes.

Mr. Calhoun began his career in water/wastewater in 1993 with the City of Jacksonville Public Utilities as a project engineer and joined JEA in 1997 when the City's water and wastewater services were transferred to JEA. Mr. Calhoun served at the director level for 20 years, first with the Distribution and Collection team and most recently with Water, Wastewater and Reuse Treatment and District Energy Services.

Mr. Calhoun holds a Bachelor of Science degree in Environmental Engineering from the University of Florida and is a registered Professional Engineer in the State of Florida.

Steven G. McInall, Vice President and Chief, Energy and Water Planning. Mr. McInall is responsible for long-term planning for JEA's energy and water sectors, overseeing the development of a more than $1 billion capital program. Mr. McInall's groups are responsible for the Integrated Resource Plans for both the electric and water systems. He is responsible for JEA's renewable energy portfolio, including landfill gas and solar photovoltaic (PV). During his tenure, JEA's solar PV portfolio has grown from 12 MW to 39 MW, with five 50 MW facilities (250 MW) in the permitting and early construction stage. He is also responsible for economic development and real estate acquisitions and sales.

Mr. McInall has been with JEA since 2011, serving as the Director of the Electric Production Resource Planning Department, with oversight of the Electric Generation Planning, Fuels Management Services, Natural Gas Commercial Services and Byproducts Production Services areas, and as the Manager of Nuclear Generation Business.

Prior to joining JEA, Mr. McInall had a 27-year career at several regional and national engineering consulting firms, including Stone & Webster Engineering Corporation, Boston, and MACTEC Engineering and Consulting, in Tallahassee and Jacksonville. Clients included major U.S. utilities, such as Dominion Energy, Inc. and the Tennessee Valley Authority, as well as the U.S. Department of Energy and the U.S. Army Corps of Engineers.

Mr. McInall holds Bachelor and Master degrees in Nuclear Engineering from the Massachusetts Institute of Technology and a Master of Public Policy degree from Jacksonville University. He is a licensed Professional Engineer in Florida, Georgia, South Carolina, North Carolina, Massachusetts, New Hampshire and Vermont. He is also a Leadership in Energy and Environmental Design (LEED) Accredited Professional, in Building Design and Construction. Mr. McInall is on the Board of the North

Florida Chapter of the US Green Building Council, and the Jacksonville University Public Policy Institute. He is vice-chair of the St Johns County Citizens Flood Mitigation Advisory Committee

Sherry L. Hall, Vice President and Chief Government Affairs Officer. Sherry Hall brings more than 20 years of business, government and strategic communication expertise to her role as Vice President and Chief Government Affairs Officer at JEA, a role she began in July 2019. She has successfully managed legislation, policies, communication and strategic planning for a number of governmental and private entities throughout her career.

Ms. Hall previously has worked for the City of Jacksonville Department of Public Works and as Director of Communications for the City's Water and Sewer Expansion Authority. She then served as Policy Director for Mayor John Peyton, where she spearheaded legislative efforts in support of the Mayor's key initiatives. Most recently, she served as the Chief Administrative Officer for the Duval County Tax Collector, a position in which she oversaw the daily management of all operations.

Prior to her career in public service, Ms. Hall was Marcom and Public Relations Client Services Manager for BurdetteB2B (now known as Burdette Ketchum). She also formerly held the position of Account Executive in the sports and consumer brand marketing divisions at Ketchum in Atlanta, one of the world's largest public relations agencies.

Ms. Hall earned a Bachelor of Science in Public Relations, with honors, from the University of Florida.

Kerri Stewart, Vice President and Chief Customer Officer. Ms. Stewart joined JEA as Chief Customer Officer in 2017, bringing more than 14 years of experience to the organization. Previously, Ms. Stewart served as Chief of Staff for Jacksonville, Florida Mayor Lenny Curry, providing policy and public affairs guidance to the mayor.

Prior to returning to the City, Ms. Stewart was a Partner and Senior Vice President at Infinity Global Solutions. Drawing on her extensive experience in both the public and private sectors, she focused on assisting clients in the areas of government privatization, public infrastructure development, general management consulting and government relations. She also served as interim president of Visit Jacksonville, Local Initiative Support Corporation (LISC) and Cultural Council of Greater Jacksonville as part of her management consulting practice.

Prior to joining IGS, Ms. Stewart served as the Chief Administrative Officer for the City of Jacksonville/Duval County, Florida under Mayor John Peyton and Mayor Alvin Brown. In this role, she oversaw day-to-day government operations for the City, including directing a nearly 5,000-member workforce and managing the $1 billion municipal budget and $164 million annual capital improvement plan. During her first tenure with the City, Stewart led several successful privatization studies and implementations; and she has shared her experiences in this area at a variety of conferences and other professional venues.

During her years of public service, Ms. Stewart also served as director of the City's Housing and Neighborhoods Department, created the Office of Operational Efficiency (now known as the Inspector General's Office), and served as a policy advisor to Mayor Peyton.

Prior to joining the City, Ms. Stewart worked as a Program Manager for Alltel Information Systems in Leeds, UK and Jacksonville, Florida. She is a graduate of the University of North Florida's Coggin School of Business with a bachelor's degree in Business Administration, double-majoring in Marketing and Management.

Ted E. Hobson, Vice President and Chief Compliance Officer. Mr. Hobson joined JEA in 1973 and has overall responsibility for development, implementation and maintenance of JEA's Compliance Programs including NERC Electrical Standards, NERC Critical Infrastructure Protection (CIP) standards, FACTA regulations and other related federal and state regulations. He is also responsible for JEA's Physical Security department as well as Audit Services and Enterprise Risk Management. Mr. Hobson is currently on the Board of Directors of TEA and is JEA's representative on the TEA Settlement and Operating Committee. Mr. Hobson is JEA's alternate board member for the Florida Electric Reliability Coordinating Council ("FRCC") and the alternate board member for the Florida Electric Coordinating Group (FCG). Additionally, Mr. Hobson currently serves on the Board of Directors of the Jacksonville Museum of Science and History.

Mr. Hobson's previous position was Director of Energy Delivery, where he was responsible for all electric field activities including overhead and underground line work, system protection and controls, substation maintenance and the 24-hour operation of the JEA power system including generation commitment and dispatch, transmission operation and security and interchange services with other utilities. During his over 40 years with JEA, he has worked in the areas of distribution, engineering, trouble dispatching, system operations and system planning. Mr. Hobson has served as JEA's representative to the FRCC for over 15 years and was chair of the Operating Committee for six years. He has also served on various North American Electric Reliability Corporation ("NERC") committees and subcommittees and is a past chair of the NERC Compliance and Certification Committee.

Mr. Hobson holds a BSEE from the University of Florida, and is a registered Professional Engineer in the State of Florida.

Lynne Rhode, Vice President, Chief Legal Officer. Ms. Rhode has 14 years of legal experience in the public and private sectors, primarily in environmental and natural resources law and also in administrative, civil litigation, general corporate, lobbying and government affairs, and zoning law. She has most recently practiced transactional, regulatory and corporate law with a prominent Jacksonville law firm.

Ms. Rhode is employed with the City's Office of General Counsel and is the lead attorney assigned exclusively to JEA. Pursuant to the Charter, the Office of General Counsel is responsible for providing and overseeing all legal services to JEA. The Office of General Counsel represents the City's consolidated city-county government, which includes the independent agencies, constitutional officers, City Council members, Mayor, executive branch departments and over 30 boards, commissions, and agencies. Ms. Rhode provides counsel to JEA on various legal matters and oversees JEA's outside counsel engagements.

Prior to relocating to Jacksonville, Ms. Rhode served as Senior Assistant Attorney General and Section Chief of the Environmental and Natural Resources Division of the Virginia Attorney General's Office. She led a team of eight attorneys and staff providing counsel to the environmental health, environmental and natural resources agencies of the Commonwealth of Virginia; advising on administrative, compliance, contract, enforcement, labor and employment, permitting, procurement, rulemaking, and other legislative issues.

Ms. Rhode has served as a guest professor at the William and Mary School of Law Coastal Policy Clinic and on the Virginia Department of Environmental Quality's Combustion Regulatory Advisory Panel and Small Solar Working Group.

Ms. Rhode is a member of the Florida and Virginia bars. She is a graduate of the North Carolina Fellows Leadership Program and the Sorenson Institute Political Leaders Program. She holds a Bachelor of Arts in Economics from the University of North Carolina at Chapel Hill, where she was a John Motley Morehead Scholar; a Juris Doctor degree from the University of Virginia; and a Master of Science in Regulation from the London School of Economics and Political Science.

Jonathan A. Kendrick, Vice President and Chief Human Resources Officer. Mr. Kendrick joined JEA in April 2019 after previously working as a Human Resources Business Partner from 2015 – 2017 where he was instrumental in providing strategic direction for the JEA Customer Experience, Technology Services and Compliance business units.

Mr. Kendrick has more than 25 years of human resources experience that spans healthcare, financial services, transportation, utility and technology industries. He most recently served as the Human Resources Director for Yusen Logistics (Americas), Inc., in Jacksonville.

Mr. Kendrick holds certifications as a Senior Professional in Human Resources (SPHR) and as a Senior Certified Professional from the Society for Human Resource Management (SCP-SHRM). He has a bachelor's degree in Economics from the University of Florida and a Master of Divinity from New Orleans Baptist Theological Seminary

Mr. Kendrick was also a commissioned officer in the U.S. Coast Guard Reserve where he led an expeditionary unit and served in both Operation Enduring Freedom & Iraqi Freedom.

Shawn W. Eads, Vice President and Chief Information Officer. Mr. Eads is Vice President and Chief Information Officer. In this role, he is responsible for JEA's information technology ("IT") strategy and the computer systems required to support the organization's unique objectives and goals.

Mr. Eads has over 22 years of experience in the IT industry. Most recently, he served as Senior Director for IT at GE Appliances, where he led various responsibilities including Oracle ERP, Risk & Compliance, Predictive Analytics, Engineering Systems, Vendor Management, Enterprise Architecture, Innovation and New Product Introduction. While working in the Home Appliances industry, Mr. Eads spent time developing solutions for home energy management. One example includes integrating smart meters via the cloud with home appliances to respond to time of use pricing and demand management events. Prior to his 13-year career at GE Appliances, Mr. Eads held IT roles with Accenture and GE Aircraft Engines.

Mr. Eads holds a Bachelor of Science degree in Chemical Engineering from Rose-Hulman Institute of Technology, and earned his MBA at Xavier University.

John P. McCarthy, Vice President and Chief Supply Chain Officer. Mr. McCarthy is responsible for leading JEA's supply chain strategy and operations. His responsibilities include JEA's facilities, fleet, procurement, inventory management, investment recovery, emergency management planning and recovery and utility locates groups. The team ensures JEA's material readiness is at the highest levels and lowest cost, while ensuring corporate funds are committed under ethical standards to deliver the greatest value to JEA in compliance with state and local laws.

Mr. McCarthy joined JEA in 2002 after a successful 20-year career as a U.S. Navy Supply Officer. During his 18 years at JEA, he has served in various leadership roles within the procurement and logistics groups including an initial assignment as a Procurement Project Coordinator where he developed an aggregated sourcing model adopted by seven different utility companies. This resulted in the strategic sourcing of over $400 million over a ten-year period. Other notable roles include JEA's Chief Procurement Officer and Incident Command Logistics Section Chief where he implemented advanced contract negotiation processes and a hurricane preparedness strategy for critical storm materials, providing 100 percent on-site material availability for the restoration periods following Hurricanes Matthew and Irma. He also served as JEA's United Way Campaign Chairman.

Mr. McCarthy received his B.S. degree from the U.S. Naval Academy, and an M.B.A. degree from The Ohio State University. He is a member of Leadership Jacksonville, class of 2013, and holds advance certificates in executive contract negotiations and supply chain strategy and management from the Massachusetts Institute of Technology Sloan School of Management.

Paul K. Steinbrecher, Vice President and Chief Environmental Services Officer. Mr. Steinbrecher is responsible for leading JEA's Environmental Services group. Core group functions include environmental permitting and compliance assistance for JEA's numerous electric and water business facilities, environmental incident response and reporting, due diligence, waste management and remediation, wetlands and wildlife issues, industrial pretreatment and other programs in which JEA serves as an environmental regulatory agency, and full service environmental laboratory functions to support the enterprise's extensive monitoring and environmental reporting activities. In this role he leads the organization in ensuring the highest levels of environmental compliance and incorporation of sustainability into all JEA's planning activities.

Mr. Steinbrecher's career has focused on finding and advancing cost effective environmental and engineering solutions for utilities, business and industry and governments. Mr. Steinbrecher joined JEA in 2001. He is highly active on Florida environmental policy and regulatory issues, currently serving as President of the Florida Water Environment Association Utility Council and as a national board member of the WateReuse Association. He is also a long-term member of the Florida Electric Power Coordinating Group Environmental Committee. Based on his prior experience, he also helps lead the utility in forward thinking water resource solutions.

Prior to joining JEA Mr. Steinbrecher was a process engineer and program manager for CH2M Hill, designing water and wastewater systems and assisting industries and municipalities with environmental projects worldwide. Mr. Steinbrecher holds BS and MS degrees in Civil Engineering from Valparaiso University and the University of Arkansas, respectively. He is a registered professional engineer in Florida and a member of the Leadership Jacksonville, class of 2015.

Employees

The employees of JEA are considered to be governmental (public) employees and, as such, have the right to organize, be represented and bargain collectively for wages, hours and terms and conditions of employment, as provided in Chapter 447, Part II, Florida Statutes. Florida state law prohibits strikes and concerted work slowdowns by governmental (public) employees. Pursuant to the Charter, JEA has full and independent authority to hire, transfer, promote, discipline, terminate and evaluate employees and, consistent with the provisions of the Charter relating to civil service, to establish employment policies relating to hiring, promotion, discipline, termination and other terms and conditions of employment, to enter into negotiations with employee organizations with respect to wages, hours and terms and conditions of employment and to take such other employment related action as needed to assure effective and efficient administration and operation of its utilities systems. The Council is the legislative body with authority to approve or not approve collective bargaining agreements and to resolve any statutory impasses that may arise from collective bargaining.

As of October 1, 2019, JEA had 2,158 budgeted employee positions (exclusive of the Power Park employees referred to below), of which 1,527 were budgeted to the Electric System, 625 were budgeted to the Water and Sewer System and six were budgeted to the District Energy System. Except for the Management Team and a minor number of contract employees, such employees have civil service status.

Approximately 1,559 employees are covered by five collective bargaining agreements. These employees are represented by the American Federation of State, County, and Municipal Employees ("AFSCME"), the International Brotherhood of Electrical Workers ("IBEW"), Local 2358 and the Northeast Florida Public Employees, Local 630, Laborers' International Union of North America ("LIUNA"), all of which are affiliated with the AFL-CIO, and by a professional employees' association (the "PEA," Professional Employees Association) and a supervisors' association (the "JSA," Jacksonville Supervisors Association) that have no AFL-CIO affiliation. JEA has collective bargaining agreements with all the collective bargaining agents, and all of the collective bargaining agreements have been ratified and approved by the legislative body, the Council, and are effective through September 30, 2022.

Pension

Substantially all of JEA's employees participate in the City's general employees pension plan ("GEPP"). Employees of the Power Park participate in a separate pension plan. See Note 12 to JEA's Financial Statements set forth in APPENDIX A to this Annual Disclosure Report for a discussion of certain information on the City's plan. The Actuarial Valuation as of October 1, 2017 for the City's GEPP (the "2017 Actuarial Valuation Report") and the Actuarial Valuation as of October 1, 2018 for the City's GEPP (the "2018 Actuarial Valuation Report") are available for viewing and downloading from the City's website link:(http://www.coj.net/departments/finance/retirement-system/gasb-and-plan-valuation-statements) and selecting the October 1, 2017 Valuation or the October 1, 2018 Valuation, respectively, under "General Employees Retirement Plan."

For the five Fiscal Years ended September 30, 2015, 2016, 2017, 2018 and 2019, JEA contributed $40,179,000, $43,156,000, $48,942,000, $35,459,523 and $33,855,607 to the GEPP.

Preparation of the Actuarial Valuation as of October 1, 2019 for the City's GEPP has not been completed as of the date of the Annual Disclosure Report. The following discussion is based on the 2018 Actuarial Valuation Report and the 2017 Actuarial Valuation Report, the latest two available.

JEA expects that its annual contributions to GEPP will be at lower levels in the near term than it had been for Fiscal Year Ended September 30, 2017 primarily due to recognition of a pension liability surtax beginning with Fiscal Year Ended September 30, 2018 and then it expects its annual contributions to GEPP to increase over the longer-term as a result of the expected increase in the GEPP's unfunded actuarial accrued liability. JEA expects that the GEPP's unfunded actuarial accrued liability and JEA's portion of that unfunded liability will continue to increase over the near term primarily due to a delay in receipt of the revenues from the pension liability surtax.

For the Fiscal Year ended September 30, 2018, the aggregate unfunded actuarial accrued liability for the GEPP was $1,175,135,210, which represented an increase of $93,821,769 from an aggregate unfunded actuarial accrued liability for the GEPP for the Fiscal Year ended September 30, 2017 of $1,081,313,441. For the Fiscal Year ended September 30, 2017, the aggregate unfunded actuarial accrued liability for the GEPP was $1,081,313,441, which represented an increase of $56,816,369 from an aggregate unfunded actuarial accrued liability for the GEPP for the Fiscal Year ended September 30, 2016 of $1,024,497,072. JEA was informed by the City that the actuary for the GEPP calculated (i) JEA's allocated share of the unfunded actuarial accrued liability for the GEPP reported for Fiscal Year 2018 of $565,792,869 (an increase of $42,416,322 from JEA's allocated share for Fiscal Year 2017) of the aggregate amount of $1,175,135,210 and (ii) JEA's allocated share of the unfunded actuarial accrued liability for the GEPP reported for Fiscal Year 2017 of $523,376,547 (an increase of $28,552,073 from JEA's allocated share for Fiscal Year 2016) of the aggregate amount of $1,081,313,441. The actuarial accrued liability is an estimate by the actuary for GEPP of the present value of the amount of earned benefit payments that GEPP will pay to retirees during retirement. The unfunded actuarial accrued liability represents the amount that the actuarial accrued liability exceeds assets in GEPP available to pay those benefit payments. These figures are based on numerous assumptions, such as retirement age, mortality rates, and inflation rates, and use numerous methodologies all of which can cause the actual performance of the GEPP to differ materially from the estimates of the actuary in any actuarial valuation. However, based on the current unfunded actuarial accrued liability of the GEPP, JEA expects that its annual contributions to GEPP will be increasing over the near future to fund its portion of the unfunded amount.

JEA also provides a medical benefits plan that it makes available to its retirees.

The SJRPP Plan is a single-employer contributory defined benefit plan covering former employees of the Power Park. As of October 1, 2019, and following cessation of commercial operations of the Power Park on January 5, 2018, no employees of the Power Park were engaged in performing tasks associated with operations of the Power Park. Upon the cessation of commercial operations of the Power Park in January 2018 pursuant to the agreement entered into between JEA and FPL, JEA assumed all payment obligations and other liabilities related to any amounts due to be deposited into the SJRPP Plan. Former Power Park non-managerial employees were represented by IBEW Local 1618. In a prior collective bargaining agreement and under statutory authority, certain terms and conditions of employment were imposed, including separating the existing JEA St. Johns River Power Park System Employees' Retirement Plan ("SJRPP Plan") into two tiers of employees. Tier One employees remained in the traditional defined benefit plan, and Tier Two employees (defined as employees with fewer than 20 years' experience) participated in a modified defined benefit plan, or "cash balance" plan, with an employer match provided for any Tier Two employee who contributes to the 457 Plan. Tier One was closed to all new employees hired on or after February 25, 2013.

Closure of the plant triggered SJRPP Plan provisions resulting in accelerated eligibility for retirement at age 55 regardless of years of service. Members with at least 10 years of service on the plant closure date are eligible for a benefit starting at age 55, while all other members not meeting conditions for the immediate unreduced retirement may be eligible for a reduced benefit starting at age 55. With the exception of a small number of actively employed members who were eligible to continue membership in the plan based on employment with JEA, benefit accruals were scheduled to cease on January 5, 2018. However, interest credits for Tier 2 participants are assumed to continue after the plant shutdown until the benefit distribution at age 55.

The number of active members declined rapidly during the decommissioning process with only a very few active members remaining employed by SJRPP. One consequence to JEA of the closure of the Power Park plant is that the annual required contribution to the SJRPP Plan is expected to increase as a percentage of covered payroll as such payroll decreases year to year. Another is that contributions will be required after the retirement of the last active member. Subsequent to the closure of the plant and the elimination of nearly all active employees in the SJRPP Plan, the assumed rate of return on the plan was lowered to 6.0 percent for use in the Actuarial Valuation performed as of October 1, 2018. The SJRPP Plan's assumed rate of return is 7.0 percent for use in the Annual Actuarial Valuation performed as of October 1, 2012 through October 1, 2017. Preparation of the SJRPP Plan Actuarial Valuation as of October 1, 2019 has not been completed as of the date of the Annual Disclosure Report. The actuarial information in the following discussion is based on the Actuarial Valuations as of October 1, 2018, 2017 and 2016, respectively.

As of October 1, 2018, the SJRPP Plan's actuarial value of assets was $150,969,730, the actuarial accrued liability entry-age normal was $174,666,326, the unfunded actuarial accrued liability was $4,001,546, the funded ratio was 86.4 percent, the covered payroll was $443,955 and the unfunded actuarial accrued liability as a percentage of covered payroll was 901.3 percent. As of October 1, 2017, the SJRPP Plan's actuarial value of assets was $152,797,764, the actuarial accrued liability entry-age normal was $169,320,985, the unfunded actuarial accrued liability was $16,523,221, the funded ratio was 90.2 percent, the covered payroll was $11,988,122 and the unfunded actuarial accrued liability as a percentage of covered payroll was 137.8 percent. As of October 1, 2016, the SJRPP Plan's actuarial value of assets was $142,285,489, the actuarial accrued liability entry-age normal was $162,028,867, the unfunded actuarial accrued liability was $19,743,378, the funded ratio was 87.8 percent, the covered payroll was $15,489,302 and the unfunded actuarial accrued liability as a percentage of covered payroll was 127.5 percent. In the current fiscal year, JEA intends to manage the SJRPP plan to maintain a funded ratio consistent with fiscal years 2016-2018. JEA made $26,408,861 in contributions during the Fiscal Year Ended September 30, 2018, satisfying its required employer contribution of $8,422,270 for the Fiscal Year Ended September 30, 2019. After applying the available credit balance of $12,585,746, its required employer contribution for the Fiscal Year Ended September 30, 2020 is $4,582,219. The increase in the required total employer contribution to $17,167,965 for the Fiscal Year Ended September

30, 2020 resulted from a combination of the Plan's prior funding policy, which included the objective of achieving a 100% funded ratio by October 1, 2019 and the change in the assumed rate of return. See "ELECTRIC UTILITY SYSTEM – *ELECTRIC UTILITY FUNCTIONS* – St. John's River Power Park – *Early Termination of Power Park Joint Ownership Agreement*" for additional information.

Upon the cessation of commercial operations of the Power Park in January 2018 pursuant to the agreement entered into between JEA and FPL, JEA assumed all payment obligations and other liabilities related to any amounts due to be deposited into the SJRPP Plan. See "ELECTRIC UTILITY SYSTEM – *ELECTRIC UTILITY FUNCTIONS* – St. John's River Power Park – *Early Termination of Power Park Joint Ownership Agreement*" for additional information.

See Note 12, Note 13 and pages 104-111 of JEA's Financial Statements set forth in APPENDIX A to this Annual Disclosure Report for a discussion of the pension plans, "other post-employment benefit" plan and actuarial accrued liability.

Certain Demographic Information

Under Florida law, the City and Duval County are organized as a single, consolidated government. Based upon the 2010 United States Census, the consolidated City is the most populous city in the State of Florida. The City covers 840 square miles and is one of the largest cities in area in the United States.

The Jacksonville Metropolitan Statistical Area ("MSA") is composed of Duval, Clay, Nassau, St. Johns and Baker Counties, an area covering 3,202 square miles. The U.S. Census Bureau estimates that the Jacksonville MSA had a population of 1,534,701 as of July 1, 2018. The Jacksonville MSA is currently the fourth most populous MSA in the State of Florida. The table below shows population for the Jacksonville MSA.

Population

Year	Jacksonville MSA
1980	722,252
1990	906,727
2000(1)	1,122,750
2010	1,345,596
2018	1,534,701

Source: United States Census Bureau
(1) Baker County was included in the Jacksonville MSA starting with the 2000 United States census.

The economy of the Jacksonville MSA contains significant elements of trade and services, transportation services, manufacturing, insurance and banking and tourism. The Port of Jacksonville is one of the largest ports on the South Atlantic seaboard and in terms of tonnage ranks third in the State of Florida. A number of insurance and banking companies maintain regional offices in the City. The tourism and recreational facilities in the City include an arena, a performing arts center, a convention center, TIAA Bank Field (the home field of the National Football League's Jacksonville Jaguars), a baseball park, numerous golf courses and resorts and various recreational facilities at the beaches. Two large United States Navy bases are located in the City.

The table below sets forth the annual, not seasonally adjusted, labor force, employment and unemployment figures for the Jacksonville MSA and comparative unemployment figures for the State of Florida and the United States for the most recent 10 years ended December 2018.

	Jacksonville MSA Labor Force			Unemployment Rate (%)	
Year	Civilian	Employment	Unemployment Rate (%)	Florida	U.S.
2009	681,026	612,993	10.0	10.4	9.3
2010	697,120	622,208	10.7	11.1	9.6
2011	701,533	633,405	9.7	10.0	8.9
2012	704,090	646,370	8.2	8.5	8.1
2013	709,351	659,773	7.0	7.2	7.4
2014	715,253	670,631	6.2	6.3	6.2
2015	719,098	680,375	5.4	5.5	5.3
2016	735,832	701,636	4.6	4.8	4.9
2017	760,298	729,627	4.0	4.2	4.4
2018	773,492	747,223	3.4	3.6	3.9

Source: Florida Research and Economic Information Database Application, http://freida.labormarketinfo.com/default.asp.

The table below shows the estimated average non-agricultural wage and salary employment by sector for the Jacksonville MSA for the calendar year 2018.

	Number of Employees	Percent of Distribution
Trade, Transportation and Utilities	150,400	21.2
Professional and Business Services	108,000	15.2
Education and Health Services	107,500	15.2
Leisure and Hospitality	85,500	12.1
Government	77,000	10.9
Finance	67,000	9.5
Construction	45,400	6.4
Other Services(1)	36,300	5.1
Manufacturing	31,400	4.4
Total Non-Agricultural Employment (Except Domestics, Self-Employed And Unpaid Family Workers)	708,500	100.0

Source: United States Department of Labor.

(1) Consists of other services, information and natural resources and mining.

The following table lists the 10 largest non-governmental employers in the Jacksonville MSA and the approximate size of their respective work forces.

Name of Employer	Product or Service	Approximate No. of Employees
Baptist Health System	Healthcare	10,500
Bank of America / Merrill Lynch	Banking	8,000
Florida Blue	Health Insurance	7,000
Mayo Clinic	Healthcare	6,000
Southeastern Grocers	Supermarkets	5,700
St. Vincent’s Healthcare	Healthcare	5,300
Citibank	Banking	4,200
JP Morgan Chase	Banking	3,900
UF Health Jacksonville	Healthcare	3,600
Wells Fargo	Banking	3,500

Source: Jacksonville Regional Chamber of Commerce Research Department employer survey, fall 2012, as partially amended through December 2018.

The following table lists the eight largest governmental employers in the Jacksonville MSA and the approximate size of their respective work forces.

Name of Employer	**Type of Entity/Activity**	**Approximate No. of Employees**
Naval Air Station, Jacksonville	United States Navy	19,800
Duval County Public Schools	Public Education	11,876[(1)]
Naval Air Station, Mayport	United States Navy	9,000
City of Jacksonville	Municipal Government	7,471[(2)]
St. Johns County School District	Public Education	5,039[(3)]
Clay County School Board	Public Education	5,000
Fleet Readiness Center	Maintenance / Repair Overhaul	3,850
United States Postal Service	United States Government	3,800

Source: Jacksonville Regional Chamber of Commerce Research Department employer survey, fall 2012, as partially amended through December 2018.

(1) Duval County Public Schools website, full-time staff (http://www.duvalschools.org/domain/5268)

(2) City of Jacksonville Annual Budget 2018-19 (http://www.coj.net/departments/finance/docs/budget/fy18-19-proposed-budget-website.aspx)

(3) St. Johns County School District website (http://www.stjohns.k12.fl.us/about/)

Indebtedness of JEA

The indebtedness of JEA relating to its Electric Utility Functions as of the date of this Annual Disclosure Report consists of Electric System Bonds, Subordinated Electric System Bonds, Power Park Issue Three Bonds, Bulk Power Supply System Bonds and borrowings outstanding under the Revolving Credit Facility (as defined herein) for the account of the Electric System. All outstanding Power Park Issue Two Bonds were defeased on January 5, 2018 in connection with the shutdown of SJRPP. See "ELECTRIC UTILITY FUNCTIONS – St. Johns River Power Park – Early Termination of Power Park Joint Ownership Agreement." See "ELECTRIC UTILITY SYSTEM - *FINANCIAL INFORMATION RELATING TO ELECTRIC UTILITY FUNCTIONS* - Debt Relating to Electric Utility Functions" herein. For information regarding the Revolving Credit Facility, see "OTHER FINANCIAL INFORMATION - Revolving Credit Facilities" herein. As described under "INTRODUCTION - General" herein, the debt of JEA relating to its Electric Utility Functions, the debt of JEA relating to the Water and Sewer System and the debt of JEA relating to the District Energy System are payable from and secured by separate revenue sources. Accordingly, the information contained in this Annual Disclosure Report relating to JEA's Electric Utility Functions is not relevant to the Water and Sewer System Bonds (as described in the Water and Sewer System/DES ADR), the Subordinated Water and Sewer System Bonds (as described in the Water and Sewer/DES ADR) or the District Energy System Bonds (as described in the Water and Sewer/DES ADR) and should not be taken into account in evaluating such debt.

The description of the debt of JEA contained herein and of the documents authorizing, securing and relating to such debt do not purport to be comprehensive or definitive. All references herein to such documents are qualified in their entirety by reference to such documents.

For a detailed description of the outstanding debt of JEA as of September 30, 2019, see Note 8 to the financial statements of JEA set forth in APPENDIX A attached hereto.

Forward-Looking Statements and Associated Risks

This Annual Disclosure Report contains forward-looking statements, including statements regarding, among other items, (a) anticipated trends in JEA's business and (b) JEA's future capital requirements and capital resources. These forward-looking statements are based on, among other things, JEA's expectations and are subject to a number of risks and uncertainties, certain of which are beyond JEA's control. Actual results could differ materially from those anticipated by these forward-looking statements. In light of these risks and uncertainties, there can be no assurance that events anticipated by the forward-looking statements contained in this Annual Disclosure Report will in fact transpire.

JEA's independent certified public accountants have not examined, compiled or otherwise applied procedures to the forward-looking statements or financial forecasts presented herein and, accordingly, do not express an opinion or any other form of assurance on such forward-looking statements or financial forecasts.

Privatization of JEA

At the JEA Board meeting on November 28, 2017, a JEA Board member requested that the JEA Board and the City consider the financial benefits that would result from a privatization of JEA's Electric System, Water and Sewer System and District Energy System and whether the customers of JEA and the people of the City would be better served by the private marketplace.

JEA commissioned Public Financial Management to prepare a report to inform the JEA Board, the City and the public as to several important considerations that must be evaluated in order to make any decisions regarding JEA's future. In early 2018, the Council appointed a special committee ("Special Committee") consisting of the 19 members of the Council to examine and understand all aspects and implications of a potential sale or restructuring of JEA and to gather the relevant facts and community considerations the Council should consider in any decisions related to a potential sale of JEA. The Special Committee met regularly through July 25, 2018 to ensure a transparent and open process for the citizens of the City as to the consideration of a potential sale of JEA and published a final report addressing its findings as of that date.

On April 26, 2018, Mayor Curry stated that he will not submit any JEA privatization plan to the Council. Effective December 10, 2018, the Council amended the Charter to require referendum approval of the terms and conditions of the sale of any function or operation which comprises more than ten percent of the total of the JEA utilities system to any other utility, public or private and has been approved by the Council.

On October 30, 2019, the Council announced a series of fact-finding workshops on JEA, beginning on November 6, 2019 and continuing twice monthly through May 2020. At the Council's November 25, 2019 workshop, the Mayor stated he believes the limitations of a government-run utility monopoly do not serve the best interests of our community in the long term, that he has full confidence in the JEA Board to see the JEA strategic planning process through and that he would oppose any effort to stop the planning process.

Strategic Planning

Energy sales for JEA have generally been flat to declining since 2007 and energy efficiency and solar power is expected to continue to further pressure JEA's sales. For these reasons, JEA has been actively engaged in strategic planning. As part of its strategic planning process, JEA is considering various options with respect to its business which include potential rate increases and/or the redemption or defeasance of various debt obligations of JEA. Consistent with this focus, JEA has launched its Strategic Asset Realignment Plan ("STAR Plan"), a plan designed to accelerate debt repayment through 2023. In connection with the plan, JEA has proposed to utilize a combination of current and future year net revenues and available cash and investments in order to accelerate debt repayment. Due to the expected reduction in cash and investment balances, JEA has also increased the size of its Revolving Credit Facility by $200,000,000 for a total commitment equal to $500,000,000. See "OTHER FINANCIAL INFORMATION – Revolving Credit Facilities" for additional information. In February 2019, JEA retired $100,090,000 of Electric System debt, and in October 2019, JEA retired an additional $48,070,000 of Electric System debt as part of this effort. Future redemptions or defeasance of Electric System debt are subject to availability of funds and Board approval. In addition to the STAR Plan, JEA is also evaluating cost cuts and changes to its rate structure designed to mitigate the impact of these sales trends.

As part of the strategic planning process, JEA identified five potential outcomes to be explored and presented to the Board one of the following five options:

1) Scenario #1: Status Quo Plan – The Status Quo case reflects a scenario whereby JEA maintains a business as usual strategic plan. This approach necessitates rate increases to customers as the primary lever for dealing with anticipated income shortfalls;

2) Scenario #2: Traditional Utility Response Plan – The Traditional Utility Response Plan reflects a strategic plan that implements many of the same tools JEA has utilized over the past 10 years (2006 – 2019). JEA would pursue a combination of cost cuts, headcount reduction, a deferral of capital investment in the community, and rate increases to customers;

3) Scenario #3: Community Ownership Plan – The Community Ownership scenario involves changing JEA's ownership structure to a customer owned entity. This would be different than JEA's current ownership where it is a separate body politic of the State of Florida controlled by Article 21 of the Charter of the City;

4) Scenario #4: Initial Public Offering (IPO) Plan – The initial public offering scenario would convert JEA into a publicly traded company by recapitalizing the business through offering stock to the public; or

5) Scenario #5: Strategic Alternative from the Invitation to Negotiate #127-19 for Strategic Alternatives ("ITN") discussed below – This scenario anticipates a potential conversion of JEA to one of four types of non-governmental ownership:

- conversion of JEA to a corporation and a placement of equity shares with private sector investors such as pension funds or investor funds;
- conversion of JEA to a corporation and a tech-focused company buys a controlling interest in JEA;
- conversion of JEA to a corporation and a vertically integrated oil and gas company purchases a controlling interest in JEA;
- conversion of JEA to a corporation and the purchase of a controlling interest in JEA by an investor owned utility company.

As of the date of this Annual Disclosure Report, JEA has completed the work and analysis necessary to outline plans and anticipated results for Scenario one: Status Quo and Scenario two: Traditional Utility Response. These plans and anticipated results were presented in-depth at the May 28, 2019, and June 25, 2019, JEA Board meetings.

Invitation to Negotiate

As part of the ongoing strategic planning process and following a multi-month review of various strategic scenarios, at its July 23, 2019 Board meeting, the JEA Board unanimously approved a resolution authorizing the Managing Director and Chief Executive Officer of JEA to take any and all actions in connection with the evaluation of potential opportunities for JEA to transition to a non-governmental utility structure and to undertake a competitive solicitation process for offers, proposals and/or options ("Proposals") from various industry sectors, including financial, technology and energy and water, for a non-governmental structure that JEA could develop in the coming months.

In accordance with such authorization, on August 2, 2019, JEA released its Invitation to Negotiate #127-19 for Strategic Alternatives requesting Proposals for non-governmental alternative structures. A copy of the ITN may be found on JEA's website at: www.jea.com/strategicalternatives. The reference to the ITN, the link and the information contained therein are provided solely for information purposes.

For a Proposal to be considered by JEA and its advisors, the JEA Board has stated that an offer made by an outside entity responding to JEA's ITN must meet certain minimum requirements, including:

- greater than $3 billion of unencumbered cash proceeds provided to the City; and

- greater than $400 million distributed to customers of JEA, with a minimum of $350.00 paid to each JEA customer account which would result in a minimum of $1,400.00 paid to customers with electric, water, sewer and irrigation accounts; and

- at least three years of contractually guaranteed base rate stability; and

- commitment to fund and provide the City and the Duval County Public Schools system with 100% renewable electricity by 2030; and

- commitment to fund and provide 40 million gallons per day of alternative water capacity for Northeast Florida by 2035; and

- acceleration of the vesting of certain employee retirement obligations in the event greater than $3 billion of unencumbered cash proceeds is provided to the City or at least 50% of the net depreciated property, plant and equipment value of either JEA's electric system or JEA's water and wastewater system is transferred, assigned, sold or otherwise disposed of; and

- guarantee of employee compensation and benefits at substantially the same as current levels for three years; and

- retention bonuses paid to all full-time employees in an amount equal to 100% of each employee's current base compensation; and

- commitment to establishing new headquarters and employees in downtown Jacksonville contributing to the economic development of the Jacksonville metropolitan area.

On October 7, 2019, JEA accepted 16 bids in response to the ITN. On October 14, 2019, the evaluation team announced that JEA would commence negotiations with nine respondents (the "Respondents"). The City Deputy Chief Administrative Officer, City Treasurer and City Engineer will serve on the negotiating team responsible for reviewing revised replies, negotiating with Respondents throughout the negotiation phase of the ITN process, and making a potential recommendation to the JEA Board. The receipt of revised replies to the ITN is part of a lengthy and proscribed process and no determination has been made at this time as to whether or not JEA will pursue any of the non-governmental alternative structures proposed by the Respondents.

As indicated above, any potential sale or similar transaction regarding JEA's Electric System, Water and Sewer System, and District Energy System would currently require the approval of the Council as well as a referendum approval of the terms and conditions of the sale of any function or operation which comprises more than ten percent of the total of the JEA utilities system to any other utility, public or private. If the JEA Board were to approve proceeding with a non-governmental alternative structure after review of the Proposals, it is expected that such non-governmental alternative structure could be brought to the Council for approval sometime after March 2020 and, if the Council approves such nongovernmental alternative structure, such structure could be brought for voter approval in mid-2020 or sometime thereafter.

At this time, JEA is unable to predict the likelihood of a sale or similar transaction, the effect of a sale or similar transaction on the Electric System, the Water and Sewer System, the District Energy System or any or all of JEA's Systems, the timetable for a sale or similar transaction (other than as provided in the paragraph above), or how, if at all, the holders of JEA's bonds may be impacted by any actions that the JEA Board may take in connection with such a sale or similar transaction. JEA also cannot determine what additional action, if any, may be taken by the JEA Board, the City Council or the City relating to a sale or similar transaction of JEA.

ELECTRIC UTILITY SYSTEM

ELECTRIC UTILITY FUNCTIONS

General

In 2018, the latest year for which such information is available, JEA was the eighth largest municipally owned electric utility in the United States in terms of number of customers. During the Fiscal Year Ended September 30, 2019, the Electric System served an average of 475,786 customer accounts in a service area which covers virtually the entire City. JEA also sells electricity to retail customers and an electric system in neighboring counties. In addition, as described under "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - St. Johns River Power Park - *Ownership*" herein, prior to the cessation of operations of the Power Park on January 5, 2018, JEA had sold to FPL a portion of the capacity (and associated energy) of JEA's interest in the Power Park pursuant to the long-term power sales provisions of the Power Park Joint Ownership Agreement (hereinafter defined) (such sale being referred to herein as the "FPL-Power Park Sale").

JEA's total energy sales in the Fiscal Year ended September 30, 2019, net of off-system sales and the energy sold by JEA to FPL pursuant to the FPL-Power Park Sale, were approximately 12.5 billion kilowatt-hours ("kWh"). Total revenues, including investment income, for the Electric System for the Fiscal Year ended September 30, 2019, net of the revenues received by JEA from the FPL-Power Park Sale (calculated for purposes of the Electric System Schedule of Debt Service Coverage (see "ELECTRIC UTILITY SYSTEM - *FINANCIAL INFORMATION RELATING TO ELECTRIC UTILITY FUNCTIONS* - Schedules of Debt Service Coverage" herein)), were approximately $1,312,473,000.

The electric utility facilities of JEA are divided for financing purposes into the Electric System, the Power Park and the Scherer 4 Project.

The Electric System includes generation, transmission, interconnection and distribution facilities. The generating facilities, located on four plant sites in the City, currently consist of a dual residual fuel oil/gas-fired steam turbine-generator unit, four diesel-fired combustion turbine ("CT") generator units, seven dual-fueled (gas/diesel) CT generator units, one steam turbine generator unit with the steam provided by heat recovery steam generators served from two of the seven CTs (a 2-on-1 combined cycle unit), and two petroleum coke ("petcoke")- and coal-fired circulating fluidized bed ("CFB") steam turbine-generator units. As of the date of this Annual Disclosure Report, the total combined installed capacity of the Electric System's generating units is 2,642 megawatts ("MW"), net, summer and 2,935 MW, net, winter (see "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Electric System - *Electric System Generating Facilities*" herein).

Pursuant to Chapter 80-513, Laws of Florida, Special Acts of 1980 (as amended and supplemented, the "Bulk Power Act"), JEA is authorized to acquire, own and operate as a separate bulk power supply utility or system, electric generating plants and transmission lines within the City and within and outside of the State of Florida. The Power Park and the Scherer 4 Project each have been developed as a separate bulk power supply system under the Bulk Power Act and, as such, are not included in the Electric System.

The Power Park was a coal- and petcoke-fired steam electric generating station formerly rated at 1,276 MW, net, located in the northeast section of the City. The Power Park assets are jointly owned by JEA and FPL; JEA's ownership interest in the Power Park assets is 80 percent. The Electric System was entitled to 50 percent (equal to 638 MW, net) of the capacity of the Power Park and was required to pay for such capacity on a "take-or-pay" basis (that is, whether or not the Power Park is operable or operating and notwithstanding the suspension, interruption, interference, reduction or curtailment of the output of the Power Park for any reason) by making deposits into certain funds and accounts established pursuant to the First Power Park Resolution and the Second Power Park Resolution. Pursuant to the FPL-Power Park Sale, JEA was to sell to FPL 37.5 percent of the net generating capacity of JEA's interest in the Power Park until the Power Park Joint Ownership Agreement expired, which was expected to have been in 2022, subject to the limitation that FPL would not receive in excess of 25 percent of the product of (a) the nameplate capacity of JEA's 80 percent ownership interest in the Power Park and (b) the number of years from the date FPL first took energy pursuant to such sale until the latest maturity date of the Power Park Issue Two Bonds defined and referred to herein. After expiration of the Power Park Joint Ownership Agreement, JEA was to receive 80 percent of the Power Park's capacity and related energy output.

In May 2017, JEA entered into an agreement with FPL for an early termination of the Power Park Joint Ownership Agreement and cessation of commercial operations in January 2018 with decommissioning of the plant to occur thereafter. The termination agreement ends the obligation of the 37.5 percent sales of JEA's 80 percent to FPL. The costs of decommissioning will be split between JEA 80 percent and FPL 20 percent. See "ELECTRIC UTILITY SYSTEM – *ELECTRIC UTILITY FUNCTIONS* – St. John's River Power Park – *Early Termination of Power Park Joint Ownership Agreement*" for additional information.

JEA owns a 23.64 percent interest in Unit 4 of the Robert W. Scherer Electric Generating Plant ("Scherer Unit 4"), a coal-fired steam electric generating unit currently rated at 846 MW, net, located near Forsyth, Georgia and a proportionate ownership interest in associated common facilities and an associated coal stockpile (such ownership interests are referred to herein as the "Scherer 4 Project"). The Scherer 4 Project entitles JEA to 200 MW, net, of the capacity of Scherer Unit 4. The Electric System is entitled to the capacity of the Scherer 4 Project and is required to pay for such capacity on a "take-or-pay" basis by making deposits into certain funds and accounts established pursuant to the Restated and Amended Bulk Power Supply System Resolution.

JEA is permitted under the resolution of JEA adopted on March 30, 1982, authorizing JEA's Electric System Revenue Bonds (as heretofore amended, restated and supplemented, the "Electric System Resolution") to construct or acquire and own and/or operate other electric generating utilities or systems for the purpose of furnishing and supplying electric energy and to issue debt obligations to finance the cost of separate electric generating utilities as separate systems. The Power Park and the Scherer 4 Project constitute the only two such separate systems undertaken by JEA as of the date of this Annual Disclosure Report.

Pursuant to the Electric System Resolution, JEA's obligation to make payments from the Electric System with respect to the Power Park is a Contract Debt payable as a Cost of Operation and Maintenance of the Electric System. Additionally, all costs of operating and maintaining the Scherer 4 Project are Contract Debts of the Electric System, payable as part of the Electric System's Cost of Operation and Maintenance. See "ELECTRIC UTILITY SYSTEM - *FINANCIAL INFORMATION RELATING TO ELECTRIC UTILITY FUNCTIONS* - Debt Relating to Electric Utility Functions - *Electric System Contract Debts*" herein.

JEA currently has no ownership interest in any nuclear power plant; however, it does have a purchase power agreement with Municipal Electric Authority of Georgia ("MEAG Power") for electric energy to be produced from two under construction nuclear generating units (see "ELECTRIC UTILITY SYSTEM -

ELECTRIC UTILITY FUNCTIONS - Electric System - *Power Purchase Contracts*" herein). JEA also has an option to purchase an ownership interest in a to-be-constructed nuclear power plant (see "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Resource Requirements - *Option to Purchase Interest in Lee Nuclear Station*" herein) although plans to build such plant have been suspended.

Electric System

Power and Energy Resources

Electric power and energy sold by JEA to its customers is provided from the following sources: JEA's interest in Scherer Unit 4 (see "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Scherer 4" herein); the generating facilities owned by JEA as part of the Electric System (see subsection "*Electric System Generating Facilities*" below in this section); and various power purchase arrangements (see subsection "*Power Purchase Contracts*" below in this section). JEA's interests in the Scherer Unit 4, the generating facilities of the Electric System and JEA's various firm purchase power arrangements are committed and dispatched on an economic basis as necessary to serve JEA's load. In addition, economy energy is purchased for JEA, by the joint power marketing alliance described below, from time to time when such energy is available at a lower cost than energy produced from JEA's generating facilities. See subsection *"Participation in The Energy Authority"* below in this section.

Electric System Generating Facilities

General. The generating facilities of the Electric System are located at four plant sites - the J. Dillon Kennedy Generating Station ("Kennedy"), the Northside Generating Station ("Northside"), the Brandy Branch Generating Station ("Brandy Branch") and the Greenland Energy Center ("GEC"). See "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Resource Requirements - *Capacity*" herein.

JEA's Northside Unit 3, a steam unit, presently burns residual fuel oil and natural gas, while four CTs at Northside burn diesel. The Kennedy CTs 7 and 8, Brandy Branch CTs 1, 2 and 3 and GEC CTs 1 and 2 burn natural gas as the primary fuel. The Kennedy and Brandy Branch units are dual-fueled with diesel as backup and the GEC CT units are also capable of having diesel as backup. Brandy Branch STM 4 is a steam turbine generator that is part of a combined cycle unit that uses waste heat from Brandy Branch CTs 2 and 3. In addition, natural gas is used at times to supplement the solid fuel in Northside Units 1 and 2. Northside Units 1 and 2 burn petcoke, coal and natural gas. Northside Unit 3 was originally scheduled to be placed into reserve storage on April 1, 2016, approximately three years ahead of the unit's scheduled retirement. Due to the early retirement of Power Park, Northside Unit 3 is expected to continue in operation at least through the current planning period which ends with the Fiscal Year ending September 30, 2024.

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The pertinent statistics concerning the generating facilities of the Electric System as of the date of this Annual Disclosure Report are as follows:

Station	Unit	Type[(1)]	First Placed in Service	Fuel[(2)]	Installed Net Capacity (MW)[(5)] Summer	Winter
Kennedy	7[(3)]	CT	6/00	G/LO	150	191
	8[(3)]	CT	6/09	G/LO	150	191
					300	382
Northside	1	ST	5/03[(4)]	Petcoke/Coal/G	293	293
	2	ST	4/03[(4)]	Petcoke/Coal/G	293	293
	3	ST	7/77	G/HO	524	524
	3	CT	2/75	LO	50	62
	4	CT	1/75	LO	50	62
	5	CT	12/74	LO	50	62
	6	CT	12/74	LO	50	62
					1,310	1,356
Brandy Branch	1[(3)]	CT	5/01	G/LO	150	191
	2[(2)]	CT	5/01	G/LO	190	211
	3[(2)]	CT	10/01	G/LO	190	211
	STM 4	ST	1/05	WH	202	202
					732	815
GEC	1[(3)]	CT	6/11	G/LO	150	191
	2[(3)]	CT	6/11	G/LO	150	191
					300	382
System Total					2,642	2,935

(1) CT - Combustion Turbine
ST - Steam Turbine
IC - Internal Combustion Engine

(2) G - Natural Gas
LO - Light Oil (diesel)
HO - Heavy Oil (residual fuel oil)
WH - Waste Heat

(3) Net capacity for the summer is based on natural gas and for the winter is based on diesel.

(4) Northside Unit 1 was originally placed in service in November 1966, and Northside Unit 2 was originally placed in service in March 1972. Both units have been re-powered with CFB boilers, and their turbine generators and other ancillary equipment have been refurbished. The dates indicated in the table are the respective dates on which each was released for normal dispatch operation. Northside Units 1 and 2 each have gross capacities of 310 MW.

(5) Numbers may not add due to rounding.

Fuel Mix

JEA has undertaken a fuel diversification strategy that improves its competitive position in the electric services industry. JEA has the ability to use natural gas as the primary fuel source with diesel as backup for generation in GEC CT1 and CT2, Kennedy CT7 and CT8, and Brandy Branch Units 1, 2 and 3. The exhaust heat from Brandy Branch Units 2 and 3 is utilized in Brandy Branch STM 4. This combined cycle configuration provides additional energy without additional fuel consumption. Northside Unit 3 uses natural gas as a fuel source for generation with residual fuel oil as backup. JEA's 1970's vintage CTs provide less than one percent of JEA's total energy requirements and are powered by diesel.

JEA uses circulating fluidized bed technology in Northside Units 1 and 2. This technology allows JEA to use a blend of bituminous coal, petroleum coke and natural gas in these units. In addition, solid fuel-based capacity and energy is provided by Scherer Unit 4 of which JEA owns 23.64 percent or 200MW net. Scherer Unit 4 burns sub-bituminous coal from the Powder River Basin, providing further fuel diversification. Prior to its retirement in January 5, 2018, JEA also utilized the Power Park to produce electricity from solid fuel. JEA adjusts its use of solid fuel-based generation depending on its cost relative to competing resources, such as natural gas.

The following table sets forth JEA's fuel mix for the Fiscal Years ended September 30, 2015 through 2019 and JEA's projected fuel mix for the Fiscal Years ending September 30, 2020 through 2024. The information in the following table does not take into account the energy sold to FPL pursuant to the FPL-Power Park Sale (see "ELECTRIC UTILITY SYSTEM - ELECTRIC UTILITY FUNCTIONS - St. Johns River Power Park - Ownership" herein).

PERCENT FUEL MIX[1]

Fiscal Year Ending September 30,	Oil	Gas	Power Park[2] (Coal)	Northside (Coal/ Petcoke)[3]	Scherer Unit 4 (Coal)	MEAG Vogtle 3 & 4 Nuclear Purchase	Economy Purchases From Other Sources	Total MWh Sales[4]
Actual								
2015	0.0	37.8	22.7	21.3	10.3	0.0	7.9	12,517,575
2016	0.1	36.4	16.2	26.8	8.1	0.0	12.2	12,730,288
2017	0.0	44.0	20.2	11.6	11.0	0.0	13.2	12,200,770
2018	0.3	48.9	4.2	19.3	8.7	0.0	18.5	12,399,769
2019	0.0	48.7	0.0	14.9	10.7	0.0	25.7	12,465,958
Projected[5]								
2020	0.1	56.2	0.0	27.8	6.8	0.0	9.0	12,379,389
2021	0.1	52.8	0.0	28.5	7.1	0.0	11.5	12,242,911
2022	0.1	47.9	0.0	26.6	5.9	5.4	14.2	12,198,157
2023	0.0	45.2	0.0	26.5	6.5	11.7	10.2	12,308,615
2024	0.0	47.5	0.0	25.6	5.9	12.4	8.5	12,355,911

(1) Percentages may not add to 100 percent due to rounding.

(2) Commercial operations at the Power Park ceased in January 2018. See "ELECTRIC UTILITY SYSTEM – *ELECTRIC UTILITY FUNCTIONS* – St. Johns River Power Park – *Early Termination of Power Park Joint Ownership Agreement*".

(3) The projected fuel mix for Northside Units 1 and 2 is 54 percent petcoke, 36 percent coal and 10 percent natural gas.

(4) Actual megawatt-hour ("MWh") sales include non-firm off-system sales, which totaled 83,367 MWh in the Fiscal Year ended September 30, 2015, 169,037 MWh in the Fiscal Year ended September 30, 2016, 150,635 MWh in the Fiscal Year ended September 30, 2017, 35,429 MWh in the Fiscal Year ended September 30, 2018, and 99,563 MWh in the Fiscal Year ended September 30, 2019. Projections include aggregate non-firm off-system sales of 493,239 MWh during the Fiscal Years ending September 30, 2020 through 2024.

(5) The projected figures contained herein are forward-looking statements and are subject to change without notice. These figures are based on current conditions and assumptions, including JEA's growth assumptions, environmental regulations, fuel prices, fuel availability and other factors in effect as of the date hereof and are subject to significant regulatory, business, economic and environmental uncertainties and contingencies. Events may occur and circumstances may change subsequent to the date hereof that would have a material impact on the projections presented herein. The achievement of certain results contained in such forward-looking statements involves known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those stated in the forward-looking statements. JEA does not commit to issue any updates or revisions to those forward-looking statements if or when its expectations change, or events, conditions or circumstances on which such statements are based occur or fail to occur.

Fuel Contracts

JEA has solid fuel storage at Northside for a maximum of approximately 25 days of operating inventory. JEA purchases spot volumes to supply the fuel needs of Northside Units 1 and 2, which operate on a blend of petcoke, coal, and natural gas. For Northside Units 1 and 2 during the Fiscal Year ended September 30, 2019, JEA purchased approximately 47 percent of its petcoke requirements from Tricon International LDC, approximately 27 percent from KOMSA Sarl (Koch Minerals SA), and approximately 26 percent from TCP

Petcoke Corporation. For Northside Units 1 and 2 during the Fiscal Year ended September 30, 2019, JEA supplied approximately 15 percent of its coal requirements by transferring approximately 54,000 tons of coal remaining at SJRPP to the Northside units and purchased approximately 43 percent from Coal Marketing Company and approximately 41 percent from Interocean Coal Sales. JEA has purchase commitments for all of the expected coal requirements for JEA's ownership share of Scherer Unit 4 in 2020. Contract terms for solid fuel specify minimum purchase commitments at certain prices subject to adjustments for price level changes according to the contract. In addition, JEA has remarketing rights for the majority of its solid fuel supply.

JEA maintains diesel inventory at Brandy Branch, Kennedy, Greenland, and Northside. Additional diesel supply is purchased from time to time in the open market as needed.

JEA has a 20-year agreement for natural gas with Shell Energy North America L.P. ("Shell Energy") that ends in 2021. In October 2019, the JEA Board approved a 10-year extension of the agreement with Shell Energy. The agreement with Shell Energy supplied 45 percent of JEA's natural gas needs for Fiscal Year 2019 at prices that were, at the time the agreement was entered into, and are, as of the date of publication of this Annual Disclosure Report, below delivered competing gas supply options (including both commodity and transportation components). The balance of JEA's gas requirements are purchased on the spot market. Under the Shell Energy agreement, contract terms for the natural gas specify minimum annual purchase commitments. JEA has the option to remarket any excess natural gas purchases. JEA also has long-term contracts with Florida Gas Transmission Company ("FGT") for firm gas transportation capacity to allow delivery of additional gas volumes. To support additional future gas requirements, JEA has contracted with TECO Peoples Gas System ("Peoples") for a release of firm gas transportation capacity through Southern Natural Gas Company's system and FGT's system that began in June 2010. In addition, JEA has contracted with Southern Natural Gas Company for firm natural gas transportation.

TEA has managed a portion of JEA's natural gas supply since 2001. See "*Participation in The Energy Authority*" below.

JEA and Peoples jointly own pipelines that serve Northside and Brandy Branch. Peoples owns the pipeline that serves Kennedy and JEA's Buckman Street wastewater treatment plant. Peoples may interrupt delivery of a portion of gas to JEA under certain emergency circumstances.

JEA owns the GEC lateral pipeline (the "Greenland Lateral") which is used to deliver gas to GEC. In 2008, JEA signed an agreement with SeaCoast Gas Transmission, LLC for firm intrastate gas transportation service to the Greenland Lateral.

JEA has developed and implemented a program intended to hedge its exposure to changes in fuel prices. Pursuant to this program, futures, options and swaps contracts may be entered into from time to time to help manage market price fluctuations. Realized gains and losses resulting from this program are reflected in JEA's fuel expense. See subsection "*Fuel Mix*" above in this section. For a discussion of JEA's fuel management program, see Note 10 and Note 11 to the financial statements of JEA set forth in APPENDIX A attached hereto.

As of September 30, 2019, JEA had 18 commodity swap transactions with an aggregate notional quantity of 74,890,000 MMBtu in place with two counterparties to hedge JEA's exposure to natural gas prices. Based on information provided by the counterparties, those swaps had a total mark-to market value of approximately $12.1 million at that date.

JEA has four contracts to purchase prepaid natural gas supplies at specified volumes per day. Beginning with an average of 15,000 MMBtu/day and then increasing to 16,000 MMBtu on July 1, 2029, prepaid gas will be supplied from locations that JEA has access to with firm natural gas transportation or natural gas supply agreements. Those prepayments expire at various dates in 2039, 2048 and 2049. JEA's financial obligations under the gas supply agreements are based on index prices for monthly deliveries at the delivery point and are on a "take and pay" basis whereby JEA is only obligated to pay for gas that is delivered.

For a discussion of JEA's fuel procurement arrangement for the Scherer 4 Project, see "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Scherer 4 - *Fuel Supply*" herein.

Natural Gas Sales

In March 2015, JEA made the decision to market natural gas to commercial and industrial customers within its service area as allowed under Article 21 of the Charter and JEA's Fuel Management Services Procurement Directive. JEA supplies natural gas under TECO Peoples Gas Natural Choice Program, which gives commercial and industrial customers the option to choose their gas supplier. JEA receives a number of benefits from its participation in the Natural Choice program. Natural gas sales generate marginal net revenues, reported as "other revenues" under the Electric Enterprise Fund. JEA will become a complete energy provider within its service territory for businesses that select JEA to be their natural gas supplier. Through Fiscal Year 2019, this program has signed approximately 150 customers, including Boeing, The Hyatt, Jacksonville Zoo, YMCA, Jacksonville Housing Authority, First Baptist Church of Jacksonville, Dresser Equipment, a division of GE, and several restaurants.

Power Purchase Contracts

Overview

As a result of an earlier 2008 Board policy establishing a 10 percent of total energy from nuclear energy goal, JEA entered into a power purchase agreement (as amended, the "Additional Vogtle Units PPA") with the Municipal Electric Authority of Georgia ("MEAG") for 206 MW of capacity and related energy from MEAG's interest in two additional nuclear generating units (the "Additional Vogtle Units" or "Plant Vogtle Units 3 and 4") under construction at the Alvin W. Vogtle Nuclear Plant in Burke County, Georgia. The owners of the Additional Vogtle Units include Georgia Power Company ("Georgia Power" or "GPC"), Oglethorpe Power Corporation ("Oglethorpe"), MEAG and the City of Dalton, Georgia (collectively, the "Vogtle Co-Owners"). The energy received under the Additional Vogtle Units PPA is projected to represent approximately 13 percent of JEA's total energy requirements in the year 2023.

The Additional Vogtle Units PPA requires JEA to pay MEAG for the capacity and energy at the full cost of production (including debt service on the bonds issued and to be issued by MEAG and on the loans made and to be made by the Project J Entity referred to below, in each case, to finance the portion of the capacity to be sold to JEA from the Additional Vogtle Units) plus a margin over the term of the Additional Vogtle Units PPA. Under the Additional Vogtle Units PPA, JEA is entitled to 103 MW of capacity and related energy from each of the Additional Vogtle Units for a 20-year term commencing on each Additional Vogtle Unit's commercial operation date and is required to pay for such capacity and energy on a "take-or-pay" basis (that is, whether or not either Additional Vogtle Unit is completed or is operating or operable, and whether or not its output is suspended, reduced or the like or terminated in whole or in part), except that JEA is not obligated to pay the margin referred to above during such periods in which the output of either Additional Vogtle Unit is suspended or terminated.

On September 11, 2018, MEAG filed a complaint in the United States District Court for the Northern District of Georgia seeking a declaratory judgment that the Additional Vogtle Units PPA is lawful and enforceable, breach of contract for JEA's alleged failure to adhere to the Additional Vogtle Units PPA's cooperation clause, and ordering specific performance from JEA with the terms of the Additional Vogtle Units PPA. On the same day, JEA and the City, as co-plaintiffs, filed a complaint in the Fourth Judicial Circuit Court of Florida seeking a declaratory judgment that the Additional Vogtle Units PPA violates the Florida

Constitution and laws and public policy of the state of Florida and is therefore ultra vires, void ab initio, and unenforceable. On April 9, 2019, the district court for the Northern District of Georgia entered an order granting JEA's motion to dismiss and dismissing MEAG's complaint. MEAG has filed a notice of appeal of the dismissal to the Eleventh Circuit Court of Appeals. On July 12, 2019, the Middle District of Florida ordered the case initiated by JEA and the City transferred to the Northern District of Georgia, where the substantive issues will be tried. For additional information about such litigation, "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* – Electric System - *Litigation and Regulatory Proceedings*" herein and see "LITIGATION" herein.

Financing and In-Service Costs

MEAG created three separate projects (the "Vogtle Units 3 and 4 Project Entities") for the purpose of owning and financing its 22.7 percent undivided ownership interest in the Additional Vogtle Units (representing approximately 500.308 MW of capacity and related energy based upon the nominal rating of the Units). The project corresponding to the portion of MEAG's ownership interest, which will provide the capacity and energy to be purchased by JEA under the Additional Vogtle Units PPA, is referred to herein as "Project J". MEAG currently estimates that the total in-service cost for its entire undivided ownership interest in the Additional Vogtle Units will be approximately $6.375 billion, including construction costs, financing costs through the estimated in-service dates, contingencies, initial fuel load costs, and switchyard and transmission costs. MEAG has additionally provided that its total capital costs for its share of the Additional Vogtle Units, including reserve funds and other fund deposits required under the financing documents, are approximately $6.852 billion. Based on information provided by MEAG, (i) the portion of the total in-service cost for Plant Vogtle Units 3 and 4 allocable to Project J is approximately $2.691 billion and (ii) the portion of additional in-service costs relating to reserve funds and other fund deposits is approximately $204 million resulting in total capital requirements of approximately $2.895 billion.

Financing for Project J – In order to finance a portion of its acquisition and construction of Project J and to refund bond anticipation notes previously issued by MEAG, MEAG issued approximately $1.248 billion of its Plant Vogtle Units 3 and 4 Project J Bonds (the "2010 PPA Bonds") on March 11, 2010. Of the total 2010 PPA Bonds, approximately $1.224 billion were issued as Federally Taxable – Issuer Subsidy – Build America Bonds where MEAG expects to receive a cash subsidy payment from the United States Treasury for 35 percent of the related interest, subject to reduction due to sequestration. At this time, a portion of the interest subsidy payments with respect to the Build America Bonds is not being paid as a result of the federal government sequestration process and the Bipartisan Budget Act of 2019 for the current fiscal year through fiscal year 2029. The exact amount of such reduction is determined on or about the beginning of the federal government's fiscal year, or October 1, and is subject to adjustment thereafter. The current reduction amount of 5.9 percent became effective on October 1, 2019. MEAG issued $185.2 million of additional Project J tax-exempt bonds on September 9, 2015. In addition, MEAG issued $570.9 million of additional Project J tax-exempt bonds on July 19, 2019. JEA was not asked to, and did not, provide updated disclosure regarding JEA in connection with the preparation of MEAG's July 18, 2019 Project J Bonds Series 2019A Official Statement relating to the issuance, and JEA did not make any representations or warranties, or deliver any opinions of legal counsel in connection with the offering, issuance and sale of the Project J Series 2019A Bonds.

On June 24, 2015, in order to obtain certain loan guarantees from the United States Department of Energy ("DOE") for further funding of Plant Vogtle Units 3 and 4, MEAG divided its undivided ownership interest in Plant Vogtle Units 3 and 4 into three separate undivided interests and transferred such interests to the Vogtle Units 3 and 4 Project Entities. MEAG transferred approximately 41.175 percent of its ownership interest, representing 206 MW of nominally rated generating capacity (which is the portion of MEAG's ownership interest attributable to Project J), to MEAG Power SPVJ, LLC (the "Project J Entity").

The Project J Entity entered into a loan guarantee agreement with the DOE in 2015, subsequently amended in 2016 and 2017, under which the Project J Entity is permitted to borrow from the Federal Financing Bank ("FFB") an aggregate amount of approximately $575.7 million, all of which has been advanced to date.

On September 28, 2017, DOE, MEAG, and the Vogtle Units 3 and 4 Project Entities entered into a conditional commitment for additional DOE loan guarantees in the aggregate amount of $414.7 million. On March 22, 2019, MEAG announced that it had closed on the additional DOE loan guarantees in the aggregate amount of $414.7 million. The Project J Entity's portion of the $414.7 million in additional loan guarantees is approximately $111.5 million and this amount currently remains undrawn. MEAG expects that the total financing needs for Project J will exceed the aggregate of the Project J Entity's FFB lending commitments and the balance will be financed in the capital markets.

Summary of financing associated with Project J:

(Project J Capital Requirements
(000's omitted)

	Project J
Capital Requirements [1]	**$2,895,400**
Long-term Bonds Issued	
Series 2010A – Build America Bonds	1,224,265
Series 2010B – Tax Exempt Bonds	24,170
Series 2015A – Tax Exempt Bonds	185,180
Series 2019A – Tax Exempt Bonds	570,925
Remaining Financing Requirement	20,646
Total Long-term Bonds Issued	**2,025,186**
DOE Advances [2]	
2015 DOE Advances	345,990
2019 DOE Advances	229,748
Total DOE Advances	**575,738**
Estimated Interest Earnings and Bond Premiums	182,929
Remaining DOE Capacity	111,547
Total Funding	**$2,895,400**

(1) Represents estimated total construction costs and required reserve deposits, net of payments received from Toshiba under Guarantee Settlement Agreement.
(2) Includes Advances and related capitalized interest accretion.

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Based on information provided by MEAG, JEA's portion of the debt service on the outstanding Project J debt as of September 30, 2019 is summarized as follows:

Fiscal Year Ending September 30,	**Principal**	**Interest**	**Annual Debt Service**	**Build America Bonds Subsidy[(1)]**	**Capitalized Interest**	**Net Debt Service**
2020	$ 19,708	$ 132,376	$ 152,084	$ (27,392)	$(104,984)	$ 19,708
2021	22,682	132,051	154,733	(27,100)	(104,951)	22,682
2022	25,393	130,725	156,118	(26,790)	(53,085)	76,243
2023	28,224	129,411	157,635	(26,466)	(7,124)	124,045
2024	29,554	128,037	157,591	(26,129)	–	131,462
2025	30,697	126,447	157,144	(25,776)	–	131,368
2026	31,866	124,840	156,706	(25,409)	–	131,297
2027	33,052	123,251	156,303	(25,026)	–	131,277
2028	34,367	121,387	155,754	(24,626)	–	131,128
2029	35,685	119,616	155,301	(24,209)	–	131,092
2030	37,062	117,731	154,793	(23,774)	–	131,019
2031	38,496	115,768	154,264	(23,320)	–	130,944
2032	39,943	113,836	153,779	(22,847)	–	130,932
2033	41,558	111,566	153,124	(22,353)	–	130,771
2034	43,199	109,353	152,552	(21,838)	–	130,714
2035	44,879	107,082	151,961	(21,301)	–	130,660
2036	39,348	104,715	144,063	(20,740)	–	123,323
2037	27,796	102,183	129,979	(20,155)	–	109,824
2038	22,982	99,641	122,623	(19,545)	–	103,078
2039	21,245	96,838	118,083	(18,909)	–	99,174
2040	13,004	94,020	107,024	(18,246)	–	88,778
2041	9,913	91,039	100,952	(17,553)	–	83,399
2042	5,515	45,877	51,392	(9,217)	–	42,175
2043	770	6,113	6,883	(1,249)	–	5,634
Total	$676,938	$2,583,903	$3,260,841	$(519,970)	$(270,144)	$2,470,727

Construction Arrangements for the Additional Vogtle Units

As a result of the bankruptcy of the original contractor for the Additional Vogtle Units and increases in the construction costs, the Vogtle Co-Owners have restructured the construction arrangements for the Additional Vogtle Units. Under the restructured construction arrangements:

- Bechtel Power Corporation ("Bechtel") will serve as the prime construction contractor for the remaining construction activities for Plant Vogtle Units 3 and 4 under a Construction Agreement entered into between Bechtel and Georgia Power, acting for itself and as agent for the other Vogtle Co-Owners (the Construction Agreement), which is a cost reimbursable plus fee arrangement, which means that the Construction Agreement does not require Bechtel to absorb any increases in construction costs.

- In August 2018, the Vogtle Co-Owners approved amendments to their joint ownership agreements for Plant Vogtle Units 3 and 4 (as amended, the Vogtle Joint Ownership Agreements) that limit the circumstances under which the holders of at least 90 percent of the ownership interests in Plant Vogtle Units 3 and 4 are required to approve the continuance of the construction of the Additional Vogtle Units to a few events, including the delay of one year or more over the most recently approved project schedule. Such events do not include increases in the construction budget.

- Under the Vogtle Joint Ownership Agreements, Georgia Power has the right to cancel the project at any time in its discretion.

The estimated construction costs to complete Project J's share of the Additional Vogtle Units have significantly increased from the original project budget of approximately $1.4 billion to the current estimate of approximately $2.9 billion. In addition, significant delays in the project's construction schedule have resulted in the original placed in service dates for Vogtle Unit 3 of April 2016 and for Vogtle Unit 4 of April 2017 being revised to the current projected placed in-service dates for Vogtle Unit 3 and for Vogtle Unit 4 of November 2021 and November 2022, respectively.

JEA is not a party to the Construction Agreement or to the Vogtle Joint Ownership Agreements and does not have the right under the Additional Vogtle Units PPA to cause a termination of the Construction Agreement, to cancel the project or to approve increases in the construction costs or delays in the construction schedule of the project. Accordingly, JEA can provide no assurance that construction costs for the Additional Vogtle Units will not significantly increase or that the schedule of the project will not be significantly delayed.

Increases in construction costs for Plant Vogtle Units 3 and 4 result in increases in the payment obligations of JEA for capacity and energy under the Additional Units PPA. See the "*Overview*" and "*Financing and In-Service Costs*" sections above and "*Litigation and Regulatory Proceedings*" section below for a description of the complaint filed by JEA and the City challenging the enforceability of the Additional Vogtle Units PPA.

Litigation and Regulatory Proceedings

Litigation – As noted in the "ELECTRIC UTILITY SYSTEM **-** *ELECTRIC UTILITY FUNCTIONS* – Electric System – Power Purchase Contracts – *Overview*" section herein and under "LITIGATION" herein, on September 11, 2018, MEAG filed suit against JEA in the Northern District of Georgia alleging claims for (i) a declaratory judgment that the Additional Vogtle Units PPA is enforceable against JEA, (ii) breach of contract for JEA's alleged failure to adhere to the Additional Vogtle Units PPA's cooperation clause, and (iii) specific performance requiring JEA to continue to comply with the Additional Vogtle Units PPA. The same day, JEA and the City filed suit against MEAG in the Circuit Court, Fourth Judicial Circuit, Duval County, Florida, seeking a declaratory judgment that the Additional Vogtle Units PPA is invalid and unenforceable against JEA. MEAG removed JEA's and the City's suit to the Middle District of Florida. On April 9, 2019, the district court for the Northern District of Georgia entered an order granting JEA's motion to dismiss and dismissing MEAG's complaint. The court gave several reasons for dismissing MEAG's complaint, including because MEAG lacks standing due to failing to allege a definite threat of future injury and because its claim for breach of the cooperation clause is not actionable absent allegations that JEA had breached another provision of the Additional Vogtle Units PPA. MEAG filed a notice of appeal of the dismissal to the Eleventh Circuit Court of Appeals.

On July 12, 2019, the Middle District of Florida issued an order denying JEA's and the City's motions to remand the case to Florida state court. The court's July 12, 2019 order also granted MEAG's motion to transfer the case to the district court for the Northern District of Georgia. On July 26, 2019, MEAG filed a counterclaim against JEA and the City seeking a declaratory judgment that the Additional Vogtle Units PPA is valid and enforceable, breach of contract for JEA's alleged failure to adhere to the Additional Vogtle Units PPA's cooperation clause, and specific performance requiring JEA to continue to comply with the Additional Vogtle Units PPA. On August 16, 2019, JEA filed defenses to MEAG's counterclaim and alternative counterclaims against MEAG for breach of fiduciary duty, failure to perform in good faith, and negligent performance of an undertaking, in the event the Additional Vogtle Units PPA is determined to be enforceable. On September 6, 2019, MEAG filed motions to strike JEA's defenses and to dismiss JEA's alternative counterclaims. On November 1, 2019, MEAG filed a motion for leave to file a motion for judgment on the pleadings to seek a ruling on its affirmative defenses. JEA filed a memorandum opposing that motion on

November 8, 2019. On November 5, 2019, JEA filed a motion for summary judgment seeking a declaration that the Additional Vogtle Units PPA is void and unenforceable. On November 8, 2019, the district court entered an order striking JEA's motion for summary judgment and setting a status conference with the parties. The same date, JEA filed a motion for leave to file a motion for summary judgment. On November 15, 2019, the district court conducted a status conference with the parties and subsequently entered an order staying all motions in the case pending submission of a revised scheduling order by December 15, 2019. On November 25, 2019, the court entered an order denying in whole MEAG's motion to strike certain of JEA's and the City of Jacksonville's affirmative defenses. The Court also dismissed two of JEA's counterclaims against MEAG, but left intact JEA's claim against MEAG for breach of the PPA based on a negligent undertaking theory, which claim is contingent and brought only in the event of a finding that the PPA is enforceable. JEA will vigorously defend and prosecute these actions, but provides no assurances regarding the outcome or consequences of the litigation.

Settlement Negotiations – JEA and MEAG have commenced negotiations in an attempt to arrive at a mutually beneficial commercial resolution of their dispute. The ultimate outcome of this matter cannot be determined at this time.

Regulatory Proceedings – On September 17, 2018, JEA filed a petition with the Federal Energy Regulatory Commission ("FERC") seeking a determination that FERC has exclusive jurisdiction pursuant to the Federal Power Act over the Additional Vogtle Units PPA (FERC Petition). Numerous entities, including MEAG, public utilities, municipalities, and trade groups, filed comments with FERC challenging the theories of law and arguments raised in the FERC Petition. On February 21, 2019, FERC issued an order denying the FERC Petition and disclaimed jurisdiction over the Additional Vogtle Units PPA. JEA did not seek FERC's reconsideration of the order.

Other Renewable Sources

JEA entered into a 20-year agreement (the "Wind Generation Agreement") with Nebraska Public Power District ("NPPD") in 2004 to participate in a wind generation project located in Ainsworth, Nebraska. JEA's participation in NPPD's wind generation project allowed JEA to receive environmental credits (Green Tags) associated with this Green Power alternative. Under the Wind Generation Agreement, JEA agreed to purchase over a 20-year period 10 MW of capacity from NPPD's wind generation facility for an estimated net cost of $2,280,958. In turn, NPPD buys back the energy at specified on/off peak charges. JEA makes all environmental attributes from this facility available to sell in order to lower rates for our customers. JEA has sold environmental credits for specified periods from this project thereby reducing but not eliminating JEA's net cost for this resource for that period.

With the expansion of JEA's renewable portfolio within the State of Florida, additional landfill gas generation and new solar facilities, JEA exercised its right to terminate this contract. JEA and NPPD have agreed to terminate the agreement effective December 31, 2019.

JEA signed a Power Purchase Agreement with Trail Ridge Energy, LLC ("TRE") in 2006 to purchase energy and environmental attributes from a 9.6 MW landfill gas-to-energy facility at the City's Trail Ridge Landfill (the "Phase One Purchase"). The facility is one of the largest landfill gas-to-energy facilities in the Southeast. It achieved commercial operation in December 2008 for the Phase One Purchase. JEA and TRE executed an amendment to the Power Purchase Agreement in 2011 to purchase up to an additional 9.6 MW through TRE. Six MW of this additional 9.6 MW is being supplied to JEA from a landfill gas-to-energy facility in Sarasota, Florida. Cost to JEA is the same as negotiated for Trail Ridge. JEA makes all environmental attributes from this facility available to sell in order to lower rates for our customers.

JEA signed a power purchase contract with Jacksonville Solar LLC in 2009 for the purchase for 30 years of all of the electricity and renewable energy credits generated by a 12.6 MW solar power facility, which became fully operational on September 28, 2010. JEA makes all environmental attributes from this facility available to sell in order to lower rates for our customers.

In December 2014, the JEA Board approved a Solar Policy setting forth the goal of adding 38 MW of solar photovoltaic ("PV") power (via power purchase contracts) by the end of 2016. In 2015, JEA awarded a total of 31.5 MW of solar PV power purchase contracts with terms of 20 to 25 years to various vendors. Power purchase agreements ("PPAs") have been finalized for a total of 27 MW, as follows: 7 MW with Northwest Jacksonville Solar Partners, LLC (groSolar); 4 MW with Hecate Energy, LLC; 5 MW and 2 MW with Inman Solar Incorporated; 3 MW with Old Plank Road Solar Farm LLC (Cox Communications/VeloSolar); Imeson Solar Farm, LLC (National Solar) for 5 MW; and Mirasol Fafco Solar, Inc. for 1 MW solar PV. Another PPA for 5 MW on land owned by the U.S. Navy was awarded to Hecate Energy, LLC in 2016; however, JEA and the Navy were unable to agree to lease terms and that project has been canceled. A 4.5 MW award to SunEdison Utility Solutions, LLC was cancelled due to failure of the contractor to secure site control.

In 2015, JEA entered into a 25-year PPA with Northwest Jacksonville Solar Partners, LLC for the produced energy, as well as the associated environmental attributes from a solar farm, which has been constructed in JEA's service territory. The 7 MWAC facility, which consists of 28,000 single-axis tracking photovoltaic panels on a vendor-leased site, is owned by American Electric Power (AEP). JEA pays only for the energy produced. The facility became operational on May 30, 2017.

In 2015, JEA entered into a 20-year PPA with Old Plank Road Solar Farm, LLC for the produced energy, as well as the associated environmental attributes from a 3-MWAC solar farm, Old Plank Road Solar, which has been constructed in JEA's service territory. The facility, which consists of 12,800 single-axis tracking photovoltaic panels on a vendor-leased 40-acre site, is owned by Southeast Solar Farm Fund, a partnership between PEC Velo & Cox Communications. JEA pays only for the energy produced. The site attained commercial operation on October 13, 2017.

In 2015, JEA entered into a 20-year PPA with C2 Starrat Solar, LLC for the produced energy, as well as the associated environmental attributes from a 5-MWAC solar farm, Starrat Solar, which has been constructed in JEA's service territory. The facility, on a vendor-leased site, is owned by C2 Starrat Solar, LLC, and was constructed by Inman Solar, Incorporated. JEA pays only for the energy produced. The site attained commercial operation on December 20, 2017.

In 2015, JEA entered into a 20-year PPA with Inman Solar Holdings 2, LLC for the produced energy, as well as the associated environmental attributes from a 2-MWAC solar farm, Simmons Solar, which has been constructed in JEA's service territory. The facility, on a vendor-leased site, is owned by Inman Solar Holdings 2, LLC, and was constructed by Inman Solar, Incorporated. JEA pays only for the energy produced. The site attained commercial operation on January 17, 2018.

In 2015, JEA entered into a 20-year PPA with Hecate Energy Blair Road, LLC for the produced energy, as well as the associated environmental attributes from a 4-MWAC solar farm, Blair Road Solar, which has been constructed in JEA's service territory. The facility, on a vendor-leased site, is owned by Hecate Energy Blair Road, LLC, and was constructed by Hecate Energy, LLC. JEA pays only for the energy produced. The site attained commercial operation on January 23, 2018.

In 2015, JEA entered into a 20-year PPA with Jax Solar, LLC for the produced energy, as well as the associated environmental attributes from a 1-MWAC solar farm, Old Kings Road Solar, which has been constructed in JEA's service territory. The facility, on a vendor-leased site, is owned by Jax Solar, LLC and was constructed by Mirasol Fafco Inc. JEA pays only for the energy produced. The site attained commercial operation on October 15, 2018.

In 2016, JEA entered into a 20-year PPA, with five-year renewal option, with Imeson Solar, LLC for the produced energy and all associated environmental attributes from Imeson Solar facility (dba SunPort Solar). The facility is comprised of a 5 MW AC/9 MW DC solar photovoltaic array, paired with a 2 MW/4 MWh battery energy storage system. The primary application of the battery system is to smooth the daily solar generation. SunPort Solar is constructed and owned by 174 Power Global, a company wholly owned by the Hanwha Group. JEA pays only for the energy produced by the site. The site attained commercial operation on December 4, 2019.

In October 2017, the JEA Board approved a further solar expansion consisting of five 50 MWAC solar facilities to be constructed on JEA-owned property. These projects, totaling 250 MWAC, are structured as PPAs. JEA awarded the contracts to EDF - Distributed Solutions ("EDF-DS") on April 26, 2018, and the five PPAs were executed on February 8, 2019. EDF-DS will lease the land from JEA, and JEA will pay only for the energy produced. It is expected the first 50 MW facility will be completed in 2021. The remaining facilities will be completed by 2022.

In 2009, JEA implemented a net metering program, which provided for full retail rate offset for customer-owned and generated solar power. At that time, the cost of utility-scale solar power was higher than the retail rate. In 2016, JEA began to re-evaluate the fairness, reasonableness, and sustainability of JEA's then-current rate structure that offset excess solar power at the full retail rate. After carefully considering and studying all the factors, engaging in stakeholder meetings and workshops, and holding public meetings, JEA amended its net metering program in October 2017, with an effective date of April 1, 2018. JEA's amended net metering program is now contained within the JEA Distributed Generation Policy. Under the amended net metering program, a solar customer's excess solar power offsets energy consumption at JEA's fuel rate (i.e., the cost of electric generation saved by the solar customer's excess power generation). This offset more accurately and fairly compensates the solar customer for his or her solar power generation without discriminating against non-solar power customers. In 2018, Community Power Network Corporation (d/b/a Solar United Neighbors or "SUN") and the League of Women Voters of Florida, Inc. ("League"), filed an action for declaratory judgment and injunctive relief challenging the legality of JEA's amended net metering policy.

On March 15, 2019, the League voluntarily dismissed its claims against JEA. SUN and JEA filed cross motions for summary judgment, each asking the Court to make a ruling as a matter of law in its favor. SUN sought an injunction from the Court mandating JEA to adopt a one-for-one net metering policy (i.e., full retail rate offset). JEA requested dismissal of the lawsuit with prejudice. On November 22, 2019, the Court issued an Order granting summary judgment in favor of JEA and denying any relief to SUN. SUN has until December 23, 2019 to file a notice of appeal, if it chooses to challenge the Court's ruling.

Participation in The Energy Authority

In May 1997, JEA, MEAG Power and South Carolina Public Service Authority (Santee Cooper) entered into a joint power marketing alliance through the formation of a nonprofit corporation in which such three parties constituted all of the members. The corporation is TEA, a Georgia nonprofit corporation. Subsequently, five additional publicly-owned utilities, NPPD, the City of Gainesville, Florida, doing business as Gainesville Regional Utilities ("GRU"), City Utilities of the City of Springfield, Missouri, Public Utility District No.1 of Cowlitz County, Washington ("Cowlitz") and American Municipal Power, Inc. became members of TEA. Effective December 31, 2018, Cowlitz transitioned from ownership status (member) to contract services status (partner). The main office of TEA is in the City. TEA's board of directors consists of 9 directors. The board, all of whom are elected by the members, is composed of one director from each member and two non-voting directors who serve as the respective chairs of two standing committees.

TEA commenced operations in August 1997 and is engaged in buying and selling wholesale power and promoting the efficient use of the generation assets of its members to maximize the efficient use of electrical energy resources, reduce operating costs and increase operating revenues of the members. TEA is expected to accomplish the foregoing without impacting the safety and reliability of the electric system of each member. TEA transacts energy transactions among the members and external markets including arranging for any transmission services required to accommodate such transactions. TEA is the exclusive purchaser of short-term surplus energy from its members. Each member is responsible for having adequate firm generating capacity to serve its native load requirement plus operating reserve requirements. TEA has not engaged in the construction or ownership of generation or transmission assets. Additionally, the members have not engaged in other activities that are found in some power pools such as reserve sharing or dedication of all resources to serve the combined load.

TEA has managed a portion of JEA's natural gas supply since 2001. See "*Fuel Contracts*" above.

Pursuant to an Electric Advance Agreement and a Natural Gas Advance Agreement among TEA and its members and a Member Advance Agreement between JEA and TEA, JEA supports TEA's trading activities by the issuance of JEA guaranties and/or provision of cash advances as determined by TEA within the limits contained in such advance agreements. As of January 1, 2019, JEA is obligated to guaranty, directly or indirectly, certain of TEA's electric trading activities in an amount up to $28,929,000 and certain of TEA's natural gas procurement and trading activities up to $34,600,000, in either case, plus reasonable attorney's fees that any party claiming and prevailing under the guaranty might incur and be entitled to recover under its contract with TEA. The JEA Board has approved guaranties of up to $34,286,000 for TEA's electric trading activities, up to $60,000,000 (plus attorney's fees) for TEA's natural gas procurement and trading activities and up to $50,000,000 for TEA's electric and natural gas activities solely for JEA's benefit (since 2014 none of this latter type of trading activity is being engaged in by TEA). The JEA Board can from time to time increase or (subject to certain limits) decrease the amount of its advances to TEA. For a discussion of JEA's investment in TEA and its commitments to TEA as of September 30, 2019, see Note 7 to the financial statements of JEA set forth in APPENDIX A attached hereto.

Order No. 889 of the Federal Energy Regulatory Commission ("FERC") established certain standards of conduct for utilities that offer open access transmission services. The effect of these standards would have been to require JEA to establish a wholesale marketing organization separate and apart from its operating group that controls operations of its generation and transmission facilities. JEA believes that the establishment of TEA satisfied that requirement at a cost to JEA that is substantially less than the cost that JEA would have incurred if it acted alone in establishing a wholesale marketing organization.

Mutual Aid Alliance

JEA has entered into an agreement with six other electric utilities located in Florida and Georgia (the "Participating Utilities") to provide mutual aid in the form of energy and price commitments in the event of an extended outage of certain designated baseload generating units of the Participating Utilities. Under this agreement, each Participating Utility agrees to make available, from its own capacity and only to the extent it has capacity available in excess of its native load and firm sales commitments, energy to replace energy unavailable due to unplanned outages of the designated units in excess of 60 days ("Replacement Power"). Each Participating Utility is obligated to provide such Replacement Power for up to 365 days from the outage event. The Participating Utilities will provide such Replacement Power at a cost derived through a formula based upon natural gas prices. This agreement has a term ending in September 2022 and is automatically renewed for an additional five-year period unless a party thereto provides timely notice of its intent not to renew its participation.

Interconnections

JEA is interconnected with the Georgia Integrated Transmission System through two 500 kV lines. These lines are jointly owned by JEA and FPL. The lines are located in the western section of the Electric

System's service area and extend north to the interconnect point with Georgia Integrated Transmission System at the Florida-Georgia state line.

JEA is a member of the SERC Reliability Corporation ("SERC"). Under a delegation agreement with NERC, SERC acts as JEA's Compliance Enforcement authority for FERC Approved Electric Reliability Standards. JEA is also a member of the Florida Reliability Coordinating Council ("FRCC"). The FRCC is a member owned organization whose objective is to provide certain reliability and planning functions in a coordinated manner among the utilities in the FRCC region. FRCC is the NERC approved and registered Reliability Coordinator for the utilities in the FRCC region. Additionally, FRCC members coordinate their planning and system operations through the FRCC Member services division to share spinning reserves; establish policies and procedures for dealing with scheduled and inadvertent interchanges and emergencies; coordinate maintenance schedules; establish and administer guidelines for utilizing under-frequency relays; maintain voice, facsimile and internet communications facilities; and evaluate and resolve system disturbances.

JEA is subject to standards enacted by the North American Electric Reliability Corporation and enforced by FERC regarding protection of the physical and cyber security of critical infrastructure assets required for operating North America's bulk electric system. JEA is also subject to regulations set by the U.S. Nuclear Regulatory Commission ("NRC") regarding the protection of digital computer and communication systems and networks required for the operation of nuclear power plants. While JEA believes it is in compliance with such standards and regulations, JEA has from time to time been, and may in the future be, found to be in violation of such standards and regulations. In addition, compliance with or changes in the applicable standards and regulations may subject JEA to higher operating costs and/or increased capital expenditures as well as substantial fines for non-compliance.

Power Sales and Transmission Contracts

JEA had a contract to supply the Beaches Energy Services with non-firm generation and transmission backup service. In accordance with a 36-month contract notice provision, the contract expired without renewal on November 30, 2019. JEA did not receive a significant amount of revenue from this contract in the Fiscal Years ended September 30, 2018 or 2019.

In January 1990, JEA entered into a contract with Cedar Bay Generating Company, L.P. ("Cedar Bay"), the owner of a cogeneration facility within JEA's service territory. Pursuant to the contract, Cedar Bay is receiving transmission service for 260 MW of capacity and associated energy for delivery to FPL through JEA's transmission system. Cedar Bay began using JEA's transmission service in January 1994. FPL acquired the Cedar Bay Generating Plant effective September 1, 2015 and officially retired the plant in December 2016. The transmission service under the agreement has been converted to JEA's Open Access Transmission service, which is a JEA Board approved tariff (Open Access Transmission) that allows transmission customers to use JEA's transmission system to move energy across the JEA system and is consistent with FERC Order No. 888. All other provisions under the agreement are enforceable under the agreement, which expires December 31, 2024.

Transmission and Distribution System

JEA's transmission system consists of all JEA-owned bulk power transmission facilities operating at 69 kV or higher, which includes all transmission lines and associated substation facilities that end at the substation's termination structure at four voltage levels: 69 kV, 138 kV, 230 kV and 500 kV.

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JEA owns a total of 744 Circuit miles of transmission lines, of which 691 are overhead miles and 53 are underground. The following table shows the breakdown of miles per kV level:

Voltage (kV)	Overhead (Miles)	Underground (Miles)	Total (Miles)
69	113	46	159
138	204	3	207
230	299	4	303
500	75	0	75
Total	691	53	744

The 159 miles of 69 kV transmission lines are located in the dense interior section of the Electric System's service area, in the vicinity of the urban core. The 207 miles of 138 kV lines interconnect substations in most of JEA's high load and growth areas. The 303 miles of 230 kV lines form a semicircular loop around the City with transformation from the transmission system to the distribution system performed at numerous JEA facilities, which also serve the high load and growth areas. There currently are 90 substations in the JEA service territory. JEA also owns two 500 kV lines jointly with FPL. These lines are connected between the FPL Duval Substation and the GPC system at the Florida state line.

In the southeast portion of JEA's service territory, new load growth is occurring as a result of new large residential and commercial developments. JEA is currently constructing a new nine-mile overhead 230kV transmission line to connect two existing JEA substations, GEC and Bartram Substation, to better serve this area. In fall 2020, the new transmission line will be broken and looped into the new 26.4kV Nocatee load-serving substation. The Nocatee substation will be located adjacent to the new 230kV line.

JEA's tie line interconnections with neighboring utilities within FRCC are:

JEA Station	Neighboring Utility Station	Voltage (kV)
Steelbald	Duval (FPL) Circuit 3	230
Brandy Branch	Duval (FPL) Circuit 1	230
Brandy Branch	Duval (FPL) Circuit 2	230
Jax Heights	Duval (FPL) Circuit 4	230
Neptune	JB Penman (BES)	138
Switzerland	Sampson (BES)	230
Jax Heights	Black Creek (Seminole)[(1)]	230
Nassau	Step Down (FPU)	138
Nassau	O'Neil (FPL)	138

(1) Seminole Electric Cooperative, Inc. ("Seminole")

The distribution system covers approximately 7,028 circuit miles and is composed of three voltage levels depending upon the area served. The central business district is served by a 13.2 kV underground secondary network. Surrounding residential and commercial areas are served primarily at 26.4 kV, with some 4.16 kV and 13.2 kV interspersed. Most older areas are served from overhead distribution lines. However, the majority of all new developments, subdivisions, shopping centers and apartment complexes constructed since 1968 are served by underground 26.4 kV distribution.

The transmission and distribution system is under the control of system operators through a supervisory control and data acquisition system. The control of the generation facilities and the balance of power flow over interconnection transmission facilities is managed by an automatic generation control application with system operator oversight and input as needed.

Area Served

The Electric System serves approximately 900 square miles, which includes virtually the entire City (Duval County), with the exception of Jacksonville Beach and Neptune Beach. The Electric System also provides retail service in portions of the northern sections of St. Johns and Clay Counties, which are located southeast and southwest of the City, respectively. The Electric System also furnished power for resale to Florida Public Utilities Company ("FPU") for use in the City of Fernandina Beach in Nassau County, north of the City. JEA's contract with FPU expired without renewal on December 31, 2017.

Customers and Sales

In the Fiscal Year ended September 30, 2019, the Electric System served an average of 475,786 customer accounts. The following table sets forth electric revenues, the sales of the Electric System and the average number of Electric System accounts, all by customer classification, for Fiscal Years ended September 30, 2015 through 2019.

	Fiscal Year Ended September 30,				
	2019	2018	2017	2016	2015
Electric Revenues:					
Residential	$ 629,355	$ 618,171	$ 584,663	$ 599,009	$ 619,897
Commercial and industrial	590,473	594,395	587,972	597,796	627,547
Public street lighting	13,176	12,873	13,069	13,488	11,982
Sales for resale	3,914	5,474	21,813	31,210	32,424
FPL saleback	1,664	30,767	128,737	130,053	128,475
TOTAL	$1,238,582	$1,261,680	$1,336,254	$1,371,556	$1,420,325
Sales (MWh):					
Residential	5,515,428	5,414,721	5,108,945	5,328,245	5,243,002
Commercial and industrial	6,793,557	6,851,803	6,725,201	6,847,583	6,767,836
Public street lighting	57,410	59,176	65,721	80,108	89,376
Sales for resale:					
Off-system	99,563	74,069	300,903	474,352	417,361
FPL saleback	0	332,467	1,693,082	1,856,198	1,862,122
TOTAL	12,465,958	12,732,236	13,893,852	14,586,486	14,379,697
Average Number of Accounts:					
Residential	418,728	410,060	403,164	396,664	389,287
Commercial and industrial	53,204	52,573	52,060	51,472	50,867
Public street lighting	3,854	3,776	3,727	3,649	3,549
TOTAL	475,786	466,409	458,951	451,785	443,703

Largest Customers

The 10 largest customer accounts served by the Electric System (other than FPL pursuant to the FPL-Power Park Sale) composed 14.1 percent of the total MWh purchases derived from the operation of the Electric System for the Fiscal Year ended September 30, 2019. The following table sets forth the 10 largest Electric System accounts by MWh purchases, during the Fiscal Year ended September 30, 2019.

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Customer Accounts	MWh Purchases	Percentage of Total
United States Navy	357,982	2.9
CMC Steel	312,722	2.5
WestRock	209,772	1.7
City of Jacksonville	198,133	1.6
Duval County Public Schools	158,541	1.3
Anheuser Busch	113,580	0.9
Southern Baptist Hospital	107,343	0.9
Johnson & Johnson Vision Care	101,566	0.8
Publix Supermarkets	101,424	0.8
Mayo Clinic Jacksonville	90,205	0.7
TOTAL	1,751,268	14.1

Customer Billing Procedures

Customers are billed on a cycle basis approximately once per month. If the customer has not paid a bill within 42 days after the initial bill date, JEA may discontinue service to that customer. New commercial accounts are generally assessed a deposit. Residential customers who meet JEA's credit criteria are not assessed a deposit. Customers who do not meet JEA's credit criteria or do not maintain a good payment record may be assessed a deposit, which may vary with consumption. A late payment fee of 1.5 percent is assessed to customers for past due balances in excess of 27 days. The amount of uncollectible accounts is budgeted to be approximately 0.15 percent of estimated gross Electric System revenues for the Fiscal Year ending September 30, 2020. Actual uncollectible accounts were 0.13 percent of gross Electric System revenues for the Fiscal Year ended September 30, 2019.

Rates

JEA has sole discretion to set rate levels and revenue requirements for the Electric System, including its interest in Scherer Unit 4. JEA sets its retail rates after a public hearing. The JEA Board has the authority to change wholesale rates without a public hearing. The Florida Public Service Commission (the "PSC" or "Florida PSC") has the authority to review rate structures for municipal utilities in Florida, including JEA (see subsection "Regulation" of this section, below).

Each of JEA's various rates for electric service consists of "base rate" components and a "fuel and purchased power rate" component. The base rate is evaluated and adjusted as required to fund projected revenue requirements for each Fiscal Year. A comprehensive class cost of service study will be performed at a minimum of every five years to support the rates charged are based on cost. The rate for the fuel and purchased power component can adjust upward or downward as of October 1 of each year to reflect the cost of fuel and purchased power. If during the course of a Fiscal Year, such costs vary by more than 10 percent from JEA's budget, an adjustment in the fuel and purchased power component of the rate may be made, subject to the approval of the JEA Board.

In June 2011, the JEA Board approved the conversion of the $2.90 per 1,000 kWh fuel recovery charge to base energy charges. The conversion became effective January 1, 2012.

On June 19, 2012, the JEA Board approved a decrease of the fuel and purchased power rate by $4.14 per 1,000 kWh that became effective on July 1, 2012.

On January 19, 2016, the JEA Board approved a decrease of the fuel and purchased power rate by $6.85 per 1,000 kWh that became effective on February 1, 2016.

On November 15, 2016, the JEA Board approved an increase to base rates of 4.4 percent on average across multiple rate classes and a decrease of the fuel and purchased power rate by $4.25 per 1,000 kWh effective on December 1, 2016. This rate restructuring was designed to lower overall bills for residential and commercial customers, improve the alignment of rates with the cost of service, enable additional early pay down of currently outstanding debt and eliminate the need for future base rate increases through Fiscal Year 2022.

Since environmental regulatory constraints and the cost of environmental compliance are anticipated to increase in the future, the JEA Board enacted an Environmental Charge of $0.62 per 1,000 kWh, which was applied to all rate classes as of October 1, 2007. See "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Environmental Matters" and "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Factors Affecting the Electric Utility Industry - *Future Legislation*" herein.

In order to fund JEA's comprehensive conservation and demand reduction programs (which are designed to reduce electric consumption and, at the same time, reduce the need for acquiring or constructing additional generating capacity), the JEA Board enacted a Conservation Charge, which was applied to residential electric accounts effective as of October 1, 2007, in the amount of $0.01 per kWh for usage above 2,750 kWh in a single month.

A comparison of residential rates in selected major regional cities, including fuel adjustments and franchise fees, as of October 2019, is shown in the following table, arranged by price of 1,000 kWh:

City (Utility)	500 kWh	1,000 kWh	1,250 kWh	2,000 kWh
Gainesville (GRU)	$71.50	$131.63	$165.94	$268.83
Pensacola (Gulf Power Company)	73.61	128.00	155.20	236.80
St. Petersburg (Duke Energy Florida)	64.81	120.78	154.84	257.01
Ocala (Electric Dept.)	64.10	115.20	140.75	217.40
JACKSONVILLE (JEA)	**58.72**	**111.76**	**138.29**	**217.85**
Tallahassee (Electric Dept.)	59.26	110.59	136.26	213.26
Atlanta (GPC)	63.29	110.36	132.86	200.32
Orlando (Orlando Utilities Commission)	61.00	109.50	138.75	226.50
Tampa (Tampa Electric)	59.23	102.41	129.27	209.85
Lakeland (Utilities Dept.)	55.42	101.35	120.84	201.62
Miami (FPL)	53.93	99.40	127.39	211.32
Key West (Keys Energy Services	49.50	99.00	123.75	198.00

Source: JEA's "Quarterly Residential Rate Comparison (October 2019)."

A comparison of non-residential rates in selected major regional cities for certain classifications of service for September 2019 (excluding all taxes) is shown in the following table, arranged by price of non-demand 1,500 kWh service:

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City (Utility)	Non-Demand 1,500 kWh	Demand 150 kW 60,000 kWh	Demand 500 kW 200,000 kWh
Gainesville (GRU)	$226.15	$7,537.00	$24,472.70
Key West (Keys Energy Services)	202.80	7,145.00	23,812.00
Pensacola (Gulf Power Company)	198.52	5,614.62	18,999.80
St. Petersburg (Duke Energy Florida)	197.18	5,819.58	18,733.46
Atlanta (GPC)	195.44	6,113.14	21,921.24
Ocala (Electric Dept.)	169.85	5,535.10	18,636.00
Orlando (Orlando Utilities Commission)	163.96	5,042.00	16,718.00
JACKSONVILLE (JEA)	**155.64**	**5,345.20**	**17,619.00**
Tampa (Tampa Electric)	155.29	4,815.54	15,981.24
Miami (FPL)	146.96	4,659.52	15,781.91
Lakeland (Utilities Dept.)	146.14	4,778.39	16,103.98
Tallahassee (Electric Dept.)	140.00	5,233.38	17,154.78

Source: For all Florida cities, Florida Municipal Electric Association, Inc.'s "Commercial/Industrial Comparison of Electric Rates" (September 2019); for Atlanta, GPC (September 2019).

In June 2011, the JEA Board approved a 10-year Incremental Economic Development Program ("IEDP") designed to provide an incentive for large industrial customers to increase electric consumption. IEDP discounts on incremental consumption in excess of a predetermined consumption baseline are described in the following table:

Fiscal Year Ending September 30,	Base Charges Discount	Fuel Charges Discount	Baseline Load
2012	100%	10%	lesser of **Fiscal Year 2008** through **Fiscal Year 2010**
2013	100%	10%	
2014	75%	7.5%	
2015	50%	5%	
2016	25%	2.5%	
2017	100%	0%	greater of **Fiscal Year 2008** through **Fiscal Year 2016**
2018	100%	0%	
2019	75%	0%	
2020	50%	0%	
2021	25%	0%	
2022 and thereafter	0%	0%	

In August 2013, the JEA Board approved an Economic Development Program (the "EDP") designed to provide a financial incentive for new and existing commercial or industrial customers who, upon meeting certain eligibility criteria, expand their business and add jobs within the JEA service area. In January 2015, the JEA Board amended the EDP to create an increased level of incentive for customers expanding their business and adding jobs within designated areas where JEA has underutilized existing transmission and distribution capacity (Load Density Improvement areas). In August 2018, the JEA Board approved an extension of the EDP program application date to September 30, 2021. The EDP discount schedule is described in the following table:

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Year	Base Charges Discount	Discount in Load Density Improvement Areas
Year 1	30%	35%
Year 2	25%	30%
Year 3	20%	25%
Year 4	15%	20%
Year 5	10%	15%
Year 6	5%	10%
Year 7	0%	0%

On November 15, 2016, the JEA Board approved an Economic Stimulus Rider designed to provide a financial incentive for new commercial or industrial customers to locate within the JEA service area. This rate rider would allow JEA to negotiate rates in certain controlled circumstances, given the following:

(i) Legal attestation by the customer (through an affidavit signed by an authorized representative of the customer) to the effect that, but for the application of the rider, the new load would not be served by JEA; and

(ii) Documentation demonstrating to JEA's satisfaction that there is a viable lower cost alternative to the customers taking electric service from JEA.

Given JEA's history of flat to declining electric sales since 2007 and increasing obligations under the Additional Vogtle Units PPA, JEA expects to recommend additional rate increases possibly beginning as early as Fiscal Year 2021.

Regulation

Municipal electric utilities in the State of Florida, including JEA, are not subject to state regulation except for certain environmental matters, power plant and large transmission line siting, rate structures, certain conservation activities, certain safety standards and certain provisions of the Grid Power Bill. Section 366.04(5), Florida Statutes, a part of the Grid Power Bill, states that the PSC "shall further have jurisdiction over the planning, development, and maintenance of a coordinated electric power grid throughout Florida to assure an adequate and reliable source of energy for operational and emergency purposes in Florida and the avoidance of further uneconomic duplication of generation, transmission, and distribution facilities." In 1974, the Florida legislature enacted a statute which confers jurisdiction on the PSC to regulate "rate structures" of all utilities, including municipal utilities. In 1975, the PSC ruled that the statute does not confer ratemaking jurisdiction over municipal electric systems by distinguishing between "rates," as relating to determination of the revenues required by the utility, and "rate structures," as relating to the method by which revenues are generated.

The Florida legislature, in 1986, amended Section 366.04, Florida Statutes, which authorizes the PSC to prescribe and enforce safety standards for transmission and distribution facilities owned and operated by investor-owned electric utilities ("IOU's") and municipal- and cooperatively-owned electric utilities within the State of Florida. The PSC has adopted the National Electric Safety Code as its standard in this regard, and JEA believes it is currently in full compliance.

The Florida Electric Power Plant Siting Act, administered by the Florida Department of Environmental Protection (the "FDEP"), gives the PSC exclusive authority to determine the need for electric power plants. The Florida Transmission Line Siting Act, also administered by the FDEP, gives the PSC exclusive authority to determine the need for all transmission lines with voltages of 230 kV or greater which cross county lines. The Florida Department of Transportation ("FDOT") regulates the construction of new transmission and distribution lines that cross FDOT rights-of-way. The FDEP must approve the construction of transmission and distribution lines across FDEP-protected lands. Transmission and distribution lines that cross navigable waters are regulated by the Army Corps of Engineers, the FDEP and the St. Johns River Water Management District.

Existing and proposed interconnection agreements with IOU's are subject to review and approval by FERC. The Energy Policy Act of 1992 conferred on FERC the power to order any "transmitting utility" to perform wheeling services. The term "transmitting utility" is defined to include municipal utilities, such as JEA. In addition, "transmitting utilities" are subject to FERC reporting requirements.

Capital Program

The Electric System's capital program consists of (a) capital requirements for improvements to existing generating facilities that are determined to be necessary as a result of JEA's annual resource planning process and (b) JEA's remaining capital requirements for transmission and distribution facilities and other capital items. The projected total amount of the capital program for the five-year period ending September 30, 2024 is shown in the following table.

Electric System Capital Program
(000's omitted)

Fiscal Year Ending September 30,	Amount
2020	$ 237,000
2021	190,000
2022	190,000
2023	190,000
2024	286,000
Total	$1,093,000

The total amount of the capital program for the five-year period ending September 30, 2024 is estimated to be approximately $1,093 million. JEA expects the total amount required for the capital program will be derived from revenues and other available funds of the Electric System. The projected total amount of the capital program may be affected by future environmental legislation and regulation. See "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Environmental Matters" and "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Factors Affecting the Electric Utility Industry" herein." herein. St. Johns River Power Park

St. Johns River Power Park

General Description

The St. Johns River Power Park, formerly a coal- and petcoke-fired steam electric generating station, is located on an approximately 1,900-acre site in the northeast section of the City. It consisted of two units, each having an average net capability of 638 MW. The two units were essentially identical in design and shared certain common facilities, including fuel handling and storage facilities, four on-site water wells, a demineralized water treatment system, a wastewater treatment facility, switchyards and miscellaneous buildings.

The term "Power Park" is used in this Annual Disclosure Report to mean the Joint Facilities, as that term is defined in the "Agreement for Joint Ownership, Construction and Operation of the St. Johns River Power Park Coal Units #1 and #2" dated as of April 2, 1982, as amended (the "Power Park Joint Ownership Agreement"), between JEA and FPL. The Joint Facilities are defined in the Power Park Joint Ownership

Agreement to mean a coal-fired, steam electric generating facility consisting of two units, together with their associated improvements.

Ownership

The Power Park is owned and operated by JEA and FPL pursuant to the provisions of the Power Park Joint Ownership Agreement. A summary of certain provisions of the Power Park Joint Ownership Agreement is attached hereto as APPENDIX G. JEA owns an undivided 80 percent interest in the Power Park, and FPL owns the other 20 percent. JEA and FPL share the decommissioning costs according to ownership.

Early Termination of Power Park Joint Ownership Agreement

On March 21, 2017, staff informed JEA's Board of an agreement in principle with FPL for an early termination of the Power Park Joint Ownership Agreement and cessation of commercial operations in January 2018 with decommissioning of the Power Park to occur thereafter. The agreement in principle between JEA and FPL was subject to negotiation, execution and delivery of mutually satisfactory definitive agreements between JEA and FPL and final approval from JEA's Board, FPL's governing body and regulatory agencies. JEA and FPL executed a term sheet on March 21, 2017 in connection with the proposed transaction.

JEA and FPL obtained all required approvals, including those of the JEA Board, FPL's Board, and the Florida PSC, and definitive agreements for cessation of commercial operations and decommissioning of the Power Park were executed, including an Asset Transfer and Contract Termination Agreement dated as of May 17, 2017. FPL obtained Florida PSC Final Order approval on October 16, 2017. All required conditions were met prior to the shutdown on January 5, 2018.

JEA completed Regulated Material Study and Environmental Site Assessments on August 25, 2017. The JEA Procurement Awards Committee approved a Demolition and Soil Remediation contract on November 16, 2017.

Upon the ceasing of commercial operation of the Power Park (the "Closing"), FPL made a payment to JEA in consideration of the early termination of the Power Park Joint Ownership Agreement. Upon completion of the dismantlement of the Power Park, FPL will assign its right, title and interest in and to the land upon which the Power Park is situated to JEA. On January 5, 2018, FPL and JEA deposited amounts, which together with funds on deposit in the debt service reserve fund, were sufficient to defease all outstanding debt issued under the First Power Park Resolution. As required by the terms of the Power Park Joint Ownership Agreement, FPL will pay its share of the costs of retirement and dismantlement of the Power Park; provided, however, FPL will not contribute to the costs of remediation associated with any portions of the Power Park that JEA preserves for its beneficial use. Debt issued under the Second Power Park Resolution currently remains outstanding and was not defeased in connection with the Closing.

JEA's obligation to make payments from the Electric System to provide revenues to pay JEA's portion of the Power Park operating and maintenance expenses, debt service on the Power Park Issue Two Bonds and renewal and replacement costs relating to the Power Park and all other costs associated with the Power Park, as well as all debt service on the Power Park Issue Three Bonds, is a Contract Debt payable as a Cost of Operation and Maintenance of the Electric System pursuant to the Electric System Resolution. The Contract Debt payments with respect to the Power Park will be a Cost of Operation and Maintenance of the Electric System whether or not the Power Park is operating or operable and are required to be made in accordance with the terms of the Second Power Park Resolution.

The current estimate for decommissioning St. Johns River Power Park is $68 million. JEA will pay 80 percent of the decommissioning cost for a total of $54.4 million. The Demolition and Soil Remediation contract is for $17,737,420. The contractor retains the salvage value for process equipment, which is estimated to be $18,000,000.

The total demolition is scheduled to be completed by April 30, 2020. The soil and groundwater remediation is scheduled to be complete by July 31, 2020. At that time, final closing will occur and all land and real property assets will be transferred to JEA. JEA is evaluating opportunities for the future use, redevelopment or divestiture of the site.

Management

The Power Park is managed by two functional committees. Each of these committees consists of two persons appointed respectively by the managements of JEA and FPL. Each committee member has an equal vote. In case of disagreement, the appeal path involves the Executive Committee, JEA and FPL managements, and finally, with the written consent of both JEA and FPL, an independent arbitrator. In all cases, the JEA member of each committee is the lead manager in executing the functions of that committee. JEA provides all management and staffing below the committee level, unless otherwise agreed to by JEA and FPL. Since the date that JEA and FPL entered into the Power Park Joint Ownership Agreement, there has been only one case of disagreement, which subsequently was resolved. JEA is lead on the decommissioning of the Power Park. FPL and JEA executed a Service Management Agreement for any specific requirements for managing the decommissioning.

Operation

The following table shows the total plant capacity factors for the Power Park since 2015. The capacity factor is a measure of the actual output as a percentage of the theoretical maximum output of a generating plant, or an individual unit, as the case may be.

Fiscal Year Ended September 30,	**Power Park Capacity Factor**		
	Unit 1 (%)	**Unit 2 (%)**	**Total (%)**
2015[(1)]	50.5	59.2	54.9
2016[(2)]	46.0	44.6	45.3
2017[(3)]	42.4	54.9	48.7
2018[(4)]	45.7	29.8	37.8
2019[(5)]	n/a	n/a	n/a

(1) During this period, Unit 1 underwent a 10-week planned outage.
(2) During this period, Unit 2 underwent a five-week planned outage.
(3) During this period, Unit 1 underwent a five-week planned outage.
(4) During this period, Unit 1 and 2 were permanently shut down on January 5, 2018.
(5) Not applicable beginning Fiscal Year Ended September 30, 2019.

Transmission Arrangements

The Power Park is interconnected with the Electric System's transmission system at the 230 kV level. The transmission lines delivered power from the Power Park site to substations in the Jacksonville area. Pursuant to the Power Park Joint Ownership Agreement, FPL paid to the Electric System a charge for providing transmission service through the Electric System's transmission grid.

Fuel Supply and Transportation

JEA has satisfied all existing coal supply contracts for delivery to Power Park. In anticipation of retirement in January 2018, the last shipment of coal was received on November 11, 2017. Approximately

333,000 tons of stockpiled coal remained at shutdown. The remaining supply was transferred to the Northside Generating Station.

JEA's agreement with CSX Transportation for rail transportation services to the Power Park expired on December 31, 2016. In 2015, JEA utilized CSX Transportation to deliver approximately 385,000 tons of coal to the Power Park. This volume was under the annual requirement established in JEA's 2011 contract with CSX Transportation for transportation services during 2012-2016. The 2016 volume was also under the annual requirement. Both the 2015 volume and the 2016 volume were under the annual requirement due to unforeseen changes in environmental regulations. In January 2018, JEA and FPL, reached a confidential settlement with CSX through the contractual dispute resolution process.

To satisfy Power Park's railcar lease contract, maintenance and repairs were performed on the 350 leased aluminum rotary railcars. On May 31, 2019, the lessor acknowledged that the railcars were all returned and the lease was terminated.

Capital Program

As a result of the cessation of commercial operations of the Power Park in January 2018, JEA does not project any additional expenditures relating to the capital program.

Scherer 4

General Description

Scherer Unit 4 is one of four coal-fired steam units located at the Robert W. Scherer Electric Generating Plant ("Plant Scherer") on a 12,000-acre site near the Ocmulgee River approximately three miles east of Forsyth, Georgia. Scherer Unit 4 has a current net maximum output of 846 MW and was placed in service in February 1989. Pursuant to the Plant Robert W. Scherer Unit Number Four Amended and Restated Purchase and Ownership Participation Agreement, dated as of December 31, 1990, as amended, among GPC, FPL and JEA (the "Scherer Unit 4 Purchase Agreement"), JEA purchased an aggregate of 23.64 percent of Scherer Unit 4, and FPL purchased an aggregate of 76.36 percent of Scherer Unit 4. In addition to the purchase of undivided ownership interests in Scherer Unit 4, under the Scherer Unit 4 Purchase Agreement, JEA and FPL also purchased proportionate undivided ownership interests in (i) certain common facilities shared by Units 3 and 4 at Plant Scherer, (ii) certain common facilities shared by Units 1, 2, 3 and 4 at Plant Scherer and (iii) an associated coal stockpile. Under a separate agreement, JEA also purchased a proportionate undivided ownership interest in substation and switchyard facilities. A summary of certain provisions of the Scherer Unit 4 Purchase Agreement and certain related agreements is attached hereto as APPENDIX H.

Ownership

As stated above, JEA and FPL are the owners of Scherer Unit 4 with undivided ownership interests of 23.64 percent and 76.36 percent, respectively; and JEA and FPL have proportionate ownership interests in the common facilities associated with all four units located at Plant Scherer. Oglethorpe, MEAG Power, GPC and the City of Dalton, Georgia ("Dalton"), as co-owners of Scherer Units 1 and 2, and Gulf Power Company ("Gulf Power") and GPC, as co-owners of Scherer Unit 3, also have proportionate undivided ownership interests in such common facilities. FPL and JEA also have proportionate undivided ownership interests in the common facilities shared by Scherer Units 3 and 4. GPC and Gulf Power, as co-owners of Scherer Unit 3, also have proportionate ownership interests in such common facilities (see "SUMMARY OF CERTAIN PROVISIONS OF AGREEMENTS RELATING TO SCHERER UNIT 4 - Scherer Unit 4 Purchase Agreement" in APPENDIX H attached hereto).

Oglethorpe, MEAG Power, Dalton, Gulf Power, GPC, FPL and JEA have entered into the Plant Scherer Managing Board Agreement which, among other things, established a managing board to coordinate the implementation and administration of various ownership agreements relating to Plant Scherer, including the establishment of standards, rules and policies for fuel procurement and the method of voting on issues affecting the various components of Plant Scherer in which all co-owners have an interest.

Operation

The following table shows the total plant availability factors and capacity factors for Scherer Unit 4 since 2014.

	Scherer Unit 4	
Calendar Year	**Availability Factor (%)**	**Capacity Factor (%)**
2014[1]	75.5	57.7
2015	99.0	76.9
2016[2]	84.6	64.9
2017	96.3	62.1
2018[3]	76.6	52.5

(1) During this period, Scherer Unit 4 underwent an 11-week planned outage.
(2) During this period, Scherer Unit 4 underwent a four-week planned outage.
(3) During this period, Scherer Unit 4 underwent an 11-week planned outage.

Transmission Arrangements

As a part of the purchase by JEA of its interest in Scherer Unit 4, GPC and Southern Company Services, Inc. provide JEA with firm transmission service through the GPC system to the Florida/Georgia border for delivery of the output of JEA's ownership interest in Scherer Unit 4 for the life of the unit. Transmission rates are computed by formulae contained within the agreement and are filed with, and under the jurisdiction of, FERC.

Fuel Supply

GPC, under JEA's direction, purchases coal for JEA's use of its ownership interest in Scherer Unit 4. JEA has the option to procure its own coal. In 1994, Scherer 4 began burning sub-bituminous coal from the Powder River Basin ("PRB") located in the western region of the United States. JEA owns 206 aluminum railcars to deliver the PRB coal for use at Plant Scherer. Plant Scherer has in place a Btu accounting system to allocate fuel costs among the owners.

To provide for transportation of coal for Scherer Unit 4, GPC negotiated two agreements with rail carriers during Fiscal Years ended September 30, 2002 and September 30, 2003. The term of the agreement with Burlington Northern and Santa Fe Railway Company (BNSF) has been extended through calendar year 2028. The current agreement with Norfolk Southern Railway Company extends through December 2019.

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Capital Program

JEA's share of the Scherer 4 Project's projected capital year for the five-year period ending September 30, 2024 is summarized below.

Scherer 4 Project Capital Program
(000's omitted)

Fiscal Year Ending September 30,	**Amount**
2020	$ 8,400
2021	6,200
2022	8,900
2023	2,900
2024	4,500
Total	$30,900

The total amount of the capital program for the five-year period is estimated to be approximately $30.9 million. JEA expects that the total amount required to fund the capital program will be provided from available funds of the Bulk Power Supply System. The projected total amount of the capital program may be affected by future environmental legislation and regulation. See "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Environmental Matters" and "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Factors Affecting the Electric Utility Industry" herein.

Resource Requirements

Capacity

JEA must have sufficient resources to serve expected firm customer demands in the future. The capacity required consists of forecasted annual peak demands (net of interruptible demands) and a reserve margin necessary to allow for routine and emergency equipment outages and demand forecast variances. The installed capacity consists of existing Electric System generating units and JEA's interest in Scherer Unit 4. The difference between firm capacity required (including the reserve margin) and installed capacity is the net capacity surplus or deficit.

JEA applies the general rule that reserve capacity should be at least 15 percent of the projected seasonal firm peak demand. This reserve amount is added to projected firm peak demand to determine the seasonal capacity required. This approach is considered reasonable and prudent, particularly in light of JEA's strong transmission ties with FPL and The Southern Company ("Southern"). After allowing for the transmission capacity necessary to import its capacity from Scherer Unit 4, JEA owns approximately 1,028 MW of additional transmission import capacity. The remainder is made available for economy purchases by JEA or is made available to others for transmission service under FERC Order No. 888.

As part of its strategic planning process, JEA re-evaluates its resource needs annually. The results of JEA's 2019 resource requirements study are shown below in the table entitled "PROJECTED AVAILABLE CAPACITY AND REQUIREMENTS." JEA's 2019 resource requirements study reflected JEA's most recent peak demand and energy forecast, which continued to identify JEA as a winter-peaking utility. The study also reflected the use of interruptible and curtailable rates. JEA's resource plan is expected to satisfy JEA's need for capacity through the listed operating period.

In 2010, the JEA Board established a target of up to 30 percent of JEA's energy requirements to be met with nuclear energy by 2030. This policy was amended and restated in October 2017 to establish a target of up to 30 percent of JEA's energy requirements to be met with carbon-free or carbon-neutral energy by 2030. This modification allows energy from solar, wind, biomass, landfill gas and other renewable sources, as well as nuclear, to meet the target.

JEA is in the process of performing an Integrated Resource Plan ("IRP") analysis. The purpose of the IRP is to comprehensively evaluate the performance and economic impacts of multiple classes of resource options for meeting future capacity needs resulting from load growth and/or from the potential retirement of the JEA Northside Unit 3 generating unit. The IRP will analyze the cost, benefit and present worth value of all potential resource options with and without the retirement of Northside Unit 3. The conventional resource capacity options under evaluation include natural-gas fired spark ignition reciprocating internal combustion engines (RICE), aeroderivate combustion turbine engine-generators (Aero CT), F-class and advanced-class large frame simple-cycle combustion turbines (SCCTs), large-frame F-class and advanced-class combined-cycle combustion turbines (CCCTs) and conversion of (2) existing GE 7FA.03 assets (GEC CT1 and CT2) to 2x1 7FA.05 combined-cycle configuration. The addition of renewable generation including solar PV and battery storage is also being evaluated. Sensitivities to the base case include retirement of Northside Unit 3, retirement of Northside CTs, high and low load growth, high and low natural gas prices and high resource capital costs. Three alternate scenarios will be evaluated to assess the robustness of the base load resource plan in cases of extreme disruption. These alternate scenarios include a Load Erosion case with decreasing energy sales due to customer-side solar PV, an Increased Electrification case with high penetration of plug-in electric vehicles ("PEVs"), and a Green Economy case with high PEV penetration, high demand-side management, high customer-side solar, CO_2 cost and 100% solid fuel retirement by 2030. The final draft is expected by early 2020.

Option to Purchase Interest in Lee Nuclear Station

On February 1, 2011 JEA entered into an option agreement with Duke Energy Carolinas, LLC ("Duke Carolinas"), a wholly-owned subsidiary of Duke Energy Corporation, pursuant to which JEA has the option (but not the obligation) to purchase an undivided ownership interest of not less than five percent and not more than 20 percent of the proposed two-unit nuclear station currently known as William States Lee III Nuclear Station, Units 1 & 2 to be constructed at a site in Cherokee County, South Carolina (the "Lee Project"). The Lee Project was planned to have 2,234 MW of electric generating capacity with a projected on-line date of 2026 with respect to Unit 1 and 2028 with respect to Unit 2. The total cost of the option was $7.5 million. JEA obtained this option in furtherance of its 2010 policy target to acquire up to 30 percent of JEA's energy requirements from nuclear sources by 2030.

The option agreement requires that JEA and Duke Carolinas complete negotiation of an ownership agreement and an operation and maintenance agreement for the Lee Project prior to JEA's exercising the option. The option exercise period will be opened by Duke Carolinas after it (i) receives NRC approval of the combined construction and operating license for the Lee Project (such approval was obtained on December 21, 2016) and (ii) executes an engineering, procurement and construction agreement for the Lee Project. In August 2017, Duke Carolinas filed with the North Carolina Utilities Commission and the South Carolina Public Service Commission to cancel the plant. This cancellation allows Duke Carolinas to seek cost recovery for the expenditures on licensing the plant, however the NRC license remains active and the cancellation is not permanent. There is currently no schedule for negotiating an EPC agreement.

After JEA exercises the option (should it elect to do so) and various regulatory approvals are obtained, JEA must pay Duke Carolinas the exercise price for the option. Such price is generally JEA's pro rata share, based on its percentage ownership interest in the Lee Project, of the development and pre-construction cost for the Lee Project incurred by Duke Carolinas from the beginning of the Lee Project through the closing date of the option exercise. JEA is undecided as to the financing structure it would employ to finance its interest in the Lee Project, should it elect to exercise its option.

Under certain circumstances should the Lee Project be terminated by Duke Carolinas, Duke may be obligated to provide JEA with options for alternative resources (but not necessarily from nuclear resources) to replace JEA's optionable portion of the projected Lee Project capacity. Such alternative resources are to be available to JEA in a substantially similar timeframe (i.e., within two years of the latest projected on-line dates, i.e., 2026 and 2028) as currently planned for the Lee Project. No alternative resource for the Lee Project has yet been proposed by Duke Carolinas.

System Load

From 2015 to 2019, the peak demand for power on JEA's Electric System decreased at a compound annual rate of 1.97 percent per year. From 2015 to 2019, energy output decreased at a compound annual rate of 0.01 percent per year. JEA experienced its highest instantaneous peak of 3,250 MW on January 11, 2010. The yearly recorded values were as follows:

Fiscal Year	System Peak Demand (MW)[1]	Percent Change From Previous Year	Annual Net Energy For Load (GWh)[2]	Percent Change From Previous Year
2015	2,863	1.4	12,866	2.3
2016	2,763	(3.5)	13,053	1.5
2017	2,682	(2.9)	12,482	(4.4)
2018	3,080	14.8	12,807	2.6
2019	2,644	(14.1)	12,861	0.4

(1) The highest 60-minute net integrated peak demand for that year.
(2) Does not include the FPL-Power Park Sale or other off-system sales.

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JEA's peak load forecast, which is based on weather-normalized load and energy data, together with JEA's projections for available generation and firm power purchases, is shown in the following tables.

PROJECTED AVAILABLE CAPACITY AND REQUIREMENTS(1)
(MW)

Fiscal Year	Firm Winter Peak Demand(2)	Capacity Reserves	Firm Winter Peak Demand Plus Capacity Reserves(3)	Electric System Capacity(4)	Firm Power Purchases(5)	Scherer Unit 4	Installed Capacity and Net Firm Power Purchases(3)	Available Capacity Surplus(3)
2020	2,735	410	3,146	2,937	15	198	3,150	5
2021	2,752	413	3,165	2,937	40	198	3,175	10
2022	2,768	415	3,184	2,937	115	198	3,250	67
2023	2,787	418	3,205	2,937	215	198	3,350	146
2024	2,802	420	3,222	2,937	215	198	3,350	128

Fiscal Year	Firm Summer Peak Demand(2)	Capacity Reserves	Firm Summer Peak Demand Plus Capacity Reserves(3)	Electric System Capacity(4)	Firm Power Purchases(5)	Scherer Unit 4	Installed Capacity and Net Firm Power Purchases(3)	Available Capacity Surplus(3)
2020	2,567	385	2,952	2,699	115	198	3,012	61
2021	2,577	387	2,963	2,699	115	198	3,012	49
2022	2,588	388	2,976	2,699	140	198	3,037	61
2023	2,600	390	2,990	2,699	215	198	3,112	123
2024	2,610	391	3,001	2,699	215	198	3,112	111

(1) The projected figures contained herein are forward-looking statements and are subject to change without notice. These figures are based on current conditions and assumptions, including JEA's growth assumptions, environmental regulations, fuel prices, fuel availability and other factors in effect as of the date hereof and are subject to significant regulatory, business, economic and environmental uncertainties and contingencies. Events may occur and circumstances may change subsequent to the date hereof that would have a material impact on the projections presented herein. The achievement of certain results contained in such forward-looking statements involves known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those stated in the forward-looking statements. JEA does not commit to issue any updates or revisions to those forward-looking statements if or when its expectations change, or events, conditions or circumstances on which such statements are based occur or fail to occur.

(2) Peak demand:
(a) does not include serving expected interruptible loads.
(b) includes Demand-Side Management.
(c) includes Plug-In Electric Vehicle (PEV) penetration.

(3) Totals may not add due to rounding.

(4) Figures include the following considerations:
(a) No capacity additions occur in the planning horizon.
(b) Diesel capacity rating in winter, gas capacity rating in summer for Kennedy CTs 7 & 8, Greenland CTs and Brandy Branch CTs.
(c) Gas capacity ratings in winter and summer for Brandy Branch CTs 2 & 3.

(5) Firm Power Purchases include:
(a) TRE Phase I: 9 net MW clean power purchase starting winter 2008 and expiring December 2026.
(b) TRE Phase II: 6 net MW clean power purchase starting winter 2014 and expiring December 2026.
(c) Annual Firm Purchased Power Agreement for Natural Gas Combined Cycle capacity and energy calendar years 2018-2019 (200 MW).
(d) Seasonal market purchases needed summers 2020-2022 (25-100 MW) and winter 2021 (25 MW).
(e) Vogtle Units 3 and 4: 100 MW each unit delivered from MEAG November 2021 and November 2022.

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Environmental Matters

JEA is subject to numerous federal, state, and local environmental regulations resulting in environmental liabilities due to compliance costs associated with new regulatory initiatives, enforcement actions, legal actions and contaminated site assessment and remediation. Based on analysis of the cost of remediation and other identified environmental contingencies, as of September 30, 2019, JEA had accrued liabilities of approximately $26,123,000 related to environmental matters, of which approximately $15,795,000 is associated with the expected cost of remediating the former wood-preserving facility at the Kennedy Generating Station. Other environmental matters could have an impact on JEA; however, the resolution of these matters is uncertain, and no accurate prediction of range of loss is possible at this time. For a further discussion of certain pending litigation relating to environmental matters, see the discussion under the captions "Pollution Remediation Obligations" and "Northside Generating Station Byproduct" in Note 15 to the financial statements of JEA set forth in APPENDIX A of this Annual Disclosure Report. See also "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Environmental Matters - *Other Environmental*" herein.

While the final outcome of the proceedings referred to above cannot be predicted with certainty, JEA does not believe that its potential liabilities arising from such proceedings, either individually or in the aggregate, will have a material adverse effect upon its financial position, results of operations or liquidity.

Global Climate Change

Over the past 25 years, environmental concerns of the public, the scientific community and Congress have resulted in legislation that has had, and is expected to continue to have, a significant impact on the electric utility industry. Based on the increasing intensity of national and international attention to climate change, federal and state legislative and/or regulatory actions/discussions have been ongoing in this area.

Specific regulations with significant impact to JEA are described below.

In 1990, legislation was enacted (the "1990 Amendments") that substantially revised the Federal Clean Air Act (the "Clean Air Act"). A main feature of the 1990 Amendments is the reduction of sulfur dioxide ("SO_2") and nitrogen oxide ("NOx") emissions caused by electric utility power plants, particularly those fueled by oil and coal. The SO_2 reduction was to be achieved in two phases. Phase I addressed specific high sulfur emitting generating units named in the 1990 Amendments and was effective on January 1, 1995.

In Phase II, which became effective on January 1, 2000, total U.S. SO_2 emissions are capped at 8,900,000 tons per year. The 1990 Amendments contained provisions for allocating emission allowances to power plants based on historical or calculated levels. An allowance is defined as the authorization to emit one ton of SO_2. An "Affected Unit" is defined as a unit that is subject to emission reduction requirements or limitations under the United States Environmental Protection Agency ("EPA") Acid Rain Program.

In 2009, the EPA issued final rules that require mandatory reporting of greenhouse gases ("GHG") emissions from all sectors of the economy. The rules require reporting by fossil fuel suppliers and industrial gas suppliers, direct GHG emitters and manufacturers of heavy-duty and off-road vehicles and engines. Electric generating units ("EGUs") subject to the Clean Air Act's Acid Rain Program would continue to measure CO_2 emissions as presently performed and report based on those measurements. Annual reports are due by March 31 each year.

Under the structure of the Clean Air Act, permits are required for all sectors of the economy that have activities that meet the definition of a "major source" of GHG emissions under the Clean Air Act. Covered entities will immediately be subject to Prevention of Significant Deterioration ("PSD") and Title V permitting regimes, including requirements that construction of new sources or modifications to existing sources that will significantly increase GHG emissions install Best Available Control Technology ("BACT") to limit those emissions.

EPA final PSD and Title V Greenhouse Gas Tailoring Rule (the "Tailoring Rule"), which provided a three-stage phase-in of Clean Air Act PSD and Title V operating permit requirements for GHGs from stationary sources, became applicable to GHG emissions on January 2, 2011.

Under the first phase, PSD and Title V requirements only apply to GHGs at sources that are already subject to these programs as a result of their non-GHG emissions. In the second and third phases, PSD and Title V requirements can apply to sources on the basis of GHG emissions alone, even if non-GHG emissions are not high enough to trigger current PSD and Title V requirements. The second and third phase of the Tailoring Rule and any related assessments were rendered irrelevant by a U.S. Supreme Court ("Supreme Court") ruling in 2014. EPA's Tailoring Rule was initially upheld by the U.S. Court of Appeals for the District of Columbia Circuit, but, on June 23, 2014, the U.S. Supreme Court reversed in part and affirmed in part. The Supreme Court held that the Clean Air Act neither compels nor permits EPA to require compliance with PSD or Title V requirements solely on the basis of GHG emissions but that EPA reasonably interpreted the Act to require a source that must obtain a PSD permit based on its emission of non-GHG emissions to also comply with BACT requirements for GHGs. On remand from the Supreme Court, the U.S. Court of Appeals for the District of Columbia Circuit issued an amended judgment on April 10, 2015 that held that the Tailoring Rule was vacated to the extent it required sources to obtain PSD or Title V permits solely on the basis of GHG emissions and directed EPA to take steps to rescind or revise applicable regulations to reflect the Court's judgment. EPA has issued guidance indicating that it will no longer seek to apply the second or third phase of the Tailoring Rule but will continue to implement the first phase and will undertake additional future rulemaking. In early October 2016, EPA proposed revisions in response to the June 2014 U.S. Supreme Court's decision that invalidated GHG-only PSD permitting under EPA's Tailoring Rule. The proposal revised a variety of provisions to comply with the Court's ruling, and established a significant emissions rate threshold for GHGs of 75,000 tons per year CO_2, which would determine whether a source that triggers PSD for conventional pollutants is required to conduct a BACT analysis for GHGs. EPA accepted comments on the revisions until December 16, 2016. Consistent with the ruling, the EPA is no longer requiring PSD permitting based on GHG emissions. JEA cannot determine the impact of this rule or any future related regulatory actions on its facilities at this time.

On October 23, 2015, EPA published final performance standards for carbon emissions from new, modified and reconstructed electric generating units, establishing standards of performance for CO_2 emissions from these units (the "Carbon Pollution Standards"). On the same date, EPA issued final guidelines for existing power plants, called the Clean Power Plan ("CPP"), which requires states to regulate CO_2 emissions from existing fossil fuel-fired power plants. This rule requires Florida to achieve a CO_2 emissions rate reduction of 26 percent by 2030, with interim CO_2 reduction goals over the period of 2022 to 2029.

Under the CPP, each state would be required to submit for EPA approval a plan for achieving the mandated emissions reductions. If a state failed to submit a plan then EPA would be able, under the CPP, to impose a federal plan. States have at least 1 year (up to 3 years in special circumstances) to develop and submit plans to EPA for approval. Plans do not go into effect until 2022. If a state does not submit an acceptable implementation plan, the EPA will implement a federal plan for the state. The final "Carbon Pollution Standards" rule applies to any facility that commenced construction after January 8, 2014, or modification or reconstruction after June 18, 2014, with requirements becoming effective 60 days after the rule is published in the Federal Register. EPA accepted Public Comment on the Federal Plan up until January 21, 2016.

On August 3, 2015, EPA issued concurrently three separate rules pertaining to emissions of carbon dioxide ("CO_2") fossil fuel-fired electric generating units:

- The Final Clean Power Plan, applicable to existing fossil fuel-fired electric EGUs.

- The Final Carbon Pollution Standards Rule ("CPS"), applicable to new, modified and reconstructed fossil fuel-fired EGUs.
- The Proposed Federal Plan applicable to states that fail to submit an approvable plan that achieves CPP goals.

On February 9, 2016, the U.S. Supreme Court issued an order staying implementation of the CPP. The Supreme Court granted the applications of numerous parties to stay the CPP pending judicial review of the rule. EPA subsequently petitioned the court to pause the litigation indefinitely while EPA promulgates new rules.

On October 16, 2017, EPA issued an Advanced Notice of Proposed Rulemaking to repeal the CPP in its entirety due to the Administration's different interpretation of the authority for CO_2 regulation under the Clean Air Act. On August 31, 2018, EPA issued a proposed rule to replace the CPP, which is entitled the Affordable Clean Energy ("ACE") rule. The proposed rule requires states to set CO_2 performance standards for each individual affected generating unit based on heat rate improvements that can be made at each specific unit. In addition, the ACE proposal would adopt reforms to the New Source Review ("NSR") program that are designed to remove the current regulatory barriers to implementing efficiency measures as well as other reliability, maintenance and safety projects at existing power plants. The compliance requirements of the proposed ACE rule are significantly less stringent than those of the CPP. EPA accepted written comments on the proposed ACE rule until October 31, 2018. For the duration of the ACE rule's promulgation, the D.C. Circuit court had held the CPP litigation in abeyance while EPA acted to repeal and replace the CPP. The CPP becomes repealed essentially when the ACE becomes final. On June 19, 2019, EPA issued the final ACE rule, similar to the initial proposal except that EPA opted to finalize the NSR reform rules sometime during the year 2020. JEA anticipates the ability to comply with ACE without significant new investment. On September 17, 2019, the D.C. Circuit Court granted motions seeking to dismiss, as moot, the litigation on the CPP, essentially affirming the repeal of the CPP.

On December 6, 2018, EPA issued a proposed rule to replace the CPS by revising the new source performance standards ("NSPS") for CO_2 emissions from new, reconstructed, and modified power plants. The proposed rule revises the CO_2 performance standards for new coal-fired power plants, replacing the current standard based on carbon capture and storage with a more achievable standard based on high-efficiency generating technologies in combination with best operating practices. Similar to the ACE rule, the proposed NSPS for CO_2 emissions is significantly less stringent than the CPS. Correspondingly, JEA anticipates the ability to comply with the proposed NSPS for CO_2 emissions without significant incremental investment should it ever decide to construct a new EGU or modify an existing one.

National Ambient Air Quality Standards

National Ambient Air Quality Standard ("NAAQS") are established to protect human health or public welfare. The EPA is required to review the NAAQS every five years and make such revisions in such criteria and standards and promulgate such new standards as may be appropriate in accordance with provisions of the Clean Air Act. If the EPA determines that a state's air quality is not in compliance with a NAAQS, that state is required to establish plans to reduce emissions to demonstrate attainment with that NAAQS.

Specific NAAQS that have recently been revised or are currently proposed for revision are as follows:

Ozone NAAQS. On October 1, 2015, the EPA revised its NAAQS for ground-level ozone to 70 parts per billion ("ppb"), which is more stringent than the 75-ppb standard set in 2008. The Clean Air Act mandates that EPA publish initial area designations within two years of the promulgation of a new standard (i.e., by October 2017), but allows for a one-year extension if the Administrator determines he "has insufficient information to promulgate the designations." On November 16, 2017, EPA published a final rule establishing initial area designations for the 2015 NAAQS for ozone EPA, designating 2,646 counties (including all counties in Florida) as "attainment/unclassifiable." EPA is designating areas as "attainment/unclassifiable" where one or more monitors in the county are attaining the 2015 ozone NAAQS, or where EPA does not have reason to believe the county is violating the 2015 ozone NAAQS or contributing to a violation of the 2015 ozone NAAQS in another county. States with nonattainment areas will have up to three years following designation to submit a revised state implementation plan ("SIP") outlining strategy and emission control measures to achieve compliance. In November 2017, Duval County was deemed unclassifiable pending acceptable monitoring results expected at the end of 2018. Duval County is projected to be in attainment of the revised standard. On August 14, 2019, EPA published the proposal to redesignate Duval County from unclassifiable to attainment/unclassifiable for the 2015 Ozone NAAQS. In the event that Duval County was to become a non-attainment area, JEA's power plants (e.g., Northside and Brandy Branch) could be required to comply with additional emission control requirements (e.g., increased usage of ammonia in their Selective catalytic reduction/Selective non-catalytic reduction ("SCR/SNCR")) for nitrogen oxides and volatile organic compounds which are precursors to ozone formation. The nature and consequences of a non-attainment designation cannot be predicted at this time.

Particulate Matter NAAQS. The EPA finalized the NAAQS Fine Particulate Matter ("$PM_{2.5}$") standards in September 2006. Since then, the EPA established a more stringent 24-hour average $PM_{2.5}$ standard and kept the annual average $PM_{2.5}$ standard and the 24-hour coarse particulate matter standard unchanged. The EPA issued a final $PM_{2.5}$ rule on December 14, 2012, that reduced the annual $PM_{2.5}$ standard from 15 $\mu g/m^3$ to 12 $\mu g/m^3$. The rule left the 24-hour $PM_{2.5}$ standard of 35 $\mu g/m^3$ unchanged. The change in the $PM_{2.5}$ has not resulted in non-attainment designation for Duval County and has not had a material adverse effect on the operations of JEA's generating facilities.

SO_2 and NO_2 NAAQS. During 2010, the EPA finalized new one-hour NAAQS for both SO_2 and nitrogen dioxide ("NO_2"). In 2013, the EPA published in the Federal Register its proposed nonattainment designations based on monitoring data for the 2010 one-hour primary SO_2 NAAQS. Parts of two Florida counties, including Nassau County, which is adjacent to JEA's service territory, were initially designated as being nonattainment areas. Duval County was not designated at this time. On August 10, 2015, EPA issued a final rule directing states to provide data to characterize current air quality in areas with large sources of sulfur dioxide SO_2 emissions to identify maximum one-hour SO_2 concentrations in ambient air. The air quality data developed by the states in accordance with the final rule will be used by EPA in future rounds of area designations for the 2010 one-hour SO_2 NAAQS. A March 2015 court order requires EPA to complete designations of all areas by the end of 2020. The FDEP conducted dispersion modeling studies of several large SO_2-emitting sources in the State of Florida (including JEA's NGS and SJRPP boilers), and found that the one-hour SO_2 NAAQS is being met in Duval County using either allowable emission rates or actual emission rates (for the past three years). EPA completed its review and issued a final rule on February 25, 2019 to maintain the one-hour standard at 75 ppb.

State Implementation Plans. The Clean Air Act requires states to develop a general plan to attain and maintain the NAAQS in all areas of the country and a specific plan to attain the standards for each area designated nonattainment for a NAAQS. These plans, known as State Implementation Plans or SIPs, are developed by state and local air quality management agencies and submitted to EPA for approval.

On June 12, 2015, EPA published a final rule concerning how provisions in EPA-approved SIPs treat excess emissions during periods of startup, shutdown or malfunction ("SSM").

The final rule updates EPA's SSM Policy as it applies to SIP provisions and clarifies, restates, and revises EPA's guidance concerning its interpretation of the Clean Air Act requirements with respect to treatment in SIPs of excess emissions that occur during periods of SSM. The EPA issued a "SIP call" for Florida and 35 other states requiring them to submit corrective SIP revisions by November 22,

2016. Florida submitted its SSM SIP revision on November 22, 2016. On June 4, 2019, EPA Region 4 proposed to change its SSM policy and withdraw the SSM SIP Call for North Carolina. This could result in Florida's initial SIP being reinstated at a future date. JEA does not anticipate any impacts to JEA sources or permit conditions from either the former SIP or the revised SIP if approved.

MATS

On February 16, 2012, the EPA issued a final rule intended to reduce emissions of toxic air pollutants from power plants. The Mercury and Air Toxics Standards ("MATS") Rule is intended to regulate four categories of hazardous air pollutants ("HAPs") emitted by coal- or oil-fired EGUs with a capacity of 25 MW or greater, namely mercury, HAP metals, acid gases and organic HAP.

Affected sources had until April 2015 to be in compliance, subject to a one-year extension. In June 2015, the U.S. Supreme Court determined that EPA's rule did not properly consider costs in developing MATS and directed EPA to address costs. On December 1, 2015, the EPA published a proposed supplemental finding and request for comment regarding the costs of the MATS rule, in response to the Supreme Court's decision. On December 15, 2015, the D.C. Circuit remanded MATS back to the EPA without vacatur, leaving MATS in effect and giving the EPA to opportunity to properly complete "supplemental findings" associated with the MATS rulemaking. In April 2016, EPA's supplemental findings determined that it is still "appropriate and necessary" to regulate HAPs from coal-fired power plants.

Reports indicate that EPA will issue a proposed rule that may obviate the appropriate and necessary finding (obviating the need for the MATS rule) as well as the residual risk and technology review that EPA must complete in order to determine whether a tightening of the current MATS emission limits is necessary. The proposed rule package was sent to the U.S. Office of Management and Budget in October 2018 for interagency review. EPA published its MATS proposal on February 7, 2019 in the *Federal Register*. The proposal states that regulation of HAPs is not appropriate or necessary after reconsidering costs but that coal- and oil-fired EGUs would not be delisted from regulation under Section 112 of the Clean Air Act, and the 2012 MATS rule would remain in place. The comment period ended on April 17, 2019. EPA has submitted its final rule regarding the MATS Supplemental Cost Finding Reconsideration and Risk and Technology Review (RTR). The final rule was sent to OMB for review on October 4, 2019.

Because of the controls already installed at JEA's EGUs, JEA did not need to install any new or additional control equipment in order to comply with the MATS rule, as dependent on fuel type. JEA does not anticipate a need for any new costs in order to comply with MATS regardless of whether it stays in place or if it is determined to not be appropriate and necessary.

CCRs

In April 2015, EPA finalized its rule to regulate the disposal and management of coal combustion residuals ("CCRs"), meaning fly ash, bottom ash, boiler slag and flue gas desulfurization materials, destined for disposal from coal-fired power plants. The new rule became effective on October 19, 2015, and established technical requirements for surface impoundments and landfills. The rule requires protective controls, such as liners and groundwater monitoring, at landfills and surface impoundments that store CCRs. The rule, as adopted by EPA, was to be enforced only by citizen-initiated lawsuits, rather than by EPA. However, on December 16, 2016, the President signed the Water Infrastructure Improvements for the Nation Act (the "WIIN Act"), which contains coal ash provisions that enable states to implement and enforce the requirements of the final CCR rule. The WIIN Act provides for the establishment of state and EPA permit programs for coal combustion residuals (coal ash), flexibility for states to incorporate the EPA final rule for coal combustion residuals or develop other criteria that are at least as protective as the final rule and requires EPA to approve state permit programs within 180 days of a state submitting a program for approval. Multiple federal rulemaking proceedings are underway, many of which are subject to litigation. The State of Florida has started the process to incorporate the rule and regulations, which might ultimately constitute a state permitting or tailored program. At present, enforcement is only via third party citizen suits.

The rule applies to CCR management practices at the Power Park and Plant Scherer. The rule does not apply to management of byproducts at Northside Generating Station as long as it continues to burn a fuel mix with less than 50 percent coal. The currently operating cell within Area B of SJRPP must be closed in accordance with performance standards specified in the CCR rule but does not have to be retrofitted with a bottom liner. During closure, the top of the cell must be covered with an impermeable liner. The facility must continue to comply with the operating and monitoring requirements of the rule even after the plant decommissioning is completed, in accordance with the post-closure plan and corrective action plans that are developed for groundwater. The Power Park's two closed byproduct storage areas (Areas I and II) are not affected by this rule. The Power Park has no regulated surface impoundments. Existing surface impoundments, like that at Plant Scherer, are required to meet increased and more restrictive technical and operating criteria or to meet closure deadlines. GPC has decided to close in-place the surface impoundment at Plant Scherer instead of pursuing a retrofit. The receipt of CCR waste streams at the impoundment concluded in April 2019 and final closure is expected by 2030.

EPA left in place an amendment to the Federal Resource Conservation and Recovery Act known as the Bevill exemption for beneficial uses of CCRs in which CCRs are recycled as components of products instead of being placed in impoundments or landfills. Large quantities of CCRs are used today in concrete, cement, wallboard and other contained or encapsulated applications.

Cross-State Air Pollution Rule and Clean Air Interstate Rule

On July 6, 2011 EPA finalized the Cross-State Air Pollution Rule ("CSAPR") to regulate interstate impacts of SO_2 and NOx. The final rule replaced the EPA's 2005 Clean Air Interstate Rule ("CAIR"). On April 29, 2014, the U.S. Supreme Court reversed a D.C. Circuit decision and upheld the CSAPR rule. CSAPR requires a total of 28 states, plus the District of Columbia, to reduce annual SO_2 emissions, annual NOx emissions and/or ozone season NOx emissions to assist in attaining the 1997 ozone and fine particle and 2006 fine particle NAAQS. CSAPR became effective on January 1, 2015 for SO_2 and annual NOx, and May 1, 2015 with respect to seasonal NOx requirements. The State of Florida currently is subject only to seasonal NOx requirements (May 1 through September 30) under CSAPR rule.

On December 3, 2015, EPA proposed an updated rule (known as the "transport rule"), which incorporated the 2008 ozone standard into EPA's cross-state air pollution analysis. The proposal indicates that Florida's emissions do not cause non-compliance with the 2008 ozone standard in any downwind states. The rule was finalized on September 7, 2016, and Florida is no longer subject to CSAPR and has been removed from CSAPR beginning in 2017.

See also "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - St. Johns River Power Park - *Fuel Supply and Transportation*" herein.

Regional Haze

The EPA issued final regulations for a Regional Haze Program in June 1999. The purpose of the regulations is to improve visibility in the form of reducing regional haze in 156 national parks and wilderness areas ("Class I areas") across the country. Haze is formed, in part, from emissions of SO_2 and NOx. Because these pollutants can be transported over long distances, all 50 states, including those that do not have Class I areas, are required to participate in planning, analysis, and in many cases, emission control programs under the regional haze rule. The second implementation period, state implementation plans, are due to be submitted to EPA by July 21, 2021. This period lasts until 2028.

Northside Unit 3 is subject to Best Available Retrofit Technology requirements under the EPA Regional Haze rules. Northside Unit 3 applied for and received an exemption under the Regional Haze Rule due to this unit's having minimal impacts on visibility in the Class I areas from particulate emissions as demonstrated by ambient air modeling. No other units are impacted.

Water

On May 14, 2014, EPA promulgated a draft rule to set technology standards for cooling water intake systems for existing facilities under Section 316(b) of the Federal Clean Water Act. Section 316(b) requires that standards for the location, design, construction and capacity of cooling water intake systems reflect the best technology available for minimizing adverse environmental impacts. Under the rule, existing facilities that withdraw very large amounts of water are required to conduct studies to help their respective permitting authorities determine whether and what site-specific controls, if any, would be required to reduce the number of aquatic organisms that are captured in cooling water intake systems. The final rule was published in the Federal Register on August 15, 2014 and became effective October 14, 2014.

The new standards in the final rule do not affect any of its facilities other than Northside. Northside is one of more than 1,260 existing facilities that use large volumes of cooling water from lakes, rivers, estuaries or oceans to cool their plants. It is possible that new standards may prospectively require upgrades to the system, varying from establishment of existing facilities as the Best Technology Available ("BTA"), to improvements to the existing screening facilities to the installation of other cooling technologies. A full two-year study is required to evaluate site specific conditions and form a basis for assessing BTA. JEA initiated these studies in 2018 and they will be completed by March 2020. Accordingly, costs have not been determined for Northside and are not currently included in JEA's capital program for the Electric System.

Effluent Limitation Guidelines

EPA issued the final Steam Electric Effluent Limitations Guidelines ("ELG") on September 30, 2015, and they became final on January 4, 2016. Under the final rule, new requirements for existing power plants would be phased in between 2018 and 2023. Requirements under the rule are waste-stream specific within a generating facility. JEA has evaluated compliance strategies that are being planned for NGS since SJRPP began the decommissioning process in January 2018. The investments to ensure compliance are not material. Options for compliance at Plant Scherer are being developed by all co-owners and will be phased in from 2017 to 2023.

Other Environmental

On May 27, 2015, EPA and the U.S. Army Corps of Engineers ("USACE") released the prepublication version of the final "Clean Water Rule: Definition of 'Waters of the United States,'" ("WOTUS") redefining the extent of Clean Water Act jurisdiction and which was published in the Federal Register on July 29, 2015. This rule ("2015 Rule") contains many specific exemptions for connecting surface water features that are portions of the City's existing stormwater management system permitted under the National Pollutant Discharge Elimination System ("NPDES") Municipal Separate Stormwater Sewer System ("MS4") permits. Also, this rule specifically exempts JEA's permitted NPDES wastewater treatment ponds and potentially exempts identified NPDES Stormwater ponds from being considered as waters of the U.S., although discharges from such ponds would continue to be regulated.

The 2015 Rule was stayed nationwide on October 9, 2015 and is the subject of ongoing legal challenges. On February 2, 2018, EPA and the USACE finalized a proposed rule that would postpone the effective date of the 2015 Rule for a period of two years. During the two-year period, the agencies were directed to proceed with a repeal and replace rulemaking process and eventually promulgate a new WOTUS definition and rule. A final Rule was published on October 22, 2019. The final Rule repeals the 2015 Rule and restores the regulatory text that existed prior to the 2015 Rule. This Rule will be effective December 23, 2019, but will be subject to legal challenges.

JEA's electric utility operations are subject to continuing environmental regulation. Federal, state, regional and local standards and procedures which regulate the environmental impact of JEA's system are subject to change. These changes may arise from continuing legislative, regulatory and judicial action regarding such standards and procedures. Consequently, there is no assurance that the units in operation, under construction or contemplated will remain subject to the regulations currently in effect, will always be in compliance with future regulations or will always be able to obtain all required operating permits. An inability to comply with environmental standards could result in increased costs of operating units, reduced operating levels or the complete shutdown of individual electric generating units not in compliance.

JEA cannot predict at this time whether any additional legislation or rules will be enacted which will affect JEA's operations, and if such laws or rules are enacted, what the costs to JEA might be in the future because of such action.

Factors Affecting the Electric Utility Industry

General

The electric utility industry has been, and in the future, may be, affected by a number of factors which could have an impact on the financial condition of an electric utility such as the Electric System. These factors likely would affect individual utilities in different ways. Such factors include, among others: (i) effects of compliance with changing environmental, licensing and regulatory requirements, (ii) regulatory changes and changes that might result from a national energy policy, (iii) uncertain access to low cost capital for replacement of aging fixed assets, (iv) increases in operating costs, (v) effects of competition from other suppliers of electricity and (vi) issues relating to the reliability of electric transmission systems and grids. In addition, municipal electric utilities may face competition from companies in other industries looking to diversify into the energy sector. Examples of developing competitive areas include retail sale of electricity, distributed battery and electric storage resources, renewable distributed generation, customer installation of fuel cells, third-party electric vehicle charging, home or business automation that enables greater customer participation in energy markets, and third-party provision of energy management software and solutions. These factors, and others, are discussed in more detail below in relation to how they affect JEA.

The future financial condition of the Electric System could be adversely affected by, among other things, legislation, environmental and other regulatory actions promulgated by applicable federal, state and local governmental agencies. Future changes to new and existing regulations may substantially increase the cost of electric service by requiring changes in the design or operation of existing or new facilities. JEA cannot predict future policies such agencies may adopt.

Future Legislation

From time to time, additional federal or state legislation or regulations affecting the electric utility industry may be enacted. Such legislation can radically change the regulatory context in which JEA operates and can require increased capital or operating expenditures, or reduced operations, at existing and/or new generating facilities. Any such legislative changes are inherently impossible to predict with any certainty, particularly in the way they might apply to specific organizations or facilities, such as JEA. JEA, through its consultants and participation in state and national advocacy groups, maintains awareness of legislative issues that may impact operations, participating in advocacy roles as warranted.

Compliance with any future GHG emission reduction requirements could require JEA, at significant cost, to purchase allowances or offsets, change the type of boiler fuel JEA uses, retire high-emitting generation facilities and replace them with lower-emitting generation facilities, or implement carbon capture and sequestration technology. The estimation of costs of compliance with GHG legislation or with EPA rules is subject to significant uncertainties because it is based on several interrelated assumptions and variables, including timing of the implementation of rules, required levels of reductions, allocation requirements, the maturation and commercialization of carbon capture and sequestration technology and associated regulations, and JEA's selected compliance alternatives.

Any new state or federal legislation or changes to existing legislation or regulations could affect JEA's operations. JEA cannot predict whether any additional legislation or regulations will be enacted which will affect JEA's operations and if such laws are enacted, what the costs to JEA might be in the future.

Retail Competition

On October 5, 2018, the Florida Division of Elections approved a ballot initiative to amend the Florida Constitution to allow retail energy choice, as sought by an organization known as Floridians for Affordable Reliable Energy ("FARE").

The amendment would require the Florida Legislature to pass laws by June 1, 2023, to be effective by June 1, 2025, that do the following:

(i) limit the activity of investor-owned electric utilities to the construction, operation, and repair of electrical transmission and distribution systems;

(ii) promote competition in the generation and retail sale of electricity through various means, including the limitation of market power;

(iii) protect against unwarranted service disconnections, unauthorized changes in electric service, and deceptive or unfair practices;

(iv) prohibit any granting of either monopolies or exclusive franchises for the generation and sale of electricity; and

(v) establish an independent market monitor to ensure the competitiveness of the wholesale and retail electric markets.

To get an initiative certified for the 2020 ballot, Florida law requires the ballot initiative to have 766,200 valid signatures from eligible Florida voters. As of December 1, 2019, the Division of Elections reported that FARE had submitted 541,837 valid signatures.

On March 1, 2019, Florida Attorney General filed a petition with the Florida Supreme Court requesting the court's written opinion regarding whether or not the ballot initiative's language is misleading and whether or not the initiative complies with the state's "single-subject" rule. The Attorney General argued that the ballot language "gives the misleading impression that investor-owned utilities would still be able to sell electricity to customers, competing with additional, new providers. But the actual text of the amendment forbids such activity" and that "voters simply will not be able to understand the true meaning and ramifications of the proposed amendment.

The Florida Supreme Court heard arguments regarding the ballot language on August 28, 2019. Though the Court did not state when a ruling would come, it is expected that the Court will rule before the end of 2019.

The impact of the Court's ruling or of the success of the ballot initiative on JEA is uncertain at this time. If the ballot initiative is successful, the legislation to authorize retail competition in Florida would not be promulgated before 2023.

FINANCIAL INFORMATION RELATING TO ELECTRIC UTILITY FUNCTIONS

Debt Relating to Electric Utility Functions

Electric System Bonds

As of September 30, 2019, $1,017,685,000 in aggregate principal amount of bonds issued pursuant to the Electric System Resolution (the "Electric System Bonds") was outstanding. As of the date of this Annual Disclosure Report, there is $970,550,000 in aggregate principal amount of Electric System Bonds outstanding under the Electric System Resolution, consisting of (a) $454,935,000 in aggregate principal amount of variable rate Electric System Bonds and (b) $515,615,000 in aggregate principal amount of fixed rate Electric System Bonds.

Electric System Bonds may be issued to finance any lawful purpose of JEA relating to the Electric System (other than for the purpose of financing the generating facilities of the Electric System). See "SUMMARY OF CERTAIN PROVISIONS OF THE ELECTRIC SYSTEM RESOLUTION - Issuance of Additional Electric System Bonds" in APPENDIX B attached hereto.

From time to time, JEA requests Council approval of the issuance of Electric System Bonds and Subordinated Electric System Bonds. Pursuant to previous Council approvals, JEA currently is authorized to issue additional Electric System Bonds and/or Subordinated Electric System Bonds for the purpose of financing the costs of additions, extensions and improvements to the Electric System in such principal amount as shall provide JEA with "net proceeds" (defined as principal amount, less original issue discount, less underwriters' discount, less costs of issuance) of approximately $465,160,992. JEA expects that such current authorization will be adequate to enable JEA to maintain its Electric System capital improvement program as projected through the Fiscal Year ending September 30, 2024. See "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Electric System - *Capital Program*" herein.

JEA also has received approvals from the Council for the issuance of Electric System Bonds and/or Subordinated Electric System Bonds for the purpose of refunding outstanding Electric System Bonds and Subordinated Electric System Bonds. JEA may issue additional Electric System Bonds or Subordinated Electric System Bonds to refund outstanding Electric System Bonds and/or Subordinated Electric System Bonds from time to time as it deems economical or advantageous.

In the future, JEA will continue to seek authorization as needed from the Council to issue additional Electric System Bonds and/or Subordinated Electric System Bonds in order to enable it to finance its Electric System capital program.

A summary of certain provisions of the Electric System Resolution, including a description of the proposed amendments thereto described below, is attached to this Annual Disclosure Report as APPENDIX B.

Liquidity support in connection with tenders for purchase of JEA's Variable Rate Electric System Revenue Bonds, Series Three 2008A, Series Three 2008B-2, Series Three 2008B-3, Series Three 2008C-1, Series Three 2008C-2 and Series Three 2008C-3 (collectively, the "Senior Liquidity Supported Electric System Bonds") currently is provided by certain banks pursuant to standby bond purchase agreements between JEA and each such bank. Any Senior Liquidity Supported Electric Bond that is purchased by the applicable bank pursuant to its standby bond purchase agreement between JEA and such bank and is not remarketed is required to be repaid as to principal in equal semiannual installments over a period of approximately five years from the date so purchased. In addition, any Senior Liquidity Supported Electric Bond that is purchased by the applicable bank pursuant to its standby bond purchase agreement may be tendered or deemed tendered to JEA for payment upon the occurrence of certain "events of default" on the part of JEA under such standby bond purchase agreement. Upon any such tender or deemed tender for purchase, the Senior Liquidity Supported Electric Bond so tendered or deemed tendered will be due and payable immediately. For a discussion of certain "ratings triggers" contained in such standby bond purchase agreements giving rise to such an event of default, see "OTHER FINANCIAL INFORMATION - Effect of JEA Credit Rating Changes" herein. As of the date of this Annual Disclosure Report, no Senior Liquidity Supported Electric Bonds are held by the banks providing such standby bond purchase agreements. The standby bond purchase agreements are subject to periodic renewal at the discretion of the respective bank. The current expiration dates for the standby bond purchase agreements range from May 8, 2020 to August 22, 2022.

On July 27, 2010, the bank previously providing liquidity support for JEA Variable Rate Electric System Revenue Bonds, Series Three 2008B-1 and Series Three 2008D-1 and on October 22, 2012, the bank previously providing credit and liquidity support for JEA's Variable Rate Electric System Revenue Bonds, Series Three 2008B-4 (such Series Three 2008B-1, 2008D-1 and 2008B-4 Bonds are referred to herein collectively as the "Bank Purchased Bonds") purchased the applicable Bank Purchased Bonds pursuant to three substantially similar direct purchase agreements. The Bank Purchased Bonds are, as of the date of this Annual Disclosure Report, outstanding in the principal amounts of $59,195,000, $103,530,000 and $48,585,000, respectively. Upon such purchases, the letter of credit and standby bond purchase agreement previously in effect for the respective Bank Purchased Bonds terminated. Except as described below, the bank does not have the option to tender the respective Bank Purchased Bonds for purchase for a period specified in the respective direct purchase agreements, which period would be subject to renewal under certain conditions. The three direct purchase agreements were amended effective September 17, 2015, and December 11, 2018 and the current expiration date of each is December 10, 2021. At the end of the period specified, which period is subject to extension under certain conditions, the Bank Purchased Bonds are subject to mandatory tender for purchase. Any Bank Purchased Bond that is not remarketed and purchased from such bank on the mandatory tender date that occurred upon the expiration of such period would be required to be repaid as to principal in equal semiannual installments over a period of approximately five years from such mandatory tender date. Such bank has no option to tender the Bank Purchased Bonds for payment by JEA during the holding period except upon the occurrence of certain "events of default" on the part of JEA under the respective direct purchase agreements and the occurrence of certain other conditions. Upon any such tender for payment, the Bank Purchased Bond so tendered would be due and payable immediately.

Proposed Amendments to the Electric System Resolution

In May 1998, JEA adopted a resolution (as amended, the "May 1998 Amending Resolution") for the purpose of making certain material amendments to the Electric System Resolution. In addition to certain amendments to the Electric System Resolution that heretofore have become effective, the May 1998 Amending Resolution provides for the amendment of certain provisions of the Electric System Resolution relating to the priority of payments from the Electric System with respect to the Power Park (the "Power Park Amendment"), in a manner requiring (i) the consent of FPL, (ii) the consent of the holders of 60 percent or more in principal amount of the Power Park Issue Two Bonds outstanding and (iii) the consent of the holders of a majority in principal amount of the Power Park Issue Three Bonds outstanding. As of the date of this Annual Disclosure Report, JEA has not solicited any consents to the Power Park Amendment and has no intention of soliciting any such consents in the future.

If the Power Park Amendment ever were to become effective, it would amend the provisions of the Electric System Resolution relating to the priority of payments with respect to the Power Park to provide that payments with respect to (i) debt service on obligations issued by JEA with respect to the Power Park (including the Power Park Issue Two Bonds and the Power Park Issue Three Bonds) and any additional amounts relating to "debt service coverage" with respect thereto and (ii) deposits into any renewal and replacement or similar fund with respect to the Power Park will no longer constitute a portion of the Cost of Operation and Maintenance (as defined in the Electric System Resolution), but will be payable on a parity with Subordinated Bonds (as defined in the Electric System Resolution) that may be issued in accordance with the provisions of the Electric System Resolution, including the Subordinated Electric System Bonds.

The amendments to the Electric System Resolution contained in the May 1998 Amending Resolution also would have amended the provisions of the Electric System Resolution relating to the priority of payments with respect to the Scherer 4 Project (and any other project that may be financed under the Restated and Amended Bulk Power Supply System Resolution) in a manner similar to that described above with respect to the Power Park, but the amendments relating to the Scherer 4 Project (and any other project that may be financed under the Restated and Amended Bulk Power Supply System Resolution) were rescinded by JEA in conjunction with the adoption of the Restated and Amended Bulk Power Supply System Resolution.

Subordinated Electric System Bonds

On August 16, 1988, JEA adopted a resolution (as amended, restated and supplemented, the "Subordinated Electric System Resolution") authorizing the issuance of obligations of JEA (the "Subordinated Electric System Bonds") that are junior and subordinate in all respects to the Electric System Bonds as to lien on, and source and security for payment from, the revenues of the Electric System. As of September 30, 2019, $806,565,000 in aggregate principal amount of Subordinated Electric System Bonds was outstanding. As of the date of this Annual Disclosure Report, there is $689,400,000 in aggregate principal amount of Subordinated Electric System Bonds outstanding under the Subordinated Electric System Resolution, consisting of (a) $132,420,000 in aggregate principal amount of variable rate Subordinated Electric System Bonds and (b) $556,980,000 in aggregate principal amount of fixed rate Subordinated Electric System Bonds.

The Subordinated Electric System Bonds may be issued for the purpose of financing the cost of acquisition and construction of additions, extensions and improvements to the Electric System, or any other lawful purpose of JEA relating to the Electric System, or to refund any of the Electric System Bonds or the Subordinated Electric System Bonds.

Pursuant to the Subordinated Electric System Resolution and the laws of the State of Florida, and in accordance with the Electric System Resolution, the amount of Subordinated Electric System Bonds that may be issued by JEA is not limited and is subject only to approval by the Council and satisfaction of the conditions set forth in the Subordinated Electric System Resolution. For a discussion of the Council authorization currently in effect for the issuance of Electric System Bonds and/or Subordinated Electric System Bonds, see subsection "*Electric System Bonds*" above in this section.

A summary of certain provisions of the Subordinated Electric System Resolution, including a description of the proposed amendments thereto described below, is attached to this Annual Disclosure Report as APPENDIX C. See "SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATED ELECTRIC SYSTEM RESOLUTION - Additional Subordinated Bonds; Conditions to Issuance" in APPENDIX C attached hereto.

Liquidity support in connection with tenders for purchase of the Variable Rate Electric System Subordinated Revenue Bonds, 2000 Series A, 2000 Series F-1, 2000 Series F-2 and 2008 Series D (collectively, the "Subordinated Liquidity Supported Electric System Bonds") currently is provided by certain banks pursuant to standby bond purchase agreements between JEA and each such bank. Any Subordinated Liquidity Supported Electric Bond that is purchased by the applicable bank pursuant to its standby bond purchase agreement between JEA and such bank and is not remarketed is required to be repaid as to principal in equal semiannual installments over a period of approximately five years from the date so purchased. In addition, any Subordinated Liquidity Supported Electric Bond that is purchased by the applicable bank pursuant to its standby bond purchase agreement will constitute an "Option Subordinated Bond" within the meaning of the Subordinated Electric System Resolution and, as such, may be tendered or deemed tendered to JEA for payment upon the occurrence of certain "events of default" on the part of JEA under such standby bond purchase agreement. Upon any such tender or deemed tender for purchase, the Subordinated Liquidity Supported Electric Bond so tendered or deemed tendered will be due and payable immediately. For a discussion of certain "ratings triggers" contained in such standby bond purchase agreements giving rise to such an event of default, see "OTHER FINANCIAL INFORMATION - Effect of JEA Credit Rating Changes" herein. As of the date of this Annual Disclosure Report, no Subordinated Liquidity Supported Electric Bonds are held by the banks providing such standby bond purchase agreements. Such standby bond purchase agreements are subject to periodic renewal. The current expiration dates of the standby bond purchase agreements range from October 2, 2020 to August 20, 2021.

Power Park Issue Two Bonds

As of September 30, 2019, no aggregate principal amount of bonds (the "Power Park Issue Two Bonds") issued pursuant to a resolution adopted by JEA on March 30, 1982 entitled "St. Johns River Power Park System Revenue Bond Resolution" (as amended and supplemented, the "First Power Park Resolution") were outstanding.

All outstanding Power Park Issue Two Bonds were defeased on January 5, 2018 in connection with the cessation of commercial operations of the Power Park. See "ELECTRIC UTILITY SYSTEM – *ELECTRIC UTILITY FUNCTIONS* – St. John's River Power Park – *Early Termination of Power Park Joint Ownership Agreement*" for additional information. The First Power Park Resolution was discharged and satisfied in accordance with its terms on March 21, 2018.

The First Power Park Resolution provided for the issuance of additional bonds (a) to finance the completion of construction of the initial facilities of the Power Park, (b) to finance the Cost of Acquisition and Construction of any Additional Facilities (as such terms are defined in the First Power Park Resolution) of the Power Park and (c) to refund Power Park Issue Two Bonds. See "SUMMARY OF CERTAIN PROVISIONS OF THE FIRST POWER PARK RESOLUTION - Additional Power Park Bonds" in APPENDIX D attached hereto. JEA will not issue additional bonds under the First Power Park Resolution.

The First Power Park Resolution required that JEA allocate to the Electric System a portion of the output and capacity of its ownership interest in the Power Park and that JEA make payments from the Electric System therefor on a "take-or-pay" basis. Pursuant to the Electric System Resolution, JEA's obligation to make payments from the Electric System with respect to the Power Park, including its share of debt service on the Power Park Issue Two Bonds, was a Contract Debt payable as a Cost of Operation and Maintenance of the Electric System. Such payments were payable from the revenues of the Electric System prior to any payments from such revenues for indebtedness not constituting Contract Debts issued for the Electric System, including the Electric System Bonds and the Subordinated Electric System Bonds. See the subsection "*Electric System Contract Debts*" below in this section.

Pursuant to the Power Park Joint Ownership Agreement, JEA and FPL entered into the FPL-Power Park Sale, pursuant to which JEA has agreed to sell, and FPL agreed to purchase, on a "take-or-pay" basis, 37.5 percent of JEA's 80 percent share of the generating capacity of the Power Park and related energy until the Power Park Joint Ownership Agreement expires, which was expected to have been in 2022, subject to the limitation that FPL's right to receive such capacity and related energy would have been suspended if and when the receipt by FPL of any additional amount of energy from such sale would have resulted in FPL having received energy from such sale in excess of 25 percent of the product of (a) the nameplate capacity of JEA's 80 percent ownership interest in the Power Park, without any reduction for reserves or other unutilized capacity, and (b) the number of years (including fractions) from the date FPL first took energy pursuant to such sale until the latest maturity date of the bonds issued pursuant to the First Power Park Resolution. FPL's right to receive such capacity and related energy terminated with the cessation of Power Park commercial operations on January 5, 2018.

Pursuant to the Power Park Joint Ownership Agreement, both JEA and FPL were obligated to make payments for the output, capacity, use and services of JEA's interest in the Power Park which payments were due on such dates and in such aggregate amounts as shall be sufficient to provide Revenues (as defined in the First Power Park Resolution) in each year sufficient to allow JEA to pay or provide for the payment of all amounts payable out of such Revenues, including debt service on the bonds issued pursuant to the First Power Park Resolution; *provided, however*, that during any suspension of FPL's right to receive the capacity and related energy being sold to it pursuant to the FPL-Power Park Sale, as described in the preceding paragraph, FPL was obligated only to pay its share of the debt service on the bonds issued pursuant to the First Power Park Resolution and the administrative fees and expenses incurred under the First Power Park Resolution.

A summary of certain provisions of the First Power Park Resolution is attached to this Annual Disclosure Report as APPENDIX D. In addition, a summary of certain provisions of the Power Park Joint Ownership Agreement is attached to this Annual Disclosure Report as APPENDIX G.

Power Park Issue Three Bonds

On February 20, 2007, the JEA Board adopted a resolution entitled "St. Johns River Power Park System Second Revenue Bond Resolution" (as supplemented, the "Second Power Park Resolution"). Bonds issued under the Second Power Park Resolution are referred to herein as the "Power Park Issue Three Bonds." As of September 30, 2019, $278,885,000 of Power Park Issue Three Bonds was outstanding under the Second Power Park Resolution. As of the date of this Annual Disclosure Report, $265,105,000 in aggregate principal amount of Power Park Issue Three Bonds is outstanding under the Second Power Park Resolution.

The Second Power Park Resolution provides for the issuance of Power Park Issue Three Bonds in order to pay the costs of JEA's ownership interest in certain additional facilities of the Power Park. See the subsection "*Power Park Issue Two Bonds*" above in this section for a discussion of JEA's interest in the Power Park and certain obligations of FPL by reason of FPL's ownership interest in the Power Park. Pursuant to the Electric System Resolution, JEA's obligation to make debt service payments on the Power Park Issue Three Bonds is a Contract Debt payable as a Cost of Operation and Maintenance of the Electric System regardless of whether the Power Park is operational. Such payments are payable from the revenues of the Electric System prior to any payments from such revenues for indebtedness not constituting Contract Debts issued for the Electric System, including the Electric System Bonds and the Subordinated Electric System Bonds. See the subsection "*Electric System Contract Debts*" below in this section. FPL has no obligation for debt service in respect of the Power Park Issue Three Bonds.

A summary of certain provisions of the Second Power Park Resolution, including a description of the amendments thereto described below, is attached to this Annual Disclosure Report as APPENDIX E.

Bulk Power Supply System Bonds

JEA financed the acquisition of a portion of its ownership in the Scherer 4 Project through the issuance of its bonds (the "Original Bulk Power Supply System Bonds") issued pursuant to a resolution of JEA adopted on February 5, 1991, as amended and supplemented (the "Original Bulk Power Supply System Resolution"). Pursuant to the Original Bulk Power Supply System Resolution, the Electric System was entitled to the entire capacity of the Scherer 4 Project and was required to pay for such capacity on a "take-or-pay" basis. During its Fiscal Year ended September 30, 1999, JEA caused all the remaining Original Bulk Power Supply System Bonds to be retired in advance of the scheduled due dates from certain available funds of the Electric System accumulated for that purpose. As a result, all of the covenants, agreements and other obligations of JEA under the Original Bulk Power Supply System Resolution were discharged and satisfied. However, JEA continued to make the output of the Scherer 4 Project available to the Electric System, and all costs of operating and maintaining the Scherer 4 Project continued to be paid as a Contract Debt of the Electric System, payable as part of the Electric System's Cost of Operation and Maintenance. See subsection "*Electric System Contract Debts*" below in this section.

On September 18, 2007, the JEA Board adopted a resolution that readopted, amended and restated the Original Bulk Power Supply System Resolution (the Original Bulk Power Supply System Resolution, as so readopted, amended and restated, is referred to herein as the "Restated and Amended Bulk Power Supply System Resolution"). The Restated and Amended Bulk Power Supply System Resolution permits JEA to issue one or more series of bonds thereunder ("Additional Bulk Power Supply System Bonds") for any lawful purpose of JEA related to the Scherer 4 Project (and any other projects that may be financed thereunder). The Restated and Amended Bulk Power Supply System Resolution also permits JEA to issue refunding Additional Bulk Power Supply System Bonds to refund any outstanding Additional Bulk Power Supply System Bonds from time to time as it deems economical or advantageous. As of September 30, 2019, $95,010,000 in aggregate principal amount of bonds was outstanding under the Restated and Amended Bulk Power Supply System Resolution. As of the date of this Annual Disclosure Report, $88,860,000 in aggregate principal amount of bonds is outstanding under the Restated and Amended Bulk Power Supply System Resolution. See "OTHER FINANCIAL INFORMATION - Revolving Credit Facilities" herein. JEA intends to issue Additional Bulk Power Supply System Bonds to finance its costs of capital improvements to the Scherer 4 Project. See "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Scherer 4 - *Capital Program*" herein.

A summary of certain provisions of the Restated and Amended Bulk Power Supply System Resolution is attached to this Annual Disclosure Report as APPENDIX F.

Electric System Contract Debts

Contract Debts, a component of the Electric System's Cost of Operation and Maintenance, is defined by the Electric System Resolution to mean any obligations of JEA under any contract, lease, installment sale agreement, bulk electric purchase power agreement or otherwise to make payments out of the revenues of the Electric System for property, services or commodities whether or not the same are made available, furnished or received, but shall not include (a) payments required to be made in respect of (i) debt service on any obligations incurred by JEA in connection with the financing of any separate bulk power supply utility or system undertaken by JEA and any additional amounts relating to "debt service coverage" with respect thereto and (ii) deposits into any renewal and replacement or other similar fund or account established with respect to any such separate bulk power supply utility or system (in each such case, other than the Power Park and the Bulk Power Supply System Projects (as defined in the Electric System Resolution and which includes additional electric generating plants)) and (b) payments required to be made in respect of any other arrangement(s) for the supply of power and/or energy to the Electric System for resale entered into after February 29, 2000 as may be determined by JEA to be payable on a parity with the payment of Subordinated Bonds (as defined in the Electric System Resolution), including the Subordinated Electric System Bonds. See "SUMMARY OF CERTAIN PROVISIONS OF THE ELECTRIC SYSTEM RESOLUTION" in APPENDIX B attached hereto. For a discussion of certain proposed amendments to the Electric System Resolution that amend the provisions thereof with respect to the priority of payment of JEA's obligations with respect to the Power Park, see subsection "*Proposed Amendments to the Electric System Resolution*" above in this section and therein the caption "May 1998 Amending Resolution" and "SUMMARY OF CERTAIN PROVISIONS OF THE ELECTRIC SYSTEM RESOLUTION - Proposed Amendments to the Electric System Resolution - *May 1998 Amending Resolution*" in APPENDIX B attached hereto.

JEA's obligation to make payments from the Electric System to provide revenues to pay JEA's portion of the Power Park operating and maintenance expenses, debt service on the Power Park Issue Two Bonds and renewal and replacement costs relating to the Power Park and all other costs associated with the Power Park, as well as all debt service on the Power Park Issue Three Bonds, is a Contract Debt payable as a Cost of Operation and Maintenance of the Electric System pursuant to the Electric System Resolution. The Contract Debt payments with respect to the Power Park will be a Cost of Operation and Maintenance of the Electric System whether or not the Power Park is operating or operable and are required to be made in accordance with the terms of the Second Power Park Resolution.

Pursuant to the Restated and Amended Bulk Power Supply System Resolution, JEA is obligated to make the output and capacity of the Scherer 4 Project (and any other projects that may be financed under the Restated and Amended Bulk Power Supply System Resolution) available to the Electric System and is obligated to make payments from the Electric System on a "take-or-pay" basis to provide revenues to pay operating and maintenance expenses of the Scherer 4 Project (and such other projects), debt service on the Additional Bulk Power Supply System Bonds, renewal and replacement costs relating to the Scherer 4 Project (and such other projects) and all other costs relating to the Scherer 4 Project (and such other projects), and such payments constitute a Contract Debt of the Electric System, payable as a Cost of Operation and Maintenance of the Electric System.

See also "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Electric System - *Purchase Power Contracts*" herein for a description of JEA's obligations pursuant to certain purchase power contracts, which obligations also constitute Contract Debts payable as a Cost of Operation and Maintenance of the Electric System pursuant to the Electric System Resolution.

JEA is authorized under the Electric System Resolution to construct or acquire and own and/or operate other electric generating utilities or systems for the purpose of furnishing and supplying electric energy and to issue debt obligations to finance the costs of any such separate electric generating utilities or systems, which obligations shall be payable on a parity with the payment of Subordinated Bonds (as defined in the Electric System Resolution), including the Subordinated Electric System Bonds. None of the revenues derived by JEA from the operation of the Power Park under the First Power Park Resolution or the Second Power Park Resolution, from the operation of the Scherer 4 Project under the Restated and Amended Bulk Power Supply System Resolution (and any other projects that may be financed thereunder), or from the operation of any other separate bulk power supply utility or system undertaken by JEA shall be deemed under the First Power Park Resolution, the Second Power Park Resolution, the Restated and Amended Bulk Power Supply System Resolution or the Electric System Resolution to be revenues of the Electric System. ***For a discussion of certain proposed amendments to the Electric System Resolution that amend the provisions thereof with respect to the priority of payment of JEA's obligations with respect to the Power Park, see subsection "Proposed Amendments to the Electric System Resolution – May 1998 Amending Resolution" above in this section and "SUMMARY OF CERTAIN PROVISIONS OF THE ELECTRIC SYSTEM RESOLUTION - Proposed Amendments to the Electric System Resolution – May 1998 Amending Resolution" in APPENDIX B attached hereto.***

Schedules of Debt Service Coverage

The following table shows the Electric System Schedules of Debt Service Coverage for the years ended September 30, 2019 and September 30, 2018, respectively. Such Schedules of Debt Service Coverage were derived from supplemental information included with JEA's 2019 Financial Statements and certain other information available to JEA. Such Schedules of Debt Service Coverage should be read in conjunction with such financial statements and the notes thereto. Set forth in APPENDIX A to this Annual Disclosure Report are Schedules of Debt Service Coverage for JEA's interest in the Power Park and the Bulk Power Supply System for the years ended September 30, 2019 and September 30, 2018.

In accordance with the requirements of the Electric System Resolution, all the Contract Debt payments from the Electric System to the Power Park and the Bulk Power Supply System with respect to the use by the Electric System of the capacity and output of JEA's interest in the Power Park and the Bulk Power Supply

System are reflected as a purchased power expense on the Electric System Schedules of Debt Service Coverage. The Electric System Schedules of Debt Service Coverage do not include revenues of the Power Park or the Bulk Power Supply System, except that the purchased power expense described in the preceding sentence is net of interest income on funds maintained under the First Power Park Resolution, the Second Power Park Resolution and the Restated and Amended Bulk Power Supply System Resolution. In addition, the Electric System Schedules of Debt Service Coverage do not include revenues received by JEA pursuant to the FPL-Power Park Sale.

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JEA Electric System Schedules of Debt Service Coverage
(In Thousands)

	Fiscal Year Ended September 30, 2019	Fiscal Year Ended September 30, 2018
Revenues:		
Electric	$1,235,358	$ 1,229,625
Investment income [(1)]	11,818	9,525
Earnings from The Energy Authority	2,412	4,074
Other, net [(2)]	23,400	22,216
Plus: amount paid from the Rate Stabilization Fund into the Revenue Fund.	83,302	88,415
Less: amount paid from the Revenue Fund into the Rate Stabilization Fund	(43,817)	(64,901)
Total revenues	$1,312,473	$1,288,954
Operating expenses [(3)]		
Fuel	$ 287,956	$ 328,160
Purchased power [(4)]	234,793	244,478
Other operation and maintenance	222,515	204,982
Utility taxes and franchise fees	60,767	59,551
Total operating expenses	806,031	837,171
Net revenues	$ 506,442	$ 451,783
Debt service on Electric System Bonds	81,494	71,890
Less: investment income on sinking fund	(2,114)	(1,436)
Less: Build America Bonds subsidy	(1,527)	(1,521)
Debt service requirement on Electric System Bonds	$ 77,853	$ 68,933
Debt service coverage on Electric System Bonds [(5)]	6.51x	6.55x
Net revenues (from above)	$ 506,442	$ 451,783
Debt service requirement on Electric System Bonds (from above)	77,853	68,933
Plus: aggregate subordinated debt service on Subordinated Electric System Bonds	104,640	129,469
Less: Build America Bonds subsidy	(2,002)	(2,045)
Debt service requirement on Subordinated Electric System Bonds	102,638	127,424
Debt service requirement on Electric System Bonds and Subordinated Electric System Bonds	$ 180,491	$ 196,357
Debt service coverage on Electric System Bonds and Subordinated Electric System Bonds [(6)]	2.81x	2.30x

(1) Excludes investment income on sinking funds.
(2) Excludes the Build America Bonds subsidy.
(3) Excludes depreciation and recognition of deferred costs and revenues, net.
(4) In accordance with the requirements of the Electric System Resolution, all the contract debt payments from the Electric System to the Power Park and Bulk Power Supply System with respect to the use by the Electric System of the capacity and output of the Power Park and Bulk Power Supply System are reflected as a purchased power expense on these schedules. These schedules do not include revenues of the Power Park and Bulk Power Supply System, except that the purchased power expense is net of interest income on funds maintained under the Power Park and Bulk Power Supply System resolutions.
(5) Net revenues divided by debt service requirement on Electric System Bonds. Minimum annual coverage 1.20x.
(6) Net revenues divided by debt service requirement on Electric System Bonds and Subordinated Electric System Bonds. Minimum annual coverage is 1.15x..

Management's Discussion of Electric System Operations

***Revenues*.** Total revenues increased $23.5 million, or 1.8 percent, for the Fiscal Year ended September 30, 2019 as compared to the Fiscal Year ended September 30, 2018, primarily related to a decrease in amounts paid from the Revenue Fund into the Rate Stabilization Fund and modestly higher electric revenues.

Total MWh sales increased 0.5 percent for the Fiscal Year ended September 30, 2019 as compared to the Fiscal Year ended September 30, 2018, to 12,465,958 MWh from 12,399,769 MWh, primarily related to territorial sales increasing 0.3 percent to 12,366,395 MWh for the Fiscal Year ended September 30, 2019 from 12,325,700 MWh for the Fiscal Year ended September 30, 2018.

***Operating Expenses*.** Total operating expenses decreased $31.2 million, or 3.7 percent, for the Fiscal Year ended September 30, 2019 as compared to the Fiscal Year ended September 30, 2018. Total fuel and purchased power expenses decreased $49.9 million, or 8.7 percent, for the Fiscal Year ended September 30, 2019 as compared to the Fiscal Year ended September 30, 2018, related to a 12.3 percent decrease in fuel expense and a 4.0 percent decrease in purchased power expense. As commodity prices have fluctuated over these periods, the mix between generation and purchased power has shifted as JEA has taken advantage of the most economical sources of power. Total MWh power generated and purchased increased 0.7 percent for the Fiscal Year ended September 30, 2019 as compared to the Fiscal Year ended September 30, 2018, to 12,964,577 MWh from 12,874,102 MWh, with a decrease of 6.6 percent for MWh generated and an increase of 16.6 percent for MWh purchased. The cost per MWh of power generated decreased 5.2 percent and the cost per MWh of purchased power decreased 17.9 percent.

Other operations and maintenance expenses increased $17.5 million, or 8.6 percent, for the Fiscal Year ended September 30, 2019 as compared to the Fiscal Year ended September 30, 2018 primarily related to increased compensation and benefits costs, and professional services.

***Net Revenues*.** Net revenues available for debt service increased $54.7 million, or 12.1 percent, to $506.4 million for the Fiscal Year ended September 30, 2019 from $451.8 million for the Fiscal Year ended September 30, 2018. Total revenues increased $23.5 million, or 1.8 percent, and total operating expenses decreased $31.2 million, or 3.7 percent, for the Fiscal Year ended September 30, 2019 as compared to the Fiscal Year ended September 30, 2018, as stated above. The increase in net revenues available for debt service is primarily related to the decrease in the amounts paid from the Revenue Fund into the Rate Stabilization Fund and the decrease in fuel and purchased power expenses offset, in part, by higher other operations and maintenance expenses.

***Debt Service on Electric System Bonds*.** The debt service requirement on Electric System Bonds increased 12.9 percent for the Fiscal Year ended September 30, 2019 as compared to the Fiscal Year ended September 30, 2018 primarily related to higher principal amortization.

JEA did not issue any Electric System Bonds during the Fiscal Year ended September 30, 2019.

During the Fiscal Year ended September 30, 2018, JEA issued Electric System Bonds as summarized in the following table:

Series	Purpose	Month Issued	Par Amount Issued	Par Amount Refunded
Series Three 2017B	Refunding[(1)]	December 2017	$198,095,000	$210,030,000

(1) Fixed rate bonds issued to refund fixed rate bonds.

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***Debt Service Coverage Ratio on Electric System Bonds*.** The debt service coverage ratio on Electric System Bonds decreased to 6.51 times for the Fiscal Year ended September 30, 2019 as compared to the debt service coverage ratio of 6.55 times for the Fiscal Year ended September 30, 2018 as a result of the 12.1 percent increase in net revenues available for debt service being proportionately less than the 12.9 percent increase in the debt service requirement on Electric System Bonds between such periods.

***Aggregate Subordinated Debt Service on Subordinated Electric System Bonds*.** Aggregate subordinated debt service on Subordinated Electric System Bonds decreased 19.5 percent for the Fiscal Year ended September 30, 2019 as compared to the Fiscal Year ended September 30, 2018, primarily related to lower principal amortization and lower interest expense.

JEA did not issue any Subordinated Electric System Bonds during the Fiscal Year ended September 30, 2019.

During the Fiscal Year ended September 30, 2018, JEA issued Subordinated Electric System Bonds as summarized in the following table:

Series	Purpose	Month Issued	Par Amount Issued	Par Amount Refunded
2017 Series B	Refunding[(1)]	December 2017	$185,745,000	$195,075,000

(1) Fixed rate bonds issued to refund fixed rate bonds.

***Debt Service Coverage Ratio on Electric System Bonds and Subordinated Electric System Bonds*.** The debt service coverage ratio on Electric System Bonds and Subordinated Electric System Bonds increased to 2.81 times for the Fiscal Year ended September 30, 2019 as compared to the debt service coverage ratio of 2.30 times for the Fiscal Year ended September 30, 2018 as a result of the 12.1 percent increase in net revenues available for debt service and the 8.1 percent decrease in the debt service requirement on Electric System Bonds and Subordinated Electric System Bonds between such periods.

Liquidity Resources

The Days of Cash on Hand for the Electric System and the Scherer 4 Project at September 30, 2019 was 146 days, and the Days of Liquidity was 308 days. The Days of Cash on Hand for the Electric System and the Scherer 4 Project at September 30, 2018 was 221 days, and the Days of Liquidity was 320 days. The Days of Cash on Hand computation is as follows:

> (Cash and cash equivalents and Investments amounts under Current assets on the Combining Statement of Net Position + Renewal and Replacement Fund balance referenced in Note 4 of the Financial Statements attached hereto as APPENDIX A) / ((Total operating expenses - Depreciation + Contributions to General Fund, City of Jacksonville, Florida) / 365 days)
>
> The Days of Liquidity computation is as follows:
>
> (Cash and cash equivalents and Investments amounts under Current assets on the Combining Statement of Net Position + Renewal and Replacement Fund balance referenced in Note 4 of the Financial Statements attached hereto as APPENDIX A + allocated share of available Revolving Credit Facility*) / ((Total operating expenses - Depreciation + Contributions to General Fund, City of Jacksonville, Florida) / 365 days)

* Allocated share of available Revolving Credit Facility at September 30, 2019 was approximately $404.7 million and approximately $247.4 million at September 30, 2018; however, the total available balance of $495 million could have been drawn beginning November 1, 2018, and $297 million could have been drawn prior to November 1, 2018.

APPLICATION OF ELECTRIC SYSTEM REVENUES

The following charts shows a summary of the major components of the application of revenues under the Electric System Resolution, the First Power Park Resolution, the Second Power Park Resolution and the Restated and Amended Bulk Power Supply System Resolution prior to the discharge of the First Power Park Resolution and after the discharge of the First Power Park Resolution, respectively. The First Power Park Resolution was discharged and satisfied in accordance with its terms on March 21, 2018. For a discussion of certain proposed amendments to the Electric System Resolution that amend the provisions thereof with respect to the priority of payment of JEA's obligations with respect to the Power Park, see the subsection "FINANCIAL INFORMATION RELATING TO ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Debt Relating to Electric Utility Functions - *Proposed Amendments to the Electric System Resolution"- May 1998 Amending Resolution"* herein and "SUMMARY OF CERTAIN PROVISIONS OF THE ELECTRIC SYSTEM RESOLUTION - Proposed Amendments to the Electric System Resolution – *May 1998 Amending Resolution*" in APPENDIX B attached hereto.

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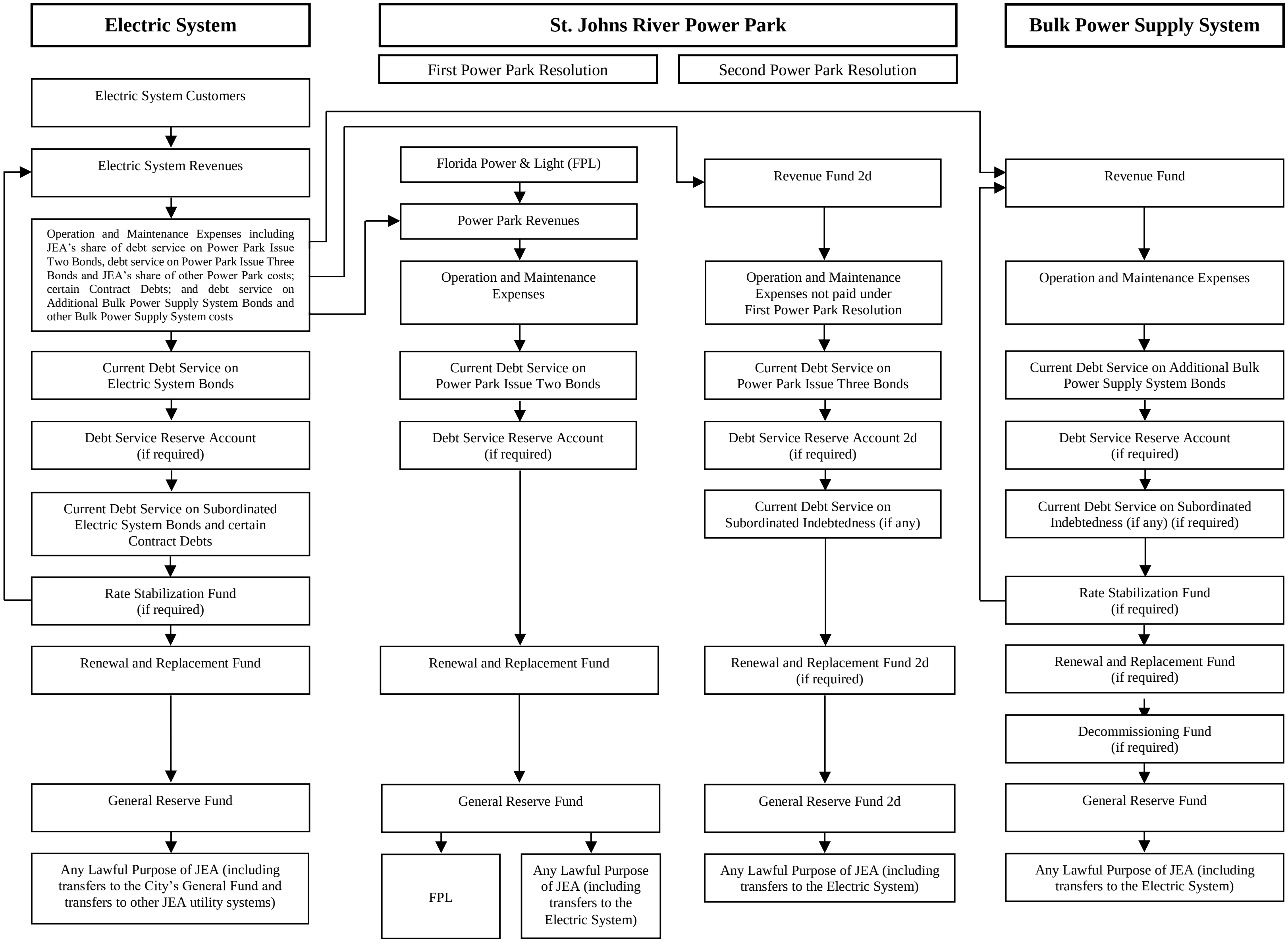
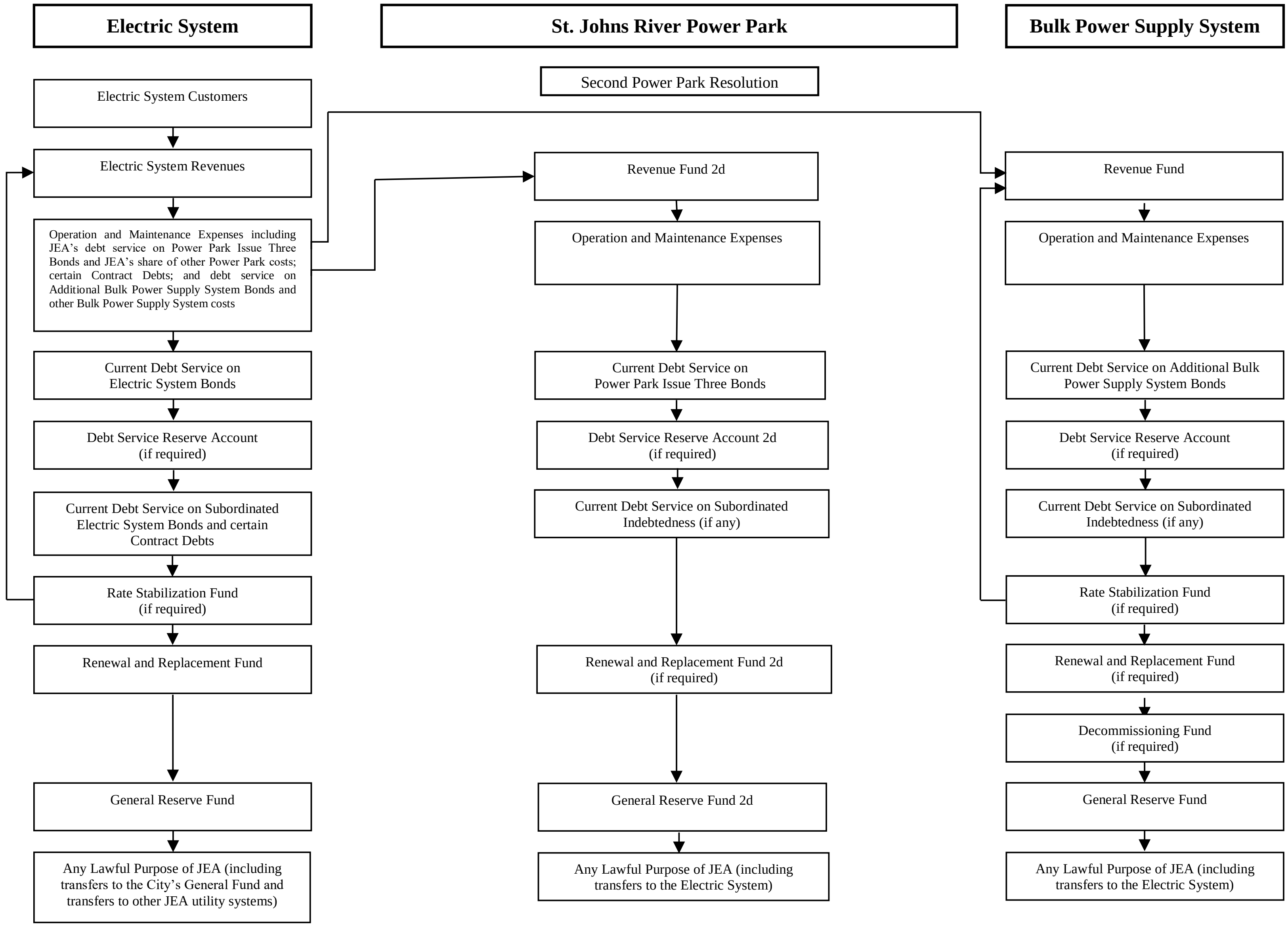

Electric System
St. Johns River Power Park
Bulk Power Supply System
First Power Park Resolution
Second Power Park Resolution
Electric System Customers
Electric System Revenues
Operation and Maintenance Expenses including JEA's share of debt service on Power Park Issue Two Bonds, debt service on Power Park Issue Three Bonds and JEA's share of other Power Park costs; certain Contract Debts; and debt service on Additional Bulk Power Supply System Bonds and other Bulk Power Supply System costs
Current Debt Service on Electric System Bonds
Debt Service Reserve Account (if required)
Current Debt Service on Subordinated Electric System Bonds and certain Contract Debts
Rate Stabilization Fund (if required)
Renewal and Replacement Fund
General Reserve Fund
Any Lawful Purpose of JEA (including transfers to the City's General Fund and transfers to other JEA utility systems)
Florida Power & Light (FPL)
Power Park Revenues
Operation and Maintenance Expenses
Current Debt Service on Power Park Issue Two Bonds
Debt Service Reserve Account (if required)
Renewal and Replacement Fund
General Reserve Fund
FPL
Any Lawful Purpose of JEA (including transfers to the Electric System)
Revenue Fund 2d
Operation and Maintenance Expenses not paid under First Power Park Resolution
Current Debt Service on Power Park Issue Three Bonds
Debt Service Reserve Account 2d (if required)
Current Debt Service on Subordinated Indebtedness (if any)
Renewal and Replacement Fund 2d (if required)
General Reserve Fund 2d
Any Lawful Purpose of JEA (including transfers to the Electric System)
Revenue Fund
Operation and Maintenance Expenses
Current Debt Service on Additional Bulk Power Supply System Bonds
Debt Service Reserve Account (if required)
Current Debt Service on Subordinated Indebtedness (if any) (if required)
Rate Stabilization Fund (if required)
Renewal and Replacement Fund (if required)
Decommissioning Fund (if required)
General Reserve Fund
Any Lawful Purpose of JEA (including transfers to the Electric System)


Electric System
St. Johns River Power Park
Bulk Power Supply System
Second Power Park Resolution
Electric System Customers
Electric System Revenues
Operation and Maintenance Expenses including JEA's debt service on Power Park Issue Three Bonds and JEA's share of other Power Park costs; certain Contract Debts; and debt service on Additional Bulk Power Supply System Bonds and other Bulk Power Supply System costs
Current Debt Service on Electric System Bonds
Debt Service Reserve Account (if required)
Current Debt Service on Subordinated Electric System Bonds and certain Contract Debts
Rate Stabilization Fund (if required)
Renewal and Replacement Fund
General Reserve Fund
Any Lawful Purpose of JEA (including transfers to the City's General Fund and transfers to other JEA utility systems)
Revenue Fund 2d
Operation and Maintenance Expenses
Current Debt Service on Power Park Issue Three Bonds
Debt Service Reserve Account 2d (if required)
Current Debt Service on Subordinated Indebtedness (if any)
Renewal and Replacement Fund 2d (if required)
General Reserve Fund 2d
Any Lawful Purpose of JEA (including transfers to the Electric System)
Revenue Fund
Operation and Maintenance Expenses
Current Debt Service on Additional Bulk Power Supply System Bonds
Debt Service Reserve Account (if required)
Current Debt Service on Subordinated Indebtedness (if any)
Rate Stabilization Fund (if required)
Renewal and Replacement Fund (if required)
Decommissioning Fund (if required)
General Reserve Fund
Any Lawful Purpose of JEA (including transfers to the Electric System)

OTHER FINANCIAL INFORMATION

General

JEA maintains separate accounting records for the Electric System, the Scherer 4 Project (which is sometimes referred to herein and in JEA's financial statements as the "Bulk Power Supply System"), and its interest in the Power Park. For purposes of financial reporting, however, JEA prepares combined financial statements that include the Electric System, the Bulk Power Supply System, JEA's interest in the Power Park, the Water and Sewer System and the District Energy System. Set forth in APPENDIX A hereto are (a) the financial statements of JEA for its Fiscal Year 2019 (which consist of the statement of net position of JEA as of September 30, 2019 and the related statement of revenues, expenses, and changes in net position and cash flows for the year then ended and the notes thereto; such financial statements are hereinafter referred to as "JEA's 2019 Financial Statements"), together with the report of Ernst & Young LLP, independent auditors, on such financial statements, (b) certain supplemental data as of September 30, 2019 and for the year then ended (which consist of the combining statement of net position, the combining statement of revenues, expenses and changes in net position and the combining statement of cash flows) and (c) certain statements of bond compliance information (which consist of schedules of debt service coverage for the year ended September 30, 2019 for the Electric System, the Bulk Power Supply System, JEA's interest in the Power Park, the Water and Sewer System and the District Energy System), together with the report of Ernst & Young LLP, independent auditors, on such schedules. All such statements, information, data and schedules should be read in conjunction with the notes to JEA's 2019 Financial Statements, which are an integral part of the financial statements.

The assets reflected in the statement of net position included in JEA's 2019 Financial Statements include all of the assets of the Electric System, the Bulk Power Supply System, JEA's interest in the Power Park, the Water and Sewer System and the District Energy System, and the liabilities reflected in such statement of net position include, among other things, the Electric System Bonds, the Subordinated Electric System Bonds, the Power Park Issue Two Bonds, the Power Park Issue Three Bonds, the Additional Bulk Power Supply System Bonds, the Water and Sewer System Bonds, the Subordinated Water and Sewer System Bonds and the District Energy System Bonds. The statement of revenues, expenses, and changes in net assets includes all expenses (*e.g.*, interest charges, operating and maintenance expenses, fuel expenses) of the Electric System, the Bulk Power Supply System, JEA's interest in the Power Park, the Water and Sewer System and the District Energy System. However, revenues of JEA's interest in the Power Park and the Bulk Power Supply System are not included in such statement of revenues, expenses, and changes in net assets, except that interest income on funds maintained under the First Power Park Resolution, the Second Power Park Resolution and the Restated and Amended Bulk Power Supply System Resolution and revenues received from the FPL-Power Park Sale are included in the statement of revenues, expenses, and changes in net assets.

For financing purposes, the debt of JEA relating to the Electric Utilities Functions, the debt of JEA relating to its Water and Sewer System and the debt of JEA relating to the District Energy System are payable from and secured by separate revenue sources (*i.e.*, (a) the debt of JEA relating to its Electric Utility Functions is payable from and secured by the revenues derived by the Electric System from the sale of electricity and related services; (b) the debt of JEA relating to the Water and Sewer System is payable from and secured by the revenues derived by the Water and Sewer System from the sale of water and the provision of wastewater treatment and related services; and (c) the debt of JEA relating to the District Energy System is payable from and secured by the revenues derived by the District Energy System from the sale of chilled water and related services; provided, however, available revenues of the Water and Sewer System shall be deposited into a Debt Service Reserve Account established for the District Energy System Refunding Revenue Bonds, 2013 Series A (Federally Taxable) (the "2013 DES Bonds") and pledged to pay debt service on the 2013 DES Bonds in the event that revenues of the District Energy System are insufficient to pay debt service on the 2013 DES Bonds). Accordingly, potential purchasers of the Electric System Bonds are advised that the information in JEA's 2019

Financial Statements relating to JEA's Water and Sewer System and District Energy System is not relevant to a decision to purchase the Electric System Bonds and should not be taken into account with respect thereto.

Transfers to the City

The Charter currently provides that, as consideration for the unique relationship between the City and JEA, there shall be assessed upon JEA in each Fiscal Year, for the uses and purposes of the City, from the revenues of the Electric System and Water and Sewer System operated by JEA available after the payment of all costs and expenses incurred by JEA in connection with the operation of the Electric System and the Water and Sewer System (including, without limitation, all costs of operation and maintenance, debt service on all obligations issued by JEA in connection with such Electric System and the Water and Sewer System and required reserves therefor and the annual deposit to the depreciation and reserve account required pursuant to terms of the Charter), an amount that is periodically negotiated by JEA and the City. The City's annual assessment of JEA does not include assessments pertaining to the District Energy System. The Charter provides that the Council may reconsider the assessment calculations every five years; however, pursuant to the Charter, the Council may also revise the assessments at any time by amending the Charter with a two-thirds vote of the Council. From time to time, proposals have been made, and may be made in the future, to increase the amount of the City's annual assessment on JEA.

Effective October 1, 2008, JEA is required to pay to the City a combined assessment for the Electric System and the Water and Sewer System and this combined assessment has been set forth in the Charter.

JEA and the City reached agreement on amendments ("2016 Amendments") to the Charter, which affect the amount of the combined assessment that JEA is required to pay to the City. The 2016 Amendments were set forth in Ordinance 2015-764, were approved by the Council on March 8, 2016 and took effect on March 10, 2016. The 2016 Amendments set forth the combined assessment from fiscal year 2016-2017 through fiscal year 2020-2021. JEA and the City reached agreement on additional amendments ("2019 Amendments," and together with the 2016 Amendments, the "Charter Amendments") to the Charter set forth in Ordinance 2018-747, enacted by the Council on February 12, 2019, which set forth the combined assessment from fiscal year 2021-2022 through fiscal year 2022-2023. The Charter Amendments provide that effective October 1, 2016, the combined assessment for the Electric System and the Water and Sewer System will be equal, but not exceed the greater of (A) the sum of (i) the amount calculated by multiplying 7.468 mills by the gross kilowatt hours delivered by JEA to retail users of electricity in JEA's service area and to wholesale customers under firm contracts having an original term of more than one year (other than sales of energy to FPL from JEA's St. Johns River Power Park System) during the 12-month period ending on April 30 of the Fiscal Year immediately preceding the Fiscal Year for which such assessment is applicable, plus (ii) the amount calculated by multiplying 389.20 mills by the number of kgals (1000 gallons) potable water and sewer service, excluding reclaimed water service, provided to consumers during the 12-month period ending on April 30 of the Fiscal Year immediately preceding the Fiscal Year for which such assessment is applicable or (B) a minimum calculated amount which increases by 1% per year from fiscal year 2016-2017 through fiscal year 2020-2021 using the fiscal year 2015-16 combined assessment of $114,187,538 as the base year. The amounts applicable to clause (B) above are: for fiscal year 2016-2017 - $115,329,413; for fiscal year 2017-2018 - $116,482,708; for fiscal year 2018-2019 - $117,647,535; for fiscal year 2019-2020 - $118,824,010; and for fiscal year 2020-2021 - $120,012,250; for fiscal year 2021-2022 - $121,212,373; and for fiscal year 2022-2023 - $122,424,496. A "mill" is one one-thousandth of a U.S. Dollar. The Charter Amendments provide that the amended assessment calculations for the electric system and the water and sewer system shall be in effect until September 30, 2023 and that the Council may reconsider the assessment calculations after October 1, 2022 and changes, if any, shall become effective October 1, 2023. As provided in the Charter, the Council may change the assessment calculation by ordinance within the provisions of the relevant section of the Charter. The Charter Amendments contemplate that in the event the Council does not reconsider the assessment calculations, the assessments shall be calculated using the existing formulas specified in the Charter, including a minimum calculated amount in clause (B) therein, which increases by one percent per year for each fiscal year computed as provided in the Charter.

In addition to the changes to the annual assessment, the 2016 Amendments provide that JEA, pursuant to the terms of an Interagency Agreement with the City (the "Interagency Agreement"), agrees to provide total nitrogen water quality credit to the City to assist the City in meeting its Basin Management Action Plan load reduction goal ("BMAP Credit"). The 2016 Amendments provide that if JEA cannot provide the BMAP Credit pursuant to the terms of the Interagency Agreement, the Council and JEA shall work cooperatively to address the BMAP Credit shortfall or the Council may reconsider the assessment calculations. The 2019 Amendments provide that JEA, pursuant to amended terms of the Interagency Agreement, agrees to transfer additional future BMAP Credits to the City.

In recognition of the 2016 Amendments to the Charter as described above, JEA paid to the City an additional one-time contribution in the Fiscal Year ending September 30, 2016 of $15,000,000 (the "2016 Additional Contribution"). The City has committed to use the 2016 Additional Contribution for City water and sewer infrastructure projects. Pursuant to the 2019 Amendments, JEA paid to the City an additional one-time contribution in the Fiscal Year ending September 30, 2019 of $15,155,000 (the "2019 Additional Contribution"). The City's stated intent was to use $15,000,000 of the 2019 Additional Contribution for City water and sewer infrastructure projects and $155,000 for river level monitoring equipment.

The portion of the budgeted aggregate assessment calculated with respect to the Electric System has increased from approximately $92,952,147 for the Fiscal Year ended September 30, 2019 to $93,870,968 for the Fiscal Year ending September 30, 2020. While the Charter requires JEA to pay the JEA assessment to the City at such times as the City requests, but not in advance of collection, the Ordinance Code of the City requires JEA to pay the JEA assessment on a monthly basis. Pursuant to Section 21.07(f) of the Charter, although the calculation of the amounts assessed upon JEA pursuant to the Charter and the annual transfer of available revenues from JEA to the City pursuant to the Charter are based on formulas that are applied specifically to the respective utility systems operated by JEA, JEA may, in its discretion, determine how to allocate the aggregate assessment between the Electric System and the Water and Sewer System, and the aggregate assessment may be paid from any available revenues of JEA.

In addition, the Charter provides that the Council shall have the power to appropriate annually a portion of the available revenues of each utility system operated by JEA (other than electric, water and sewer systems) for the uses and purposes of the City in an amount to be based on a formula to be agreed upon by JEA and the Council.

The Charter imposes a monthly Franchise Fee which JEA was required to pay to the City commencing June 1, 2008 for revenues derived effective April 1, 2008 in an amount initially equal to three percent (and not to exceed six percent, with increases requiring a request by the Mayor of the City and a two-thirds supermajority vote by the Council) of the revenues of the Electric System derived within Duval County other than the beach communities and the Town of Baldwin and subject to a per customer maximum. The Charter authorizes JEA to pass through the amount of the Franchise Fee to the customers of JEA, which JEA does. As a result, the Franchise Fee has no effect on JEA's net revenues.

In November 2019, a bill was introduced in the Florida Legislature that would constrain the use of municipal electric utility revenue exclusively for electric utility operations and improvements and prohibit municipal electric utilities revenue from being used to finance general government functions. If the proposal becomes law, it could impact prospectively the amount and/or sources of the general government transfer. It is unknown presently if the proposal will become law in either its present or a modified form or what JEA will be able to do conform with such a law. The 2020 regular session of Florida Legislature is scheduled to end March 13, 2020.

Effect of JEA Credit Rating Changes

General

JEA has entered into certain agreements that contain provisions giving counterparties certain rights and options in the event of a downgrade in JEA's credit ratings below specified levels, which provisions commonly are referred to as "ratings triggers."

The table below sets forth the current ratings and outlooks for JEA's Electric System Bonds and Subordinated Electric System Bonds, without giving effect to any third-party credit enhancement. Given JEA's current levels of ratings, JEA's management does not believe that the ratings triggers contained in any of its existing agreements will have a material adverse effect on its results of operations or financial condition. However, JEA's ratings reflect the views of the rating agencies and not of JEA, and therefore JEA cannot give any assurance that its ratings will be maintained at current levels for any period of time.

	Fitch Ratings	Moody's	S&P
Outstanding Electric System Bonds	AA (stable)	A2 (negative)	A+ (negative)
Outstanding Subordinated Electric System Bonds	AA (stable)	A3 (negative)	A (negative)

Liquidity Support for JEA's Variable Rate Bonds

In particular, JEA has entered into standby bond purchase agreements with certain commercial banks in order to provide liquidity support in connection with tenders for purchase of the Senior Liquidity Supported Electric Bonds, and the Subordinated Liquidity Supported Electric Bonds (collectively the "Liquidity Supported Bonds"). As of the date of this Annual Disclosure Report, there is $243,625,000 in aggregate principal amount of Senior Liquidity Supported Electric Bonds outstanding and $132,420,000 in aggregate principal amount of Subordinated Liquidity Supported Electric Bonds outstanding. The standby bond purchase agreements relating to the Liquidity Supported Bonds provide that any of such Liquidity Supported Bonds that are purchased by the applicable bank pursuant to its standby bond purchase agreement may be tendered or deemed tendered to JEA for payment upon the occurrence of certain "events of default" with respect to JEA under such standby bond purchase agreement. Upon any such tender or deemed tender for purchase, such Liquidity Supported Bonds so tendered or deemed tendered will be due and payable immediately.

In general, each standby bond purchase agreement provides that it is an event of default on the part of JEA thereunder if the long-term ratings on the Liquidity Supported Bonds to which such standby bond purchase agreement relates, without giving effect to any third-party credit enhancement, fall below "BBB-" by Fitch Ratings, "Baa3" by Moody's Investors Service ("Moody's") and/or "BBB-" by S&P Global Ratings, a division of S&P Global Inc. ("S&P"), or are suspended or withdrawn (generally for credit-related reasons).

Interest Rate Swap Transactions

From time to time, JEA enters into interest rate swap transactions pursuant to both its debt management policy (see "Debt Management Policy" below) and its investment policies (see "Investment Policies" below), which interest rate swap transactions may be for the account of the Electric System. JEA had interest rate swap transactions outstanding under interest rate swap master agreements with four different counterparties in an aggregate notional amount of $516,550,000 as of September 30, 2019, of which, $406,410,000 were for the account of the Electric System. For additional information concerning those interest rate swap transactions, see (a) "Debt Management Policy" below, (b) "Investment Policies" below and (c) Notes 1(k) and 8 to JEA's 2019 Financial Statements set forth in APPENDIX A attached hereto.

Under each master agreement, the interest rate swap transactions entered into pursuant to that master agreement are subject to early termination upon the occurrence and continuance of certain "events of default" and upon the occurrence of certain "termination events." One of such "termination events" with respect to JEA is a suspension or withdrawal of certain credit ratings with respect to JEA or a downgrade of such ratings to below the levels set forth in the master agreement or in the confirmation related to a particular interest rate swap transaction. Upon any such early termination of an interest rate swap transaction, JEA may owe to the counterparty a termination payment, the amount of which could be substantial. The amount of any such potential termination payment would be determined in the manner provided in the applicable master agreement and would be based primarily upon market interest rate levels and the remaining term of the interest rate swap transaction at the time of termination. In general, the ratings triggers on the part of JEA contained in the master agreements range from (x) below "BBB" by S&P and below "Baa2" by Moody's to (y) below "A-" by S&P and below "A3" by Moody's.

As of September 30, 2019, JEA's estimated aggregate exposure under all of its then outstanding interest rate swap transactions (*i.e.*, the net amount of the termination payments that JEA would owe to its counterparties if all of the interest rate swap transactions were terminated) was $149,887,000, of which $118,621,000 was attributable to interest rate swap transactions entered into for the account of the Electric System.

In connection with the issuance or proposed issuance of certain of JEA's bonds, JEA has entered into various floating-to-fixed rate interest rate swap transactions for the account of the Electric System. These swap transactions are entered into with various providers and are otherwise described in the table below.

Related Bonds	Counterparty	Initial Notional Amount	Notional Amount as of September 30, 2019	Notional Amount as of November 30, 2019	Fixed Rate of Interest	Variable Rate Index[(1)]	Termination Date[(2)]
Variable Rate Electric System Revenue Bonds, Series Three 2008A	Goldman Sachs Mitsui Marine Derivative Products, L.P. ("GSMMDP")	$100,000,000	$51,680,000	$51,680,000	3.836%	BMA Municipal Swap Index	10/1/2036
Variable Rate Electric System Revenue Bonds, Series Three 2008B-1, 2008B-2, 2008B-3 and 2008B-4	Morgan Stanley Capital Services Inc. ("MSCS")	$117,825,000	$82,575,000	$82,575,000	4.351%	BMA Municipal Swap Index	10/1/2039
	JPMorgan Chase Bank, N.A. ("JPMorgan")	$116,425,000	$85,200,000	$84,775,000	3.661%	68% of 1 month LIBOR	10/1/2035
Variable Rate Electric System Revenue Bonds, Series Three 2008C-1 and 2008C-2	GSMMDP	$174,000,000	$84,800,000	$84,800,000	3.717%	68% of 1 month LIBOR	9/16/2033
Variable Rate Electric System Revenue Bonds, Series Three 2008D-1	MSCS	$98,375,000	$62,980,000	$62,980,000	3.907%	SIFMA Municipal Swap Index	10/1/2031
Variable Rate Electric System Subordinated Revenue Bonds, 2008 Series D	JPMorgan	$40,875,000	$39,175,000	$39,175,000	3.716%	68% of 1 month LIBOR	10/1/2037

(1) The BMA Municipal Swap Index is now known as the SIFMA Municipal Swap Index.
(2) Unless earlier terminated.

Debt Management Policy

JEA's debt management policy applies to all current and future debt and related hedging instruments issued by JEA. The policy is designed to provide both broad policy guidance and facilitate management, control and oversight of JEA's debt function, thus fostering ongoing access to the capital markets in order to fund future capital projects of JEA.

The counterparties with whom JEA may deal must meet the requirements for counterparties described under the caption "Investment Policies" below. The policy requires JEA staff to submit to the JEA Board an annual plan of finance, which will address, at a minimum, the amount of debt projected to be issued during the next Fiscal Year, whether such debt is senior or subordinated, whether such debt is fixed or variable, and whether any hedging instruments may be utilized. Under the policy, JEA's net variable rate debt will not exceed 30 percent of total debt and JEA's net variable rate debt plus net fixed-to-floating interest rate swaps will not exceed 55 percent of total debt. "Net variable rate debt" is actual variable rate debt minus net variable rate assets. "Net variable rate assets" is actual variable rate assets minus the notional amount of investment/asset-matched interest rate swaps. "Net fixed-to-floating interest rate swaps" is the aggregate notional amount of fixed-to-floating swaps maturing in 10 years or less minus the aggregate notional amount of floating-to-fixed swaps maturing in 10 years or less outstanding on the last day of each month. "Total debt" equals fixed rate debt plus variable rate debt. "Variable rate assets" are investments maturing in less than one year. "Variable rate debt" is actual variable rate debt outstanding less variable rate debt that is associated with a floating-to-fixed rate swap where the term of the swap matches the term of the variable rate debt. The percentages are to be computed monthly.

JEA's fixed rate debt, variable rate debt and debt-related hedging instruments are to be managed in conjunction with investment assets and investment-related hedging instruments to incorporate the natural occurrence of hedging impacts in those balance sheet categories. The purpose is to use each side of the balance sheet to mitigate or hedge cash flow risks posed by the other side of the balance sheet.

The policy creates procedures to be followed in conjunction with the issuance of fixed rate debt, variable rate debt and debt refundings. Beginning in the Fiscal Year ended September 30, 2010, deposits were made to the Rate Stabilization Fund for the Debt Management Strategy Reserve to reflect the difference in the actual interest rates for interest expense on the unhedged variable rate debt as compared to the budgeted assumptions for interest expense on the unhedged variable rate debt. Under JEA's pricing policy, withdrawals from the Debt Management Strategy Stabilization Fund were limited to expenses related to market disruption in the capital markets, disruption in availability of credit or unanticipated credit expenses, or to fund variable interest costs in excess of budget. In September 2019, the Board authorized revisions to the debt management and pricing policies eliminating the Rate Stabilization Fund for the Debt Management Strategy Reserve and authorized those funds, along with other available funds of JEA, to be used to defease certain outstanding Electric System and Water and Sewer System debt. Such defeasances were effected October 11, 2019.

The policy establishes a framework for JEA's utilization of hedging instruments including interest rate swaps and caps and collars. The utilization of hedging instruments offers JEA a cost-effective alternative to traditional debt financing choices. JEA is authorized to enter into floating-to-fixed rate swaps, fixed-rate-to-floating rate swaps and basis swaps (*i.e.*, swaps which seek to manage the risk associated with the mismatch between two benchmarks used to set the indices utilized in an interest rate swap transaction). The percentage of variable rate exposure (the notional amount of net fixed-to-floating interest rate swaps and net variable rate debt outstanding) to total debt outstanding may not exceed 55 percent. The notional amount of interest rate swaps, caps, collars and related hedging instruments is limited to the amount approved by the JEA Board from time to time.

Interest rate caps and related hedging instruments are to be utilized to help JEA manage interest rate risk in its debt management program. Generally, a fixed-to-floating interest rate swap will have an associated interest rate cap for the same notional amount at a level no greater than 200 basis points above the interest rate swap fixed rate. It is also contemplated that an interest rate cap will not always have the same maturity as the interest swap with which it is associated. The average life of the aggregate of outstanding caps will not be less than 75 percent of the average life of the associated aggregate swaps.

The policy sets out various decision rules which govern the decision to execute various hedging instruments. Valuations are performed on a quarterly basis and adjustments to fair value are included in JEA's financial statements.

The policy calls for no more than $500,000,000 of net interest rate swap and cap or other hedging instruments to be outstanding in the aggregate with any one provider or affiliate thereof. The aggregate amount of all "long dated" (greater than 10 years) transactions executed with financial institutions and all affiliates thereof, shall be limited to an amount based on the credit rating of the financial institution at the time of the entry into the long-dated hedging transaction as shown below:

Rating Level	Notional Amount
AAA/Aaa by one or more rating agencies	$400,000,000
AA-/Aa3 or better by at least two rating agencies	300,000,000
A/A2 or better by at least two rating agencies	200,000,000
Below A/A2 by at least two rating agencies	0

The ratings criteria shown above apply either to the counterparty to the long-dated transaction or, if the payment obligation of such counterparty under the relevant swap agreement shall be guaranteed by an affiliate thereof, such affiliate. The overall maximum by definition of the above limits cannot exceed $400,000,000 for long dated transactions.

These diversification requirements include all interest rate swap, cap and other hedging instruments JEA may utilize to manage interest rate risks including, but not limited to, debt management and 100 percent investment/asset-matched program. Interest rate swap and cap transactions are to be competitively bid (unless otherwise determined by the Managing Director and Chief Executive Officer) by at least three providers that have executed interest rate swap agreements with JEA.

Under the policy, an annual budgeted reserve contribution is to be made to a reserve fund. The contributions to the reserve fund will be funded in three equal installments of 1 percent of the notional amount beginning in the month the swap is executed. Once funded, the reserve fund shall at all times be not less than three percent of the notional amount of fixed-to-floating rate debt interest rate swaps outstanding, but can be used for any lawful purpose as approved by JEA's Managing Director and Chief Executive Officer.

The aggregate notional amount of all hedging instrument transactions entered into for the account of the Electric System outstanding at any one time, net of offsetting transactions, under all swap agreements is established at not to exceed (a) $1.5 billion in the case of interest rate swaps, (b) $500,000,000 in the case of basis swaps and (c) $1 billion in the case of caps and collars. A transaction that reverses an original transaction in every respect thereby offsetting the cash flows perfectly is referred to herein as an "offsetting transaction." Generally, in the past JEA has elected to receive or pay an upfront cash payment to reverse the original swap transaction. The phrase "net of offsetting transactions" would relate to reversals that remain on JEA's books if JEA elected not to take/make an upfront cash payment.

Investment Policies

The goals of JEA's investment policy are to (i) provide safety of capital, (ii) provide sufficient liquidity to meet anticipated cash flow requirements, and (iii) maximize investment yields while complying with the first two goals. Sound investment management practices help maintain JEA's competitive position since investment income reduces utility rates. JEA's funds are invested only in securities of the type and maturity permitted by its bond resolutions, Florida statutes, its internal investment policy and federal income tax limitations. JEA does not speculate on the future movement of interest rates and is not permitted to utilize debt leverage in its investment portfolio. Debt leverage is the practice of borrowing funds solely for the purpose of reinvesting the proceeds in an attempt to earn more income than the cost of the debt.

JEA invests its funds pursuant to Section 218.415, Florida Statutes, its various bond resolutions and its JEA Board-approved investment policy. As of September 30, 2019, 34.6 percent of JEA's total investment portfolio (including funds held under the Water and Sewer System Resolution, the Subordinated Water and Sewer System Resolution, the District Energy System Resolution, the Bulk Power Supply System Resolution, the Electric System Resolution, the Subordinated Electric System Resolution, the First Power Park Resolution and the Second Power Park Resolution) was invested in securities issued by the United States Government, federal agencies or state and local government entities and has a weighted average maturity of approximately 4.4 years. As of September 30, 2019, the remaining 65.4 percent of such investment portfolio was invested in commercial paper rated at least "A-1" and "P-1" by S&P and Moody's, respectively, having a weighted average maturity of less than 30 days, in money market mutual funds and in demand deposit bank accounts. JEA's funds that are invested in commercial paper, in money market mutual funds and in bank accounts are used primarily for operating expenses.

JEA has entered into securities lending agreements in the past wherein from time to time JEA loaned certain securities in exchange for eligible collateral consisting of United States Government and federal agency securities whose market values were at least 103 percent of the market values of the loaned securities which were re-priced daily. JEA earned a fee in connection with such securities lending agreements, which augmented its portfolio yield. Although JEA currently does not have any securities held pursuant to its securities lending program, JEA may enter into similar securities lending agreements in the future.

JEA previously implemented a strategy to lengthen synthetically the investment maturity of its short-term revolving funds by entering into 100 percent asset-matched interest rate swap transactions. Through the use of this strategy, JEA may lock-in a fixed rate of return for up to five years on those funds, such as debt service sinking funds, that it is permitted to invest only in short-term investment securities. As of September 30, 2019, JEA had, and as of the date of this Annual Disclosure Report, JEA has, no outstanding interest rate swap transactions for this purpose, although it may enter into interest rate swap transactions for this purpose in the future.

The JEA Board has established limits on the notional amount of JEA's interest rate swap transactions and standards for the qualification of financial institutions with whom JEA may enter into interest rate swap transactions. The counterparties with whom JEA may deal must be rated (i) "AAA"/"Aaa" by one or more nationally recognized rating agencies at the time of execution, (ii) "A"/"A2" or better by at least two of such credit rating agencies at the time of execution, or (iii) if such counterparty is not rated "A"/"A2" or better at the time of execution, provide for a guarantee by an affiliate of such counterparty rated at least "A"/"A2" or better at the time of execution where such affiliate agrees to unconditionally guarantee the payment obligations of such counterparty under the swap agreement. In addition, swap agreements generally will require the counterparty to enter into a collateral agreement to provide collateral when (a) the ratings of such counterparty (or its guarantor) fall below "AA-"/"Aa3" by two rating agencies and (b) a termination payment would be owed to JEA. With respect to swap agreements entered into in 2014 between JEA and three swap counterparties, each counterparty will be required to provide collateral when (a) the ratings of such counterparty fall below "A+"/"A1" by any one of the rating agencies and (b) a termination payment would be owed to JEA above a specified threshold amount.

JEA's payment obligations under the interest rate swap transactions consist of periodic payments based upon fluctuations in interest rates and, in the event of a termination of a transaction prior to the stated term thereof, potential termination payments. The amounts of such potential termination payments are based primarily upon market interest rate levels and the remaining term of the transaction at the time of termination. JEA is authorized to enter into both (a) interest rate swap agreements the obligations of JEA under which are payable from available funds of the Electric System ("Electric System Swap Agreements") and (b) interest rate swap agreements the obligations of JEA under which are payable from available funds of the Water and Sewer System ("Water and Sewer System Swap Agreements").

In the case of interest rate swap transactions entered into pursuant to Electric System Swap Agreements, JEA's payment obligations thereunder are payable following the payment of the operation and maintenance expenses of the Electric System, including any Contract Debts of the Electric System, debt service on Electric System Bonds, debt service on any Subordinated Bonds of the Electric System (including Subordinated Electric System Bonds) and the deposits to the Renewal and Replacement Fund established by the Electric System Resolution.

All interest rate swap transactions for the account of the Electric System are required to be entered into pursuant to Electric System Swap Agreements. Interest rate swap transactions for the account of the Water and Sewer System may be entered into pursuant to either Water and Sewer System Swap Agreements or Electric System Swap Agreements. In the case of interest rate swap transactions for the account of the Water and Sewer System that are entered into pursuant to Electric System Swap Agreements, JEA has established procedures pursuant to which (a) all amounts received by JEA pursuant to such interest rate swap transactions are transferred to the Revenue Fund established pursuant to the Water and Sewer System Resolution and (b) all payments required to be made by JEA pursuant to such interest rate swap transactions are paid for from Revenues of the Water and Sewer System; *provided*, *however*, that no such payments may be made from Revenues of the Water and Sewer System until payment (or provision for payment) has been made of the operation and maintenance expenses of the Water and Sewer System, including any Contract Debts of the Water and Sewer System, debt service for the Water and Sewer System Bonds, debt service for any Subordinated Indebtedness of the Water and Sewer System (including the Subordinated Water and Sewer System Bonds) and the deposits to the Renewal and Replacement Fund established by the Water and Sewer System Resolution.

For further information regarding this interest rate swap program, see Notes 1(k) and 8 to JEA's 2019 Financial Statements set forth in APPENDIX A attached hereto.

Revolving Credit Facilities

Effective December 17, 2015, JEA entered into a revolving credit agreement with JPMorgan Chase Bank, National Association ("JPMorgan") for a $300,000,000 commitment (the "Revolving Credit Facility"). The Revolving Credit Facility was initially scheduled to expire on December 17, 2018. Effective May 24, 2018, JEA and JPMorgan amended the agreement to extend the expiration date to May 24, 2021, and effective November 1, 2018, the parties further amended the agreement to increase the maximum principal amount of the credit facility available for Electric System loans by $200,000,000, for a total commitment equal to $500,000,000. Subject to meeting various conditions, the Revolving Credit Facility is available to JEA to provide working capital and short-term and interim financing for capital projects in connection with any of its systems. Payment obligations allocable to the Electric System, Power Park (under the Second Power Park Resolution) and the Bulk Power System under the Revolving Credit Facility are payable from the respective revenues of the Electric System, Power Park (under the Second Power Park Resolution) and the Bulk Power Supply System, as applicable, but are subordinate to the payment of JEA's Electric System, Power Park and Bulk Power Supply System debt (including the Electric System Bonds, the Subordinated Electric System Bonds, the Power Park Issue Three Bonds, and the Additional Bulk Power Supply System Bonds). As of the date of this Annual Disclosure Report, JEA has $5,000,000 in borrowings outstanding under the Revolving Credit Facility, which are for the account of the Water and Sewer System.

Loans Among Utility Systems

Pursuant to the Charter, JEA has the authority to lend money from one of its utility systems to another of its utility systems under terms and conditions as determined by JEA. As of the date of this Annual Disclosure Report, no loans among the systems are outstanding.

No Default Certificates

Section 13.F of the Electric System Resolution and Section 6.08 of the Subordinated Electric System Resolution require that JEA annually obtain a certificate of its independent firm of certified public accountants setting forth any default on the part of JEA of any covenant in the Electric System Resolution and the Subordinated Electric System Resolution. Section 716.3 of the First Power Park Resolution, Section 715.2 of the Second Power Park Resolution, and Section 714.2 of the Restated and Amended Bulk Power Supply System Resolution require that JEA annually obtain a certificate of its independent firm of certified public accountants stating whether or not, to the knowledge of the signer, JEA is in default with respect to any of the covenants, agreements or conditions on its part contained in the First Power Park Resolution, the Second Power Park Resolution, and the Restated and Amended Bulk Power Supply System Resolution, respectively, and if so, the nature of such default. The actual certificates provided by such accountants state that nothing has come to such accountants' attention that caused such accountants to believe that JEA failed to comply with the terms, covenants, provisions or conditions of the applicable section(s) of the relevant resolutions, *insofar as they relate to accounting matters* (emphasis supplied). The accountants have advised JEA that the italicized qualifying language is required to be included by their professional standards (specifically, Statement on Auditing Standards No. 62). JEA does not believe that any other nationally-recognized accounting firm will provide certificates that strictly meet the requirements of the applicable section(s) of the relevant resolutions and that differ materially from the certificates provided by JEA's accountants.

Notwithstanding the failure of the accountants' certificates to strictly meet the requirements of the respective resolutions as described above, as of the date of this Annual Disclosure Report, JEA is not in default in the performance of any of the covenants, agreements or conditions contained in the Electric System Resolution, the Subordinated Electric System Resolution, the First Power Park Resolution, the Second Power Park Resolution, and the Restated and Amended Bulk Power Supply System Resolution.

LITIGATION

[SECTION NEEDS TO BE UPDATED.]In the opinion of the Office of General Counsel of the City, there is no pending litigation or proceedings that may result in any material adverse change in the financial condition of JEA relating to the Electric System other than as set forth in the financial statements of JEA in APPENDIX A of this Annual Disclosure Report and other than the matters set forth in this Annual Disclosure Report, including litigation relating to the Additional Vogtle Units PPA described below and described above under "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* – Electric System - *Litigation and Regulatory Proceedings"* and described in Note 10 of the financial statements of JEA. On September 11, 2018, MEAG filed suit against JEA in the Northern District of Georgia alleging claims for (i) a declaratory judgment that the Additional Vogtle Units PPA is enforceable against JEA, (ii) breach of contract for JEA's alleged failure to adhere to the Additional Vogtle Units PPA's cooperation clause, and (iii) specific performance requiring JEA to continue to comply with the Additional Vogtle Units PPA. The same day, JEA and the City of Jacksonville filed suit against MEAG in the Circuit Court, Fourth Judicial Circuit, Duval County, Florida, seeking a declaratory judgment that the Additional Vogtle Units PPA is invalid and unenforceable against JEA. MEAG removed JEA's and the City's suit to the Middle District of Florida. On April 9, 2019, the district court for the Northern District of Georgia entered an order granting JEA's motion to dismiss and dismissing MEAG's complaint. MEAG has filed a notice of appeal of the dismissal to the Eleventh Circuit Court of Appeals. The parties are presently engaged in procedural litigation over the forum in which the substantive issues will be tried. JEA will vigorously defend and prosecute these actions, but provides no assurances regarding the outcome or consequences of the litigation. JEA and MEAG have commenced negotiations in an attempt to arrive at a mutually beneficial commercial resolution of their dispute. The ultimate outcome of this matter cannot be determined at this time.

AUTHORIZATION

The dissemination and use of this Annual Disclosure Report have been duly authorized by the JEA Board.

JEA

By: *_/s/ April Green_*
Chair

By: *_/s/ Aaron F. Zahn_*
Managing Director and Chief Executive Officer

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ANNUAL DISCLOSURE REPORT
FOR
WATER AND SEWER SYSTEM AND DISTRICT ENERGY SYSTEM
FOR
FISCAL YEAR
ENDED
SEPTEMBER 30, 2019

(Prepared pursuant to certain continuing disclosure undertakings relating to the Bonds listed in APPENDIX E hereto)

Filed with EMMA

Dated as of

December [__], 2019

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JEA
21 W. CHURCH STREET
JACKSONVILLE, FLORIDA 32202
(904) 665-7410
(http://www.jea.com)

JEA OFFICIALS

BOARD MEMBERSHIP[1]

Chair	April Green
Vice Chair	Frederick D. Newbill
Secretary	Camille J. Lee-Johnson
	Henry K. Brown
	Kelly Flanagan
	Dane Grey

MANAGEMENT

Managing Director and Chief Executive Officer	Aaron F. Zahn
President and Chief Operating Officer	Melissa H. Dykes
Chief Administrative Officer	Herschel T. Vinyard
Chief Financial Officer	Ryan F. Wannemacher
Vice President and General Manager, Energy	Caren B. Anders
Vice President and General Manager of Water and Wastewater Systems	Deryle I. Calhoun
Vice President and Chief, Energy and Water Planning	Steven G. McInall
Vice President and Chief Government Affairs Officer	Sherry L. Hall
Vice President and Chief Customer Officer	Kerri Stewart
Vice President and Chief Compliance Officer	Ted E. Hobson
Vice President, Chief Legal Officer	Lynne Rhode
Vice President and Chief Human Resources Officer	Jonathan A. Kendrick
Vice President and Chief Information Officer	Shawn W. Eads
Vice President and Chief Supply Chain Officer	John P. McCarthy
Vice President and Chief Environmental Services Officer	Paul K. Steinbrecher
Treasurer	Joseph E. Orfano

GENERAL COUNSEL

Jason R. Gabriel, Esq.
General Counsel of the City of Jacksonville
Jacksonville, Florida

[1] Christian "Andy" Allen resigned from the Board effective December 2, 2019. There is currently one vacancy on the JEA Board.

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ANNUAL DISCLOSURE REPORT
FOR
WATER AND SEWER SYSTEM AND DISTRICT ENERGY SYSTEM
FOR
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SEPTEMBER 30, 2019

INTRODUCTION

General

This Annual Disclosure Report for Water and Sewer System and District Energy System for Fiscal Year Ended September 30, 2019 (together with the Schedule and the Appendices hereto, this "Annual Disclosure Report") is furnished by JEA to provide information concerning (a) JEA, (b) JEA's combined water and sewer utilities system, (c) JEA's local district energy facilities, (d) outstanding debt of JEA relating to the combined water and sewer utilities system, and (e) outstanding debt of JEA relating to the local district energy facilities. This Annual Disclosure Report is being filed with the Municipal Securities Rulemaking Board (the "MSRB"), through the MSRB's Electronic Municipal Market Access ("EMMA") website currently located at http://emma.msrb.org pursuant to certain continuing disclosure undertakings made by JEA in accordance with the provisions of Rule 15c2-12, as amended ("Rule 15c2-12"), promulgated by the United States Securities and Exchange Commission (the "SEC") pursuant to the Securities Exchange Act of 1934, as amended. The bonds to which such continuing disclosure undertakings relate (including the CUSIP numbers thereof) are listed in APPENDIX E hereto. As permitted by the provisions of Rule 15c2-12, this Annual Disclosure Report also is intended to be included by reference in official statements and other offering and remarketing documents prepared by JEA in connection with (a) the sale and issuance, after the date hereof, of certain securities of JEA and (b) the remarketing in the secondary market, after the date hereof, of certain securities of JEA.

JEA is a body politic and corporate organized and existing under the laws of the State of Florida and is an independent agency of the City of Jacksonville, Florida (the "City"). The City is a consolidated city-county local government for Duval County, located in Northeast Florida. The governing body of JEA (the "JEA Board") consists of seven members appointed by the Mayor of the City and confirmed by the City Council of the City (the "Council"). JEA (then known as Jacksonville Electric Authority) was established in 1968 to own and manage the electric utility which had been owned by the City since 1895 (the "Electric System"). In 1997, the Council amended the Charter of the City (the "Charter") in order to authorize JEA to own and operate additional utility functions and, effective on June 1, 1997, the City transferred to JEA the City's combined water and sewer utilities system (the "Water and Sewer System"). Effective as of October 1, 2004, JEA established a separate utility system (the "District Energy System") for its local district energy facilities, including its chilled water activities and any local district heating facilities JEA may develop in the future. JEA operates and maintains its records on the basis of a fiscal year ending on each September 30th (a "Fiscal Year").

Each of the Electric System, the Water and Sewer System and the District Energy System is owned and operated by JEA separately. For information relating to JEA's Electric System see "ANNUAL DISCLOSURE REPORT FOR ELECTRIC UTILITY SYSTEM FOR FISCAL YEAR ENDED SEPTEMBER 30, 2019" (the "Electric ADR") available from the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA") website at http://emma.msrb.org. **The revenues of each system do not constitute revenues of the other two systems, and, except as described under "WATER AND SEWER SYSTEM -** ***FINANCIAL INFORMATION RELATING TO WATER AND SEWER SYSTEM*** **- Debt Relating to Water and Sewer System -** ***Water and Sewer System Support of the District Energy System Bonds*** **" herein, revenues of each system are not pledged to the payment of any debt issued or to be issued by JEA to finance and refinance the other two systems.** JEA may, however, satisfy its annual obligation to transfer funds to the City with funds derived from any of its utilities systems. See "OTHER FINANCIAL INFORMATION - Transfers to the City" herein.

This Annual Disclosure Report contains information regarding JEA's Water and Sewer System and the District Energy System. For financing purposes and except as described under "WATER AND SEWER SYSTEM - *FINANCIAL INFORMATION RELATING TO WATER AND SEWER SYSTEM* - Debt Relating to Water and Sewer System - *Water and Sewer System Support of the District Energy System Bonds*" herein, the debt of JEA relating to the Water and Sewer System is payable from and secured by the revenues derived by the Water and Sewer System from the sale of water and the provision of sewer treatment and related services. The debt of JEA relating to the District Energy System is payable from and secured by the revenues derived from JEA's chilled water activities and any local district heating facilities JEA may develop in the future. **Accordingly, (a) except as described under "WATER AND SEWER SYSTEM -** ***FINANCIAL INFORMATION RELATING TO WATER AND SEWER SYSTEM*** **- Debt Relating to Water and Sewer System -** ***Water and Sewer System Support of the District Energy System Bonds*** **" herein, the information contained herein relating to the Water and Sewer System is not relevant to the Electric System Bonds, the Subordinated Electric System Bonds or the District Energy System Bonds and should not be taken into account in evaluating such debt; and (b) the information contained herein relating to the District Energy System is not relevant to the Electric System Bonds, Subordinated Electric System Bonds, Water and Sewer System Bonds or Subordinated Water and Sewer System Bonds and should not be taken into account in evaluating such debt.**

The summaries of or references to the Water and Sewer System Resolution, the Subordinated Water and Sewer System Resolution and the District Energy System Resolution, and certain amendments thereto, where applicable, (as such terms are hereinafter defined) and certain statutes and other ordinances and documents included in this Annual Disclosure Report do not purport to be comprehensive or definitive; and such summaries and references are qualified in their entirety by references to each such resolution, statute, ordinance, and document. Copies of the Water and Sewer System Resolution, the Subordinated Water and Sewer Resolution and the District Energy System Resolution are available on the JEA website at https://www.jea.com/About/Investor_Relations/Bonds.aspx and the other documents referred to in this Annual Disclosure Report may be obtained from JEA; *provided* that a reasonable charge may be imposed for the cost of reproduction.

JEA Establishment and Organization

JEA was established in 1968 to own and manage the electric utility which had been owned by the City since 1895. The City's Charter was amended in 1997 to authorize JEA to own and operate other utility systems, including the Water and Sewer System. In 2004, the City authorized JEA to create the District Energy System. The JEA Board consists of seven members appointed by the Mayor of the City, subject to confirmation by the Council. The members serve without pay for staggered terms of four years each, with a maximum of two consecutive full terms each.

Current members of the JEA Board, their occupations and the commencement and expiration of their terms are as follows:

MEMBER[1]	OCCUPATION	TERM
April Green, Chair	Chief Financial Officer/ Chief Operating Officer Bethel Baptist Institutional Church	December 1, 2017– February 28, 2021
Frederick D. Newbill, Vice Chair	Pastor First Timothy Baptist Church	January 12, 2017–February 28, 2023
Camille J. Lee-Johnson, Secretary	Chief Operating Officer Lee Wesley & Associates, LLC	July 25, 2018–February 28, 2020
Henry K. Brown	President & Chief Executive Officer Miller Electric Company	August 30, 2019–February 28, 2023
Kelly Flanagan	Senior Vice President & CFO Jacksonville Jaguars, LLC	November 25, 2015– February 28, 2020
Dane Grey	President & Chief Executive Officer Elite Parking Services of America, Inc.	November 15, 2019– February 28, 2022

[1] There is currently one vacancy on the JEA Board.

In addition, in accordance with the provisions of the interlocal agreement entered into between JEA and Nassau County, Florida in connection with JEA's acquisition of certain assets and franchises of a private water and sewer utility in Nassau County, Nassau County is entitled to appoint a non-voting representative to the JEA Board. The Nassau County representative is entitled to attend all JEA Board meetings and to participate in discussions concerning matters that affect the provision of water and sewer services within Nassau County. Nassau County has appointed Mike Mullin, a Commissioner on Nassau County's Board of County Commissioners, as its representative to the JEA Board.

The Charter authorizes JEA to construct, acquire (including acquisition by condemnation), establish, improve, extend, enlarge, maintain, repair, finance, manage, operate and promote its utilities systems (which consist of (1) the Electric System, (2) the Water and Sewer System, (3) the District Energy System and (4) any additional utilities systems which JEA may undertake in the future upon satisfaction of the conditions set forth in the Charter), and to furnish electricity, water, sanitary sewer service, natural gas and other utility services as authorized therein within and outside of the City and for said purposes to construct and maintain electric lines, pipelines, water and sewer mains, natural gas lines and related facilities along all public highways and streets within and outside of the City. Should any additional utility system be undertaken by JEA in the future, such utility system may, at the option of JEA, constitute an additional utility function added to, and may become a part of, the Water and Sewer System or the District Energy System. See "SUMMARY OF CERTAIN PROVISIONS OF THE WATER AND SEWER SYSTEM RESOLUTION - Certain Other Covenants - *Additional Utility Functions*" in APPENDIX B attached hereto. The Charter also confers upon JEA the power to sue, to enter into contracts, agreements and leases, and to sell revenue bonds to finance capital improvements and to refund previously issued evidences of indebtedness of JEA.

Management and Employees

The Charter assigns responsibility for the management of JEA's utilities systems to the JEA Board. JEA employs a Managing Director and Chief Executive Officer as its chief executive officer. The Managing Director, executive officers, vice presidents, directors, managers, executive assistants and other appointed staff, numbering approximately 409 persons, form the management team (the "Management Team") and are not subject to the City's civil service system.

Management

Information regarding the Managing Director and Chief Executive Officer of JEA and the executive officers of JEA follow:

Aaron F. Zahn, Managing Director and Chief Executive Officer. Aaron F. Zahn is Managing Director and Chief Executive Officer for JEA. In this role, Mr. Zahn oversees all operations for the eighth-largest public utility in the nation, providing electric, water and sewer services to customers across a 900-mile service territory in Northeast Florida.

Prior to being appointed Interim Managing Director and Chief Executive Officer in April 2018, Mr. Zahn served as Managing Partner and Chief Executive Officer of Pascal Partners, a distributed infrastructure investment and development company. From 2009 to 2017, he was Chairman and Chief Executive Officer of BCR Environmental Corporation, a private equity funded corporation, a water/wastewater technology firm and public-private-partnership development and operations company. Prior to BCR, Mr. Zahn worked as an investment professional for two multi-strategy hedge funds in New York City, managing over $6 billion in equity. He was also a Senior Manager of the Capital Markets team at General Growth Properties, playing a key role in $25+ billion of acquisitions and financing activities along with providing financial oversight for $200+ million of commercial real estate development.

A graduate of Yale University, Mr. Zahn is a supporter of YMCA of Jacksonville, Baptist Health System, Nemours Children's Health System and Yale University. He is a member of the Board of Directors for the Young Presidents Organization, the Jacksonville Chamber of Commerce, and the Bob Graham Center for Public Service at University of Florida.

Melissa H. Dykes, President and Chief Operating Officer. Melissa Dykes serves as JEA's President and Chief Operating Officer. She leads the operation of the utility, responsible for providing utility services to more than one million people across four counties. She manages nearly 1,800 employees in the areas of energy, water, wastewater, customer experience, human resources, environmental services, compliance and supply chain.

Ms. Dykes served as JEA's Chief Financial Officer for nearly six years prior to her current role. As CFO, she provided leadership to ensure the financial health of JEA, resulting in access to capital at low cost on behalf of JEA's customers. She was responsible for all aspects of JEA's finances, including treasury, financial reporting, budgeting, supply chain management, and shared services, and had lead responsibility for ensuring compliance with all reporting, regulatory and tax requirements for JEA.

Prior to joining JEA, Ms. Dykes was CFO at a portfolio company of a large energy private equity firm and a principal in a renewable energy development company, where she was responsible for origination, commercial structuring, development and capital raising for renewable energy projects. She also was Vice President of Investment Banking at JPMorgan, where she was responsible for providing capital solutions for clients, including more than $26 billion in financings for many municipal electric and water systems across the country, risk management product delivery and mergers and acquisitions. Prior to joining JPMorgan, Ms. Dykes worked for The World Bank Group, where she researched and published on private participation in infrastructure industries in developing countries. She is a graduate of the University of Florida and holds a certificate in Advanced Management from the Tuck School of Business at Dartmouth. Ms. Dykes serves on the Boards of Directors of the United Way of Northeast Florida, the Association of Edison Illuminating Companies, the Florida Coordinating Group, and the Florida

Reliability Coordinating Council (where she serves as Secretary/Treasurer and Chair of the Corporate Compliance and Finance and Audit Committee).

Herschel T. Vinyard, Chief Administrative Officer. Mr. Vinyard has 25 years of environmental law, business, and government experience and comes to JEA from the law firm of Foley & Lardner where he was a member of the Environmental Regulation and Government & Public Policy practices.

He also served a four-year term as Secretary of the Florida Department of Environmental Protection (DEP) during Governor Rick Scott's first term, where he was involved in environmental permitting, water rights, and real estate development. He has been a champion for the state's waterways and natural springs including restoration of the Everglades.

Under his leadership, the Florida Park Service received the National Gold Medal Award for Excellence in the management of state park systems from the National Recreation and Park Association.

Prior to serving the State of Florida, Mr. Vinyard was the director of business operations responsible for strategic planning, business development, and regulatory and government affairs for the Southeast Shipyards division of BAE Systems.

Mr. Vinyard obtained both his law and bachelor's degrees from Louisiana State University.

Ryan F. Wannemacher, Chief Financial Officer. Mr. Wannemacher serves as JEA's Chief Financial Officer. He provides leadership to ensure fiscal responsibility for the long-term financial health of JEA, resulting in access to capital at low cost for JEA's customers. He is responsible for all aspects of JEA's finances, including treasury, financial reporting, financial planning and analysis, and budgeting. He has lead responsibility for ensuring compliance with all reporting, regulatory and tax requirements for JEA. Mr. Wannemacher currently serves on the Finance and Audit Committee of The Energy Authority ("TEA").

Prior to his current role at JEA, Mr. Wannemacher served as JEA's Director of Financial Planning and Analysis from April 2015 to 2018. Prior to joining JEA, Mr. Wannemacher was Vice President of Investment Banking at JPMorgan. While at JPMorgan, Mr. Wannemacher was responsible for providing capital solutions for clients, including over $20 billion in financings for many municipal electric, water and natural gas systems across the country, risk management product delivery, and mergers and acquisitions. Mr. Wannemacher currently serves on the board of Leadership Jacksonville and the Finance and Audit Committee of The Energy Authority. Mr. Wannemacher holds a B.B.A. in Financial Consulting from Southern Methodist University graduating Magna Cum Laude.

Caren B. Anders, Vice President and General Manager, Energy. Ms. Anders has lead responsibility for producing and delivering electricity to JEA's electric customers in a safe, reliable and cost-competitive manner, and in full compliance with regulatory objectives. In this role, she and her team are responsible for planning, constructing, operating and maintaining JEA's electric system, including generation plants and the transmission, substations and distribution systems.

Ms. Anders joined JEA in January 2019 from Duke Energy. She brings operational leadership, financial acumen, strategy and innovation, and compliance and risk management to her leadership role at JEA. At both Duke and Exelon Corp., she led high-performing teams across the energy spectrum, including Generation, Transmission, Distribution, Emerging Technologies, and Shared Services. Along with her vast electric experience, she also has expertise in new technologies, strategic business performance, compliance, financial management, employee engagement and customer satisfaction.

Ms. Anders has served on the boards of PT Holding Company LLC, Peak Tower LLC, SERC Reliability Corp. and the Florida Reliability Coordination Council. She has also served her community as a board member for Junior Achievement, Central Carolinas and United Way, Greater Triangle N.C. She earned a bachelor's degree in engineering from the University of Pennsylvania and a master's degree in finance from Drexel University and is a licensed Professional Engineer in the state of Pennsylvania.

Deryle Calhoun, Vice President and General Manager of Water and Wastewater Systems. Deryle Calhoun is responsible for leading JEA's water and wastewater operations, construction and strategy execution, and delivering exceptional service to JEA customers across a four-county area. Mr. Calhoun is currently leading a resiliency program that will improve water, wastewater and district energy system reliability during extreme weather events like hurricanes.

Mr. Calhoun began his career in water/wastewater in 1993 with the City of Jacksonville Public Utilities as a project engineer and joined JEA in 1997 when the City's water and wastewater services were transferred to JEA. Mr. Calhoun served at the director level for 20 years, first with the Distribution and Collection team and most recently with Water, Wastewater and Reuse Treatment and District Energy Services.

Mr. Calhoun holds a Bachelor of Science degree in Environmental Engineering from the University of Florida and is a registered Professional Engineer in the State of Florida.

Steven G. McInall, Vice President and Chief, Energy and Water Planning. Mr. McInall is responsible for long-term planning for JEA's energy and water sectors, overseeing the development of a more than $1 billion capital program. Mr. McInall's groups are responsible for the Integrated Resource Plans for both the electric and water systems. He is responsible for JEA's renewable energy portfolio, including landfill gas and solar photovoltaic (PV). During his tenure, JEA's solar PV portfolio has grown from 12 MW to 39 MW, with five 50 MW facilities (250 MW) in the permitting and early construction stage. He is also responsible for economic development and real estate acquisitions and sales.

Mr. McInall has been with JEA since 2011, serving as the Director of the Electric Production Resource Planning Department, with oversight of the Electric Generation Planning, Fuels Management Services, Natural Gas Commercial Services and Byproducts Production Services areas, and as the Manager of Nuclear Generation Business.

Prior to joining JEA, Mr. McInall had a 27-year career at several regional and national engineering consulting firms, including Stone & Webster Engineering Corporation, Boston, and MACTEC Engineering and Consulting, in Tallahassee and Jacksonville. Clients included major U.S. utilities, such as Dominion Energy, Inc. and the Tennessee Valley Authority, as well as the U.S. Department of Energy and the U.S. Army Corps of Engineers.

Mr. McInall holds Bachelor and Master degrees in Nuclear Engineering from the Massachusetts Institute of Technology and a Master of Public Policy degree from Jacksonville University. He is a licensed Professional Engineer in Florida, Georgia, South Carolina, North Carolina, Massachusetts, New Hampshire and Vermont. He is also a Leadership in Energy and Environmental Design (LEED) Accredited Professional, in Building Design and Construction. Mr. McInall is on the Board of the North Florida Chapter of the US Green Building Council, and the Jacksonville University Public Policy Institute. He is vice-chair of the St Johns County Citizens Flood Mitigation Advisory Committee

Sherry L. Hall, Vice President and Chief Government Affairs Officer. Sherry Hall brings more than 20 years of business, government and strategic communication expertise to her role as Vice President and Chief Government Affairs Officer at JEA, a role she began in July 2019. She has successfully managed legislation, policies, communication and strategic planning for a number of governmental and private entities throughout her career.

Ms. Hall previously has worked for the City of Jacksonville Department of Public Works and as Director of Communications for the City's Water and Sewer Expansion Authority. She then served as Policy Director for Mayor John Peyton, where she spearheaded legislative efforts in support of the Mayor's key initiatives. Most recently, she served as the Chief Administrative Officer for the Duval County Tax Collector, a position in which she oversaw the daily management of all operations.

Prior to her career in public service, Ms. Hall was Marcom and Public Relations Client Services Manager for BurdetteB2B (now known as Burdette Ketchum). She also formerly held the position of Account Executive in the sports and consumer brand marketing divisions at Ketchum in Atlanta, one of the world's largest public relations agencies.

Ms. Hall earned a Bachelor of Science in Public Relations, with honors, from the University of Florida.

Kerri Stewart, Vice President and Chief Customer Officer. Ms. Stewart joined JEA as Chief Customer Officer in 2017, bringing more than 14 years of experience to the organization. Previously, Ms. Stewart served as Chief of Staff for Jacksonville, Florida Mayor Lenny Curry, providing policy and public affairs guidance to the mayor.

Prior to returning to the City, Ms. Stewart was a Partner and Senior Vice President at Infinity Global Solutions. Drawing on her extensive experience in both the public and private sectors, she focused on assisting clients in the areas of government privatization, public infrastructure development, general management consulting and government relations. She also served as interim president of Visit Jacksonville, Local Initiative Support Corporation (LISC) and Cultural Council of Greater Jacksonville as part of her management consulting practice.

Prior to joining IGS, Ms. Stewart served as the Chief Administrative Officer for the City of Jacksonville/Duval County, Florida under Mayor John Peyton and Mayor Alvin Brown. In this role, she oversaw day-to-day government operations for the City, including directing a nearly 5,000-member workforce and managing the $1 billion municipal budget and $164 million annual capital improvement plan. During her first tenure with the City, Stewart led several successful privatization studies and implementations; and she has shared her experiences in this area at a variety of conferences and other professional venues.

During her years of public service, Ms. Stewart also served as director of the City's Housing and Neighborhoods Department, created the Office of Operational Efficiency (now known as the Inspector General's Office), and served as a policy advisor to Mayor Peyton.

Prior to joining the City, Ms. Stewart worked as a Program Manager for Alltel Information Systems in Leeds, UK and Jacksonville, Florida. She is a graduate of the University of North Florida's Coggin School of Business with a bachelor's degree in Business Administration, double-majoring in Marketing and Management.

Ted E. Hobson, Vice President and Chief Compliance Officer. Mr. Hobson joined JEA in 1973 and has overall responsibility for development, implementation and maintenance of JEA's Compliance Programs including NERC Electrical Standards, NERC Critical Infrastructure Protection (CIP) standards, FACTA regulations and other related federal and state regulations. He is also responsible for JEA's Physical Security department as well as Audit Services and Enterprise Risk Management. Mr. Hobson is currently on the Board of Directors of TEA and is JEA's representative on the TEA Settlement and Operating Committee. Mr. Hobson is JEA's alternate board member for the Florida

Electric Reliability Coordinating Council ("FRCC") and the alternate board member for the Florida Electric Coordinating Group (FCG). Additionally, Mr. Hobson currently serves on the Board of Directors of the Jacksonville Museum of Science and History.

Mr. Hobson's previous position was Director of Energy Delivery, where he was responsible for all electric field activities including overhead and underground line work, system protection and controls, substation maintenance and the 24-hour operation of the JEA power system including generation commitment and dispatch, transmission operation and security and interchange services with other utilities. During his over 40 years with JEA, he has worked in the areas of distribution, engineering, trouble dispatching, system operations and system planning. Mr. Hobson has served as JEA's representative to the FRCC for over 15 years and was chair of the Operating Committee for six years. He has also served on various North American Electric Reliability Corporation ("NERC") committees and subcommittees and is a past chair of the NERC Compliance and Certification Committee.

Mr. Hobson holds a BSEE from the University of Florida, and is a registered Professional Engineer in the State of Florida.

Lynne Rhode, Vice President, Chief Legal Officer. Ms. Rhode has 14 years of legal experience in the public and private sectors, primarily in environmental and natural resources law and also in administrative, civil litigation, general corporate, lobbying and government affairs, and zoning law. She has most recently practiced transactional, regulatory and corporate law with a prominent Jacksonville law firm.

Ms. Rhode is employed with the City's Office of General Counsel and is the lead attorney assigned exclusively to JEA. Pursuant to the Charter, the Office of General Counsel is responsible for providing and overseeing all legal services to JEA. The Office of General Counsel represents the City's consolidated city-county government, which includes the independent agencies, constitutional officers, City Council members, Mayor, executive branch departments and over 30 boards, commissions, and agencies. Ms. Rhode provides counsel to JEA on various legal matters and oversees JEA's outside counsel engagements.

Prior to relocating to Jacksonville, Ms. Rhode served as Senior Assistant Attorney General and Section Chief of the Environmental and Natural Resources Division of the Virginia Attorney General's Office. She led a team of eight attorneys and staff providing counsel to the environmental health, environmental and natural resources agencies of the Commonwealth of Virginia; advising on administrative, compliance, contract, enforcement, labor and employment, permitting, procurement, rulemaking, and other legislative issues.

Ms. Rhode has served as a guest professor at the William and Mary School of Law Coastal Policy Clinic and on the Virginia Department of Environmental Quality's Combustion Regulatory Advisory Panel and Small Solar Working Group.

Ms. Rhode is a member of the Florida and Virginia bars. She is a graduate of the North Carolina Fellows Leadership Program and the Sorenson Institute Political Leaders Program. She holds a Bachelor of Arts in Economics from the University of North Carolina at Chapel Hill, where she was a John Motley Morehead Scholar; a Juris Doctor degree from the University of Virginia; and a Master of Science in Regulation from the London School of Economics and Political Science.

Jonathan A. Kendrick, Vice President and Chief Human Resources Officer. Mr. Kendrick joined JEA in April 2019 after previously working as a Human Resources Business Partner from 2015 – 2017 where he was instrumental in providing strategic direction for the JEA Customer Experience, Technology Services and Compliance business units.

Mr. Kendrick has more than 25 years of human resources experience that spans healthcare, financial services, transportation, utility and technology industries. He most recently served as the Human Resources Director for Yusen Logistics (Americas), Inc., in Jacksonville.

Mr. Kendrick holds certifications as a Senior Professional in Human Resources (SPHR) and as a Senior Certified Professional from the Society for Human Resource Management (SCP-SHRM). He has a bachelor's degree in Economics from the University of Florida and a Master of Divinity from New Orleans Baptist Theological Seminary

Mr. Kendrick was also a commissioned officer in the U.S. Coast Guard Reserve where he led an expeditionary unit and served in both Operation Enduring Freedom & Iraqi Freedom.

Shawn W. Eads, Vice President and Chief Information Officer. Mr. Eads is Vice President and Chief Information Officer. In this role, he is responsible for JEA's information technology ("IT") strategy and the computer systems required to support the organization's unique objectives and goals.

Mr. Eads has over 22 years of experience in the IT industry. Most recently, he served as Senior Director for IT at GE Appliances, where he led various responsibilities including Oracle ERP, Risk & Compliance, Predictive Analytics, Engineering Systems, Vendor Management, Enterprise Architecture, Innovation and New Product Introduction. While working in the Home Appliances industry, Mr. Eads spent time developing solutions for home energy management. One example includes integrating smart meters via the cloud with home appliances to respond to time of use pricing and demand management events. Prior to his 13-year career at GE Appliances, Mr. Eads held IT roles with Accenture and GE Aircraft Engines.

Mr. Eads holds a Bachelor of Science degree in Chemical Engineering from Rose-Hulman Institute of Technology, and earned his MBA at Xavier University.

John P. McCarthy, Vice President and Chief Supply Chain Officer. Mr. McCarthy is responsible for leading JEA's supply chain strategy and operations. His responsibilities include JEA's facilities, fleet, procurement, inventory management, investment recovery, emergency management planning and recovery and utility locates groups. The team ensures JEA's material readiness is at the highest levels and lowest cost, while ensuring corporate funds are committed under ethical standards to deliver the greatest value to JEA in compliance with state and local laws.

Mr. McCarthy joined JEA in 2002 after a successful 20-year career as a U.S. Navy Supply Officer. During his 18 years at JEA, he has served in various leadership roles within the procurement and logistics groups including an initial assignment as a Procurement Project Coordinator where he developed an aggregated sourcing model adopted by seven different utility companies. This resulted in the strategic sourcing of over $400 million over a ten-year period. Other notable roles include JEA's Chief Procurement Officer and Incident Command Logistics Section Chief where he implemented advanced contract negotiation processes and a hurricane preparedness strategy for critical storm materials, providing 100 percent on-site material availability for the restoration periods following Hurricanes Matthew and Irma. He also served as JEA's United Way Campaign Chairman.

Mr. McCarthy received his B.S. degree from the U.S. Naval Academy, and an M.B.A. degree from The Ohio State University. He is a member of Leadership Jacksonville, class of 2013, and holds advance certificates in executive contract negotiations and supply chain strategy and management from the Massachusetts Institute of Technology Sloan School of Management.

Paul K. Steinbrecher, Vice President and Chief Environmental Services Officer. Mr. Steinbrecher is responsible for leading JEA's Environmental Services group. Core group functions include environmental permitting and compliance assistance for JEA's numerous electric and water business facilities, environmental incident response and reporting, due diligence, waste management and remediation, wetlands and wildlife issues, industrial pretreatment and other programs in which JEA serves as an environmental regulatory agency, and full service environmental laboratory functions to support the enterprise's extensive monitoring and environmental reporting activities. In this role he leads the organization in ensuring the highest levels of environmental compliance and incorporation of sustainability into all JEA's planning activities.

Mr. Steinbrecher's career has focused on finding and advancing cost effective environmental and engineering solutions for utilities, business and industry and governments. Mr. Steinbrecher joined JEA in 2001. He is highly active on Florida environmental policy and regulatory issues, currently serving as President of the Florida Water Environment Association Utility Council and as a national board member of the WateReuse Association. He is also a long-term member of the Florida Electric Power Coordinating Group Environmental Committee. Based on his prior experience, he also helps lead the utility in forward thinking water resource solutions.

Prior to joining JEA Mr. Steinbrecher was a process engineer and program manager for CH2M Hill, designing water and wastewater systems and assisting industries and municipalities with environmental projects worldwide. Mr. Steinbrecher holds BS and MS degrees in Civil Engineering from Valparaiso University and the University of Arkansas, respectively. He is a registered professional engineer in Florida and a member of the Leadership Jacksonville, class of 2015.

Employees

The employees of JEA are considered to be governmental (public) employees and, as such, have the right to organize, be represented and bargain collectively for wages, hours and terms and conditions of employment, as provided in Chapter 447, Part II, Florida Statutes. Florida state law prohibits strikes and concerted work slowdowns by governmental (public) employees. Pursuant to the Charter, JEA has full and independent authority to hire, transfer, promote, discipline, terminate and evaluate employees and, consistent with the provisions of the Charter relating to civil service, to establish employment policies relating to hiring, promotion, discipline, termination and other terms and conditions of employment, to enter into negotiations with employee organizations with respect to wages, hours and terms and conditions of employment and to take such other employment related action as needed to assure effective and efficient administration and operation of its utilities systems. The Council is the legislative body with authority to approve or not approve collective bargaining agreements and to resolve any statutory impasses that may arise from collective bargaining.

As of October 1, 2019, JEA had 2,158 budgeted employee positions (exclusive of the Power Park (as defined in the Electric ADR) employees referred to below), of which 625 were budgeted to the Water and Sewer System, six were budgeted to the District Energy System, and 1,527 were budgeted to the Electric System. Except for the Management Team and a minor number of contract employees, such employees have civil service status.

Approximately 1,559 employees are covered by five collective bargaining agreements. These employees are represented by the American Federation of State, County, and Municipal Employees ("AFSCME"), the International Brotherhood of Electrical Workers ("IBEW"), Local 2358 and the Northeast Florida Public Employees, Local 630, Laborers' International Union of North America ("LIUNA"), all of which are affiliated with the AFL-CIO, and by a professional employees' association (the "PEA," Professional Employees Association) and a supervisors' association (the "JSA," Jacksonville Supervisors Association) that have no AFL-CIO affiliation. JEA has collective bargaining agreements with all the collective bargaining agents, and all of the collective bargaining agreements have been ratified and approved by the legislative body, the Council, and are effective through September 30, 2022.

Pension

Substantially all of JEA's employees participate in the City's general employees pension plan ("GEPP"). See Note 12 to JEA's Financial Statements set forth in APPENDIX A to this Annual Disclosure Report for a discussion of certain information on the City's plan. The Actuarial Valuation as of October 1, 2017 for the City's GEPP (the "2017 Actuarial Valuation Report") and the Actuarial Valuation as of October 1, 2018 for the City's GEPP (the "2018 Actuarial Valuation Report") are available for viewing and downloading from the City's website link:(http://www.coj.net/departments/finance/retirement-system/gasb-and-plan-valuation-statements) and selecting the October 1, 2017 Valuation or the October 1, 2018 Valuation, respectively, under "General Employees Retirement Plan."

For the five Fiscal Years ended September 30, 2015, 2016, 2017, 2018 and 2019, JEA contributed $40,179,000, $43,156,000, $48,942,000, $35,459,523 and $33,855,607 to the GEPP.

Preparation of the Actuarial Valuation as of October 1, 2019 for the City's GEPP has not been completed as of the date of the Annual Disclosure Report. The following discussion is based on the 2018 Actuarial Valuation Report and the 2017 Actuarial Valuation Report, the latest two available.

JEA expects that its annual contributions to GEPP will be at lower levels in the near term than it had been for Fiscal Year Ended September 30, 2017 primarily due to the recognition of a pension liability surtax beginning with Fiscal Year Ended September 30, 2018 and then it expects its annual contributions to GEPP to increase over the longer-term as a result of the expected increase in the GEPP's unfunded actuarial accrued liability. JEA expects that the GEPP's unfunded actuarial accrued liability and JEA's portion of that unfunded liability will continue to increase over the near term primarily due to a delay in receipt of the revenues from the pension liability surtax.

For the Fiscal Year ended September 30, 2018, the aggregate unfunded actuarial accrued liability for the GEPP was $1,175,135,210, which represented an increase of $93,821,769 from an aggregate unfunded actuarial accrued liability for the GEPP for the Fiscal Year ended September 30, 2017 of $1,081,313,441. For the Fiscal Year ended September 30, 2017, the aggregate unfunded actuarial accrued liability for the GEPP was $1,081,313,441, which represented an increase of $56,816,369 from an aggregate unfunded actuarial accrued liability for the GEPP for the Fiscal Year ended September 30, 2016 of $1,024,497,072. JEA was informed by the City that the actuary for the GEPP calculated (i) JEA's allocated share of the unfunded actuarial accrued liability for the GEPP reported for Fiscal Year 2018 of $565,792,869 (an increase of $42,416,322 from JEA's allocated share for Fiscal Year 2017) of the aggregate amount of $1,175,135,210 and (ii) JEA's allocated share of the unfunded actuarial accrued liability for the GEPP reported for Fiscal Year 2017 of $523,376,547 (an increase of $28,552,073 from JEA's allocated share for Fiscal Year 2016) of the aggregate amount of $1,081,313,441. The actuarial accrued liability is an estimate by the actuary for GEPP of the present value of the amount of earned benefit payments that GEPP will pay to retirees during retirement. The unfunded actuarial accrued liability represents the amount that the actuarial accrued liability exceeds assets in GEPP available to pay those benefit payments. These figures are based on numerous assumptions, such as retirement age, mortality rates, and inflation rates, and use numerous methodologies all of which can cause the actual performance of the GEPP to differ materially from the estimates of the actuary in any actuarial valuation. However, based on the current unfunded actuarial accrued liability of the GEPP, JEA expects that its annual contributions to GEPP will be increasing over the near future to fund its portion of the unfunded amount.

JEA also provides a medical benefits plan that it makes available to its retirees.

See Note 12, Note 13 and pages 104-111 of JEA's Financial Statements set forth in APPENDIX A to this Annual Disclosure Report for a discussion of the pension plans, "other post-employment benefit" plan and actuarial accrued liability.

Certain Demographic Information

Under Florida law, the City and Duval County are organized as a single, consolidated government. Based upon the 2010 United States Census, the consolidated City is the most populous city in the State of Florida. The City covers 840 square miles and is one of the largest cities in area in the United States.

The Jacksonville Metropolitan Statistical Area ("MSA") is composed of Duval, Clay, Nassau, St. Johns and Baker Counties, an area covering 3,202 square miles. The U.S. Census Bureau estimates that the Jacksonville MSA had a population of 1,534,701 as of July 1, 2018. The Jacksonville MSA is currently the fourth most populous MSA in the State of Florida. The table below shows population for the Jacksonville MSA.

Population

Year	**Jacksonville MSA**
1980	722,252
1990	906,727
2000(1)	1,122,750
2010	1,345,596
2018	1,534,701

Source: United States Census Bureau
(1) Baker County was included in the Jacksonville MSA starting with the 2000 United States census.

The economy of the Jacksonville MSA contains significant elements of trade and services, transportation services, manufacturing, insurance and banking and tourism. The Port of Jacksonville is one of the largest ports on the South Atlantic seaboard and in terms of tonnage ranks third in the State of Florida. A number of insurance and banking companies maintain regional offices in the City. The tourism and recreational facilities in the City include an arena, a performing arts center, a convention center, TIAA Bank Field (the home field of the National Football League's Jacksonville Jaguars), a baseball park, numerous golf courses and resorts and various recreational facilities at the beaches. Two large United States Navy bases are located in the City.

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The table below sets forth the annual, not seasonally adjusted, labor force, employment and unemployment figures for the Jacksonville MSA and comparative unemployment figures for the State of Florida and the United States for the most recent 10 years ended December 2018.

	Jacksonville MSA Labor Force			Unemployment Rate (%)	
Year	**Civilian**	**Employment**	**Unemployment Rate (%)**	**Florida**	**U.S.**
2009	681,026	612,993	10.0	10.4	9.3
2010	697,120	622,208	10.7	11.1	9.6
2011	701,533	633,405	9.7	10.0	8.9
2012	704,090	646,370	8.2	8.5	8.1
2013	709,351	659,773	7.0	7.2	7.4
2014	715,253	670,631	6.2	6.3	6.2
2015	719,098	680,375	5.4	5.5	5.3
2016	735,832	701,636	4.6	4.8	4.9
2017	760,298	729,627	4.0	4.2	4.4
2018	773,492	747,223	3.4	3.6	3.9

Source: Florida Research and Economic Information Database Application, http://freida.labormarketinfo.com/default.asp.

The table below shows the estimated average non-agricultural wage and salary employment by sector for the Jacksonville MSA for the calendar year 2018.

	Number of Employees	**Percent of Distribution**
Trade, Transportation and Utilities	150,400	21.2
Professional and Business Services	108,000	15.2
Education and Health Services	107,500	15.2
Leisure and Hospitality	85,500	12.1
Government	77,000	10.9
Finance	67,000	9.5
Construction	45,400	6.4
Other Services[(1)]	36,300	5.1
Manufacturing	31,400	4.4
Total Non-Agricultural Employment (Except Domestics, Self-Employed and Unpaid Family Workers)	708,500	100.0

Source: United States Department of Labor.
[(1)] Consists of other services, information and natural resources and mining.

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The following table lists the 10 largest non-governmental employers in the Jacksonville MSA and the approximate size of their respective work forces.

Name of Employer	Product or Service	Approximate No. of Employees
Baptist Health System	Healthcare	10,500
Bank of America / Merrill Lynch	Banking	8,000
Florida Blue	Health Insurance	7,000
Mayo Clinic	Healthcare	6,000
Southeastern Grocers	Supermarkets	5,700
St. Vincent's Healthcare	Healthcare	5,300
Citibank	Banking	4,200
JP Morgan Chase	Banking	3,900
UF Health Jacksonville	Healthcare	3,600
Wells Fargo	Banking	3,500

Source: Jacksonville Regional Chamber of Commerce Research Department employer survey, fall 2012, as partially amended through December 2018.

The following table lists the eight largest governmental employers in the Jacksonville MSA and the approximate size of their respective work forces.

Name of Employer	Type of Entity/Activity	Approximate No. of Employees
Naval Air Station, Jacksonville	United States Navy	19,800
Duval County Public Schools	Public Education	11,876(1)
Naval Air Station, Mayport	United States Navy	9,000
City of Jacksonville	Municipal Government	7,471(2)
St. Johns County School District	Public Education	5,039(3)
Clay County School Board	Public Education	5,000
Fleet Readiness Center	Maintenance / Repair Overhaul	3,850
United States Postal Service	United States Government	3,800

Source: Jacksonville Regional Chamber of Commerce Research Department employer survey, fall 2012, as partially amended through December 2018.

(1) Duval County Public Schools website, full-time staff (http://www.duvalschools.org/domain/5268)

(2) City of Jacksonville Annual Budget 2018-19 (http://www.coj.net/departments/finance/docs/budget/fy18-19-proposed-budget-website.aspx)

(3) St. Johns County School District website (http://www.stjohns.k12.fl.us/about/)

Indebtedness of JEA

The indebtedness of JEA relating to its Water and Sewer System as of the date of this Annual Disclosure Report consists of Water and Sewer System Bonds and Subordinated Water and Sewer System Bonds (as such terms are hereinafter defined) and borrowings under the Revolving Credit Facility for the account of the Water and Sewer System. See, "WATER AND SEWER SYSTEM - *FINANCIAL INFORMATION RELATING TO WATER AND SEWER SYSTEM* - Debt Relating to Water and Sewer System" herein. The indebtedness of JEA relating to the District Energy System currently consists of District Energy System Bonds (as such term is hereinafter defined) and borrowings outstanding under the Revolving Credit Facility for the account of the District Energy System. See "DISTRICT ENERGY SYSTEM - *FINANCIAL INFORMATION RELATING TO DISTRICT ENERGY SYSTEM* - Debt Relating to the District Energy System" herein. For information regarding the Revolving Credit Facility, see "OTHER FINANCIAL INFORMATION - Revolving Credit Facilities" herein. As described under "INTRODUCTION - General" herein, and except as described under "WATER AND SEWER SYSTEM - *FINANCIAL INFORMATION RELATING TO WATER AND SEWER SYSTEM* - Debt Relating to Water and Sewer System - *Water and Sewer System Support of the District Energy System Bonds*" herein, the debt of JEA relating to its Electric

System, the debt of JEA relating to the Water and Sewer System and the debt of JEA relating to the District Energy System are payable from and secured by separate revenue sources. Accordingly, (a) except as described under "WATER AND SEWER SYSTEM - *FINANCIAL INFORMATION RELATING TO WATER AND SEWER SYSTEM* - Debt Relating to Water and Sewer System - *Water and Sewer System Support of the District Energy System Bonds*" herein, the information contained in this Annual Disclosure Report relating to JEA's Water and Sewer System is not relevant to the Electric System Bonds (as described in the Electric ADR), the Subordinated Electric System Bonds (as described in the Electric ADR), Power Park Issue Three Bonds (as described in the Electric ADR), Additional Bulk Power Supply System Bonds (as described in the Electric ADR) or the District Energy System Bonds and should not be taken into account in evaluating such debt; and (b) the information contained in this Annual Disclosure Report relating to the District Energy System is not relevant to the Electric System Bonds, the Subordinated Electric System Bonds, the Power Park Issue Three Bonds, the Additional Bulk Power Supply System Bonds, the Water and Sewer System Bonds or the Subordinated Water and Sewer System Bonds.

The description of the debt of JEA contained herein and of the documents authorizing, securing and relating to such debt do not purport to be comprehensive or definitive. All references herein to such documents are qualified in their entirety by reference to such documents.

For a detailed description of the outstanding debt of JEA as of September 30, 2019, see Note 8 to the financial statements of JEA set forth in APPENDIX A attached hereto.

Forward-Looking Statements and Associated Risks

This Annual Disclosure Report contains forward-looking statements, including statements regarding, among other items, (a) anticipated trends in JEA's business and (b) JEA's future capital requirements and capital resources. These forward-looking statements are based on, among other things, JEA's expectations and are subject to a number of risks and uncertainties, certain of which are beyond JEA's control. Actual results could differ materially from those anticipated by these forward-looking statements. In light of these risks and uncertainties, there can be no assurance that events anticipated by the forward-looking statements contained in this Annual Disclosure Report will in fact transpire.

JEA's independent certified public accountants have not examined, compiled or otherwise applied procedures to the forward-looking statements or financial forecasts presented herein and, accordingly, do not express an opinion or any other form of assurance on such forward-looking statements or financial forecasts.

Privatization of JEA

At the JEA Board meeting on November 28, 2017, a JEA Board member requested that the JEA Board and the City consider the financial benefits that would result from a privatization of JEA's Electric System, Water and Sewer System and District Energy System and whether the customers of JEA and the people of the City would be better served by the private marketplace.

JEA commissioned Public Financial Management to prepare a report to inform the JEA Board, the City and the public as to several important considerations that must be evaluated in order to make any decisions regarding JEA's future. In early 2018, the Council appointed a special committee ("Special Committee") consisting of the 19 members of the Council to examine and understand all aspects and implications of a potential sale or restructuring of JEA and to gather the relevant facts and community considerations the Council should consider in any decisions related to a potential sale of JEA. The Special Committee met regularly through July 25, 2018 to ensure a transparent and open process for the citizens of the City as to the consideration of a potential sale of JEA and published a final report addressing its findings as of that date.

On April 26, 2018, Mayor Curry stated that he will not submit any JEA privatization plan to the Council. Effective December 10, 2018, the Council amended the Charter to require referendum approval of the terms and conditions of the sale of any function or operation which comprises more than ten percent of the total of the JEA utilities system to any other utility, public or private and has been approved by the Council.

On October 30, 2019, the Council announced a series of fact-finding workshops on JEA, beginning on November 6, 2019 and continuing twice monthly through May 2020. At the Council's November 25, 2019 workshop, the Mayor stated he believes the limitations of a government-run utility monopoly do not serve the best interests of our community in the long term, that he has full confidence in the JEA Board to see the JEA strategic planning process through and that he would oppose any effort to stop the planning process.

Strategic Planning

JEA is actively engaged in strategic planning. As part of its planning process, JEA is considering various options with respect to its business which include potential rate increases and/or the redemption or defeasance of various debt obligations of JEA. Consistent with this focus, JEA has launched its Strategic Asset Realignment Plan ("STAR Plan"), a plan designed to accelerate debt repayment through 2023. In connection with the plan, JEA has proposed to utilize a combination of current and future year net revenues and available cash and investments in order to accelerate debt repayment. Due to the expected reduction in cash and investment balances, JEA has also increased the size of its Revolving Credit Facility by $200,000,000 for a total commitment equal to $500,000,000. See "OTHER FINANCIAL INFORMATION – Revolving Credit Facilities" for additional information. In February 2019, JEA retired $94,955,000 of Water and Sewer System debt, and in October 2019, JEA retired an additional $45,425,000 of Water and Sewer System debt as part of this effort. Future redemptions or defeasance of Water and Sewer System debt are subject to availability of funds and Board approval. In addition to the STAR Plan, JEA is also evaluating cost cuts and changes to its rate structure designed to mitigate the impact of these sales trends.

As part of the strategic planning process, JEA identified five potential outcomes to be explored and presented to the Board one of the following five options:

1) Scenario #1: Status Quo Plan – The Status Quo case reflects a scenario whereby JEA maintains a business as usual strategic plan. This approach necessitates rate increases to customers as the primary lever for dealing with anticipated income shortfalls;

2) Scenario #2: Traditional Utility Response Plan – The Traditional Utility Response Plan reflects a strategic plan that implements many of the same tools JEA has utilized over the past 10 years (2006 – 2019). JEA would pursue a combination of cost cuts, headcount reduction, a deferral of capital investment in the community, and rate increases to customers;

3) Scenario #3: Community Ownership Plan – The Community Ownership scenario involves changing JEA's ownership structure to a customer owned entity. This would be different than JEA's current ownership where it is a separate body politic of the State of Florida controlled by Article 21 of the Charter of the City;

4) Scenario #4: Initial Public Offering (IPO) Plan – The initial public offering scenario would convert JEA into a publicly traded company by recapitalizing the business through offering stock to the public; or

5) Scenario #5: Strategic Alternative from the Invitation to Negotiate #127-19 for Strategic Alternatives ("ITN") discussed below – This scenario anticipates a potential conversion of JEA to one of four types of non-governmental ownership:

- conversion of JEA to a corporation and a placement of equity shares with private sector investors such as pension funds or investor funds;

- conversion of JEA to a corporation and a tech-focused company buys a controlling interest in JEA;

- conversion of JEA to a corporation and a vertically integrated oil and gas company purchases a controlling interest in JEA;

- conversion of JEA to a corporation and the purchase of a controlling interest in JEA by an investor owned utility company.

As of the date of this Annual Disclosure Report, JEA has completed the work and analysis necessary to outline plans and anticipated results for Scenario one: Status Quo and Scenario two: Traditional Utility Response. These plans and anticipated results were presented in-depth at the May 28, 2019, and June 25, 2019, JEA Board meetings.

Invitation to Negotiate

As part of the ongoing strategic planning process and following a multi-month review of various strategic scenarios, at its July 23, 2019 Board meeting, the JEA Board unanimously approved a resolution authorizing the Managing Director and Chief Executive Officer of JEA to take any and all actions in connection with the evaluation of potential opportunities for JEA to transition to a non-governmental utility structure and to undertake a competitive solicitation process for offers, proposals and/or options ("Proposals") from various industry sectors, including financial, technology and energy and water, for a non-governmental structure that JEA could develop in the coming months.

In accordance with such authorization, on August 2, 2019, JEA released its Invitation to Negotiate #127-19 for Strategic Alternatives requesting Proposals for non-governmental alternative structures. A copy of the ITN may be found on JEA's website at: www.jea.com/strategicalternatives. The reference to the ITN, the link and the information contained therein are provided solely for information purposes.

For a Proposal to be considered by JEA and its advisors, the JEA Board has stated that an offer made by an outside entity responding to JEA's ITN must meet certain minimum requirements, including:

- greater than $3 billion of unencumbered cash proceeds provided to the City; and

- greater than $400 million distributed to customers of JEA, with a minimum of $350.00 paid to each JEA customer account which would result in a minimum of $1,400.00 paid to customers with electric, water, sewer and irrigation accounts; and

- at least three years of contractually guaranteed base rate stability; and

- commitment to fund and provide the City and the Duval County Public Schools system with 100% renewable electricity by 2030; and

- commitment to fund and provide 40 million gallons per day of alternative water capacity for Northeast Florida by 2035; and

- acceleration of the vesting of certain employee retirement obligations in the event greater than $3 billion of unencumbered cash proceeds is provided to the City or at least 50% of the net depreciated property, plant and equipment value of either JEA's electric system or JEA's water and wastewater system is transferred, assigned, sold or otherwise disposed of; and

- guarantee of employee compensation and benefits at substantially the same as current levels for three years; and

- retention bonuses paid to all full-time employees in an amount equal to 100% of each employee's current base compensation; and

- commitment to establishing new headquarters and employees in downtown Jacksonville contributing to the economic development of the Jacksonville metropolitan area.

On October 7, 2019, JEA accepted 16 bids in response to the ITN. On October 14, 2019, the evaluation team announced that JEA would commence negotiations with nine respondents (the "Respondents"). The City Deputy Chief Administrative Officer, City Treasurer and City Engineer will serve on the negotiating team responsible for reviewing revised replies, negotiating with Respondents throughout the negotiation phase of the ITN process, and making a potential recommendation to the JEA Board. The receipt of revised replies to the ITN is part of a lengthy and proscribed process and no determination has been made at this time as to whether or not JEA will pursue any of the non-governmental alternative structures proposed by the Respondents.

As indicated above, any potential sale or similar transaction regarding JEA's Electric System, Water and Sewer System, and District Energy System would currently require the approval of the Council as well as a referendum approval of the terms and conditions of the sale of any function or operation which comprises more than ten percent of the total of the JEA utilities system to any other utility, public or private. If the JEA Board were to approve proceeding with a non-governmental alternative structure after review of the Proposals, it is expected that such non-governmental alternative structure could be brought to the Council for approval sometime after March 2020 and, if the Council approves such nongovernmental alternative structure, such structure could be brought for voter approval in mid-2020 or sometime thereafter.

At this time, JEA is unable to predict the likelihood of a sale or similar transaction, the effect of a sale or similar transaction on the Electric System, the Water and Sewer System, the District Energy System or any or all of JEA's Systems, the timetable for a sale or similar transaction (other than as provided in the paragraph above), or how, if at all, the holders of JEA's bonds may be impacted by any actions that the JEA Board may take in connection with such a sale or similar transaction. JEA also cannot determine what additional action, if any, may be taken by the JEA Board, the City Council or the City relating to a sale or similar transaction of JEA.

WATER AND SEWER SYSTEM

WATER AND SEWER SYSTEM FUNCTIONS

General

The Water and Sewer System consists of (a) facilities for the provision of potable water (hereinafter referred to as the "Water System"), (b) facilities for the collection and treatment of wastewater (hereinafter referred to as the "Sewer System") and (c) facilities for the treatment and distribution of reclaimed water (herein referred to as the "Reclaimed Water System"). The Water and Sewer System provides water and sewer service within the urban and suburban areas of the City, other than certain excluded areas described below. The Water and Sewer System's service territory extends into St. Johns County, which is southeast of the City, and Nassau County, which is north of the City, and also serves a number of customers in Clay County, which is southwest of the City. It is JEA's policy to serve any customer requesting service within its urban and suburban service area. Investor-owned utilities must file a petition with the Public Service Commission in order to provide water or wastewater service within the City, and JEA would object to any petition for expansion of investor-owned utility service areas unless it otherwise determines that it would be in JEA's interest not to do so.

The Water System, which served an average of 355,635 customer accounts and 14,267 reuse water customers, respectively, in the Fiscal Year ended September 30, 2019, currently is composed of 38 water treatment plants and two repump facilities, 137 active water supply wells, approximately 4,806 miles of water distribution mains and water storage capacity of 83 million gallons (including the repump facilities). The overall peak capacity of the Water System is approximately 319 million gallons per day ("mgd"), and the Water System experienced an average daily flow of approximately 117 mgd and a maximum daily flow of approximately 173 mgd during the Fiscal Year ended September 30, 2019. Water supply is from the Floridan Aquifer, one of the most productive aquifers in the world, which provides high quality water. Total Water System sales revenues (including water capacity fees) during the Fiscal Year ended September 30, 2019 were approximately $189,385,000 (see "WATER AND SEWER SYSTEM - *FINANCIAL INFORMATION RELATING TO WATER AND SEWER SYSTEM* - Schedules of Debt Service Coverage" herein).

The Sewer System, which served an average of 277,815 customer accounts in the Fiscal Year ended September 30, 2019, currently is composed of 11 wastewater treatment plants that have a rated average daily treatment capacity of approximately 123 mgd and a maximum daily flow capacity of approximately 247 mgd, approximately 1,482 pumping stations, approximately 754 low pressure sewer units and approximately 4,113 miles of gravity sewers and force mains. The Sewer System experienced an average daily flow of approximately 76 mgd and a non-coincident maximum daily flow of approximately 106 mgd during the Fiscal Year ended September 30, 2019. Total Sewer System sales revenues (including sewer capacity fees) during the Fiscal Year ended September 30, 2019 were approximately $293,416,000 (see "WATER AND SEWER SYSTEM - *FINANCIAL INFORMATION RELATING TO WATER AND SEWER SYSTEM* - Schedules of Debt Service Coverage" herein).

Since the transfer of the Water and Sewer System from the City to JEA in 1997, JEA has acquired the assets and customers of seven privately-owned water and sewer companies and one governmentally-owned water and sewer utility. From time to time, JEA may explore other potential acquisition opportunities but presently has no plans to do so.

In July 1999 JEA entered into a 10-year interlocal agreement with St. Johns County in connection with JEA's acquisition of JCP Utility Company, a standalone water and wastewater utility located wholly within St. Johns County. In September 2001 the agreement was extended to 30 years and amended to include JEA's acquisition of the entire utility system of United Water Florida, Inc., which included those portions of United Water Florida's water and wastewater operations located within St. Johns County. In connection with the 2001 amendment, JEA made an up-front payment in December 2001 to St. Johns County in the amount of the net present value of five percent of JEA's projected gross revenues from the retail sale of water and wastewater (excluding reclaimed water) which JEA expected to realize in providing such services for the next 10 years in St. Johns County, calculated to be $3,616,576. Under the terms of the interlocal agreement, subsequent utilities were purchased under the interlocal agreement and St. Johns County granted JEA the right to: 1) provide water and wastewater service to those customers in an acquired franchise area within St. Johns County, 2) provide water and wastewater service to additional areas in St. Johns County not currently served by either the St. Johns County Water and Sewer Department or other water and wastewater utilities and 3) acquire, in JEA's sole discretion, other private utilities in northern St. Johns County. Under the original terms of the interlocal agreement, at the end of each 10-year anniversary of this 30-year interlocal agreement with St. Johns County, JEA will calculate a "true-up" to adjust for the net present value of the actual retail revenues realized if the revenues exceed the projected revenues during the 10-year period. Additionally, after the 10-year and 20-year anniversaries of the agreement, JEA agrees to pay St. Johns County the net present value of five percent of the projected water and wastewater retail revenues that JEA expects to receive for the ensuing 10-year period. Based on this methodology, JEA paid St. Johns County $12,176,152 on January 11, 2012 for both components related to the first 10-year anniversary. St. Johns County disputed JEA's methodology for computing the true-up payment related to the first 10-year anniversary, and the parties entered mediation and resolved the issue, with the result that future payments will be made on an annual basis. Pursuant to the 1999 interlocal agreement, St. Johns County was granted a purchase option with regard to the St. Johns County utility system. The 1999 interlocal agreement further provided St. Johns County 90 days from receipt of written notice from JEA within which to enter into negotiations for purchase of the utility system. On September 27, 2019, JEA gave notice to St. Johns County of the commencement of the 90-day period. On November 12, JEA extended that period by 45 days to February 10, 2020. The outcome of these negotiations remains uncertain.

In December 2001 JEA entered into a 30-year interlocal agreement with Nassau County in connection with JEA's acquisition of the entire utility system of United Water Florida, Inc., including those portions of United Water Florida's water and wastewater facilities located within Nassau County. JEA made an up-front payment in December 2001 to Nassau County in the amount of the net present value of five percent of JEA's projected gross revenues from the sale of water and wastewater (excluding reclaimed water) which JEA expected to realize in providing such services for the next 10 years in Nassau County, calculated to be $720,000. Under the terms of the interlocal agreement, Nassau County granted JEA the right to: 1) provide water and wastewater service to those customers in an acquired franchise area within Nassau County and 2) provide water and wastewater service to additional areas in Nassau County not currently served by either Nassau County or other water and wastewater utilities. At the end of each 10-year anniversary of this 30-year interlocal agreement with Nassau County, JEA will calculate a "true-up" based on the actual revenues realized during the 10-year period. If the revenues exceed the projected amount, JEA will pay Nassau County the amount that would have been due based on actual revenues. Additionally, after the 10-year and 20-year anniversaries of the agreement, JEA agrees to pay the county the net present value of five percent of the projected water and wastewater retail revenues that JEA expects to receive for the ensuing 10-year period. Based on this methodology, JEA paid Nassau County $3,480,556 on January 11, 2012 for both components related to the first 10-year anniversary. Pursuant to the 2001 interlocal agreement, Nassau County was granted a purchase option with regard to JEA facilities in Nassau County. The 2001 interlocal agreement provided Nassau County 90 days from receipt of written notice from JEA within which to enter into negotiations for purchase of the Nassau County facilities. On September 27, 2019, JEA gave notice to Nassau County of the commencement of the 90-day period and subsequently agreed to a 45-day extension which, will expire February 10, 2020. The outcome of these negotiations remains uncertain.

Area Served

Water System

The service territory of the Water System includes (a) virtually the entire City, other than the beach communities (Jacksonville Beach, Atlantic Beach and Neptune Beach), the Town of Baldwin, the active United States Navy facilities located within the City and those areas served by a community-owned water and wastewater utility that is not subject to jurisdiction of the Florida Public Service Commission ("PSC") and one investor-owned water utility and one investor-owned sewer utility that provide service within certificated territories under jurisdiction of the PSC, (b) approximately 143 square miles in St. Johns County and (c) approximately 620 square miles in Nassau County. In addition, the Water System serves a small number of customers in Clay County.

The Water System provides service in an area currently comprising approximately 769 square miles in Duval County, approximately 63 square miles in St. Johns County, approximately 77 square miles in Nassau County and approximately four square miles in Clay County. In the remaining areas of the Water System's service territory not currently served by the Water System, other cities, the Navy, the community-owned utility or investor-owned utility, water service is provided through privately owned and operated wells.

Customers of the Water System are charged for water service based upon customer classification (residential, non-residential or multi-family). Charges within each classification vary based upon meter size and monthly consumption.

Sewer System

The service territory for the Sewer System is essentially the same as that for the Water System; the area currently served by the Sewer System is approximately 76 percent of the service territory. In the remaining areas of the Sewer System's service territory not currently served by the Sewer System, other cities, the Navy, the community-owned utility or the investor-owned utility, wastewater service is provided through privately owned and operated septic tanks. Customers of the Sewer System are charged for sewer service based upon customer classification (residential, non-residential or multi-family). Charges within each classification vary and are based upon meter size and monthly flow. The Sewer System provides wholesale bulk sewer service to the investor-owned utility mentioned above and to two commercial customers.

Existing Facilities

Water System

The Water System consists of 20 major and 18 small water treatment plants and two repump facilities, and is divided into two major distribution grids: the north grid and the south grid (one on each side of the St. Johns River), and includes four minor distribution grids: Ponte Vedra, Ponce de Leon, Mayport and Nassau County. The major distribution grids are fully interconnected, which provides the Water System with a high degree of redundancy. The purpose of such interconnectivity is to provide sufficient water capacity at the least cost which meets JEA's desired level of customer service requirements and complies with water quality criteria while avoiding adverse impacts on the Floridan Aquifer. The Water System has 137 wells supplying the various water plants. Each plant consists of wells, aerators, ground storage tanks, water quality treatment and pH control and chlorination facilities. Control is by computer with regular operator oversight. The rated maximum daily treatment capacity of the Water System is approximately 305 mgd for the north and south grids together and 319 mgd for the total Water System, taking into consideration maintenance factors. Treatment at the water plants currently consists of aeration and detention to oxidize hydrogen sulfide and addition of sodium hypochlorite to adjust pH, provide disinfection and prevent biological growth in the water distribution system. JEA also uses packed tower forced draft aeration and ozone to treat hydrogen sulfide at several facilities.

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The following table shows the daily average and maximum flow capacities for the Fiscal Years ended September 30, 2015 through 2019:

Fiscal Year Ended September 30,	Average Daily Flow (mgd)	Maximum Daily Flow (Non-Coincident) (mgd)
2015	104	165
2016	111	154
2017	114	187
2018	112	152
2019	117	173

The following table shows the rated maximum daily treatment capacity during the Fiscal Year ended September 30, 2019 for each distribution grid:

Grid	Maximum Daily Treatment Capacity (mgd)
North grid	116
South grid	189
Other	14
Total	319

The water distribution system consists of approximately 4,806 miles of water distribution mains ranging from two to 36 inches in diameter. The water distribution mains are made of various materials, including polyvinyl chloride ("PVC"), galvanized steel, ductile iron, cast iron and asbestos cement. The majority of the water distribution mains are made of PVC, with less than one percent of the water distribution system being composed of asbestos cement pipe. Water quality monitoring in the areas containing asbestos cement pipe has shown all areas to be within the United States Environmental Protection Agency ("EPA") and the Florida Department of Environmental Protection ("FDEP") regulatory limits. The asbestos cement pipe has been in service for several decades, and JEA anticipates removal of this pipe from the Water System through routine replacement of aging water mains. Virtually all new water system distribution mains are constructed of PVC.

Total finished water storage capacity of the Water System is 83 million gallons. All water storage facilities are located at the various water treatment plants, including two repump facilities. The Water System does not utilize elevated storage tanks.

Water supply is from the Floridan Aquifer, one of the most productive aquifers in the world, with high quality water. The Floridan Aquifer covers most of Florida and parts of Georgia and South Carolina. The Floridan Aquifer should be capable of meeting JEA's needs well into the future; *provided* that JEA continues its three-part program and well water quality program described under "Regulation - *Public Water Supply System*" below. Some capital expenditures are required to maintain this capacity, but these expenditures are expected to be equal to or less than those experienced by other Florida water systems of similar size and with similar water supply. As of the date of this Annual Disclosure Report, water quality monitoring of JEA well fields has not detected the presence of any man-made compounds at actionable levels, and water quality impacts are limited to selected wells on the south grid from localized upwelling of trapped water from deep fissures - not the result of lateral salt water intrusion. JEA is the largest single user of water from the Floridan Aquifer in Duval County. Other major users include the paper industry and investor-owned utilities. JEA currently operates under one Consumptive Use of Water Permit ("CUP"). JEA expects that the current permitted withdrawal allocations should be sufficient to satisfy customer demands for the 20-year planning period, subject to compliance with the various conditions set forth in the CUP for 20 years from May 2011 to 2031.

Sewer System

The Sewer System consists of approximately 4,113 miles of gravity sewers and force mains. The gravity sewers range from six to 84 inches in diameter and the force mains range from three to 54 inches in diameter. Approximately 69 percent of the gravity sewers and force mains are made of PVC, with the remaining sewers and mains consisting of various materials including, among others, concrete, vitrified clay, ductile iron, cast iron and polyethylene. Virtually all new sewer system gravity sewers and force mains are constructed of PVC, and the majority of sewer system rehabilitation (using pipe bursting technology) is constructed of high density polyethylene.

The Sewer System has approximately 1,482 pumping stations, approximately 754 low pressure sewer units and 11 treatment plants ranging in rated average daily treatment capacity from 0.2 to 52.5 mgd. Each of the treatment plants provides a minimum of secondary treatment with biological nutrient removal utilized at the major treatment plants. All sludge from the treatment plants is pumped or trucked to either permitted land application sites or a JEA-owned biosolids processing facility for anaerobic digestion, centrifuge dewatering and pelletization in preparation for beneficial use. Current sludge production averages approximately 36.7 dry tons per day ("dt/day"). The Residuals Management Facility ("RMF") is permitted at an annual capacity of 20,290 dry tons per year (64.1 dry tons per day). The RMF produces a usable product (fertilizer) from the sludge. Design of a new biosolids processing facility is underway, which will include solids thickening, dewatering, and cake loadout facilities in a new building. The existing solids processing building has reached the end of its useful life and will be demolished as part of this project. The new biosolids processing facility will produce dewatered cake only for hauling as opposed to the dried pellets produced under the previous process. JEA has solicited proposals from vendors to utilize its biosolids to produce a beneficial product such as soil amendment. JEA is in the early phases of evaluation proposals for a 20-year contract.

The following table shows the average and maximum daily wastewater treatment flows and the rated average and maximum daily wastewater treatment capacities during the Fiscal Year ended September 30, 2019 for each of JEA's seven regional wastewater treatment plants and corresponding information for JEA's smaller wastewater treatment plants:

Wastewater Treatment Plant	Average Daily Flow (mgd) (Fiscal Year ended September 30, 2019)	Maximum Daily Flow (Non-Coincident) (mgd) (Fiscal Year ended September 30, 2019)	Rated Average Daily Treatment Capacity (mgd)(1)	Rated Maximum Daily Treatment Capacity (mgd)(1)
Buckman	23.87	37.70	52.50	105.00
District 2	5.43	6.33	10.00	20.00
Southwest	11.16	15.67	14.00	28.00
Arlington East	20.41	24.91	25.00	50.00
Mandarin	6.25	9.85	8.75	17.50
Julington Creek Plantation	0.80	1.05	1.00	2.00
Blacks Ford	4.27	5.55	6.00	12.00
Nassau	1.35	1.68	1.55	3.10
Monterey	1.58	2.59	3.60	7.20
Ponte Vedra	0.56	1.02	0.80	1.60
Ponce De Leon	0.06	0.11	0.24	0.48
Total	75.74	106.46	123.44	246.88

(1) Since the rated maximum daily treatment capacity of each wastewater treatment plant is approximately twice the rated average daily treatment capacity, the Sewer System is able to accept and handle surges that come with peak usage periods (morning and evening) and heavy rains. On-going system maintenance and improvements are aimed at continuing to decrease peak surges from heavy rains and infiltration into the collection system (*i.e.,* storm water and/or ground water that enters the sewer system through cracks or openings in the collection system) and inflow (*i.e.*, water that enters the sewer system through illegal or unpermitted piped connections to the collection system).

Five of the regional wastewater treatment plants (Buckman, District 2, Southwest, Arlington East and Mandarin) provide advanced secondary treatment and two of the regional wastewater treatment plants (Blacks Ford and Nassau) provide advanced waste treatment. The Buckman, District 2, Southwest, Arlington East, Mandarin and Blacks Ford wastewater treatment plants utilize ultraviolet light disinfection (irradiation of the water), and the Julington Creek Plantation plant utilizes chlorination for disinfection and SO_2 for dechlorination prior to discharge to the St. Johns River.

Although effluent disposal currently is predominately surface water discharge, JEA initiated implementation of a reclaimed water reuse program in 1999 with its acquisition of the assets and customers of an investor-owned water and wastewater utility which had an existing program for reuse of reclaimed water by customers. JEA has established an expanding program to substantially increase water reclamation systems in Nassau, Duval and St. Johns Counties. JEA is actively developing additional reclaimed water capacity, and as of September 2019, the reclaimed water capacity (in mgd) was approximately:

Facility	Capacity (mgd)
Arlington East (Public Access)	8.00
Mandarin (Public Access)	8.75
Blacks Ford (Public Access)	6.00
Julington Creek Plantation (Public Access)	1.00
Ponte Vedra (Public Access)	0.80
Nassau (Public Access)	1.55
Buckman (Non-Public Access)	7.70
District 2 (Non-Public Access)	6.00
Southwest (Non-Public Access)	0.80
Ponce De Leon (Non-Public Access)	0.24
Total	40.84

Customers and Sales

Water System

During the Fiscal Year ended September 30, 2019, the Water System served an average of 355,635 customer accounts and 14,267 reuse water customers, respectively. Water System revenues, including revenues from environmental charges, sales of water, expressed in 1,000 gallons ("kgal") and the average number of Water System customer accounts, all by customer classification, for the Fiscal Year ended September 30, 2015 through 2019 are shown in the following table:

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	Fiscal Year Ended September 30				
	2019	2018	2017	2016	2015
Water Revenues					
Residential	$ 96,699	$ 91,954	$ 96,615	$ 89,946	$ 86,215
Commercial and Industrial	47,619	47,494	47,969	46,212	45,078
Irrigation	34,800	32,004	36,836	34,846	32,681
Subtotal	$179,118	$171,452	$181,420	$171,004	$163,974
Reuse Water	17,909	13,659	13,216	10,267	7,378
TOTAL	$197,027	$185,111	$194,636	$181,271	$171,352
Water Sales (kgals):					
Residential	17,921,588	16,932,812	17,624,952	17,086,586	16,271,698
Commercial and Industrial	13,958,000	14,023,130	13,402,094	13,343,376	12,870,984
Irrigation	5,816,484	5,230,617	6,218,142	5,927,957	5,415,602
Subtotal	37,696,072	36,186,559	37,245,188	36,357,919	34,558,284
Reuse Water	3,884,210	3,119,739	3,290,311	2,644,046	1,783,730
TOTAL	41,580,282	39,306,298	40,535,499	39,001,965	36,342,014
Average Number of Accounts:					
Residential	292,460	285,404	278,838	272,157	265,373
Commercial and Industrial	25,963	25,702	25,423	24,698	23,951
Irrigation	37,212	37,053	36,755	36,284	36,028
Subtotal	355,635	348,159	341,016	333,139	325,352
Reuse Water	14,267	11,498	9,391	7,498	5,891
TOTAL	369,902	359,657	350,407	340,637	331,243

Sewer System

During the Fiscal Year ended September 30, 2019, the Sewer System served an average of 277,815 customer accounts. Sewer System revenues, including revenues from environmental charges, volume of wastewater treatment billed and the average number of Sewer System customer accounts, all by customer classification, for the Fiscal Years ended September 30, 2015 through 2019 are shown in the following table:

	Fiscal Year Ended September 30				
	2019	2018	2017	2016	2015
Sewer Revenues (000's omitted):					
Residential	$146,186	$139,174	$143,967	$135,288	$129,976
Commercial and Industrial	110,724	108,126	107,446	103,731	101,910
TOTAL	$256,910	$247,300	$251,413	$239,019	$231,886
Volume (kgals):					
Residential	15,717,129	14,623,682	15,225,124	14,614,026	13,934,981
Commercial and Industrial	12,009,667	11,716,940	11,487,646	11,203,632	10,987,160
TOTAL	27,726,796	26,340,622	26,712,770	25,817,658	24,922,141
Average Number of Accounts:					
Residential	259,308	252,531	246,187	239,738	233,203
Commercial and Industrial	18,507	18,340	18,149	17,981	17,771
TOTAL	277,815	270,871	264,336	257,719	250,974

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Largest Customers

Water System

The 10 highest consumption customers served by the Water System composed 6.2 percent of total Water System consumption during the Fiscal Year ended September 30, 2019. The following table sets forth the 10 highest consumption customers, by kgal, during the Fiscal Year ended September 30, 2019.

Customer Account	Annual Billed (kgal)	Percentage of Total
City of Jacksonville	585,135	1.4
St. Johns County Utility	517,140	1.2
Duval County Public Schools	282,980	0.7
Southern Baptist Hospital	257,222	0.6
The American Bottling Company	198,689	0.5
Mayo Clinic Jacksonville	171,731	0.4
Johnson & Johnson Vision Care	157,967	0.4
St. Vincent's Health Systems	147,158	0.4
American Homes 4 Rent	127,615	0.3
University of North Florida	108,028	0.3
Total	2,553,665	6.2

Sewer System

The 10 customers with the highest usage level served by the Sewer System composed 5.7 percent of the total volume of wastewater treatment billed during the Fiscal Year ended September 30, 2019. The following table sets forth the 10 customers with the highest usage level, by volume of wastewater treatment billed, during the Fiscal Year ended September 30, 2019.

Customer Accounts	Annual Billed (kgal)	Percentage of Total
City of Jacksonville	282,996	1.0
St. Johns County Utility	272,990	1.0
Duval County Public Schools	216,947	0.8
Southern Baptist Hospital	132,566	0.5
Symrise Inc	128,230	0.5
St. Vincent's Health Systems	118,979	0.4
The American Bottling Company	118,615	0.4
Mayo Clinic Jacksonville	112,524	0.4
American Homes 4 Rent	102,227	0.4
Johnson & Johnson Vision Care	93,904	0.3
Total	1,579,978	5.7

Customer Billing Procedures

Customers are billed on a cycle basis approximately once per month. If the customer has not paid a bill within 42 days after the initial bill date, JEA may discontinue service to that customer. New commercial accounts are generally assessed a deposit. Residential customers who meet JEA's credit criteria are not assessed a deposit. Customers who do not meet JEA's credit criteria or do not maintain a good payment record may be assessed a deposit, which may vary with consumption. A late payment fee of 1.5 percent is assessed to customers for past due balances in excess of 27 days. The amount of uncollectible accounts is budgeted to be approximately 0.12 percent of estimated gross Water and Sewer System revenues for the

Fiscal Year ending September 30, 2020. Actual uncollectible accounts were 0.12 percent of gross Water and Sewer System revenues for the Fiscal Year ended September 30, 2019.

Rates

General

Water and Sewer System revenues are derived from two basic types of charges: (a) monthly service charges and (b) connection charges (which include capacity charges). Additionally, environmental charges collected are reflected in Water and Sewer System Revenues. The JEA Board has sole discretion to set rate levels and revenue requirements for the Water and Sewer System. JEA sets its retail rates after a public hearing.

Generally, Water System customers are charged for monthly water service based upon metered consumption, and Sewer System customers are charged for monthly sewer service based upon water consumption during that same month, utilizing readings of the water meters. Approximately 14 percent of the customers of the Water System have separate meters for water used for irrigation purposes. In those cases, billings for monthly sewer service exclude the water used for irrigation purposes. In the case of Sewer System customers that obtain water service from a community- or investor-owned utility, monthly sewer charges are based upon readings of that utility's water meter. In the case of Sewer System customers that obtain water from privately owned wells, water meters meeting JEA's requirements are required to be installed, and monthly sewer charges are based upon readings of those meters. In addition, in some instances, non-residential customers have separate meters to measure wastewater flows, and JEA charges those customers for sewer service based upon readings of such separate meters. Further, certain non-residential Sewer System customers are subject to surcharges for wastewater discharges that exceed certain designated levels of chemical oxygen demand and suspended solids.

The rates for monthly water and sewer service shown in the following tables have been in effect since October 1, 2012 and remain in effect as of September 30, 2019 and as of the date of this Annual Disclosure Report.

Rates for Monthly Service

The schedules shown in the following tables reflect rates for monthly water, sewer service and reclaimed service effective as of October 1, 2012:

Water Rates

Water users are charged a monthly service availability charge according to water meter size, plus a unit rate and an environmental charge according to the following schedules:

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Water System
Monthly Service Availability Charge

Meter Size	Residential	Residential Irrigation	Commercial	Multi-Family	Multi-Family Irrigation; Commercial Irrigation
5/8″	$ 12.60	$ 12.60	$ 12.60	$ 18.41	$ 12.60
3/4″	18.90	18.90	18.90	27.62	18.90
1″	31.50	31.50	31.50	46.03	31.50
1 1/2″	63.00	63.00	63.00	92.05	63.00
2″	100.80	100.80	100.80	147.28	100.80
3″	201.60	201.60	201.60	294.56	201.60
4″	-	-	315.00	460.25	315.00
6″	-	-	630.00	920.50	630.00
8″	-	-	1,008.00	1,472.80	1,008.00
10″	-	-	1,974.55	2,117.15	-
12″	-	-	3,691.55	3,958.15	-
20″	-	-	7,726.50	8,284.50	-

Water System
Unit Charge (per kgal)

Non-Irrigation							Irrigation			
Residential			Commercial		Multi-Family		Residential		Multi-Family; Commercial	
Tiers (kgal)			Meter Size		Meter Size		Tiers (kgal)		Tiers (kgal)	
1-6	7-20	>20	≤ 8″	> 8″	≤ 8″	> 8″	1-14	>14	1-14	>14
$0.93	$2.60	$5.60	$1.49	$1.24	$1.00	$1.00	$2.60	$5.60	$3.44	$3.96

Water System
Environmental Charge (per kgal)

Water	$0.37
Irrigation	0.37

[Remainder of page intentionally left blank]

Sewer Rates

Users of the Sewer System are charged a monthly service availability charge according to water meter size, plus a unit rate based on water consumption from JEA, community- or investor-owned utilities or private wells, as applicable and an environmental charge according to the following schedules:

Sewer System
Monthly Service Availability Charge

Meter Size	Residential	Multi-Family	Commercial
5/8″	$ 14.10	$ 24.68	$ 21.15
3/4″	21.15	37.01	31.73
1″	35.25	61.69	52.88
1 1/2″	70.50	123.38	105.75
2″	112.80	197.40	169.20
3″	225.60	394.80	338.40
4″	-	616.88	528.75
6″	-	1,233.75	1,057.50
8″	-	1,974.00	1,692.00
10″	-	2,837.63	2,432.25
12″	-	5,305.13	4,547.25
20″	-	11,103.75	9,517.50

Sewer System
Unit Charge (per kgal)

Tiers (kgal)	Residential	Multi-Family; Commercial
1-6	$4.94	-
7-20	6.02	-
All	-	$6.02

Sewer System
Environmental Charge (per kgal)

Residential: 1-20 kgal	$0.37
Commercial; Multi-Family; Limited Service: All kgal	0.37

[Remainder of page intentionally left blank]

Reclaimed Water Rates

Reclaimed (reuse) water users are charged a monthly service availability charge according to water meter size, plus a unit rate and an environmental charge according to the following schedules:

Reclaimed System
Monthly Service Availability Charge

Meter Size	Residential[1]	Multi-Family [1]; Commercial [1]
5/8″	$ 12.60	$ 12.60
3/4″	18.90	18.90
1″	31.50	31.50
1 1/2″	63.00	63.00
2″	100.80	100.80
3″	201.60	201.60
4″	-	315.00
6″	-	630.00
8″	-	1,008.00

(1) Non-bulk reclaimed customers will be charged an additional $6.00 regardless of meter size to cover costs due to regulatory requirements.

Reclaimed System
Unit Charge (per kgal)

Tiers (kgal)	Residential	Multi-Family; Commercial
1-14	$2.60	$3.44
> 14	5.60	3.96

Reclaimed System
Environmental Charge (per kgal)

$0.37

Note: Environmental charge not applicable to bulk reclaimed usage.

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Connection and Capacity Charges

In addition to the monthly charges for water and wastewater service described above, JEA assesses connection and capacity charges for new Water and Sewer System customers, which charges are designed to cover some of the capital costs of providing service to new customers. The schedules shown in the following tables show the connection charges for new Water and Sewer System customers:

Water System Connection Charges

Meter Size	Tap Fee	Set Fee
¾”	$610.00	$202.33
1”	610.00	223.71
1 ½”	700.00	527.26[(1)]
2” and greater	700.00	588.96[(1)]

(1) Or actual installation cost, whichever is greater.

Sewer System Connection Charges

Connection Size	Charge
Up to 6”	$1,853.00
Greater than 6”	[(1)]

(1) Charge based on actual installation cost.

New Water System customers also are assessed a one-time plant capacity charge for new connections. Effective October 1, 2005, that charge is equal to the greater of (x) (i) in the case of residential customers, a minimum of $339.50 and (ii) in the case of commercial customers, a minimum of $414.12 or (y) $0.97 per connected gallon (average daily flow).

New Sewer System customers also are assessed a one-time capacity charge for new connections. That charge is equal to the greater of (x) (i) in the case of residential customers, a minimum of $1,274.00 and (ii) in the case of commercial customers, a minimum of $1,554.02 or (y) $3.64 per connected gallon (average daily flow).

In each of the foregoing cases, average daily flow is determined by reference to industry standards, subject to review and approval by the JEA Board.

In addition, all new Water and Sewer System connections are assessed a one-time “line extension growth” capacity charge that is a minimum of $1,695.00.

Capacity charges are included within the revenues pledged for payment of the Water and Sewer System Bonds. However, under applicable Florida law and in accordance with the provisions of the Water and Sewer System Resolution, such capacity charges may be used and applied only for the purpose of paying costs of expansion of the Water and Sewer System, or paying or providing for the payment of debt service on Water and Sewer System Bonds, Subordinated Indebtedness or other indebtedness of JEA relating to the Water and Sewer System issued for such purpose.

On June 19, 2007, the JEA Board modified the retail reclaimed (reuse) water rate, which resulted in a separate rate for commercial customers in DRIs equal to potable, non-DRI, commercial irrigation rates and added a new rate class for commercial bulk reclaimed (reuse) water service. These changes became effective on October 1, 2007.

Regulation

Water and Sewer System

The future financial condition of the Water and Sewer System could be adversely affected by, among other things, legislation, environmental and other regulatory actions promulgated by applicable federal, state and local governmental agencies. Future changes to new and existing regulations may substantially increase the cost of water and sewer service by requiring changes in the design or operation of existing or new facilities. JEA cannot predict future policies such agencies may adopt.

Several upcoming rules could impact the potable water system:

America's Water Infrastructure Act of 2018 ("AWIA"). AWIA will require biannual distribution of JEA's Water Quality Report; as well as a Risk and Resilience assessment that is due March 31, 2020, and must be reviewed every five years to determine if it needs to be revised. It also requires JEA to prepare an emergency response plan that incorporates the findings from the risk and resiliency assessment and submit it by September 30, 2020.

The revised Lead and Copper Rule ("LCR"). The proposed LCR includes 1) lead service line replacement by the utility of the utility-owned section when a customer changes the portion they own, 2) a new trigger level of 10 ppb for the 90th percentile sample for optimizing corrosion control treatment ("CCT") or completing a CCT study if not currently treating, 3) increase sampling reliability by imbedding current guidance in the rule and revising sampling pool requirements, 4) require public notification with 24 hours of an action level exceedance, 5) require utilities to test for lead in schools and child care facilities and 6) require a lead service line inventory and replacement plan. Comments to EPA are due January 13, 2020.

Potential regulation of Per- and Polyfluoroalkyl substances ("PFAS"). PFAS are are group of synthetic compounds widely used in consumer and commercial products, including perfluorooctanoic acid ("PFOA") and perfluorooctanesulfonic acid ("PFOS"). The pending PFAS rule will likely not affect JEA as there is no PFOA or PFOS in our deep Floridan aquifer wells, and levels reported in wastewater effluent are below provisional screening levels.

The future financial condition of the Water and Sewer System could be adversely affected by, among other things, legislation, environmental and other regulatory actions promulgated by applicable federal, state and local governmental agencies. Future changes to new and existing regulations may substantially increase the cost of water and sewer service by requiring changes in the design or operation of existing or new facilities. JEA cannot predict future policies such agencies may adopt.

Public Water Supply System

The St. Johns River Water Management District ("SJRWMD") regulates groundwater withdrawals and issues permits for the same. JEA was issued a 20-year CUP in May 2011 from the SJRWMD. As of the date of this Annual Disclosure Report, modeling efforts have indicated that a sustainable groundwater supply can continue to be met for the 20-year planning period out to 2031 and beyond with a three-part program that is the basis of JEA's water capital improvement plan: (i) continued expansion of the reuse system, (ii) measured conservation program and (iii) water transfers from areas with a higher supply on JEA's north grid to areas with a lower supply on JEA's south grid via river-crossing pipelines. JEA has also implemented a groundwater quality management program to mitigate the effects of (non-lateral) saltwater intrusion into specific wells on the systems south grid that includes routine well monitoring, backplugging of specific wells, and reducing or replacing wells that show continued increases in chlorides. The 2019 permitted CUP allocation was 137.95 million gallons per day. Actual calendar year withdrawals through October 2019 averaged 119 million gallons per day.

The Suwanee River Water Management District ("SRWMD"), FDEP and SJRWMD are each in the process of setting or revising Minimum Flow and Level ("MFL") standards for surface water in the vicinity of the Lower Santa Fe River (SRWMD and FDEP) and Keystone Lakes (SJRWMD) areas. In 2015 two MFLs were adopted in the SRWMD and a determination made that a recovery strategy is necessary. JEA will participate cooperatively in these strategies to the extent of its proportionate share of impact. Because technical tools, such as a new groundwater flow model, are still under development, JEA's effect on the 2015 MFL's is unknown. JEA remains actively engaged in cooperation with seven other northeast Florida utilities known as the Northeast Florida Utility Coordinating Group (NFUCG) in rule development on these issues.

In addition, the SJRWMD and SRWMD have developed a joint North Florida Regional Water Supply Plan, which was released in October 2016 and approved in January 2017. The plan concludes that future water demands through 2035 can be met with water conservation measures and water supply options included in the plan.

Wastewater Treatment System

The Sewer System is regulated by EPA under provisions of the Federal Clean Water Act and the Federal Water Pollution Control Act. EPA has delegated the wastewater regulatory program to the FDEP. Except as described below, the Sewer System is in substantial compliance with all federal and state wastewater regulations.

In 2013 EPA and FDEP reached an agreement on the adoption of numeric nutrient criteria ("NNC") for the State of Florida. As part of the NNC adoption process, EPA re-approved the Lower St. Johns River nutrient Total Maximum Daily Load ("TMDL"). The EPA re-approval means the TMDL will remain the legally enforceable nutrient standard for the Lower St. Johns River. JEA has completed all the treatment plant improvements required of the utility by the TMDL and its facilities are in compliance with its nutrient allocation.

Because JEA has reduced nitrogen well below its own permitted nitrogen reduction goals, it has the ability to generate Water Quality Credits. JEA has previously recorded a reduction in its NPDES permit to generate and transfer 30.34 metric tons per year of Total Nitrogen Water Quality Credits ("Initial Credits") to the City through 2023 and is positioned to remain in compliance with its Aggregate Nitrogen permit. JEA has agreed to provide these annual Initial Credits to the City for no compensation through December 31, 2033 and intends to extend the transfer of the Initial Credits to the City every ten years as long as the Initial Credits are authorized and approved by the appropriate regulatory agency. JEA's current aggregate nitrogen limit for all wastewater plants discharging to the St. Johns River is 683 short tons per year. During the Fiscal Year ended September 30, 2019, JEA facilities discharged approximately 400 short tons to the river.

As the regulatory reduction of Total Nitrogen in the Lower St. Johns River is an ongoing annualized requirement that both the City and JEA will be required to meet beyond December 31, 2023, the City and JEA have agreed to engage in discussions to work on a plan for meeting the future needs of both parties beyond December 31, 2023.

On December 11, 2006, JEA and the FDEP executed a long-term sanitary sewer overflows ("SSO") consent order. The long-term SSO consent order is the mechanism under which periodic, unforeseeable JEA SSOs are reviewed and adjudicated. The SSOs for each fiscal year are typically adjudicated on an annual to bi-annual basis. JEA was assessed a penalty of $116,500 by FDEP for Fiscal Year 2018 SSOs. In lieu of paying the penalty, JEA has opted to spend at least $174,750 on environmental improvement projects as approved by FDEP. JEA is undertaking an extreme weather resiliency program to evaluate and implement processes or physical projects to reduce the potential for and mitigate impacts from SSOs during extreme weather events or due to effects of climate change.

Capital Program

The Water and Sewer System's projected capital program for the five-year period ending September 30, 2024 is summarized below. The capital program is centered on renewal and replacement and to enable the Water and Sewer System to remain in compliance with all applicable regulatory requirements, as well as to lower operating and maintenance expenses. Major projects include expansion of the Southwest Water Reclamation Facility from 14.0 mgd to 18.0 mgd, expansion of the Nassau Regional Water Reclamation Facility from 2.0 mgd to 4.0 mgd, construction of the new Greenland Water Reclamation Facility with a capacity of 6.0 mgd, the rebuild of the biosolids operation at the Buckman Water Reclamation Facility and construction of a 6.0 mgd Water Treatment Plant to serve customers in the southwestern part of JEA's service territory and expansion of the Greenland Water Treatment Plant from 6.0 to 9.0 mgd. This program contains funding targeted to improve water and sewer treatment plants, in addition to meeting the three-part program described in "Regulation - *Public Water Supply System"* above to maintain sustainable water supply for JEA's customers.

Water and Sewer System Capital Program
(000's omitted)

Fiscal Year Ending September 30,	Amount
2020	$ 236,000
2021	249,000
2022	254,000
2023	206,000
2024	201,000
Total	$1,146,000

The total amount of the capital program for the five-year period is estimated to be approximately $1,146 million. It is expected that the total amount of the capital program for this period will be provided from Water and Sewer System revenues (including capacity charges) and no new debt. The projected total amount of the capital program may be affected by future environmental legislation and regulation. See "Regulation" above.

FINANCIAL INFORMATION RELATING TO WATER AND SEWER SYSTEM

Debt Relating to Water and Sewer System

Water and Sewer System Bonds

As of September 30, 2019, $1,158,645,000 in aggregate principal amount of bonds (the "Water and Sewer System Bonds") issued pursuant to the resolution of JEA adopted on February 18, 1997 and referred to therein as the "Water and Sewer System Revenue Bond Resolution" (as amended, restated and supplemented, the "Water and Sewer System Resolution") was outstanding. As of the date of this Annual Disclosure Report, there is $1,085,510,000 in aggregate principal amount of Water and Sewer System Bonds outstanding under the Water and Sewer System Resolution, consisting of (a) $156,220,000 in aggregate principal amount of variable rate Water and Sewer System Bonds and (b) $929,290,000 in aggregate principal amount of fixed rate Water and Sewer System Bonds.

Water and Sewer System Bonds may be issued for the purposes of (a) paying or providing for the payment of Costs (as defined in the Water and Sewer System Resolution) of the Water and Sewer System and (b) refunding any Water and Sewer System Bonds. See "SUMMARY OF CERTAIN PROVISIONS OF THE WATER AND SEWER SYSTEM RESOLUTION - Additional Water and Sewer System Bonds" in APPENDIX B attached hereto.

Pursuant to the Water and Sewer System Resolution and the laws of the State of Florida, the amount of Water and Sewer System Bonds that may be issued by JEA is not limited and is subject only to approval by the Council and satisfaction of the conditions set forth in the Water and Sewer System Resolution.

From time to time, JEA requests Council approval of the issuance of Water and Sewer System Bonds and Subordinated Indebtedness (as defined in the Water and Sewer System Resolution). Pursuant to previous Council approvals, JEA currently is authorized to issue additional Water and Sewer System Bonds and/or Subordinated Indebtedness for the purpose of paying or providing for the payment of Costs (as defined in the Water and Sewer System Resolution) of the Water and Sewer System in an aggregate principal amount of $218,078,023. JEA expects that such authorization will be adequate to finance its Water and Sewer System capital program through the Fiscal Year ending September 30, 2024. See "WATER AND SEWER SYSTEM - *WATER AND SEWER SYSTEM FUNCTIONS* - Capital Program" herein.

JEA also has received approvals from the Council for the issuance of Water and Sewer System Bonds for the purpose of refunding outstanding Water and Sewer System Bonds and Subordinated Indebtedness. JEA may issue additional Water and Sewer System Bonds or Subordinated Water and Sewer System Bonds to refund outstanding Water and Sewer System Bonds and/or Subordinated Indebtedness from time to time as it deems economical or advantageous.

In the future, JEA will continue to seek authorization as needed from the Council to issue additional Water and Sewer System Bonds and/or Subordinated Indebtedness in order to enable it to finance its Water and Sewer System capital program.

A summary of certain provisions of the Water and Sewer System Resolution, including a description of the recent amendments thereto described below, is attached to this Annual Disclosure Report as APPENDIX B.

Liquidity support in connection with tenders for purchase of the Variable Rate Water and Sewer System Revenue Bonds, 2008 Series B (the "SBPA Supported Variable Rate Water and Sewer Bond") currently is provided by a bank pursuant to a standby bond purchase agreement between JEA and such bank. Credit and liquidity support for JEA's Variable Rate Water and Sewer System Revenue Bonds, 2008 Series A-2 (the "LOC Supported Variable Rate Water and Sewer System Bond" and, together with the SBPA Supported Variable Rate Water and Sewer System Bond, the "Senior Liquidity Supported Water and Sewer Bonds") currently is provided by a direct-pay letter of credit issued by a different bank. Any Senior Liquidity Supported Water and Sewer Bond that is purchased by the applicable bank pursuant to its (i) standby bond purchase agreement between JEA and such bank or (ii) letter of credit issued in connection with the reimbursement agreement between JEA and such bank, as applicable, and is not remarketed is required to be repaid as to principal in equal semiannual installments over a period of approximately five years from the date so purchased. In addition, any Senior Liquidity Supported Water and Sewer Bond that is purchased by the applicable bank pursuant to its standby bond purchase agreement or letter of credit reimbursement agreement, as applicable, will constitute an "Option Bond" within the meaning of the Water and Sewer System Resolution and, as such, may be tendered or deemed tendered to JEA for payment upon the occurrence of certain "events of default" on the part of JEA under such standby bond purchase agreement or letter of credit reimbursement agreement, as applicable. Upon any such tender or deemed tender for purchase, the Senior Liquidity Supported Water and Sewer Bond so tendered or deemed tendered will be due and payable immediately. For a discussion of certain "ratings triggers" contained in such standby bond purchase agreement and such reimbursement agreement, see "OTHER FINANCIAL INFORMATION - Effect of JEA Credit Rating Changes" herein. As of the date of this Annual Disclosure Report, no Senior Liquidity Supported Water and Sewer Bonds are held by the banks providing such standby bond purchase agreement or such letter of credit. The standby bond purchase agreement and letter of credit are subject to periodic renewal at the discretion of the respective bank. The current expiration date for the standby bond purchase agreement is May 8, 2020, and the current expiration date for the letter of credit is December 1, 2023.

Amendments to the Water and Sewer System Resolution

In June 2013, JEA adopted Resolution No. 2013-10 ("Resolution 2013-10") which provides for the amendment of certain provisions of the Water and Sewer System Resolution and the First Supplemental Water and Sewer System Revenue Bond Resolution, adopted by JEA on August 19, 1997 (the "First Supplemental Resolution") so as to:

(i) revise certain definitions in order to allow for the more efficient and advantageous investment of certain funds held under the Water and Sewer System Resolution; and

(ii) revise certain provisions of the First Supplemental Resolution related to the use of a reserve fund credit instrument (as defined therein) to fund the Initial Subaccount in the Debt Service Reserve Account established thereby.

Such amendments became effective on May 2, 2018 following the issuance of the JEA Water and Sewer System Revenue Bonds, 2017 Series A on December 21, 2017, the mailing of notice to bondholders and satisfaction of the requirements of the Water and Sewer System Resolution and the First Supplemental Resolution. Certain of such amendments are included in the "SUMMARY OF CERTAIN PROVISIONS OF THE WATER AND SEWER SYSTEM RESOLUTION" attached hereto as APPENDIX B.

Subordinated Water and Sewer System Bonds

As of September 30, 2019, $224,020,000 in aggregate principal amount of bonds (the "Subordinated Water and Sewer System Bonds") issued pursuant to the resolution of JEA adopted on May 15, 2003 and referred to therein as the "Water and Sewer System Subordinated Revenue Bond Resolution" (as supplemented, the "Subordinated Water and Sewer System Resolution") was outstanding. As of the date of this Annual Disclosure Report, there is $197,025,000 in aggregate principal amount of Subordinated Water and Sewer System Bonds outstanding under the Subordinated Water and Sewer System Resolution, consisting of (a) $103,135,000 in aggregate principal amount of variable rate Subordinated Water and Sewer System Bonds and (b) $93,890,000 in aggregate principal amount of fixed rate Subordinated Water and Sewer System Bonds.

The Subordinated Water and Sewer System Bonds may be issued (a) for any lawful purpose of JEA relating to the Water and Sewer System or (b) to refund any of the Water and Sewer System Bonds or the Subordinated Water and Sewer System Bonds.

Pursuant to the Subordinated Water and Sewer System Resolution and the laws of the State of Florida, and in accordance with the Water and Sewer System Resolution, the amount of Subordinated Water and Sewer System Bonds that may be issued by JEA is not limited and is subject only to approval by the Council and satisfaction of the conditions set forth in the Subordinated Water and Sewer System Resolution. For a discussion of the Council authorization currently in effect for the issuance of Water and Sewer System Bonds and/or Subordinated Water and Sewer System Bonds, see subsection "*Water and Sewer System Bonds*" above in this section.

A summary of certain provisions of the Subordinated Water and Sewer System Resolution is attached to this Annual Disclosure Report as APPENDIX C.

Liquidity support in connection with tenders for purchase of the Variable Rate Water and Sewer System Subordinated Revenue Bonds, 2008 Series A-1, 2008 Series A-2 and 2008 Series B-1 (the "Subordinated Liquidity Supported Water and Sewer Bonds") currently is provided by certain banks pursuant to standby bond purchase agreements between JEA and each such bank. Any Subordinated Liquidity Supported Water and Sewer Bond that is purchased by the applicable bank pursuant to its standby bond purchase agreement and is not remarketed is required to be repaid as to principal in equal semiannual installments over a period of approximately five years from the date so purchased. In addition, any Subordinated Liquidity Supported Water and Sewer Bond that is purchased by the applicable bank pursuant to its standby bond purchase agreement will constitute an "Option Subordinated Bond" within the meaning of the Subordinated Water and Sewer System Resolution and, as such, may be tendered or deemed tendered to JEA for payment upon the occurrence of certain "events of default" on the part of JEA under the standby bond purchase agreement. Upon any such tender or deemed tender for purchase, the Subordinated Liquidity Supported Water and Sewer Bond so tendered or deemed tendered will be due and payable immediately. For a discussion of certain "ratings triggers" contained in such standby bond purchase agreements, see "OTHER FINANCIAL INFORMATION - Effect of JEA Credit Rating Changes" herein. As of the date of this Annual Disclosure Report, no Subordinated Liquidity Supported Water and Sewer Bonds are held by the banks providing such standby bond purchase agreements. Such standby bond purchase agreements are subject to periodic renewal at the discretion of the respective bank. The current expiration dates for the standby bond purchase agreements range from May 8, 2020 to March 19, 2021.

Water and Sewer System Contract Debts

Contract Debts, a component of the Water and Sewer System's Operation and Maintenance Expenses, is defined by the Water and Sewer System Resolution to mean any obligations of JEA under any contract, lease, installment sale agreement, bulk purchase agreement or otherwise to make payments out of the Revenues of the Water and Sewer System for property, services or commodities whether or not the same are made available, furnished or received. JEA has not incurred any obligations constituting Contract Debts under the Water and Sewer System Resolution, but it may do so in the future. All Contract Debts will be payable from the Revenues of the Water and Sewer System prior to any payments from such Revenues for indebtedness not constituting Contract Debt issued for the Water and Sewer System, including the Water and Sewer System Bonds and Subordinated Indebtedness (including the Subordinated Water and Sewer System Bonds).

Water and Sewer System Support of the District Energy System Bonds

Effective as of October 1, 2004, JEA established the District Energy System, a separate system to provide chilled water services and other local district energy functions. JEA transferred its assets relating to chilled water production and distribution from the Electric System to the District Energy System. The Electric System received approximately $30,000,000 from the District Energy System for the transferred assets. The District Energy System is operated as a separate system for accounting and financing purposes. See the financial statements of JEA attached hereto as APPENDIX A.

As of the date of this Annual Disclosure Report, there is $33,135,000 in aggregate principal amount of District Energy System Bonds outstanding under the District Energy System Resolution.

Pursuant to Resolution No. 2013-2, adopted by JEA on March 19, 2013, revenues of the Water and Sewer System shall be deposited into a special subaccount in the Debt Service Reserve Account (the "2013 Series A Bonds Subaccount") established for the District Energy System Refunding Revenue Bonds, 2013 Series A (the "DES 2013 Series A Bonds") and pledged to pay debt service on the DES 2013 Series A Bonds in the event that revenues of the District Energy System are insufficient to pay debt service on such DES 2013 Series A Bonds.

Schedules of Debt Service Coverage

The following table sets forth Schedules of the Debt Service Coverage for the Water and Sewer System for the twelve months ended September 30, 2019 and September 30, 2018, and has been prepared in accordance with the requirements of the Resolution. Such information should be read in conjunction with JEA's audited financial statements for the Water and Sewer System and the notes thereto for the fiscal years ended September 30, 2019 and 2018, included as APPENDIX A to this Annual Disclosure Report.

JEA Water and Sewer System Schedules of Debt Service Coverage
(In Thousands)

	Fiscal Year Ended September 30,	
	2019	**2018**
Revenues:		
Water	$ 178,908	$ 171,216
Water capacity fees	10,477	9,730
Sewer	274,505	260,606
Sewer capacity fees	18,911	18,268
Investment income	7,710	7,097
Other [1]	15,040	11,831
Plus: amounts paid from the Rate Stabilization Fund into the Revenue Fund	22,327	16,128
Less: amounts paid from the Revenue Fund into the Rate Stabilization Fund	(25,099)	(23,829)
Total revenues	502,779	471,047
Less: Operating and maintenance expenses[2]	171,473	160,122
Net revenues	$ 331,306	$ 310,925
Debt service on Water and Sewer System Bonds (prior to reduction of Build America Bonds subsidy)	$ 94,693	$ 95,818
Less: Build America Bonds subsidy	(2,478)	(2,495)
Debt service on Water and Sewer System Bonds	92,215	93,323
Debt service coverage on Water and Sewer System Bonds[3]	3.59x	3.33x
Net revenues (from above)	$ 331,306	$ 310,925
Debt service on Water and Sewer System Bonds (from above)	$ 92,215	$ 93,323
Plus: debt service on Subordinated Water and Sewer System Bonds	17,585	18,084
Debt service on Water and Sewer System Bonds and Subordinated Water and Sewer System Bonds	$109,800	$ 111,407
Debt service coverage on Water and Sewer System Bonds and Subordinated Water and Sewer System Bonds excluding capacity fees[4]	2.75x	2.54x
Debt service coverage on Water and Sewer System Bonds and Subordinated Water and Sewer System Bonds including capacity fees[4]	3.02x	2.79x

(1) Excludes the Build America Bonds subsidy.
(2) Excludes depreciation and recognition of deferred costs and revenues, net.
(3) Net revenues divided by debt service on Water and Sewer System Bonds. Minimum annual coverage is 1.25x.
(4) Net revenues divided by debt service on Water and Sewer System Bonds and Subordinated Water and Sewer System Bonds. Minimum annual coverage is either 1.0x debt service on Water and Sewer System Bonds and Subordinated Water and Sewer System Bonds (excluding capacity fees) or the sum of 1.0x debt service on Water and Sewer System Bonds and 1.20x debt service on Subordinated Water and Sewer System Bonds (including capacity fees).

Management's Discussion of Water and Sewer System Operations

Revenues. Water revenues increased $7.7 million, or 4.5 percent, for the Fiscal Year ended September 30, 2019 as compared to the Fiscal Year ended September 30, 2018, primarily related to a 4.2 percent increase in consumption and a 2.1 percent increase in customer accounts. Sewer revenues (including reuse) increased $13.9 million, or 5.3 percent, for the Fiscal Year ended September 30, 2019 as compared to the Fiscal Year ended September 30, 2018, primarily related to a 5.3 percent increase in sewer sales, a 24.5 percent increase in reuse sales, a 2.6 percent increase in sewer accounts and a 24.1 percent increase in reuse accounts.

Water sales volume, measured in thousands of gallons (kgals), increased 1,509,513 kgals, or 4.2 percent, to 37,696,072 kgals for the Fiscal Year ended September 30, 2019 from 36,186,559 kgals for the Fiscal Year ended September 30, 2018. Sewer sales volume increased 1,386,174 kgals, or 5.3 percent, to 27,726,796 kgals for the Fiscal Year ended September 30, 2019 from 26,340,622 kgals for the Fiscal Year ended September 30, 2018. Reuse sales volume increased 764,471 kgals, or 24.5 percent, to 3,884,210 kgals for the Fiscal Year ended September 30, 2019 from 3,119,739 kgals for the Fiscal Year ended September 30, 2018.

Amounts paid from the Rate Stabilization Fund into the Revenue Fund increased $6.2 million, or 38.4 percent due to an increase in environmental expenses recovered by the Rate Stabilization Fund.

Operating and Maintenance Expenses. Operating and maintenance expenses increased $11.4 million, or 7.1 percent, for the Fiscal Year ended September 30, 2019 as compared to the Fiscal Year ended September 30, 2018, primarily related to a $7.1 million increase in compensation and benefits, $3.5 million increase in professional and industrial services, a $2.1 million increase in interfund charges and a $0.8 million net increase in miscellaneous other operating expenses.

Net Revenues. Net revenues available for debt service increased $20.4 million, or 6.6 percent, to $331.3 million for the Fiscal Year ended September 30, 2019 from $310.9 million for the Fiscal Year ended September 30, 2018. Total revenues increased $31.7 million, or 6.7 percent, and total operating expenses increased $11.3 million, or 7.1 percent, for the Fiscal Year ended September 30, 2019 as compared to the Fiscal Year ended September 30, 2018, as described above.

Debt Service on Water and Sewer System Bonds. Debt service on Water and Sewer System Bonds for the Fiscal Year ended September 30, 2019 decreased $1.1 million, or 1.2 percent, as compared to the Fiscal Year ended September 30, 2018, primarily related to lower interest expense as a result of lower outstanding debt balances offset, in part, by increased principal amortization.

JEA did not issue any Water and Sewer System Bonds during the Fiscal Year ended September 30, 2019.

During the Fiscal Year ended September 30, 2018, JEA issued Water and Sewer System Bonds as summarized in the following table:

Series	Purpose	Month Issued	Par Amount Issued	Par Amount Refunded
2017 Series A	Refunding[1]	December 2017	$378,220,000	$394,335,000

(1) Fixed rate bonds issued to refund fixed rate bonds.

Debt Service Coverage on Water and Sewer System Bonds. The debt service coverage ratio on Water and Sewer System Bonds increased to 3.59 times for the Fiscal Year ended September 30, 2019 as compared to the debt service coverage ratio of 3.33 times for the Fiscal Year ended September 30, 2018, as a result of the 6.6 percent increase in net revenues available for debt service and the 1.2 percent decrease in debt service on Water and Sewer System Bonds between such periods.

Debt Service on Subordinated Water and Sewer System Bonds. Debt service on Subordinated Water and Sewer System Bonds decreased $0.5 million, or 2.8 percent, for the Fiscal Year ended September 30, 2019 as compared to the Fiscal Year ended September 30, 2018, primarily related to lower interest expense as a result of lower outstanding debt balances.

JEA did not issue any Subordinated Water and Sewer System Bonds during the Fiscal Year ended September 30, 2019.

During the Fiscal Year ended September 30, 2018, JEA issued Subordinated Water and Sewer System Bonds as summarized in the following table:

Series	Purpose	Month Issued	Par Amount Issued	Par Amount Refunded
2017 Series A	Refunding[(1)]	December 2017	$58,940,000	$65,970,000

(1) Fixed rate bonds issued to refund fixed rate bonds.

Debt Service Coverage on Water and Sewer System Bonds and Subordinated Water and Sewer System Bonds including capacity fees. The debt service coverage ratio on Water and Sewer System Bonds and Subordinated Water and Sewer System Bonds increased to 3.02 times for the Fiscal Year ended September 30, 2019 as compared to the debt service coverage ratio of 2.79 times for the Fiscal Year ended September 30, 2018, as a result of the 6.6 percent increase in net revenues available for debt service and the 1.4 percent decrease in debt service on Water and Sewer System Bonds and Subordinated Water and Sewer System Bonds between such period.

Liquidity Resources

The Days of Cash on Hand for the Water and Sewer System at September 30, 2019 was 186 days, and the Days of Liquidity was 334 days. The Days of Cash on Hand for the Water and Sewer System at September 30, 2018 was 434 days, and the Days of Liquidity was 529 days. The Days of Cash on Hand computation is as follows:

(*Cash and cash equivalents* and *Investments* amounts under *Current assets* on the Combining Statement of Net Position + *Renewal and Replacement Fund* balance referenced in Note 4 of the JEA Financial Statements attached hereto as APPENDIX A) / ((*Total operating expenses - Depreciation + Contributions to General Fund, City of Jacksonville, Florida*) / 365 days).

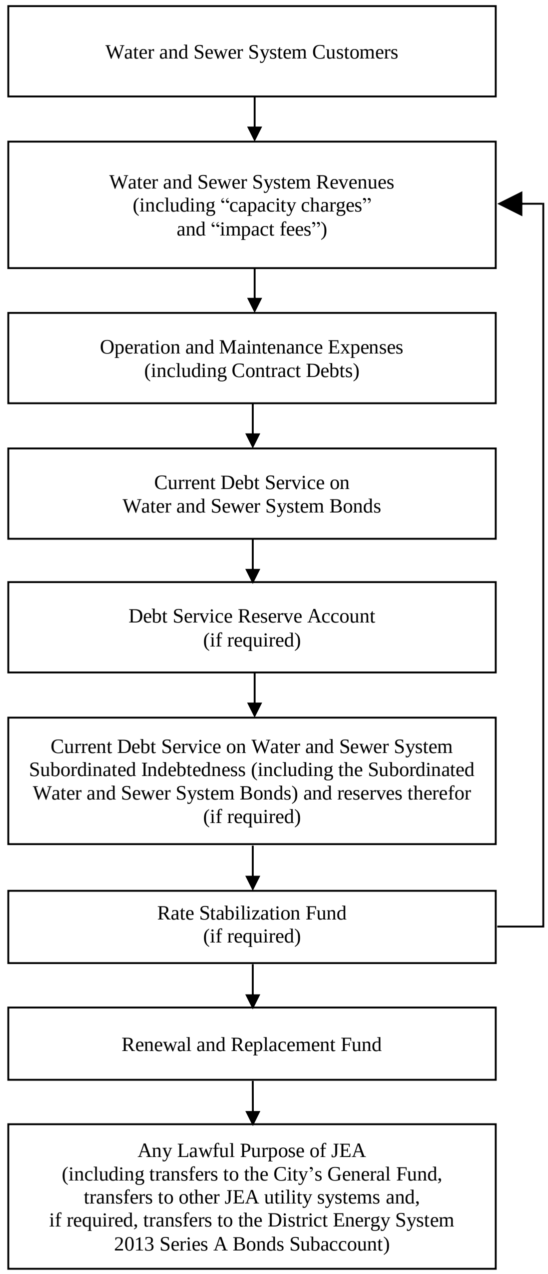
The Days of Liquidity computation is as follows:

(*Cash and cash equivalents* and *Investments* amounts under *Current assets* on the Combining Statement of Net Position + *Renewal and Replacement Fund* balance referenced in Note 4 of the JEA Financial Statements attached hereto as APPENDIX A + allocated share of available Revolving Credit Facility*) / ((*Total operating expenses - Depreciation + Contributions to General Fund, City of Jacksonville, Florida*) / 365 days).

* Allocated share of available Revolving Credit Facility at September 30, 2019 was approximately $90.3 million and approximately $49.6 million at September 30, 2018; however, the total balance available to the Water and Sewer System of $295 million could have been drawn beginning November 1, 2018, and $297 million could have been drawn prior to November 1, 2018.

APPLICATION OF WATER AND SEWER SYSTEM REVENUES

The following chart shows a summary of the major components of the application of revenues under the Water and Sewer System Resolution.



DISTRICT ENERGY SYSTEM

DISTRICT ENERGY FUNCTIONS

General

The District Energy System provides chilled water to customers for air-conditioning. The facilities for the chilled water business consist of chilled water plants to generate chilled water and underground piping to distribute the chilled water to buildings located within the respective districts served by the plants and certain ancillary equipment. JEA's first chilled water facility became fully operational in March 2003.

The establishment of the District Energy System was approved by the Jacksonville City Council in September 2004. Effective as of October 1, 2004, the District Energy System was established as a separate utility system for its local district energy facilities, including the chilled water activities, and any local district heating facilities JEA may develop in the future. Since its commencement of operations, JEA has added three new chilled water facilities.

Chilled Water Facilities

Chilled water systems air condition buildings by circulating cold water in a continuous flow to the building. A central chilled water plant provides chilled water to buildings through an underground loop, rather than the customer installing and operating its own chiller equipment. JEA has entered into agreements with the City to provide chilled water systems to the baseball park, the arena, the Duval County Courthouse, the library and other government buildings. JEA also has contracts with private entities to serve institutional buildings and residential condominiums.

JEA's first chilled water facility, the Hogan's Creek Plant, located on Hogan Street in downtown Jacksonville, became fully operational in March 2003. At this time, the plant is serving the Baseball Grounds of Jacksonville (310-ton contract demand) and the Jacksonville Veteran's Memorial Arena (2,350-ton contract demand). The facility includes three 2,100-ton chillers, two 1,600-ton cooling towers and a one-million-gallon chilled water storage tank for peak demand capacity.

A second chilled water facility located on Duval Street serves five City of Jacksonville buildings including the Court House, State Attorney's Office, Library, City Hall Annex and a City garage for a total contract demand of 5,870 tons. The plant also serves the JEA downtown complex with a demand of 700 tons. The facility includes three 2,400-ton chillers, one 800-ton standby chiller and a 7,200-ton cooling tower.

JEA's third chilled water facility is located at 2103 Boulevard Avenue in the Springfield neighborhood. The Springfield facility currently serves eight locations on the UF Health Jacksonville complex. The total contracted demand for the facility is 6,500 tons. The facility includes six 1,500-ton chillers, an 8,100-ton cooling tower and a 3,000-ton cooling tower. The second cooling tower was added in 2018.

A fourth chilled water facility is located on Riverplace Boulevard with two 400-ton air-cooled chillers. The total contracted demand is 594 tons at this facility, and there are no plans to pursue other customers for this facility.

Customers and Sales

The District Energy System currently has contracts to provide 17 locations with chilled water. Total District Energy System sales revenues for the Fiscal Year Ended September 30, 2019 were approximately $8,891,000.

Customer Billing Procedures

Customers are billed on a cycle basis approximately once per month. If the customer has not paid a bill within 42 days after the initial bill date, JEA may discontinue service to that customer. Customers who meet JEA's credit criteria are not assessed a deposit. Customers who do not meet JEA's credit criteria, or do not maintain a good payment record, are assessed a deposit which may vary with consumption. A late payment fee of 1.5 percent is assessed to customers for past due balances in excess of 27 days.

Rates

District Energy System revenues are derived from two basic types of charges: (a) a demand charge based upon the customer's estimated expected yearly cooling load requirements and (b) a consumption charge based upon the actual amount of chilled water consumed by the customer. JEA has sole discretion to set rate levels and revenue requirements for the District Energy System.

Standard rates for chilled water services are based on the customer's demand and consumption of chilled water and a standard 2,400 Equivalent Full Load Hour ("EFLH") profile. EFLH is defined as the annual ton-hours of chilled water required divided by the chiller's design capacity in tons.

The following schedule reflects the rates for chilled water service:

Contract Size	Charge	Rate Effective on December 1, 2016	Rate Effective on February 1, 2016	Rate Effective on October 1, 2015	Rate Effective on July 1, 2012
> 200 tons @ ≤ 2,400 EFLH	Demand Charge Consumption Charge	$20.00/ ton $0.10569/ ton-hour	$20.00/ ton $0.10973/ ton-hour	$20.00/ ton $0.11624/ ton-hour	$20.00/ ton $0.11754/ ton-hour
> 200 tons @ > 2,400 EFLH	Demand Charge Consumption Charge	$20.00/ ton $0.08869/ ton-hour	$20.00/ ton $0.09273/ ton-hour	$20.00/ ton $0.09924/ ton-hour	$20.00/ ton $0.10054/ ton-hour
< 200 tons @ ≤ 2,400 EFLH	Demand Charge Consumption Charge	NONE $0.19569/ ton-hour	NONE $0.19973/ ton-hour	NONE $0.20624/ ton-hour	NONE $0.20754/ ton-hour
< 200 tons @ > 2,400 EFLH	Demand Charge Consumption Charge	NONE $0.08869/ ton-hour	NONE $0.09273/ ton-hour	NONE $0.09924/ ton-hour	NONE $0.10054/ ton-hour

Permits, Licenses and Approvals

All permits, licenses and approvals required for the operation of all of the District Energy System facilities have been obtained, and all of the facilities are operating in compliance with such permits, licenses and approvals.

Capital Program

The District Energy System's capital program consists of capital requirements for renewal and replacement and improvements to existing facilities. The District Energy System's projected capital program for the five-year period ending September 30, 2024 is summarized below.

District Energy System Capital Program
(000's omitted)

Fiscal Year Ending September 30,	Amount
2020	$ 3,700
2021	2,200
2022	3,470
2023	180
2024	3,960
Total	$13,510

The total amount of the capital program for the Fiscal Years 2020 through 2024 is estimated to be approximately $13.51 million, which includes approximately $2.95 million for a new backup power generator at the Springfield facility. This facility primarily serves the UF Health Jacksonville medical campus. JEA expects the total amount required for the capital program will be derived from revenues and other available funds of the District Energy System.

FINANCIAL INFORMATION RELATING TO DISTRICT ENERGY SYSTEM

Debt Relating to the District Energy System

District Energy System Bonds

As of September 30, 2019, $34,825,000 in aggregate principal amount of bonds (the "District Energy System Bonds") issued pursuant to the resolution of JEA adopted on June 15, 2004, as amended and supplemented (the "District Energy System Resolution") was outstanding. As of the date of this Annual Disclosure Report, there is $33,135,000 in aggregate principal amount of District Energy System Bonds outstanding under the District Energy System Resolution.

District Energy System Bonds may be issued to finance any lawful purpose of JEA relating to the District Energy System. See "SUMMARY OF CERTAIN PROVISIONS OF THE DISTRICT ENERGY SYSTEM RESOLUTION - Additional Bonds" in APPENDIX D attached hereto.

Pursuant to the District Energy System Resolution and the laws of the State of Florida, the amount of District Energy System Bonds that may be issued by JEA is not limited and is subject only to approval by the Council and satisfaction of the conditions set forth in the District Energy System Resolution.

Pursuant to a previous Council approval, JEA currently is authorized to issue additional District Energy System Bonds for the purpose of financing the costs of additions, extensions and improvements to the District Energy System in such principal amount as shall provide JEA with "net proceeds" (defined as principal amount, less original issue discount, less underwriters' discount, less costs of issuance) of approximately $54,321,245. JEA expects that such authorization will be adequate to enable JEA to maintain its District Energy System capital improvement program as projected through the Fiscal Year ending September 30, 2024. See "DISTRICT ENERGY SYSTEM - *DISTRICT ENERGY SYSTEM FUNCTIONS* - Capital Program" herein. In the future, JEA will continue to seek authorization as needed from the Council to issue additional District Energy System Bonds in order to enable it to finance its District Energy System capital program.

JEA also has received approvals from the Council for the issuance of District Energy System Bonds for the purpose of refunding outstanding District Energy System Bonds. JEA may issue additional District Energy System Bonds to refund outstanding District Energy System Bonds from time to time as it deems economical or advantageous.

A summary of certain provisions of the District Energy System Resolution is attached to this Annual Disclosure Report as APPENDIX D.

District Energy System Contract Debts

Contract Debts, a component of the District Energy System's Operation and Maintenance Expenses, is defined by the District Energy System Resolution to mean any obligations of JEA under a contract, lease, installment sale agreement, bulk purchase agreement or otherwise to make payments out of Revenues for property, services or commodities whether or not the same are made available, furnished or received. JEA has not incurred any obligations constituting Contract Debts under the District Energy System Resolution, but it may do so in the future. All Contract Debts will be payable from the Revenues of the District Energy System prior to any payments from such Revenues for indebtedness not constituting Contract Debt issued for the District Energy System, including the District Energy System Bonds.

Schedules of Debt Service Coverage

The following table sets forth Schedules of the Debt Service Coverage for the District Energy System for the years ended September 30, 2019 and September 30, 2018, respectively. Such Schedules of Debt Service Coverage were derived from supplemental information included with JEA's 2019 Financial Statements and certain other information available to JEA. Such Schedules of Debt Service Coverage should be read in conjunction with such financial statements and the notes thereto.

JEA did not issue any District Energy System Bonds during the Fiscal Year ended September 30, 2019.

JEA District Energy System Schedules of Debt Service Coverage
(000's omitted)

	Fiscal Year ended September 30,	
	2019	**2018**
Revenues:		
Services revenues	\$8,891	\$8,756
Investment income	156	103
Plus: amount paid from the Rate Stabilization Fund into the Revenue Fund	2,737	-
Total revenues	11,784	8,859
Less: Operating expenses[(1)]	4,703	4,603
Net revenues	\$7,081	\$4,256
Aggregate debt service	\$3,020	\$3,019
Debt service coverage[(2)(3)]	2.34x	1.41x

(1) Excludes depreciation.
(2) On June 19, 2013, the closing date of the District Energy System Refunding Revenue Bonds, 2013Series A, JEA covenanted to deposit into the 2013 Series A Bonds Subaccount from Available Water and Sewer Revenues an amount equal to the Aggregate DES Service Deficiency that exists with respect to the 2013 Series A Bonds, in the event that the amount on deposit in the Debt Service Account in the Debt Service Fund in accordance with the District Energy System Resolution is less than Accrued Aggregate Debt Service as of the last Business Day of the then current month.
(3) Net Revenues divided by aggregate debt service. Minimum annual coverage is 1.15x.

Management's Discussion of District Energy System Operations

Revenues. Total revenues increased $2.9 million, or 33.0 percent, to $11.8 million for the Fiscal Year ended September 30, 2019 compared to the Fiscal Year ended September 30, 2018 primarily related to the $2.7 million increase in amounts paid from the Rate Stabilization Fund into the Revenue Fund. The payment arose from the elimination of the Debt Management Strategy Rate Stabilization Fund.

Operating Expenses. Operating expenses increased $0.1 million, or 2.2 percent, to $4.7 million for the Fiscal Year ended September 30, 2019 compared to the Fiscal Year ended September 30, 2018.

Net Revenues. Net revenues increased $2.8 million, or 66.4 percent, to $7.1 million for the Fiscal Year ended September 30, 2019 from $4.3 million for the Fiscal Year ended September 30, 2018, primarily related to the increase in total revenues.

Aggregate Debt Service on District Energy System Bonds. Aggregate Debt Service on District Energy System Bonds for the Fiscal Year ended September 30, 2019 remained relatively unchanged as compared to the Fiscal Year ended September 30, 2018.

Debt Service Coverage on District Energy System Bonds. The debt service coverage ratio on District Energy System Bonds increased to 2.34 times for the Fiscal Year ended September 30, 2019 as compared to the debt service coverage ratio of 1.41 times for the Fiscal Year ended September 30, 2018 as a result of the 66.4 percent increase in net revenues available for debt service between such periods.

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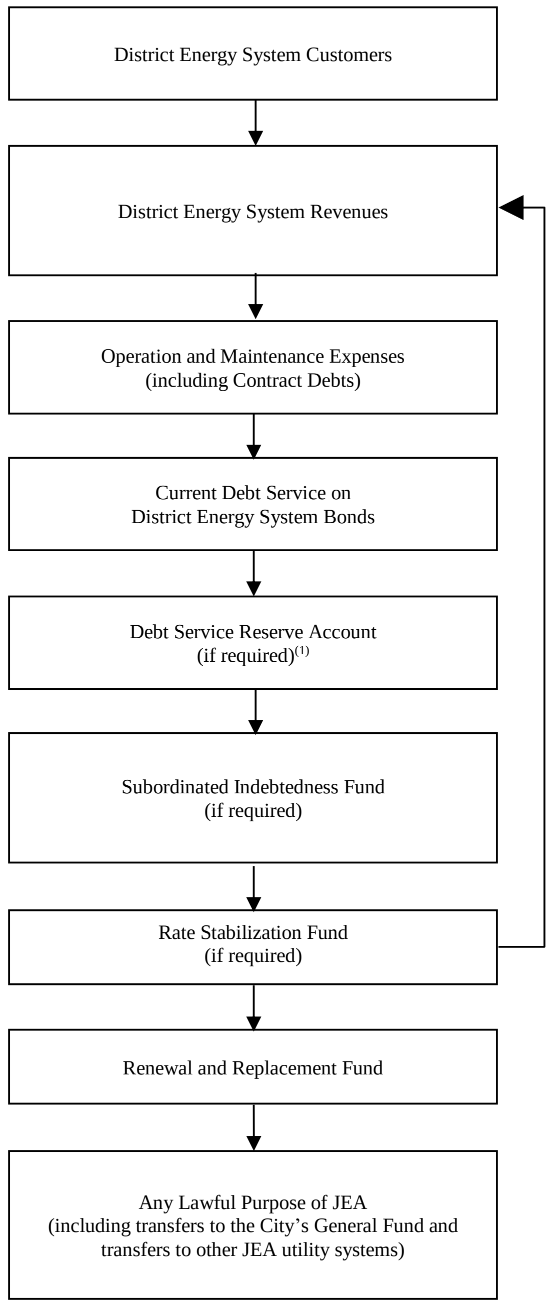
APPLICATION OF DISTRICT ENERGY SYSTEM REVENUES

The following chart shows a summary of the major components of the application of revenues under the District Energy System Resolution.



(1) Revenues of the Water and Sewer System shall be deposited into a special subaccount in the Debt Service Reserve Account (the "2013 Series A Bonds Subaccount") established for the DES 2013 Series A Bonds and pledged to pay debt service on the DES 2013 Series A Bonds in the event that revenues of the District Energy System are insufficient to pay debt service on such DES 2013 Series A Bonds.

OTHER FINANCIAL INFORMATION

General

JEA maintains separate accounting records for the Water and Sewer System and the District Energy System. For purposes of financial reporting, however, JEA prepares combined financial statements that include the Electric System, the Bulk Power Supply System, JEA's interest in the Power Park[(1)], the Water and Sewer System and the District Energy System. Set forth in APPENDIX A hereto are (a) the financial statements of JEA for its Fiscal Year 2019 (which consist of the statement of net position of JEA as of September 30, 2019 and the related statement of revenues, expenses, and changes in net position and cash flows for the year then ended and the notes thereto; such financial statements are hereinafter referred to as "JEA's 2019 Financial Statements"), together with the report of Ernst & Young LLP, independent auditors, on such financial statements, (b) certain supplemental data as of September 30, 2019 and for the year then ended (which consist of the combining statement of net position, the combining statement of revenues, expenses, and changes in net position and the combining statement of cash flows) and (c) certain statements of bond compliance information (which consist of schedules of debt service coverage for the year ended September 30, 2019 for the Electric System, the Bulk Power Supply System, JEA's interest in the Power Park, the Water and Sewer System and the District Energy System), together with the report of Ernst & Young LLP, independent auditors, on such schedules. All such statements, information, data and schedules should be read in conjunction with the notes to JEA's 2019 Financial Statements, which are an integral part of the financial statements.

The assets reflected in the statement of net position included in JEA's 2019 Financial Statements include all of the assets of the Water and Sewer System, Electric System, the Bulk Power Supply System, JEA's interest in the Power Park and the District Energy System, and the liabilities reflected in such statement of net position include, among other things, the Water and Sewer System Bonds, the Subordinated Water and Sewer System Bonds, the Electric System Bonds, the Subordinated Electric System Bonds, the Power Park Issue Three Bonds, the Additional Bulk Power Supply System Bonds and the District Energy System Bonds. The statement of revenues, expenses, and changes in net assets include all expenses (*e.g.*, interest charges, operating and maintenance expenses, fuel expenses) of the Water and Sewer System, the Electric System, the Bulk Power Supply System, JEA's interest in the Power Park and the District Energy System.

Except as described under the caption "INTRODUCTION - General" herein, for financing purposes, the debt of JEA relating to the Electric Utilities Functions, the debt of JEA relating to its Water and Sewer System and the debt of JEA relating to the District Energy System are payable from and secured by separate revenue sources (*i.e.*, (a) the debt of JEA relating to its Electric Utility Functions is payable from and secured by the revenues derived by the Electric System from the sale of electricity and related services; (b) the debt of JEA relating to the Water and Sewer System is payable from and secured by the revenues derived by the Water and Sewer System from the sale of water and the provision of wastewater treatment and related services; and (c) except as described under the caption "WATER AND SEWER SYSTEM - *FINANCIAL INFORMATION RELATING TO WATER AND SEWER SYSTEM FUNCTIONS* - Debt Relating to Water and Sewer System Functions - *Water and Sewer System Support of the District Energy System Bonds*" herein, the debt of JEA relating to the District Energy System is payable from and secured by the revenues derived by the District Energy System from the sale of chilled water and related services). Accordingly, potential purchasers of the Water and Sewer System and District Energy System Bonds are advised that the information in JEA's 2019 Financial Statements relating to JEA's Electric System is not relevant to a decision to purchase the Water and Sewer System and District Energy System Bonds.

(1) The Power Park ceased operations on January 5, 2018.

Transfers to the City

The Charter currently provides that, as consideration for the unique relationship between the City and JEA, there shall be assessed upon JEA in each Fiscal Year, for the uses and purposes of the City, from the revenues of the Electric System and Water and Sewer System operated by JEA available after the payment of all costs and expenses incurred by JEA in connection with the operation of the Electric System and the Water and Sewer System (including, without limitation, all costs of operation and maintenance, debt service on all obligations issued by JEA in connection with such Electric System and the Water and Sewer System and required reserves therefor and the annual deposit to the depreciation and reserve account required pursuant to terms of the Charter), an amount that is periodically negotiated by JEA and the City. The City's annual assessment of JEA does not include assessments pertaining to the District Energy System. The Charter provides that the Council may reconsider the assessment calculations every five years; however, pursuant to the Charter, the Council may also revise the assessments at any time by amending the Charter with a two-thirds vote of the Council. From time to time, proposals have been made, and may be made in the future, to increase the amount of the City's annual assessment on JEA.

Effective October 1, 2008, JEA is required to pay to the City a combined assessment for the Electric System and the Water and Sewer System and this combined assessment has been set forth in the Charter.

JEA and the City reached agreement on amendments ("2016 Amendments") to the Charter which affect the amount of the combined assessment that JEA is required to pay to the City. The 2016 Amendments were set forth in Ordinance 2015-764, were approved by the Council on March 8, 2016 and took effect on March 10, 2016. The 2016 Amendments set forth the combined assessment from fiscal year 2016-2017 through fiscal year 2020-2021. JEA and the City reached agreement on additional amendments ("2019 Amendments," and together with the 2016 Amendments, the "Charter Amendments") to the Charter set forth in Ordinance 2018-747, enacted by the Council on February 12, 2019, which set forth the combined assessment from fiscal year 2021-2022 through fiscal year 2022-2023. The Charter Amendments provide that effective October 1, 2016, the combined assessment for the Electric System and the Water and Sewer System will be equal, but not exceed the greater of (A) the sum of (i) the amount calculated by multiplying 7.468 mills by the gross kilowatt hours delivered by JEA to retail users of electricity in JEA's service area and to wholesale customers under firm contracts having an original term of more than one year (other than sales of energy to FPL from JEA's St. Johns River Power Park System) during the 12-month period ending on April 30 of the Fiscal Year immediately preceding the Fiscal Year for which such assessment is applicable, plus (ii) the amount calculated by multiplying 389.20 mills by the number of kgals (1000 gallons) potable water and sewer service, excluding reclaimed water service, provided to consumers during the 12-month period ending on April 30 of the Fiscal Year immediately preceding the Fiscal Year for which such assessment is applicable or (B) a minimum calculated amount which increases by 1% per year from fiscal year 2016-2017 through fiscal year 2020-2021 using the fiscal year 2015-16 combined assessment of $114,187,538 as the base year. The amounts applicable to clause (B) above are: for fiscal year 2016-2017 - $115,329,413; for fiscal year 2017-2018 - $116,482,708; for fiscal year 2018-2019 - $117,647,535; for fiscal year 2019-2020 - $118,824,010; and for fiscal year 2020-2021 - $120,012,250; for fiscal year 2021-2022 - $121,212,373; and for fiscal year 2022-2023 - $122,424,496. A "mill" is one one-thousandth of a U.S. Dollar. The Charter Amendments provide that the amended assessment calculations for the electric system and the water and sewer system shall be in effect until September 30, 2023 and that the Council may reconsider the assessment calculations after October 1, 2022 and changes, if any, shall become effective October 1, 2023. As provided in the Charter, the Council may change the assessment calculation by ordinance within the provisions of the relevant section of the Charter. The Charter Amendments contemplate that in the event the Council does not reconsider the assessment calculations, the assessments shall be calculated using the existing formulas specified in the Charter, including a minimum calculated amount in clause (B) therein, which increases by one percent per year for each fiscal year computed as provided in the Charter.

In addition to the changes to the annual assessment, the 2016 Amendments provide that JEA, pursuant to the terms of an Interagency Agreement with the City (the "Interagency Agreement"), agrees to provide total nitrogen water quality credit to the City to assist the City in meeting its Basin Management Action Plan load reduction goal ("BMAP Credit"). The 2016 Amendments provide that if JEA cannot provide the BMAP Credit pursuant to the terms of the Interagency Agreement, the Council and JEA shall work cooperatively to address the BMAP Credit shortfall or the Council may reconsider the assessment calculations. The 2019 Amendments provide that JEA, pursuant to amended terms of the Interagency Agreement, agrees to transfer additional future BMAP Credits to the City.

In recognition of the 2016 Amendments to the Charter as described above, JEA paid to the City an additional one-time contribution in the Fiscal Year ending September 30, 2016 of $15,000,000 (the "2016 Additional Contribution"). The City has committed to use the 2016 Additional Contribution for City water and sewer infrastructure projects. Pursuant to the 2019 Amendments, JEA paid to the City an additional one-time contribution in the Fiscal Year ending September 30, 2019 of $15,155,000 (the "2019 Additional Contribution"). The City's stated intent was to use $15,000,000 of the 2019 Additional Contribution for City water and sewer infrastructure projects and $155,000 for river level monitoring equipment.

The portion of the budgeted aggregate assessment calculated with respect to the Water and Sewer System has increased from approximately $24,695,388 for the Fiscal Year ended September 30, 2019 to $24,953,042 for the Fiscal Year ending September 30, 2020. While the Charter requires JEA to pay the JEA assessment to the City at such times as the City requests, but not in advance of collection, the Ordinance Code of the City requires JEA to pay the JEA assessment on a monthly basis. Pursuant to Section 21.07(f) of the Charter, although the calculation of the amounts assessed upon JEA pursuant to the Charter and the annual transfer of available revenues from JEA to the City pursuant to the Charter are based on formulas that are applied specifically to the respective utility systems operated by JEA, JEA may, in its discretion, determine how to allocate the aggregate assessment between the Electric System and the Water and Sewer System, and the aggregate assessment may be paid from any available revenues of JEA.

In addition, the Charter provides that the Council shall have the power to appropriate annually a portion of the available revenues of each utility system operated by JEA (other than electric, water and sewer systems) for the uses and purposes of the City in an amount to be based on a formula to be agreed upon by JEA and the Council.

The Charter imposes a monthly Franchise Fee which JEA was required to pay to the City commencing June 1, 2008 for revenues derived effective April 1, 2008 in an amount initially equal to three percent (and not to exceed six percent, with increases requiring a request by the Mayor of the City and a two-thirds supermajority vote by the Council) of the revenues of the Electric System derived within Duval County other than the beach communities and the Town of Baldwin and subject to a per customer maximum. The Charter authorizes JEA to pass through the amount of the Franchise Fee to the customers of JEA, which JEA does. As a result, the Franchise Fee has no effect on JEA's net revenues.

In November 2019, a bill was introduced in the Florida Legislature that would constrain the use of municipal electric utility revenue exclusively for electric utility operations and improvements and prohibit municipal electric utilities revenue from being used to finance general government functions. If the proposal becomes law, it could impact prospectively the amount and/or sources of the general government transfer. It is unknown presently if the proposal will become law in either its present or a modified form or what JEA will be able to do conform with such a law. The 2020 regular session of Florida Legislature is scheduled to end March 13, 2020.

Effect of JEA Credit Rating Changes

General

JEA has entered into certain agreements that contain provisions giving counterparties certain rights and options in the event of a downgrade in JEA's credit ratings below specified levels, which provisions commonly are referred to as "ratings triggers."

The table below sets forth the current ratings and outlooks for JEA's Water and Sewer System Bonds and Subordinated Water and Sewer System Bonds, without giving effect to any third-party credit enhancement. Given JEA's current levels of ratings, JEA's management does not believe that the ratings triggers contained in any of its existing agreements will have a material adverse effect on its results of operations or financial condition. However, JEA's ratings reflect the views of the rating agencies and not of JEA, and therefore JEA cannot give any assurance that its ratings will be maintained at current levels for any period of time.

	Fitch Ratings	**Moody's**	**S&P**
Outstanding Water and Sewer System Bonds	AA (stable)	A2 (negative)	AAA (stable)
Outstanding Subordinated Water and Sewer System Bonds	AA (stable)	A2 (negative)	AA+ (stable)

Liquidity Support for JEA's Variable Rate Bonds

In particular, JEA has entered into a credit agreement, standby bond purchase agreements and letter of credit reimbursement agreement with certain commercial banks in order to provide liquidity support in connection with tenders for purchase of the Senior Liquidity Supported Water and Sewer Bonds and the Subordinated Liquidity Supported Water and Sewer Bonds (collectively the "Liquidity Supported Bonds"). As of the date of this Annual Disclosure Report, there is $137,110,000 in aggregate principal amount of Senior Liquidity Supported Water and Sewer Bonds outstanding and $103,135,000 in aggregate principal amount of Subordinated Liquidity Supported Water and Sewer Bonds outstanding. The standby bond purchase agreements and reimbursement agreements, as applicable, relating to the Liquidity Supported Bonds provide that any of such Liquidity Supported Bonds that are purchased by the applicable bank pursuant to its standby bond purchase agreement or letter of credit, as applicable, may be tendered or deemed tendered to JEA for payment upon the occurrence of certain "events of default" with respect to JEA under such standby bond purchase agreement or such reimbursement agreement, as applicable. Upon any such tender or deemed tender for purchase, such Liquidity Supported Bonds so tendered or deemed tendered will be due and payable immediately.

In general, the credit agreement and each standby bond purchase agreement and reimbursement agreement, as applicable, provides that it is an event of default on the part of JEA thereunder if the long-term ratings on the Liquidity Supported Bonds to which the credit agreement or such standby bond purchase agreement or such reimbursement agreement, as applicable, relates, without giving effect to any third-party credit enhancement, fall below "BBB-" by Fitch Ratings, "Baa3" by Moody's Investors Service ("Moody's") and / or "BBB-" by Standard & Poor's, a business of Standard & Poor's Financial Services LLC, a limited liability company, organized and existing under the laws of the State of Delaware ("S&P"), or are suspended or withdrawn (generally for credit-related reasons).

Interest Rate Swap Transactions

From time to time, JEA enters into interest rate swap transactions pursuant to both its debt management policy (see "Debt Management Policy" below) and its investment policies (see "Investment Policies" below), which interest rate swap transactions may be for the account of the Water and Sewer System. JEA had interest rate swap transactions outstanding under interest rate swap master agreements with four different counterparties in an aggregate notional amount of $516,550,000 as of September 30, 2019, of which

$110,140,000 were for the account of the Water and Sewer System. For additional information concerning those interest rate swap transactions, see (a) "Debt Management Policy" below, (b) "Investment Policies" below and (c) Notes 1(k) and 8 to JEA's 2019 Financial Statements set forth in APPENDIX A attached hereto.

Under each master agreement, the interest rate swap transactions entered into pursuant to that master agreement are subject to early termination upon the occurrence and continuance of certain "events of default" and upon the occurrence of certain "termination events." One of such "termination events" with respect to JEA is a suspension or withdrawal of certain credit ratings with respect to JEA or a downgrade of such ratings to below the levels set forth in the master agreement or in the confirmation related to a particular interest rate swap transaction. Upon any such early termination of an interest rate swap transaction, JEA may owe to the counterparty a termination payment, the amount of which could be substantial. The amount of any such potential termination payment would be determined in the manner provided in the applicable master agreement and would be based primarily upon market interest rate levels and the remaining term of the interest rate swap transaction at the time of termination. In general, the ratings triggers on the part of JEA contained in the master agreements range from (x) below "BBB" by S&P and below "Baa2" by Moody's to (y) below "A-" by S&P and below "A3" by Moody's.

Additionally, the master agreement between JEA and Merrill Lynch Derivative Products AG ("MLDP") for the account of the Water and Sewer System contains an automatic transfer provision triggered by a certain rating downgrade or downgrades, as applicable, of JEA or Merrill Lynch Derivative Products AG. Under certain circumstances if the rating on JEA's senior lien Water and Sewer System Bonds or the long-term, unsecured, unsubordinated debt rating or financial program rating of Merrill Lynch Derivative Products AG were to fall below the double-A category, all rights and obligations of Merrill Lynch Derivative Products AG under the master agreement and all transactions under the master agreement would be automatically assigned and delegated to Merrill Lynch Capital Services, Inc. ("MLCS"). MLCS has entered into an agreement with JEA to cause a guarantee from Merrill Lynch & Co. to be delivered to JEA after the assignment occurs and such guarantee will guarantee the payments of MLCS under the master agreement to JEA. S&P downgraded MLDP to "A+" on August 5, 2013, triggering the assignment to MLCS and the Merrill Lynch & Co. guarantee described above.

As of September 30, 2019, JEA's estimated aggregate exposure under all of its then outstanding interest rate swap transactions (*i.e.*, the net amount of the termination payments that JEA would owe to its counterparties if all of the interest rate swap transactions were terminated) was $149,887,000, of which $31,266,000 was attributable to interest rate swap transactions entered into for the account of the Water and Sewer System.

In connection with the issuance or proposed issuance of certain of JEA's bonds, JEA has entered into various floating-to-fixed rate interest rate swap transactions for the account of the Water and Sewer System. These swap transactions are entered into with various providers and are otherwise described in the table below.

Related Bonds	**Counterparty**	**Initial Notional Amount**	**Notional Amount as of September 30, 2019**	**Notional Amount as of November 30, 2019**	**Fixed Rate of Interest**	**Variable Rate Index**(1)	**Termination Date**(2)
Water and Sewer System Revenue Bonds, 2006 Series B	Morgan Stanley Capital Services, Inc.	$38,730,000	$24,850,000	$19,110,000	4.03-4.09% As of Nov. 30, 2019	CPI Index	10/1/2020 to 10/1/2022
Variable Rate Water and Sewer System Revenue Bonds, 2008 Series B	Merrill Lynch Capital Services, Inc.	$85,290,000	$85,290,000	$85,290,000	3.895%	BMA Municipal Swap Index	10/1/2041

(1) The BMA Municipal Swap Index is now known as the SIFMA Municipal Swap Index.
(2) Unless earlier terminated.

Debt Management Policy

JEA's debt management policy applies to all current and future debt and related hedging instruments issued by JEA. The policy is designed to provide both broad policy guidance and facilitate management, control and oversight of JEA's debt function, thus fostering ongoing access to the capital markets in order to fund future capital projects of JEA.

The counterparties with whom JEA may deal must meet the requirements for counterparties described under the caption "Investment Policies" below. The policy requires JEA staff to submit to the JEA Board an annual plan of finance, which will address, at a minimum, the amount of debt projected to be issued during the next Fiscal Year, whether such debt is senior or subordinated, whether such debt is fixed or variable, and whether any hedging instruments may be utilized. Under the policy, JEA's net variable rate debt will not exceed 30 percent of total debt and JEA's net variable rate debt plus net fixed-to-floating interest rate swaps will not exceed 55 percent of total debt. "Net variable rate debt" is actual variable rate debt minus net variable rate assets. "Net variable rate assets" is actual variable rate assets minus the notional amount of investment/asset-matched interest rate swaps. "Net fixed-to-floating interest rate swaps" is the aggregate notional amount of fixed-to-floating swaps maturing in 10 years or less minus the aggregate notional amount of floating-to-fixed swaps maturing in 10 years or less outstanding on the last day of each month. "Total debt" equals fixed rate debt plus variable rate debt. "Variable rate assets" are investments maturing in less than one year. "Variable rate debt" is actual variable rate debt outstanding less variable rate debt that is associated with a floating-to-fixed rate swap where the term of the swap matches the term of the variable rate debt. The percentages are to be computed monthly.

JEA's fixed rate debt, variable rate debt and debt-related hedging instruments are to be managed in conjunction with investment assets and investment-related hedging instruments to incorporate the natural occurrence of hedging impacts in those balance sheet categories. The purpose is to use each side of the balance sheet to mitigate or hedge cash flow risks posed by the other side of the balance sheet.

The policy creates procedures to be followed in conjunction with the issuance of fixed rate debt, variable rate debt and debt refundings. Beginning in the Fiscal Year ended September 30, 2010, deposits were made to the Rate Stabilization Fund for the Debt Management Strategy Reserve to reflect the difference in the actual interest rates for interest expense on the unhedged variable rate debt as compared to the budgeted assumptions for interest expense on the unhedged variable rate debt. Under JEA's pricing policy, withdrawals from the Debt Management Strategy Stabilization Fund were limited to expenses related to market disruption in the capital markets, disruption in availability of credit or unanticipated credit expenses, or to fund variable interest costs in excess of budget. In September 2019, the Board authorized revisions to the debt management and pricing policies eliminating the Rate Stabilization Fund for the Debt Management Strategy Reserve and authorized those funds, along with other available funds of JEA, to be used to defease certain outstanding Electric System and Water and Sewer System debt. Such defeasances were effected October 11, 2019.

The policy establishes a framework for JEA's utilization of hedging instruments including interest rate swaps and caps and collars. The utilization of hedging instruments offers JEA a cost-effective alternative to traditional debt financing choices. JEA is authorized to enter into floating-to-fixed rate swaps, fixed-rate-to-floating rate swaps and basis swaps (*i.e.*, swaps which seek to manage the risk associated with the mismatch between two benchmarks used to set the indices utilized in an interest rate swap transaction). The percentage of variable rate exposure (the notional amount of net fixed-to-floating interest rate swaps and net variable rate debt outstanding) to total debt outstanding may not exceed 55 percent. The notional amount of interest rate swaps, caps, collars and related hedging instruments is limited to the amount approved by the JEA Board from time to time.

Interest rate caps and related hedging instruments are to be utilized to help JEA manage interest rate risk in its debt management program. Generally, a fixed-to-floating interest rate swap will have an associated interest rate cap for the same notional amount at a level no greater than 200 basis points above the interest rate swap fixed rate. It is also contemplated that an interest rate cap will not always have the same maturity as the interest swap with which it is associated. The average life of the aggregate of outstanding caps will not be less than 75 percent of the average life of the associated aggregate swaps.

The policy sets out various decision rules which govern the decision to execute various hedging instruments. Valuations are performed on a quarterly basis and adjustments to fair value are included in JEA's financial statements.

The policy calls for no more than $500,000,000 of net interest rate swap and cap or other hedging instruments to be outstanding in the aggregate with any one provider or affiliate thereof. The aggregate amount of all "long dated" (greater than 10 years) transactions executed with financial institutions and all affiliates thereof, shall be limited to an amount based on the credit rating of the financial institution at the time of the entry into the long-dated hedging transaction as shown below:

Rating Level	**Notional Amount**
AAA/Aaa by one or more rating agencies	$400,000,000
AA-/Aa3 or better by at least two rating agencies	300,000,000
A/A2 or better by at least two rating agencies	200,000,000
Below A/A2 by at least two rating agencies	0

The ratings criteria shown above apply either to the counterparty to the long-dated transaction or, if the payment obligation of such counterparty under the relevant swap agreement shall be guaranteed by an affiliate thereof, such affiliate. The overall maximum by definition of the above limits cannot exceed $400,000,000 for long dated transactions.

These diversification requirements include all interest rate swap, cap and other hedging instruments JEA may utilize to manage interest rate risks including, but not limited to, debt management and 100 percent investment/asset-matched program. Interest rate swap and cap transactions are to be competitively bid (unless otherwise determined by the Managing Director and Chief Executive Officer) by at least three providers that have executed interest rate swap agreements with JEA.

Under the policy, an annual budgeted reserve contribution is to be made to a reserve fund. The contributions to the reserve fund will be funded in three equal installments of 1 percent of the notional amount beginning in the month the swap is executed. Once funded, the reserve fund shall at all times be not less than three percent of the notional amount of fixed-to-floating rate debt interest rate swaps outstanding, but can be used for any lawful purpose as approved by JEA's Managing Director and Chief Executive Officer.

The aggregate notional amount of all hedging instrument transactions entered into for the account of the Water and Sewer System outstanding at any one time, net of offsetting transactions, under all swap agreements is established at not to exceed (a) $600,000,000 in the case of interest rate swaps, (b) $250,000,000 in the case of basis swaps and (c) $400,000,000 in the case of caps and collars. A transaction that reverses an original transaction in every respect thereby offsetting the cash flows perfectly is referred to herein as an "offsetting transaction." Generally, in the past JEA has elected to receive or pay an upfront cash payment to reverse the original swap transaction. The phrase "net of offsetting transactions" would relate to reversals that remain on JEA's books if JEA elected not to take/make an upfront cash payment.

Investment Policies

The goals of JEA's investment policy are to (i) provide safety of capital, (ii) provide sufficient liquidity to meet anticipated cash flow requirements, and (iii) maximize investment yields while complying with the first two goals. Sound investment management practices help maintain JEA's competitive position since investment income reduces utility rates. JEA's funds are invested only in securities of the type and maturity permitted by its bond resolutions, Florida statutes, its internal investment policy and federal income tax limitations. JEA does not speculate on the future movement of interest rates and is not permitted to utilize debt leverage in its investment portfolio. Debt leverage is the practice of borrowing funds solely for the purpose of reinvesting the proceeds in an attempt to earn more income than the cost of the debt.

JEA invests its funds pursuant to Section 218.415, Florida Statutes, its various bond resolutions and its JEA Board-approved investment policy. As of September 30, 2019, 34.6 percent of JEA's total investment portfolio (including funds held under the Water and Sewer System Resolution, the Subordinated Water and Sewer System Resolution, the District Energy System Resolution, the Bulk Power Supply System Resolution, the Electric System Resolution, the Subordinated Electric System Resolution, the First Power Park Resolution and the Second Power Park Resolution) was invested in securities issued by the United States Government, federal agencies or state and local government entities and has a weighted average maturity of approximately 4.4 years. As of September 30, 2019, the remaining 65.4 percent of such investment portfolio was invested in commercial paper rated at least "A-1" and "P-1" by S&P and Moody's, respectively, having a weighted average maturity of less than 30 days, in money market mutual funds and in demand deposit bank accounts. JEA's funds that are invested in commercial paper, in money market mutual funds and in bank accounts are used primarily for operating expenses.

JEA has entered into securities lending agreements in the past wherein from time to time JEA loaned certain securities in exchange for eligible collateral consisting of United States Government and federal agency securities whose market values were at least 103 percent of the market values of the loaned securities which were re-priced daily. JEA earned a fee in connection with such securities lending agreements, which augmented its portfolio yield. Although JEA currently does not have any securities held pursuant to its securities lending program, JEA may enter into similar securities lending agreements in the future.

JEA previously implemented a strategy to lengthen synthetically the investment maturity of its short-term revolving funds by entering into 100 percent asset-matched interest rate swap transactions. Through the use of this strategy, JEA may lock-in a fixed rate of return for up to five years on those funds, such as debt service sinking funds, that it is permitted to invest only in short-term investment securities. As of September 30, 2019, JEA had, and as of the date of this Annual Disclosure Report, JEA has, no outstanding interest rate swap transactions for this purpose, although it may enter into interest rate swap transactions for this purpose in the future.

The JEA Board has established limits on the notional amount of JEA's interest rate swap transactions and standards for the qualification of financial institutions with whom JEA may enter into interest rate swap transactions. The counterparties with whom JEA may deal must be rated (i) "AAA"/"Aaa" by one or more nationally recognized rating agencies at the time of execution, (ii) "A"/"A2" or better by at least two of such credit rating agencies at the time of execution, or (iii) if such counterparty is not rated "A"/"A2" or better at the time of execution, provide for a guarantee by an affiliate of such counterparty rated at least "A"/"A2" or better at the time of execution where such affiliate agrees to unconditionally guarantee the payment obligations of such counterparty under the swap agreement. In addition, swap agreements generally will require the counterparty to enter into a collateral agreement to provide collateral when (a) the ratings of such counterparty (or its guarantor) fall below "AA-"/"Aa3" by two rating agencies and (b) a termination payment would be owed to JEA.

JEA's payment obligations under the interest rate swap transactions consist of periodic payments based upon fluctuations in interest rates and, in the event of a termination of a transaction prior to the stated term thereof, potential termination payments. The amounts of such potential termination payments are based primarily upon market interest rate levels and the remaining term of the transaction at the time of termination. JEA is authorized to enter into both (a) interest rate swap agreements the obligations of JEA under which are payable from available funds of the Electric System ("Electric System Swap Agreements") and (b) interest rate swap agreements the obligations of JEA under which are payable from available funds of the Water and Sewer System ("Water and Sewer System Swap Agreements").

In the case of interest rate swap transactions entered into pursuant to Water and Sewer System Swap Agreements, JEA's payment obligations thereunder are payable following the payment of the operation and maintenance expenses of the Water and Sewer System, including any Contract Debts of the Water and Sewer System, debt service on Water and Sewer System Bonds, debt service on any Subordinated Indebtedness of the Water and Sewer System (including Subordinated Water and Sewer System Bonds) and the deposits to the Renewal and Replacement Fund established by the Water and Sewer System Resolution.

Interest rate swap transactions for the account of the Water and Sewer System may be entered into pursuant to either Water and Sewer System Swap Agreements or Electric System Swap Agreements. In the case of interest rate swap transactions for the account of the Water and Sewer System that are entered into pursuant to Electric System Swap Agreements, JEA has established procedures pursuant to which (a) all amounts received by JEA pursuant to such interest rate swap transactions are transferred to the Revenue Fund established pursuant to the Water and Sewer System Resolution and (b) all payments required to be made by JEA pursuant to such interest rate swap transactions are paid for from Revenues of the Water and Sewer System; *provided*, *however*, that no such payments may be made from Revenues of the Water and Sewer System until payment (or provision for payment) has been made of the operation and maintenance expenses of the Water and Sewer System, including any Contract Debts of the Water and Sewer System, debt service for the Water and Sewer System Bonds, debt service for any Subordinated Indebtedness of the Water and Sewer System (including the Subordinated Water and Sewer System Bonds) and the deposits to the Renewal and Replacement Fund established by the Water and Sewer System Resolution.

For further information regarding this interest rate swap program, see Notes 1(k) and 8 to JEA's 2019 Financial Statements set forth in APPENDIX A attached hereto.

Revolving Credit Facilities

Effective December 17, 2015, JEA entered into a revolving credit agreement with JPMorgan Chase Bank, National Association ("JPMorgan") for a $300,000,000 commitment (the "Revolving Credit Facility"). The Revolving Credit Facility was initially scheduled to expire on December 17, 2018. Effective May 24, 2018, JEA and JPMorgan amended the agreement to extend the expiration date to May 24, 2021, and effective November 1, 2018, the parties further amended the agreement to increase the maximum principal amount of the credit facility available for Electric System loans by $200,000,000, for a total commitment equal to $500,000,000. Subject to meeting various conditions, the Revolving Credit Facility is available to JEA to provide working capital and short-term and interim financing for capital projects in connection with any of its systems. Payment obligations allocable to the Electric System, Power Park (under the Second Power Park Resolution) and the Bulk Power System under the Revolving Credit Facility are payable from the respective revenues of the Electric System, Power Park (under the Second Power Park Resolution) and the Bulk Power Supply System, as applicable, but are subordinate to the payment of JEA's Electric System, Power Park and Bulk Power Supply System debt (including the Electric System Bonds, the Subordinated Electric System Bonds, the Power Park Issue Three Bonds, and the Additional Bulk Power Supply System Bonds). As of the date of this Annual Disclosure Report, JEA has $5,000,000 in borrowings outstanding under the Revolving Credit Facility, which are for the account of the Water and Sewer System.

Loans Among Utility Systems

Pursuant to the Charter, JEA has the authority to lend money from one of its utility systems to another of its utility systems under terms and conditions as determined by JEA. As of the date of this Annual Disclosure Report, no loans among the systems are outstanding.

No Default Certificates

Section 714.2 of the Water and Sewer System Resolution and Section 7.07 of the Subordinated Water and Sewer Resolution require that JEA annually obtain a certificate of its independent firm of certified public accountants stating whether or not, to the knowledge of the signer, JEA is in default with respect to any of the covenants, agreements or conditions on its part contained in the Water and Sewer System Resolution and the Subordinated Water and Sewer System Resolution, respectively, and if so, the nature of such default. Section 713.2 of the District Energy System Resolution requires that JEA annually obtain a certificate of its independent firm of certified public accountants stating whether or not, to the knowledge of the signer, JEA is in default with respect to any of the covenants, agreements or conditions on its part contained in the District Energy System Resolution, and if so, the nature of such default. The actual certificates provided by such accountants state that nothing has come to such accountants' attention that caused such accountants to believe that JEA failed to comply with the terms, covenants, provisions or conditions of the applicable section(s) of the relevant resolutions, *insofar as they relate to accounting matters* (emphasis supplied). The accountants have advised JEA that the italicized qualifying language is required to be included by their professional standards (specifically, Statement on Auditing Standards No. 62). JEA does not believe that any other nationally-recognized accounting firm will provide certificates that strictly meet the requirements of the applicable section(s) of the relevant resolutions and that differ materially from the certificates provided by JEA's accountants.

Notwithstanding the failure of the accountants' certificates to strictly meet the requirements of the respective resolutions as described above, as of the date of this Annual Disclosure Report, JEA is not in default in the performance of any of the covenants, agreements or conditions contained in the Water and Sewer System Resolution, Subordinated Water and Sewer Resolution and the District Energy System Resolution.

LITIGATION

[SECTION NEEDS TO BE UPDATED.] In the opinion of the Office of General Counsel of the City, there is no pending litigation or proceedings that may result in any material adverse change in the financial condition of JEA relating to the Water and Sewer System or the District Energy System other than as set forth in the financial statements of JEA in APPENDIX A of this Annual Disclosure Report and other than the matters set forth in this Annual Disclosure Report.

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AUTHORIZATION

The dissemination and use of this Annual Disclosure Report have been duly authorized by the JEA Board.

JEA

By: *_/s/ April Green_*
Chair

By: *_/s/ Aaron F. Zahn_*
Managing Director and Chief Executive Officer

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ANNUAL DISCLOSURE REPORT
FOR
ELECTRIC UTILITY SYSTEM
FOR
FISCAL YEAR
ENDED
SEPTEMBER 30, 2019

(Prepared pursuant to certain continuing disclosure undertakings relating to the Bonds listed in APPENDIX I hereto)

Filed with EMMA

Dated as of

December [__], 2019

JEA
21 W. CHURCH STREET
JACKSONVILLE, FLORIDA 32202
(904) 665-7410
(http://www.jea.com)

JEA OFFICIALS

BOARD MEMBERSHIP[1]

Chair	April Green
Vice Chair	Frederick D. Newbill
Secretary	Camille J. Lee-Johnson
	~~Christian "Andy" Allen~~
	Henry K. Brown
	Kelly Flanagan
	Dane Grey

MANAGEMENT

Managing Director and Chief Executive Officer	Aaron F. Zahn
President and Chief Operating Officer	Melissa H. Dykes
Chief Administrative Officer	Herschel T. Vinyard
Chief Financial Officer	Ryan F. Wannemacher
Vice President and General Manager, Energy	Caren B. Anders
Vice President and General Manager of Water and Wastewater Systems	Deryle I. Calhoun
Vice President and Chief, Energy and Water Planning	Steven G. McInall
Vice President and Chief Government Affairs Officer	Sherry L. Hall
Vice President and Chief Customer Officer	Kerri Stewart
Vice President and Chief Compliance Officer	Ted E. Hobson
Vice President, Chief Legal Officer	Lynne Rhode
Vice President and Chief Human Resources Officer	Jonathan A. Kendrick
Vice President and Chief Information Officer	Shawn W. Eads
Vice President and Chief Supply Chain Officer	John P. McCarthy
Vice President and Chief Environmental Services Officer	Paul K. Steinbrecher
Treasurer	Joseph E. Orfano

GENERAL COUNSEL

Jason R. Gabriel, Esq.
General Counsel of the City of Jacksonville
Jacksonville, Florida

[1] Christian "Andy" Allen resigned from the Board effective December 2, 2019. There is currently one vacancy on the JEA Board.

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~~*~~† All outstanding Power Park Issue Two Bonds were defeased January 5, 2018.

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Current members of the JEA Board, their occupations and the commencement and expiration of their terms are as follows:

MEMBER[1]	OCCUPATION	TERM
April Green, Chair	Chief Financial Officer/ Chief Operating Officer Bethel Baptist Institutional Church	December 1, 2017–February 28, 2021
Frederick D. Newbill, Vice Chair	Pastor First Timothy Baptist Church	January 12, 2017–February 28, 2023
Camille J. Lee-Johnson, Secretary	Chief Operating Officer Lee Wesley & Associates, LLC	July 25, 2018–February 28, 2020
~~Christian "Andy" Allen~~	~~Chief Executive Officer~~ ~~Corner Lot Development Group~~	~~May 30, 2019–February 28, 2022~~
Henry K. Brown	President & Chief Executive Officer Miller Electric Company	August 30, 2019–February 28, 2023
Kelly Flanagan	Senior Vice President & CFO Jacksonville Jaguars, LLC	November 25, 2015–February 28, 2020
Dane Grey	President & Chief Executive Officer Elite Parking Services of America, Inc.	November ~~[ ],~~15, 2019–February 28, 2022

[1] There is currently one vacancy on the JEA Board.

In addition, in accordance with the provisions of the interlocal agreement entered into between JEA and Nassau County, Florida in connection with JEA's acquisition of certain assets and franchises of a private water and sewer utility in Nassau County, Nassau County is entitled to appoint a non-voting representative to the JEA Board. The Nassau County representative is entitled to attend all JEA Board meetings and to participate in discussions concerning matters that affect the provision of water and sewer services within Nassau County. Nassau County has appointed Mike Mullin, a Commissioner on Nassau County's Board of County Commissioners, as its representative to the JEA Board.

The Charter authorizes JEA to construct, acquire (including acquisition by condemnation), establish, improve, extend, enlarge, maintain, repair, finance, manage, operate and promote its utilities systems (which consist of (1) the Electric System, (2) the Water and Sewer System, (3) the District Energy System and (4) any additional utilities systems which JEA may undertake in the future upon satisfaction of the conditions set forth in the Charter), and to furnish electricity, water, sanitary sewer service, natural gas and other utility services as authorized therein within and outside of the City and for said purposes to construct and maintain electric lines, pipelines, water and sewer mains, natural gas lines and related facilities along all public highways and streets within and outside of the City. The Charter also confers upon JEA the power to sue, to enter into contracts, agreements and leases, and to sell revenue bonds to finance capital improvements and to refund previously issued evidences of indebtedness of JEA.

In addition to the powers conferred upon JEA by the Charter, the Bulk Power Act authorizes JEA to acquire, own and operate as separate bulk power supply utilities or systems, electric generating plants and transmission lines within the City and within and outside of the State of Florida. JEA's interests in the Power Park and the Scherer 4 Project are separate bulk power supply systems pursuant to the Bulk Power

As of October 1, 2019, JEA had 2,158 budgeted employee positions (exclusive of the Power Park employees referred to below), of which 1,527 were budgeted to the Electric System, 625 were budgeted to the Water and Sewer System and six were budgeted to the District Energy System. Except for the Management Team and a minor number of contract employees, such employees have civil service status.

Approximately 1,559 employees are covered by five collective bargaining agreements. These employees are represented by the American Federation of State, County, and Municipal Employees ("AFSCME"), the International Brotherhood of Electrical Workers ("IBEW"), Local 2358 and the Northeast Florida Public Employees, Local 630, Laborers' International Union of North America ("LIUNA"), all of which are affiliated with the AFL-CIO, and by a professional employees' association (the "PEA," Professional Employees Association) and a supervisors' association (the "JSA," Jacksonville Supervisors Association) that have no AFL-CIO affiliation. JEA has collective bargaining agreements with all the collective bargaining agents, and all of the collective bargaining agreements have been ratified and approved by the legislative body, the Council, and are ~~[~~effective through September 30, ~~2022].~~2022.

Pension

Substantially all of JEA's employees participate in the City's general employees pension plan ("GEPP"). Employees of the Power Park participate in a separate pension plan. See Note 12 to JEA's Financial Statements set forth in APPENDIX A to this Annual Disclosure Report for a discussion of certain information on the City's plan. The Actuarial Valuation as of October 1, 2017 for the City's GEPP (the "2017 Actuarial Valuation Report") and the Actuarial Valuation as of October 1, 2018 for the City's GEPP (the "2018 Actuarial Valuation Report") are available for viewing and downloading from the City's website link:(http://www.coj.net/departments/finance/retirement-system/gasb-and-plan-valuation-statements) and selecting the October 1, 2017 Valuation or the October 1, 2018 Valuation, respectively, under "General Employees Retirement Plan."

For the five Fiscal Years ended September 30, 2015, 2016, 2017, 2018 and 2019, JEA contributed $40,179,000, $43,156,000, $48,942,000, $35,459,523 and $33,855,607 to the GEPP.

Preparation of the Actuarial Valuation as of October 1, 2019 for the City's GEPP has not been completed as of the date of the Annual Disclosure Report. The following discussion is based on the 2018 Actuarial Valuation Report and the 2017 Actuarial Valuation Report, the latest two available.

JEA expects that its annual contributions to GEPP will be at lower levels in the near term than it had been for Fiscal Year Ended September 30, 2017 primarily due to recognition of a pension liability surtax beginning with Fiscal Year Ended September 30, 2018 and then it expects its annual contributions to GEPP to increase over the longer-term as a result of the expected increase in the GEPP's unfunded actuarial accrued liability. JEA expects that the GEPP's unfunded actuarial accrued liability and JEA's portion of that unfunded liability will continue to increase over the near term primarily due to a delay in receipt of the revenues from the pension liability surtax.

For the Fiscal Year ended September 30, 2018, the aggregate unfunded actuarial accrued liability for the GEPP was $1,175,135,210, which represented an increase of $93,821,769 from an aggregate unfunded actuarial accrued liability for the GEPP for the Fiscal Year ended September 30, 2017 of $1,081,313,441. For the Fiscal Year ended September 30, 2017, the aggregate unfunded actuarial accrued liability for the GEPP was $1,081,313,441, which represented an increase of $56,816,369 from an aggregate unfunded actuarial accrued liability for the GEPP for the Fiscal Year ended September 30, 2016 of $1,024,497,072. JEA was informed by the City that the actuary for the GEPP calculated (i) JEA's allocated share of the unfunded actuarial accrued liability for the GEPP reported for Fiscal Year 2018 of $565,792,869 (an increase of $42,416,322 from JEA's allocated share for Fiscal Year 2017) of the aggregate amount of $1,175,135,210 and (ii) JEA's allocated share of the unfunded actuarial accrued liability for the GEPP reported for Fiscal

$4,001,546, the funded ratio was 86.4 percent, the covered payroll was $443,955 and the unfunded actuarial accrued liability as a percentage of covered payroll was 901.3 percent. As of October 1, 2017, the SJRPP Plan's actuarial value of assets was $152,797,764, the actuarial accrued liability entry-age normal was $169,320,985, the unfunded actuarial accrued liability was $16,523,221, the funded ratio was 90.2 percent, the covered payroll was $11,988,122 and the unfunded actuarial accrued liability as a percentage of covered payroll was 137.8 percent. As of October 1, 2016, the SJRPP Plan's actuarial value of assets was $142,285,489, the actuarial accrued liability entry-age normal was $162,028,867, the unfunded actuarial accrued liability was $19,743,378, the funded ratio was 87.8 percent, the covered payroll was $15,489,302 and the unfunded actuarial accrued liability as a percentage of covered payroll was 127.5 percent. In the current fiscal year, JEA intends to manage the SJRPP plan to maintain a funded ratio consistent with fiscal years 2016-2018. JEA made $26,408,861 in contributions during the Fiscal Year Ended September 30, 2018, satisfying its required employer contribution of $8,422,270 for the Fiscal Year Ended September 30, 2019. After applying the available credit balance of $12,585,746, its required employer contribution for the Fiscal Year Ended September 30, 2020 is $4,582,219. The increase in the required total employer contribution to $17,167,965 for the Fiscal Year Ended September 30, 2020 resulted from a combination of the Plan's prior funding policy, which included the objective of achieving a 100% funded ratio by October 1, 2019 and the change in the assumed rate of return. See "ELECTRIC UTILITY SYSTEM – *ELECTRIC UTILITY FUNCTIONS* – St. John's River Power Park – *Early Termination of Power Park Joint Ownership Agreement*" for additional information.

Upon the cessation of commercial operations of the Power Park in January 2018 pursuant to the agreement entered into between JEA and FPL, JEA assumed all payment obligations and other liabilities related to any amounts due to be deposited into the SJRPP Plan. See "ELECTRIC UTILITY SYSTEM – *ELECTRIC UTILITY FUNCTIONS* – St. John's River Power Park – *Early Termination of Power Park Joint Ownership Agreement*" for additional information.

See Note 12, Note 13 and pages ~~[~~104-111~~]~~ of JEA's Financial Statements set forth in APPENDIX A to this Annual Disclosure Report for a discussion of the pension plans, "other post-employment benefit" plan and actuarial accrued liability.

Certain Demographic Information

Under Florida law, the City and Duval County are organized as a single, consolidated government. Based upon the 2010 United States Census, the consolidated City is the most populous city in the State of Florida. The City covers 840 square miles and is one of the largest cities in area in the United States.

The Jacksonville Metropolitan Statistical Area ("MSA") is composed of Duval, Clay, Nassau, St. Johns and Baker Counties, an area covering 3,202 square miles. The U.S. Census Bureau estimates that the Jacksonville MSA had a population of 1,534,701 as of July 1, 2018. The Jacksonville MSA is currently the fourth most populous MSA in the State of Florida. The table below shows population for the Jacksonville MSA.

Population

Year	Jacksonville MSA
1980	722,252
1990	906,727
2000(1)	1,122,750
2010	1,345,596
2018	1,534,701

Source: United States Census Bureau
(1) Baker County was included in the Jacksonville MSA starting with the 2000 United States census.

The description of the debt of JEA contained herein and of the documents authorizing, securing and relating to such debt do not purport to be comprehensive or definitive. All references herein to such documents are qualified in their entirety by reference to such documents.

For a detailed description of the outstanding debt of JEA as of September 30, 2019, see Note 8 to the financial statements of JEA set forth in APPENDIX A attached hereto.

Forward-Looking Statements and Associated Risks

This Annual Disclosure Report contains forward-looking statements, including statements regarding, among other items, (a) anticipated trends in JEA's business and (b) JEA's future capital requirements and capital resources. These forward-looking statements are based on, among other things, JEA's expectations and are subject to a number of risks and uncertainties, certain of which are beyond JEA's control. Actual results could differ materially from those anticipated by these forward-looking statements. In light of these risks and uncertainties, there can be no assurance that events anticipated by the forward-looking statements contained in this Annual Disclosure Report will in fact transpire.

JEA's independent certified public accountants have not examined, compiled or otherwise applied procedures to the forward-looking statements or financial forecasts presented herein and, accordingly, do not express an opinion or any other form of assurance on such forward-looking statements or financial forecasts.

Privatization of JEA

At the JEA Board meeting on November 28, 2017, a JEA Board member requested that the JEA Board and the City consider the financial benefits that would result from a privatization of JEA's Electric System, Water and Sewer System and District Energy System and whether the customers of JEA and the people of the City would be better served by the private marketplace.

JEA commissioned Public Financial Management to prepare a report to inform the JEA Board, the City and the public as to several important considerations that must be evaluated in order to make any decisions regarding JEA's future. In early 2018, the Council appointed a special committee ("Special Committee") consisting of the 19 members of the Council to examine and understand all aspects and implications of a potential sale or restructuring of JEA and to gather the relevant facts and community considerations the Council should consider in any decisions related to a potential sale of JEA. The Special Committee met regularly through July 25, 2018 to ensure a transparent and open process for the citizens of the City as to the consideration of a potential sale of JEA and published a final report addressing its findings as of that date.

On April 26, 2018, Mayor Curry stated that he will not submit any JEA privatization plan to the Council. Effective December 10, 2018, the Council amended the Charter to require referendum approval of the terms and conditions of the sale of any function or operation which comprises more than ten percent of the total of the JEA utilities system to any other utility, public or private and has been approved by the Council.

On October 30, 2019, the Council announced a series of fact-finding workshops on JEA, beginning on November 6, 2019 and continuing twice monthly through May 2020. At the Council's November 25, 2019 workshop, the Mayor stated he believes the limitations of a government-run utility monopoly do not serve the best interests of our community in the long term, that he has full confidence in the JEA Board to see the JEA strategic planning process through and that he would oppose any effort to stop the planning process.

("Proposals") from various industry sectors, including financial, technology and energy and water, for a non-governmental structure that JEA could develop in the coming months.

In accordance with such authorization, on August 2, 2019, JEA released its Invitation to Negotiate #127-19 for Strategic Alternatives requesting Proposals for non-governmental alternative structures. A copy of the ITN may be found on JEA's website at: www.jea.com/strategicalternatives. The reference to the ITN, the link and the information contained therein are provided solely for information purposes.

For a Proposal to be considered by JEA and its advisors, the JEA Board has stated that an offer made by an outside entity responding to JEA's ITN must meet certain minimum requirements, including:

- greater than $3 billion of unencumbered cash proceeds provided to the City; and
- greater than $400 million distributed to customers of JEA, with a minimum of $350.00 paid to each JEA customer account which would result in a minimum of $1,400.00 paid to customers with electric, water, sewer and irrigation accounts; and
- at least three years of contractually guaranteed base rate stability; and
- commitment to fund and provide the City and the Duval County Public Schools system with 100% renewable electricity by 2030; and
- commitment to fund and provide 40 million gallons per day of alternative water capacity for Northeast Florida by 2035; and
- acceleration of the vesting of certain employee retirement obligations in the event greater than $3 billion of unencumbered cash proceeds is provided to the City or at least 50% of the net depreciated property, plant and equipment value of either JEA's electric system or JEA's water and wastewater system is transferred, assigned, sold or otherwise disposed of; and
- guarantee of employee compensation and benefits at substantially the same as current levels for three years; and
- retention bonuses paid to all full-time employees in an amount equal to 100% of each employee's current base compensation; and
- commitment to establishing new headquarters and employees in downtown Jacksonville contributing to the economic development of the Jacksonville metropolitan area.

On October 7, 2019, JEA ~~received~~accepted 16 bids in response to the ITN. On October 14, 2019, the evaluation team announced that JEA would commence negotiations with nine respondents (the "Respondents"). ~~JEA received revised replies from the nine Respondents on November [ ], 2019. JEA has appointed individuals who will be~~The City Deputy Chief Administrative Officer, City Treasurer and City Engineer will serve on the negotiating team responsible for reviewing revised replies ~~and~~, negotiating with Respondents throughout the negotiation phase of the ITN process, and making a potential recommendation to the JEA Board. The receipt of revised replies to the ITN ~~represents only the next step in~~is part of a lengthy ~~evaluation~~and proscribed process and no determination has been made at this time as to whether or not JEA will pursue any of the non-governmental alternative structures proposed by the Respondents.

As indicated above, any potential sale or similar transaction regarding JEA's Electric System, Water and Sewer System, and District Energy System would currently require the approval of the Council as well alternative counterclaims against MEAG for breach of fiduciary duty, failure to perform in good faith, and negligent performance of an undertaking, in the event the Additional Vogtle Units PPA is determined to be enforceable. On September 6, 2019, MEAG filed motions to strike JEA's defenses and to dismiss JEA's alternative counterclaims. On November 1, 2019, MEAG filed a motion for leave to file a motion for judgment on the pleadings to seek a ruling on its affirmative defenses. JEA filed a memorandum opposing that motion on November 8, 2019. On November 5, 2019, JEA filed a motion for summary judgment seeking a declaration that the Additional Vogtle Units PPA is void and unenforceable. On November 8, 2019, the district court entered an order striking JEA's motion for summary judgment and setting a status conference with the parties. The same date, JEA filed a motion for leave to file a motion for summary judgment. On November 15, 2019, the district court conducted a status conference with the parties and subsequently entered an order staying all motions in the case pending submission of a revised scheduling order by December 15, 2019. On November 25, 2019, the court entered an order denying in whole MEAG's motion to strike certain of JEA's and the City of Jacksonville's affirmative defenses. The Court also dismissed two of JEA's counterclaims against MEAG, but left intact JEA's claim against MEAG for breach of the PPA based on a negligent undertaking theory, which claim is contingent and brought only in the event of a finding that the PPA is enforceable. JEA will vigorously defend and prosecute these actions, but provides no assurances regarding the outcome or consequences of the litigation.

Settlement Negotiations – JEA and MEAG have commenced negotiations in an attempt to arrive at a mutually beneficial commercial resolution of their dispute. The ultimate outcome of this matter cannot be determined at this time.

Regulatory Proceedings – On September 17, 2018, JEA filed a petition with the Federal Energy Regulatory Commission ("FERC") seeking a determination that FERC has exclusive jurisdiction pursuant to the Federal Power Act over the Additional Vogtle Units PPA (FERC Petition). Numerous entities, including MEAG, public utilities, municipalities, and trade groups, filed comments with FERC challenging the theories of law and arguments raised in the FERC Petition. On February 21, 2019, FERC issued an order denying the FERC Petition and disclaimed jurisdiction over the Additional Vogtle Units PPA. JEA did not seek FERC's reconsideration of the order.

Other Renewable Sources

JEA entered into a 20-year agreement (the "Wind Generation Agreement") with Nebraska Public Power District ("NPPD") in 2004 to participate in a wind generation project located in Ainsworth, Nebraska. JEA's participation in NPPD's wind generation project allowed JEA to receive environmental credits (Green Tags) associated with this Green Power alternative. Under the Wind Generation Agreement, JEA agreed to purchase over a 20-year period 10 MW of capacity from NPPD's wind generation facility for an estimated net cost of $2,280,958. In turn, NPPD buys back the energy at specified on/off peak charges. JEA makes all environmental attributes from this facility available to sell in order to lower rates for our customers. JEA has sold environmental credits for specified periods from this project thereby reducing but not eliminating JEA's net cost for this resource for that period.

With the expansion of JEA's renewable portfolio within the State of Florida, additional landfill gas generation and new solar facilities, JEA exercised its right to terminate this contract. JEA and NPPD have agreed to terminate the agreement effective December 31, 2019.

JEA signed a Power Purchase Agreement with Trail Ridge Energy, LLC ("TRE") in 2006 to purchase energy and environmental attributes from a 9.6 MW landfill gas-to-energy facility at the City's Trail Ridge Landfill (the "Phase One Purchase"). The facility is one of the largest landfill gas-to-energy facilities in the Southeast. It achieved commercial operation in December 2008 for the Phase One Purchase. JEA and TRE executed an amendment to the Power Purchase Agreement in 2011 to purchase up to an additional 9.6 MW through TRE. Six MW of this additional 9.6 MW is being supplied to JEA from a

In 2015, JEA entered into a 20-year PPA with Jax Solar, LLC for the produced energy, as well as the associated environmental attributes from a 1-MWAC solar farm, Old Kings Road Solar, which has been constructed in JEA's service territory. The facility, on a vendor-leased site, is owned by Jax Solar, LLC and was constructed by Mirasol Fafco Inc. JEA pays only for the energy produced. The site attained commercial operation on October 15, 2018.

In 2016, JEA entered into a 20-year PPA, with five-year renewal option, with Imeson Solar, LLC for the produced energy and all associated environmental attributes from Imeson Solar facility (dba SunPort Solar). The facility is comprised of a 5 MW AC/9 MW DC solar photovoltaic array, paired with a 2 MW/4 MWh battery energy storage system. The primary application of the battery system is to smooth the daily solar generation. SunPort Solar is constructed and owned by 174 Power Global, a company wholly owned by the Hanwha Group. JEA pays only for the energy produced by the site. The site ~~will attain~~attained commercial operation ~~[by end of 2019].~~on December 4, 2019.

In October 2017, the JEA Board approved a further solar expansion consisting of five 50 MWAC solar facilities to be constructed on JEA-owned property. These projects, totaling 250 MWAC, are structured as PPAs. JEA awarded the contracts to EDF - Distributed Solutions ("EDF-DS") on April 26, 2018, and the five PPAs were executed on February 8, 2019. EDF-DS will lease the land from JEA, and JEA will pay only for the energy produced. It is expected the first 50 MW facility will be completed in 2021. The remaining facilities will be completed by 2022.

In 2009, JEA implemented a net metering program, which provided for full retail rate offset for customer-owned and generated solar power. At that time, the cost of utility-scale solar power was higher than the retail rate. In 2016, JEA began to re-evaluate the fairness, reasonableness, and sustainability of JEA's then-current rate structure that offset excess solar power at the full retail rate. After carefully considering and studying all the factors, engaging in stakeholder meetings and workshops, and holding public meetings, JEA amended its net metering program in October 2017, with an effective date of April 1, 2018. JEA's amended net metering program is now contained within the JEA Distributed Generation Policy. Under the amended net metering program, a solar customer's excess solar power offsets energy consumption at JEA's fuel rate (i.e., the cost of electric generation saved by the solar customer's excess power generation). This offset more accurately and fairly compensates the solar customer for his or her solar power generation without discriminating against non-solar power customers. In 2018, Community Power Network Corporation (d/b/a Solar United Neighbors or "SUN") and the League of Women Voters of Florida, Inc. ("League"), filed an action for declaratory judgment and injunctive relief challenging the legality of JEA's amended net metering policy.

~~The parties~~On March 15, 2019, the League voluntarily dismissed its claims against JEA. SUN and JEA filed cross motions for summary judgment, each asking the Court to make a ruling as a matter of law in its favor. ~~Plaintiffs seek~~ SUN sought an injunction from the Court mandating JEA to adopt a one-for-one net metering policy (i.e., full retail rate offset). ~~Defendant seeks a~~ JEA requested dismissal of the lawsuit with prejudice. ~~The motions are fully briefed and have been argued before the Court. At this time, the parties await a~~On November 22, 2019, the Court issued an Order granting summary judgment in favor of JEA and denying any relief to SUN. SUN has until December 23, 2019 to file a notice of appeal, if it chooses to challenge the Court's ruling.

Participation in The Energy Authority

In May 1997, JEA, MEAG Power and South Carolina Public Service Authority (Santee Cooper) entered into a joint power marketing alliance through the formation of a nonprofit corporation in which such three parties constituted all of the members. The corporation is TEA, a Georgia nonprofit corporation. Subsequently, five additional publicly-owned utilities, NPPD, the City of Gainesville, Florida, doing business as Gainesville Regional Utilities ("GRU"), City Utilities of the City of Springfield, Missouri, Public outage event. The Participating Utilities will provide such Replacement Power at a cost derived through a formula based upon natural gas prices. This agreement has a term ending in September 2022 and is automatically renewed for an additional five-year period unless a party thereto provides timely notice of its intent not to renew its participation.

Interconnections

JEA is interconnected with the Georgia Integrated Transmission System through two 500 kV lines. These lines are jointly owned by JEA and FPL. The lines are located in the western section of the Electric System's service area and extend north to the interconnect point with Georgia Integrated Transmission System at the Florida-Georgia state line.

JEA is a member of the SERC Reliability Corporation ("SERC"). Under a delegation agreement with NERC, SERC acts as JEA's Compliance Enforcement authority for FERC Approved Electric Reliability Standards. JEA is also a member of the Florida Reliability Coordinating Council ("FRCC"). The FRCC is a member owned organization whose objective is to provide certain reliability and planning functions in a coordinated manner among the utilities in the FRCC region. FRCC is the NERC approved and registered Reliability Coordinator for the utilities in the FRCC region. Additionally, FRCC members coordinate their planning and system operations through the FRCC Member services division to share spinning reserves; establish policies and procedures for dealing with scheduled and inadvertent interchanges and emergencies; coordinate maintenance schedules; establish and administer guidelines for utilizing under-frequency relays; maintain voice, facsimile and internet communications facilities; and evaluate and resolve system disturbances.

JEA is subject to standards enacted by the North American Electric Reliability Corporation and enforced by FERC regarding protection of the physical and cyber security of critical infrastructure assets required for operating North America's bulk electric system. JEA is also subject to regulations set by the U.S. Nuclear Regulatory Commission ("NRC") regarding the protection of digital computer and communication systems and networks required for the operation of nuclear power plants. While JEA believes it is in compliance with such standards and regulations, JEA has from time to time been, and may in the future be, found to be in violation of such standards and regulations. In addition, compliance with or changes in the applicable standards and regulations may subject JEA to higher operating costs and/or increased capital expenditures as well as substantial fines for non-compliance.

Power Sales and Transmission Contracts

JEA had a contract to supply the Beaches Energy Services with non-firm generation and transmission backup service. In accordance with a 36-month contract notice provision, the contract ~~[~~expired without renewal on November 30, ~~2019].~~2019. JEA did not receive a significant amount of revenue from this contract in the Fiscal Years ended September 30, 2018 or 2019.

In January 1990, JEA entered into a contract with Cedar Bay Generating Company, L.P. ("Cedar Bay"), the owner of a cogeneration facility within JEA's service territory. Pursuant to the contract, Cedar Bay is receiving transmission service for 260 MW of capacity and associated energy for delivery to FPL through JEA's transmission system. Cedar Bay began using JEA's transmission service in January 1994. FPL acquired the Cedar Bay Generating Plant effective September 1, 2015 and officially retired the plant in December 2016. The transmission service under the agreement has been converted to JEA's Open Access Transmission service, which is a JEA Board approved tariff (Open Access Transmission) that allows transmission customers to use JEA's transmission system to move energy across the JEA system and is consistent with FERC Order No. 888. All other provisions under the agreement are enforceable under the agreement, which expires December 31, 2024.

However, the majority of all new developments, subdivisions, shopping centers and apartment complexes constructed since 1968 are served by underground 26.4 kV distribution.

The transmission and distribution system is under the control of system operators through a supervisory control and data acquisition system. The control of the generation facilities and the balance of power flow over interconnection transmission facilities is managed by an automatic generation control application with system operator oversight and input as needed.

Area Served

The Electric System serves approximately 900 square miles, which includes virtually the entire City (Duval County), with the exception of Jacksonville Beach and Neptune Beach. The Electric System also provides retail service in portions of the northern sections of St. Johns and Clay Counties, which are located southeast and southwest of the City, respectively. The Electric System also furnished power for resale to Florida Public Utilities Company ("FPU") for use in the City of Fernandina Beach in Nassau County, north of the City. JEA's contract with FPU expired without renewal on December 31, 2017.

Customers and Sales

In the Fiscal Year ended September 30, 2019, the Electric System served an average of 475,786 customer accounts. The following table sets forth electric revenues, the sales of the Electric System and the average number of Electric System accounts, all by customer classification, for Fiscal Years ended September 30, 2015 through 2019.

	Fiscal Year Ended September 30,				
	2019	2018	2017	2016	2015
Electric Revenues:					
Residential	$ 629,355	$ 618,171	$ 584,663	$ 599,009	$ 619,897
Commercial and industrial	590,473	594,395	587,972	~~596,802~~597,796	627,547
Public street lighting	13,176	12,873	13,069	13,488	11,982
Sales for resale	3,914	5,474	21,813	~~32,204~~31,210	32,424
FPL saleback	1,664	30,767	128,737	130,053	128,475
TOTAL	$1,238,582	$1,261,680	$1,336,254	$1,371,556	$1,420,325
Sales (MWh):					
Residential	5,515,428	5,414,721	5,108,945	5,328,245	5,243,002
Commercial and industrial	6,793,557	6,851,803	6,725,201	~~6,834,601~~6,847,583	6,767,836
Public street lighting	57,410	59,176	65,721	80,108	89,376
Sales for resale:					
Off-system	99,563	74,069	300,903	~~487,334~~474,352	417,361
FPL saleback	0	332,467	1,693,082	1,856,198	1,862,122
TOTAL	12,465,958	12,732,236	13,893,852	14,586,486	14,379,697
Average Number of Accounts:					
Residential	418,728	410,060	403,164	396,664	389,287
Commercial and industrial	53,204	52,573	52,060	51,472	50,867
Public street lighting	3,854	~~3,777~~3,776	3,727	3,649	3,549
~~Sales for resale(1)~~	~~0~~	~~1~~	~~2~~	~~3~~	~~2~~
TOTAL	475,786	~~466,411~~466,409	~~458,953~~458,951	~~451,788~~451,785	~~443,705~~443,703

~~(1) Includes FPL but does not include the average number of off-system non-firm sales customers.~~

Largest Customers

The 10 largest customer accounts served by the Electric System (other than FPL pursuant to the FPL-Power Park Sale) composed 14.1 percent of the total MWh purchases derived from the operation of the Electric System for the Fiscal Year ended September 30, 2019. The following table sets forth the 10 largest Electric System accounts by MWh purchases, during the Fiscal Year ended September 30, 2019.

[Remainder of page intentionally left blank]

Scherer Unit 3, also have proportionate ownership interests in such common facilities (see "SUMMARY OF CERTAIN PROVISIONS OF AGREEMENTS RELATING TO SCHERER UNIT 4 - Scherer Unit 4 Purchase Agreement" in APPENDIX H attached hereto).

Oglethorpe, MEAG Power, Dalton, Gulf Power, GPC, FPL and JEA have entered into the Plant Scherer Managing Board Agreement which, among other things, established a managing board to coordinate the implementation and administration of various ownership agreements relating to Plant Scherer, including the establishment of standards, rules and policies for fuel procurement and the method of voting on issues affecting the various components of Plant Scherer in which all co-owners have an interest.

Operation

The following table shows the total plant availability factors and capacity factors for Scherer Unit 4 since 2014.

	Scherer Unit 4	
Calendar Year	Availability Factor (%)	Capacity Factor (%)
2014[(1)]	75.5	57.7
2015	99.0	76.9
2016[(2)]	84.6	64.9
2017	96.3	62.1
2018[(3)]	76.6	52.5

(1) During this period, Scherer Unit 4 underwent an 11-week planned outage.
(2) During this period, Scherer Unit 4 underwent a four-week planned outage.
(3) During this period, Scherer Unit 4 underwent an 11-week planned outage.

Transmission Arrangements

As a part of the purchase by JEA of its interest in Scherer Unit 4, GPC and Southern Company Services, Inc. provide JEA with firm transmission service through the GPC system to the Florida/Georgia border for delivery of the output of JEA's ownership interest in Scherer Unit 4 for the life of the unit. Transmission rates are computed by formulae contained within the agreement and are filed with, and under the jurisdiction of, FERC.

Fuel Supply

GPC, under JEA's direction, purchases coal for JEA's use of its ownership interest in Scherer Unit 4. JEA has the option to procure its own coal. In 1994, Scherer 4 began burning sub-bituminous coal from the Powder River Basin ("PRB") located in the western region of the United States. JEA owns 206 aluminum railcars to deliver the PRB coal for use at Plant Scherer. Plant Scherer has in place a Btu accounting system to allocate fuel costs among the owners.

To provide for transportation of coal for Scherer Unit 4, GPC negotiated two agreements with rail carriers during Fiscal Years ended September 30, 2002 and September 30, 2003. The term of the agreement with Burlington Northern and Santa Fe Railway Company (BNSF) has been extended through calendar year 2028. The current agreement with Norfolk Southern Railway Company extends through ~~[~~December ~~2019].~~2019.

[Remainder of page intentionally left blank]

To get an initiative certified for the 2020 ballot, Florida law requires the ballot initiative to have 766,200 valid signatures from eligible Florida voters. As of ~~October 11,~~December 1, 2019, the Division of Elections reported that FARE had submitted ~~477,736~~541,837 valid signatures.

On March 1, 2019, Florida Attorney General filed a petition with the Florida Supreme Court requesting the court's written opinion regarding whether or not the ballot initiative's language is misleading and whether or not the initiative complies with the state's "single-subject" rule. The Attorney General argued that the ballot language "gives the misleading impression that investor-owned utilities would still be able to sell electricity to customers, competing with additional, new providers. But the actual text of the amendment forbids such activity" and that "voters simply will not be able to understand the true meaning and ramifications of the proposed amendment.

The Florida Supreme Court heard arguments regarding the ballot language on August 28, 2019. Though the Court did not state when a ruling would come, it is expected that the Court will rule ~~[~~before the end of ~~2019].~~2019.

The impact of the Court's ruling or of the success of the ballot initiative on JEA is uncertain at this time. If the ballot initiative is successful, the legislation to authorize retail competition in Florida would not be promulgated before 2023.

FINANCIAL INFORMATION RELATING TO ELECTRIC UTILITY FUNCTIONS

Debt Relating to Electric Utility Functions

Electric System Bonds

As of September 30, 2019, $1,017,685,000 in aggregate principal amount of bonds issued pursuant to the Electric System Resolution (the "Electric System Bonds") was outstanding. As of the date of this Annual Disclosure Report, there is $970,550,000 in aggregate principal amount of Electric System Bonds outstanding under the Electric System Resolution, consisting of (a) $454,935,000 in aggregate principal amount of variable rate Electric System Bonds and (b) $515,615,000 in aggregate principal amount of fixed rate Electric System Bonds.

Electric System Bonds may be issued to finance any lawful purpose of JEA relating to the Electric System (other than for the purpose of financing the generating facilities of the Electric System). See "SUMMARY OF CERTAIN PROVISIONS OF THE ELECTRIC SYSTEM RESOLUTION - Issuance of Additional Electric System Bonds" in APPENDIX B attached hereto.

From time to time, JEA requests Council approval of the issuance of Electric System Bonds and Subordinated Electric System Bonds. Pursuant to previous Council approvals, JEA currently is authorized to issue additional Electric System Bonds and/or Subordinated Electric System Bonds for the purpose of financing the costs of additions, extensions and improvements to the Electric System in such principal amount as shall provide JEA with "net proceeds" (defined as principal amount, less original issue discount, less underwriters' discount, less costs of issuance) of approximately $465,160,992. JEA expects that such current authorization will be adequate to enable JEA to maintain its Electric System capital improvement program as projected through the Fiscal Year ending September 30, 2024. See "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Electric System - *Capital Program*" herein.

JEA also has received approvals from the Council for the issuance of Electric System Bonds and/or Subordinated Electric System Bonds for the purpose of refunding outstanding Electric System Bonds and Subordinated Electric System Bonds. JEA may issue additional Electric System Bonds or Subordinated

JEA Electric System Schedules of Debt Service Coverage
(In Thousands)

	Fiscal Year Ended September 30,	
	2019	2018
Revenues:		
Electric	$1,235,358	$ 1,229,625
Investment income [1]	11,818	9,525
Earnings from The Energy Authority	2,412	4,074
Other, net [2]	23,400	22,216
Plus: amount paid from the Rate Stabilization Fund into the Revenue Fund	83,302	88,415
Less: amount paid from the Revenue Fund into the Rate Stabilization Fund	(43,817)	(64,901)
Total revenues	$1,312,473	$1,288,954
Operating expenses [3]		
Fuel	$ 287,956	$ 328,160
Purchased power [4]	234,793	244,478
Other operation and maintenance	222,515	204,982
Utility taxes and franchise fees	60,767	59,551
Total operating expenses	806,031	837,171
Net revenues	$ 506,442	$ 451,783
Debt service on Electric System Bonds	~~81,495~~81,494	71,890
Less: investment income on sinking fund	(2,114)	(1,436)
Less: Build America Bonds subsidy	(1,527)	(1,521)
Debt service requirement on Electric System Bonds	$ ~~77,854~~77,853	$ 68,933
Debt service coverage on Electric System Bonds [5]	6.51x	6.55x
Net revenues (from above)	$ 506,442	$ 451,783
Debt service requirement on Electric System Bonds (from above)	~~77,854~~77,853	68,933
Plus: aggregate subordinated debt service on Subordinated Electric System Bonds	104,640	129,469
Less: Build America Bonds subsidy	(2,002)	(2,045)
Debt service requirement on Subordinated Electric System Bonds	102,638	127,424
Debt service requirement on Electric System Bonds and Subordinated Electric System Bonds	$ ~~180,492~~180,491	$ 196,357
Debt service coverage on Electric System Bonds and Subordinated Electric System Bonds [6]	2.81x	2.30x

(1) Excludes investment income on sinking funds.
(2) Excludes the Build America Bonds subsidy.
(3) Excludes depreciation and recognition of deferred costs and revenues, net.
(4) In accordance with the requirements of the Electric System Resolution, all the contract debt payments from the Electric System to the Power Park and Bulk Power Supply System with respect to the use by the Electric System of the capacity and output of the Power Park and Bulk Power Supply System are reflected as a purchased power expense on these schedules. These schedules do not include revenues of the Power Park and Bulk Power Supply System, except that the purchased power expense is net of interest income on funds maintained under the Power Park and Bulk Power Supply System resolutions.
(5) Net revenues divided by debt service requirement on Electric System Bonds. Minimum annual coverage 1.20x.
(6) Net revenues divided by debt service requirement on Electric System Bonds and Subordinated Electric System Bonds. Minimum annual coverage is 1.15x..

The goals of JEA's investment policy are to (i) provide safety of capital, (ii) provide sufficient liquidity to meet anticipated cash flow requirements, and (iii) maximize investment yields while complying with the first two goals. Sound investment management practices help maintain JEA's competitive position since investment income reduces utility rates. JEA's funds are invested only in securities of the type and maturity permitted by its bond resolutions, Florida statutes, its internal investment policy and federal income tax limitations. JEA does not speculate on the future movement of interest rates and is not permitted to utilize debt leverage in its investment portfolio. Debt leverage is the practice of borrowing funds solely for the purpose of reinvesting the proceeds in an attempt to earn more income than the cost of the debt.

JEA invests its funds pursuant to Section 218.415, Florida Statutes, its various bond resolutions and its JEA Board-approved investment policy. As of September 30, 2019, 34.6 percent of JEA's total investment portfolio (including funds held under the Water and Sewer System Resolution, the Subordinated Water and Sewer System Resolution, the District Energy System Resolution, the Bulk Power Supply System Resolution, the Electric System Resolution, the Subordinated Electric System Resolution, the First Power Park Resolution and the Second Power Park Resolution) was invested in securities issued by the United States Government, federal agencies or state and local government entities and has a weighted average maturity of approximately 4.4 years. As of September 30, 2019, the remaining 65.4 percent of such investment portfolio was invested in commercial paper rated at least "A-1" and "P-1" by S&P and Moody's, respectively, having a weighted average maturity of less than 30 days, in money market mutual funds and in demand deposit bank accounts. JEA's funds that are invested in commercial paper, in money market mutual funds and in bank accounts are used primarily for operating expenses.

JEA has entered into securities lending agreements in the past wherein from time to time JEA loaned certain securities in exchange for eligible collateral consisting of United States Government and federal agency securities whose market values were at least 103 percent of the market values of the loaned securities which were re-priced daily. JEA earned a fee in connection with such securities lending agreements, which augmented its portfolio yield. Although JEA currently does not have any securities held pursuant to its securities lending program, JEA may enter into similar securities lending agreements in the future.

JEA previously implemented a strategy to lengthen synthetically the investment maturity of its short-term revolving funds by entering into 100 percent asset-matched interest rate swap transactions. Through the use of this strategy, JEA may lock-in a fixed rate of return for up to five years on those funds, such as debt service sinking funds, that it is permitted to invest only in short-term investment securities. As of September 30, 2019, JEA had, and as of the date of this Annual Disclosure Report, JEA has, no outstanding interest rate swap transactions for this purpose, although it may enter into interest rate swap transactions for this purpose in the future.

The JEA Board has established limits on the notional amount of JEA's interest rate swap transactions and standards for the qualification of financial institutions with whom JEA may enter into interest rate swap transactions. The counterparties with whom JEA may deal must be rated (i) ~~"~~"AAA"/"Aaa" by one or more nationally recognized rating agencies at the time of execution, (ii) "A"~~AA-~~/~~Aa3~~"A2" or better by at least two of such credit rating agencies at the time of execution, or (iii) if such counterparty is not rated "A"/"A2" or better at the time of execution~~, ("AA-/Aa3" or better for interest rate swap transactions entered into prior to 2014)~~, provide for a guarantee by an affiliate of such counterparty rated at least "A"/"A2" or better at the time of execution where such affiliate agrees to unconditionally guarantee the payment obligations of such counterparty under the swap agreement. In addition, swap agreements generally will require the counterparty to enter into a collateral agreement to provide collateral when (a) the ratings of such counterparty (or its guarantor) fall below "AA-"/"Aa3" by two rating agencies and (b) a termination payment would be owed to JEA. With respect to swap agreements entered into in 2014 between JEA and three swap counterparties, each counterparty will be required to provide collateral when (a) the ratings of such counterparty fall below "A+"/"A1" by any one of the rating agencies and (b) a termination payment would be owed to JEA above a specified threshold amount.

ANNUAL DISCLOSURE REPORT
FOR
WATER AND SEWER SYSTEM AND DISTRICT ENERGY SYSTEM
FOR
FISCAL YEAR
ENDED
SEPTEMBER 30, 2019

(Prepared pursuant to certain continuing disclosure undertakings relating to the Bonds listed in APPENDIX E hereto)

Filed with EMMA

Dated as of

December [__], 2019

JEA
21 W. CHURCH STREET
JACKSONVILLE, FLORIDA 32202
(904) 665-7410
(http://www.jea.com)

JEA OFFICIALS

BOARD MEMBERSHIP[1]

Chair	April Green
Vice Chair	Frederick D. Newbill
Secretary	Camille J. Lee-Johnson
	~~Christian "Andy" Allen~~
	Henry K. Brown
	Kelly Flanagan
	Dane Grey

MANAGEMENT

Managing Director and Chief Executive Officer	Aaron F. Zahn
President and Chief Operating Officer	Melissa H. Dykes
Chief Administrative Officer	Herschel T. Vinyard
Chief Financial Officer	Ryan F. Wannemacher
Vice President and General Manager, Energy	Caren B. Anders
Vice President and General Manager of Water and Wastewater Systems	Deryle I. Calhoun
Vice President and Chief, Energy and Water Planning	Steven G. McInall
Vice President and Chief Government Affairs Officer	Sherry L. Hall
Vice President and Chief Customer Officer	Kerri Stewart
Vice President and Chief Compliance Officer	Ted E. Hobson
Vice President, Chief Legal Officer	Lynne Rhode
Vice President and Chief Human Resources Officer	Jonathan A. Kendrick
Vice President and Chief Information Officer	Shawn W. Eads
Vice President and Chief Supply Chain Officer	John P. McCarthy
Vice President and Chief Environmental Services Officer	Paul K. Steinbrecher
Treasurer	Joseph E. Orfano

GENERAL COUNSEL

Jason R. Gabriel, Esq.
General Counsel of the City of Jacksonville
Jacksonville, Florida

[1] Christian "Andy" Allen resigned from the Board effective December 2, 2019. There is currently one vacancy on the JEA Board.

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Current members of the JEA Board, their occupations and the commencement and expiration of their terms are as follows:

MEMBER[1]	OCCUPATION	TERM
April Green, Chair	Chief Financial Officer/ Chief Operating Officer Bethel Baptist Institutional Church	December 1, 2017–February 28, 2021
Frederick D. Newbill, Vice Chair	Pastor First Timothy Baptist Church	January 12, 2017–February 28, 2023
Camille J. Lee-Johnson, Secretary	Chief Operating Officer Lee Wesley & Associates, LLC	July 25, 2018–February 28, 2020
~~Christian "Andy" Allen~~	~~Chief Executive Officer~~ ~~Corner Lot Development Group~~	~~May 30, 2019–February 28, 2022~~
Henry K. Brown	President & Chief Executive Officer Miller Electric Company	August 30, 2019–February 28, 2023
Kelly Flanagan	Senior Vice President & CFO Jacksonville Jaguars, LLC	November 25, 2015–February 28, 2020
Dane Grey	President & Chief Executive Officer Elite Parking Services of America, Inc.	November ~~1,~~15, 2019–February 28, 2022

[1] There is currently one vacancy on the JEA Board.

In addition, in accordance with the provisions of the interlocal agreement entered into between JEA and Nassau County, Florida in connection with JEA's acquisition of certain assets and franchises of a private water and sewer utility in Nassau County, Nassau County is entitled to appoint a non-voting representative to the JEA Board. The Nassau County representative is entitled to attend all JEA Board meetings and to participate in discussions concerning matters that affect the provision of water and sewer services within Nassau County. Nassau County has appointed Mike Mullin, a Commissioner on Nassau County's Board of County Commissioners, as its representative to the JEA Board.

The Charter authorizes JEA to construct, acquire (including acquisition by condemnation), establish, improve, extend, enlarge, maintain, repair, finance, manage, operate and promote its utilities systems (which consist of (1) the Electric System, (2) the Water and Sewer System, (3) the District Energy System and (4) any additional utilities systems which JEA may undertake in the future upon satisfaction of the conditions set forth in the Charter), and to furnish electricity, water, sanitary sewer service, natural gas and other utility services as authorized therein within and outside of the City and for said purposes to construct and maintain electric lines, pipelines, water and sewer mains, natural gas lines and related facilities along all public highways and streets within and outside of the City. Should any additional utility system be undertaken by JEA in the future, such utility system may, at the option of JEA, constitute an additional utility function added to, and may become a part of, the Water and Sewer System or the District Energy System. See "SUMMARY OF CERTAIN PROVISIONS OF THE WATER AND SEWER SYSTEM RESOLUTION - Certain Other Covenants - *Additional Utility Functions*" in APPENDIX B attached hereto. The Charter also confers upon JEA the power to sue, to enter into contracts, agreements and leases, and to sell revenue bonds to finance capital improvements and to refund previously issued evidences of indebtedness of JEA.

Electric System. Except for the Management Team and a minor number of contract employees, such employees have civil service status.

Approximately 1,559 employees are covered by five collective bargaining agreements. These employees are represented by the American Federation of State, County, and Municipal Employees ("AFSCME"), the International Brotherhood of Electrical Workers ("IBEW"), Local 2358 and the Northeast Florida Public Employees, Local 630, Laborers' International Union of North America ("LIUNA"), all of which are affiliated with the AFL-CIO, and by a professional employees' association (the "PEA," Professional Employees Association) and a supervisors' association (the "JSA," Jacksonville Supervisors Association) that have no AFL-CIO affiliation. JEA has collective bargaining agreements with all the collective bargaining agents, and all of the collective bargaining agreements have been ratified and approved by the legislative body, the Council, and are ~~[~~effective through September 30, ~~2022].~~2022.

Pension

Substantially all of JEA's employees participate in the City's general employees pension plan ("GEPP"). See Note 12 to JEA's Financial Statements set forth in APPENDIX A to this Annual Disclosure Report for a discussion of certain information on the City's plan. The Actuarial Valuation as of October 1, 2017 for the City's GEPP (the "2017 Actuarial Valuation Report") and the Actuarial Valuation as of October 1, 2018 for the City's GEPP (the "2018 Actuarial Valuation Report") are available for viewing and downloading from the City's website link:(http://www.coj.net/departments/finance/retirement-system/gasb-and-plan-valuation-statements) and selecting the October 1, 2017 Valuation or the October 1, 2018 Valuation, respectively, under "General Employees Retirement Plan."

For the five Fiscal Years ended September 30, 2015, 2016, 2017, 2018 and 2019, JEA contributed $40,179,000, $43,156,000, $48,942,000, $35,459,523 and $33,855,607 to the GEPP.

Preparation of the Actuarial Valuation as of October 1, 2019 for the City's GEPP has not been completed as of the date of the Annual Disclosure Report. The following discussion is based on the 2018 Actuarial Valuation Report and the 2017 Actuarial Valuation Report, the latest two available.

JEA expects that its annual contributions to GEPP will be at lower levels in the near term than it had been for Fiscal Year Ended September 30, 2017 primarily due to the recognition of a pension liability surtax beginning with Fiscal Year Ended September 30, 2018 and then it expects its annual contributions to GEPP to increase over the longer-term as a result of the expected increase in the GEPP's unfunded actuarial accrued liability. JEA expects that the GEPP's unfunded actuarial accrued liability and JEA's portion of that unfunded liability will continue to increase over the near term primarily due to a delay in receipt of the revenues from the pension liability surtax.

For the Fiscal Year ended September 30, 2018, the aggregate unfunded actuarial accrued liability for the GEPP was $1,175,135,210, which represented an increase of $93,821,769 from an aggregate unfunded actuarial accrued liability for the GEPP for the Fiscal Year ended September 30, 2017 of $1,081,313,441. For the Fiscal Year ended September 30, 2017, the aggregate unfunded actuarial accrued liability for the GEPP was $1,081,313,441, which represented an increase of $56,816,369 from an aggregate unfunded actuarial accrued liability for the GEPP for the Fiscal Year ended September 30, 2016 of $1,024,497,072. JEA was informed by the City that the actuary for the GEPP calculated (i) JEA's allocated share of the unfunded actuarial accrued liability for the GEPP reported for Fiscal Year 2018 of $565,792,869 (an increase of $42,416,322 from JEA's allocated share for Fiscal Year 2017) of the aggregate amount of $1,175,135,210 and (ii) JEA's allocated share of the unfunded actuarial accrued liability for the GEPP reported for Fiscal Year 2017 of $523,376,547 (an increase of $28,552,073 from

JEA's allocated share for Fiscal Year 2016) of the aggregate amount of $1,081,313,441. The actuarial accrued liability is an estimate by the actuary for GEPP of the present value of the amount of earned benefit payments that GEPP will pay to retirees during retirement. The unfunded actuarial accrued liability represents the amount that the actuarial accrued liability exceeds assets in GEPP available to pay those benefit payments. These figures are based on numerous assumptions, such as retirement age, mortality rates, and inflation rates, and use numerous methodologies all of which can cause the actual performance of the GEPP to differ materially from the estimates of the actuary in any actuarial valuation. However, based on the current unfunded actuarial accrued liability of the GEPP, JEA expects that its annual contributions to GEPP will be increasing over the near future to fund its portion of the unfunded amount.

JEA also provides a medical benefits plan that it makes available to its retirees.

See Note 12, Note 13 and pages ~~[~~104-111~~]~~ of JEA's Financial Statements set forth in APPENDIX A to this Annual Disclosure Report for a discussion of the pension plans, "other post-employment benefit" plan and actuarial accrued liability.

Certain Demographic Information

Under Florida law, the City and Duval County are organized as a single, consolidated government. Based upon the 2010 United States Census, the consolidated City is the most populous city in the State of Florida. The City covers 840 square miles and is one of the largest cities in area in the United States.

The Jacksonville Metropolitan Statistical Area ("MSA") is composed of Duval, Clay, Nassau, St. Johns and Baker Counties, an area covering 3,202 square miles. The U.S. Census Bureau estimates that the Jacksonville MSA had a population of 1,534,701 as of July 1, 2018. The Jacksonville MSA is currently the fourth most populous MSA in the State of Florida. The table below shows population for the Jacksonville MSA.

Population

Year	Jacksonville MSA
1980	722,252
1990	906,727
2000[1]	1,122,750
2010	1,345,596
2018	1,534,701

Source: United States Census Bureau
(1) Baker County was included in the Jacksonville MSA starting with the 2000 United States census.

The economy of the Jacksonville MSA contains significant elements of trade and services, transportation services, manufacturing, insurance and banking and tourism. The Port of Jacksonville is one of the largest ports on the South Atlantic seaboard and in terms of tonnage ranks third in the State of Florida. A number of insurance and banking companies maintain regional offices in the City. The tourism and recreational facilities in the City include an arena, a performing arts center, a convention center, TIAA Bank Field (the home field of the National Football League's Jacksonville Jaguars), a baseball park, numerous golf courses and resorts and various recreational facilities at the beaches. Two large United States Navy bases are located in the City.

[Remainder of page intentionally left blank]

Committee met regularly through July 25, 2018 to ensure a transparent and open process for the citizens of the City as to the consideration of a potential sale of JEA and published a final report addressing its findings as of that date.

On April 26, 2018, Mayor Curry stated that he will not submit any JEA privatization plan to the Council. Effective December 10, 2018, the Council amended the Charter to require referendum approval of the terms and conditions of the sale of any function or operation which comprises more than ten percent of the total of the JEA utilities system to any other utility, public or private and has been approved by the Council.

On October 30, 2019, the Council announced a series of fact-finding workshops on JEA, beginning on November 6, 2019 and continuing twice monthly through May 2020. At the Council's November 25, 2019 workshop, the Mayor stated he believes the limitations of a government-run utility monopoly do not serve the best interests of our community in the long term, that he has full confidence in the JEA Board to see the JEA strategic planning process through and that he would oppose any effort to stop the planning process.

Strategic Planning

JEA is actively engaged in strategic planning. As part of its planning process, JEA is considering various options with respect to its business which include potential rate increases and/or the redemption or defeasance of various debt obligations of JEA. Consistent with this focus, JEA has launched its Strategic Asset Realignment Plan ("STAR Plan"), a plan designed to accelerate debt repayment through 2023. In connection with the plan, JEA has proposed to utilize a combination of current and future year net revenues and available cash and investments in order to accelerate debt repayment. Due to the expected reduction in cash and investment balances, JEA has also increased the size of its Revolving Credit Facility by $200,000,000 for a total commitment equal to $500,000,000. See "OTHER FINANCIAL INFORMATION – Revolving Credit Facilities" for additional information. In February 2019, JEA retired $94,955,000 of Water and Sewer System debt, and in October 2019, JEA retired an additional $45,425,000 of Water and Sewer System debt as part of this effort. Future redemptions or defeasance of Water and Sewer System debt are subject to availability of funds and Board approval. In addition to the STAR Plan, JEA is also evaluating cost cuts and changes to its rate structure designed to mitigate the impact of these sales trends.

As part of the strategic planning process, JEA identified five potential outcomes to be explored and presented to the Board one of the following five options:

1) Scenario #1: Status Quo Plan – The Status Quo case reflects a scenario whereby JEA maintains a business as usual strategic plan. This approach necessitates rate increases to customers as the primary lever for dealing with anticipated income shortfalls;

2) Scenario #2: Traditional Utility Response Plan – The Traditional Utility Response Plan reflects a strategic plan that implements many of the same tools JEA has utilized over the past 10 years (2006 – 2019). JEA would pursue a combination of cost cuts, headcount reduction, a deferral of capital investment in the community, and rate increases to customers;

3) Scenario #3: Community Ownership Plan – The Community Ownership scenario involves changing JEA's ownership structure to a customer owned entity. This would be different than JEA's current ownership where it is a separate body politic of the State of Florida controlled by Article 21 of the Charter of the City;

- commitment to fund and provide the City and the Duval County Public Schools system with 100% renewable electricity by 2030; and

- commitment to fund and provide 40 million gallons per day of alternative water capacity for Northeast Florida by 2035; and

- acceleration of the vesting of certain employee retirement obligations in the event greater than $3 billion of unencumbered cash proceeds is provided to the City or at least 50% of the net depreciated property, plant and equipment value of either JEA's electric system or JEA's water and wastewater system is transferred, assigned, sold or otherwise disposed of; and

- guarantee of employee compensation and benefits at substantially the same as current levels for three years; and

- retention bonuses paid to all full-time employees in an amount equal to 100% of each employee's current base compensation; and

- commitment to establishing new headquarters and employees in downtown Jacksonville contributing to the economic development of the Jacksonville metropolitan area.

On October 7, 2019, JEA ~~received~~accepted 16 bids in response to the ITN. On October 14, 2019, the evaluation team announced that JEA would commence negotiations with nine respondents (the "Respondents"). ~~JEA received revised replies from the nine Respondents on November [ ], 2019. JEA has appointed individuals who will be~~The City Deputy Chief Administrative Officer, City Treasurer and City Engineer will serve on the negotiating team responsible for reviewing revised replies ~~and~~, negotiating with Respondents throughout the negotiation phase of the ITN process, and making a potential recommendation to the JEA Board. The receipt of revised replies to the ITN ~~represents only the next step in~~is part of a lengthy ~~evaluation~~and proscribed process and no determination has been made at this time as to whether or not JEA will pursue any of the non-governmental alternative structures proposed by the Respondents.

As indicated above, any potential sale or similar transaction regarding JEA's Electric System, Water and Sewer System, and District Energy System would currently require the approval of the Council as well as a referendum approval of the terms and conditions of the sale of any function or operation which comprises more than ten percent of the total of the JEA utilities system to any other utility, public or private. If the JEA Board were to approve proceeding with a non-governmental alternative structure after review of the Proposals, it is expected that such non-governmental alternative structure could be brought to the Council for approval sometime after March 2020 and, if the Council approves such nongovernmental alternative structure, such structure could be brought for voter approval in mid-2020 or sometime thereafter.

At this time, JEA is unable to predict the likelihood of a sale or similar transaction, the effect of a sale or similar transaction on the Electric System, the Water and Sewer System, the District Energy System or any or all of JEA's Systems, the timetable for a sale or similar transaction (other than as provided in the paragraph above), or how, if at all, the holders of JEA's bonds may be impacted by any actions that the JEA Board may take in connection with such a sale or similar transaction. JEA also cannot determine what additional action, if any, may be taken by the JEA Board, the City Council or the City relating to a sale or similar transaction of JEA.

WATER AND SEWER SYSTEM

WATER AND SEWER SYSTEM FUNCTIONS

retail sale of water and wastewater (excluding reclaimed water) which JEA expected to realize in providing such services for the next 10 years in St. Johns County, calculated to be $3,616,576. Under the terms of the interlocal agreement, subsequent utilities were purchased under the interlocal agreement and St. Johns County granted JEA the right to: 1) provide water and wastewater service to those customers in an acquired franchise area within St. Johns County, 2) provide water and wastewater service to additional areas in St. Johns County not currently served by either the St. Johns County Water and Sewer Department or other water and wastewater utilities and 3) acquire, in JEA's sole discretion, other private utilities in northern St. Johns County. Under the original terms of the interlocal agreement, at the end of each 10-year anniversary of this 30-year interlocal agreement with St. Johns County, JEA will calculate a "true-up" to adjust for the net present value of the actual retail revenues realized if the revenues exceed the projected revenues during the 10-year period. Additionally, after the 10-year and 20-year anniversaries of the agreement, JEA agrees to pay St. Johns County the net present value of five percent of the projected water and wastewater retail revenues that JEA expects to receive for the ensuing 10-year period. Based on this methodology, JEA paid St. Johns County $12,176,152 on January 11, 2012 for both components related to the first 10-year anniversary. St. Johns County disputed JEA's methodology for computing the true-up payment related to the first 10-year anniversary, and the parties entered mediation and resolved the issue, with the result that future payments will be made on an annual basis. Pursuant to the 1999 interlocal agreement, St. Johns County was granted a purchase option with regard to the St. Johns County utility system. The 1999 interlocal agreement further provided St. Johns County 90 days from receipt of written notice from JEA within which to enter into negotiations for purchase of the utility system. On September 27, 2019, JEA gave notice to St. Johns County of the commencement of the 90-day period. On November 12, JEA extended that period by 45 days to February 10, 2020. The outcome of these negotiations remains uncertain.

In December 2001 JEA entered into a 30-year interlocal agreement with Nassau County in connection with JEA's acquisition of the entire utility system of United Water Florida, Inc., including those portions of United Water Florida's water and wastewater facilities located within Nassau County. JEA made an up-front payment in December 2001 to Nassau County in the amount of the net present value of five percent of JEA's projected gross revenues from the sale of water and wastewater (excluding reclaimed water) which JEA expected to realize in providing such services for the next 10 years in Nassau County, calculated to be $720,000. Under the terms of the interlocal agreement, Nassau County granted JEA the right to: 1) provide water and wastewater service to those customers in an acquired franchise area within Nassau County and 2) provide water and wastewater service to additional areas in Nassau County not currently served by either Nassau County or other water and wastewater utilities. At the end of each 10-year anniversary of this 30-year interlocal agreement with Nassau County, JEA will calculate a "true-up" based on the actual revenues realized during the 10-year period. If the revenues exceed the projected amount, JEA will pay Nassau County the amount that would have been due based on actual revenues. Additionally, after the 10-year and 20-year anniversaries of the agreement, JEA agrees to pay the county the net present value of five percent of the projected water and wastewater retail revenues that JEA expects to receive for the ensuing 10-year period. Based on this methodology, JEA paid Nassau County $3,480,556 on January 11, 2012 for both components related to the first 10-year anniversary. Pursuant to the 2001 interlocal agreement, Nassau County was granted a purchase option with regard to JEA facilities in Nassau County. The 2001 interlocal agreement provided Nassau County 90 days from receipt of written notice from JEA within which to enter into negotiations for purchase of the Nassau County facilities. On September 27, 2019, JEA gave notice to Nassau County of the commencement of the 90-day period~~.~~ ~~**[Review for update on exercise period]**~~ and subsequently agreed to a 45-day extension which, will expire February 10, 2020. The outcome of these negotiations remains uncertain.

Area Served

Water System

Sewer System

During the Fiscal Year ended September 30, 2019, the Sewer System served an average of 277,815 customer accounts. Sewer System revenues, including revenues from environmental charges, volume of wastewater treatment billed and the average number of Sewer System customer accounts, all by customer classification, for the Fiscal Years ended September 30, 2015 through 2019 are shown in the following table:

	Fiscal Year Ended September 30				
	2019	2018	2017	2016	2015
Sewer Revenues (000's omitted):					
Residential	$146,186	$139,174	$143,967	$135,288	$129,976
Commercial and Industrial	110,724	108,126	107,446	103,731	101,910
TOTAL	$256,910	$247,300	$251,413	$239,019	$231,886
Volume (kgals):					
Residential	15,717,129	14,623,682	15,225,124	14,614,026	~~13,935,981~~ 13,934,981
Commercial and Industrial	12,009,667	11,716,940	11,487,646	11,203,632	10,987,160
TOTAL	27,726,796	26,340,622	26,712,770	25,817,658	~~24,923,141~~ 24,922,141
Average Number of Accounts:					
Residential	259,308	252,531	246,187	239,738	233,203
Commercial and Industrial	18,507	18,340	18,149	17,981	17,771
TOTAL	277,815	270,871	264,336	257,719	250,974

[Remainder of page intentionally left blank]

Water System
Monthly Service Availability Charge

Meter Size	Residential	Residential Irrigation	Commercial	Multi-Family	Multi-Family Irrigation; Commercial Irrigation
5/8″	$ 12.60	$ 12.60	$ 12.60	$ 18.41	$ 12.60
3/4″	18.90	18.90	18.90	27.62	18.90
1″	31.50	31.50	31.50	46.03	31.50
1 1/2″	63.00	63.00	63.00	92.05	63.00
2″	100.80	100.80	100.80	147.28	100.80
3″	201.60	201.60	201.60	294.56	201.60
4″	-	-	315.00	460.25	315.00
6″	-	-	630.00	920.50	630.00
8″	-	-	1,008.00	1,472.80	1,008.00
10″	-	-	1,974.55	2,117.15	-
12″	-	-	3,691.55	3,958.15	-
20″	-	-	7,726.50	8,284.50	-

Water System
Unit Charge (per kgal)

Non-Irrigation							Irrigation			
Residential			Commercial		Multi-Family		Residential		Multi-Family; Commercial	
Tiers (kgal)			Meter Size		Meter Size		Tiers (kgal)		Tiers (kgal)	
1-6	7-20	>20	≤ 8″	> 8″	≤ 8″	> 8″	1-14	>14	1-14	>14
$0.93	$2.60	$5.60	$1.49	$1.24	$1.00	$1.00	$2.60	$5.60	$3.44	$3.96

Water System
Environmental Charge (per kgal)

Water	$0.37
Irrigation	0.37

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Regulation

Water and Sewer System

The future financial condition of the Water and Sewer System could be adversely affected by, among other things, legislation, environmental and other regulatory actions promulgated by applicable federal, state and local governmental agencies. Future changes to new and existing regulations may substantially increase the cost of water and sewer service by requiring changes in the design or operation of existing or new facilities. JEA cannot predict future policies such agencies may adopt.

Several upcoming rules could impact the potable water system:

> *America's Water Infrastructure Act of 2018 ("AWIA").* AWIA will require biannual distribution of JEA's Water Quality Report; as well as a Risk and Resilience assessment that is due March 31, 2020, and must be reviewed every five years to determine if it needs to be revised. It also requires JEA to prepare an emergency response plan that incorporates the findings from the risk and resiliency assessment and submit it by September 30, 2020.
>
> *The revised Lead and Copper Rule ("LCR").* The proposed LCR includes 1) lead service line replacement by the utility of the utility-owned section when a customer changes the portion they own, 2) a new trigger level of 10 ppb for the 90th percentile sample for optimizing corrosion control treatment ("CCT") or completing a CCT study if not currently treating, 3) increase sampling reliability by imbedding current guidance in the rule and revising sampling pool requirements, 4) require public notification with 24 hours of an action level exceedance, 5) require utilities to test for lead in schools and child care facilities and 6) require a lead service line inventory and replacement plan. Comments to EPA ~~[~~are due ~~**December 9, 2019].**~~January 13, 2020.
>
> *Potential regulation of Per- and Polyfluoroalkyl substances ("PFAS").* PFAS are are group of synthetic compounds widely used in consumer and commercial products, including perfluorooctanoic acid ("PFOA") and perfluorooctanesulfonic acid ("PFOS"). The pending PFAS rule will likely not affect JEA as there is no PFOA or PFOS in our deep Floridan aquifer wells, and levels reported in wastewater effluent are below provisional screening levels.

The future financial condition of the Water and Sewer System could be adversely affected by, among other things, legislation, environmental and other regulatory actions promulgated by applicable federal, state and local governmental agencies. Future changes to new and existing regulations may substantially increase the cost of water and sewer service by requiring changes in the design or operation of existing or new facilities. JEA cannot predict future policies such agencies may adopt.

Public Water Supply System

The St. Johns River Water Management District ("SJRWMD") regulates groundwater withdrawals and issues permits for the same. JEA was issued a 20-year CUP in May 2011 from the SJRWMD. As of the date of this Annual Disclosure Report, modeling efforts have indicated that a sustainable groundwater supply can continue to be met for the 20-year planning period out to 2031 and beyond with a three-part program that is the basis of JEA's water capital improvement plan: (i) continued expansion of the reuse system, (ii) measured conservation program and (iii) water transfers from areas with a higher supply on JEA's north grid to areas with a lower supply on JEA's south grid via river-crossing pipelines. JEA has also implemented a groundwater quality management program to mitigate the effects of (non-lateral) saltwater intrusion into specific wells on the systems south grid that includes routine well monitoring, backplugging of specific wells, and reducing or replacing wells that show continued increases in chlorides.

The 2019 permitted CUP allocation was 137.95 million gallons per day. Actual calendar year withdrawals through October 2019 averaged 119 million gallons per day.

The Suwanee River Water Management District ("SRWMD"), FDEP and SJRWMD are each in the process of setting or revising Minimum Flow and Level ("MFL") standards for surface water in the vicinity of the Lower Santa Fe River (SRWMD and FDEP) and Keystone Lakes (SJRWMD) areas. In 2015 two MFLs were adopted in the SRWMD and a determination made that a recovery strategy is necessary. JEA will participate cooperatively in these strategies to the extent of its proportionate share of impact. Because technical tools, such as a new groundwater flow model, are still under development, JEA's effect on the 2015 MFL's is unknown. JEA remains actively engaged in cooperation with seven other northeast Florida utilities known as the Northeast Florida Utility Coordinating Group (NFUCG) in rule development on these issues.

In addition, the SJRWMD and SRWMD have developed a joint North Florida Regional Water Supply Plan, which was released in October 2016 and approved in January 2017. The plan concludes that future water demands through 2035 can be met with water conservation measures and water supply options included in the plan.

Wastewater Treatment System

The Sewer System is regulated by EPA under provisions of the Federal Clean Water Act and the Federal Water Pollution Control Act. EPA has delegated the wastewater regulatory program to the FDEP. Except as described below, the Sewer System is in substantial compliance with all federal and state wastewater regulations.

In 2013 EPA and FDEP reached an agreement on the adoption of numeric nutrient criteria ("NNC") for the State of Florida. As part of the NNC adoption process, EPA re-approved the Lower St. Johns River nutrient Total Maximum Daily Load ("TMDL"). The EPA re-approval means the TMDL will remain the legally enforceable nutrient standard for the Lower St. Johns River. JEA has completed all the treatment plant improvements required of the utility by the TMDL and its facilities are in compliance with its nutrient allocation.

Because JEA has reduced nitrogen well below its own permitted nitrogen reduction goals, it has the ability to generate Water Quality Credits. JEA has previously recorded a reduction in its NPDES permit to generate and transfer 30.34 metric tons per year of Total Nitrogen Water Quality Credits ("Initial Credits") to the City through 2023 and is positioned to remain in compliance with its Aggregate Nitrogen permit. JEA has agreed to provide these annual Initial Credits to the City for no compensation through December 31, 2033 and intends to extend the transfer of the Initial Credits to the City every ten years as long as the Initial Credits are authorized and approved by the appropriate regulatory agency. JEA's current aggregate nitrogen limit for all wastewater plants discharging to the St. Johns River is 683 short tons per year. During the Fiscal Year ended September 30, 2019, JEA facilities discharged approximately 400 short tons to the river.

As the regulatory reduction of Total Nitrogen in the Lower St. Johns River is an ongoing annualized requirement that both the City and JEA will be required to meet beyond December 31, 2023, the City and JEA have agreed to engage in discussions to work on a plan for meeting the future needs of both parties beyond December 31, 2023.

On December 11, 2006, JEA and the FDEP executed a long-term sanitary sewer overflows ("SSO") consent order. The long-term SSO consent order is the mechanism under which periodic, unforeseeable JEA SSOs are reviewed and adjudicated. The SSOs for each fiscal year are typically adjudicated on an annual to bi-annual basis. JEA was assessed a penalty of $116,500 by FDEP for Fiscal

Year 2018 SSOs. In lieu of paying the penalty, JEA has opted to spend at least $174,750 on ~~an~~ environmental improvement ~~project~~projects as approved by FDEP. ~~To further reduce the frequency of SSOs in the future,~~ JEA is undertaking an extreme weather resiliency ~~plan~~program to evaluate and implement processes or physical projects to reduce the ~~likelihood of~~potential for and mitigate impacts from SSOs ~~even~~ during extreme weather events or due to effects of climate change.

Capital Program

The Water and Sewer System's projected capital program for the five-year period ending September 30, 2024 is summarized below. The capital program is centered on renewal and replacement and to enable the Water and Sewer System to remain in compliance with all applicable regulatory requirements, as well as to lower operating and maintenance expenses. Major projects include expansion of the Southwest Water Reclamation Facility from 14.0 mgd to 18.0 mgd, expansion of the Nassau Regional Water Reclamation Facility from 2.0 mgd to 4.0 mgd, construction of the new Greenland Water Reclamation Facility with a capacity of 6.0 mgd, the rebuild of the biosolids operation at the Buckman Water Reclamation Facility and construction of a 6.0 mgd Water Treatment Plant to serve customers in the southwestern part of JEA's service territory and expansion of the Greenland Water Treatment Plant from 6.0 to 9.0 mgd. This program contains funding targeted to improve water and sewer treatment plants, in addition to meeting the three-part program described in "Regulation - *Public Water Supply System"* above to maintain sustainable water supply for JEA's customers.

Water and Sewer System Capital Program
(000's omitted)

Fiscal Year Ending September 30,	Amount
2020	$ 236,000
2021	249,000
2022	254,000
2023	206,000
2024	201,000
Total	$1,146,000

The total amount of the capital program for the five-year period is estimated to be approximately $1,146 million. It is expected that the total amount of the capital program for this period will be provided from Water and Sewer System revenues (including capacity charges) and no new debt. The projected total amount of the capital program may be affected by future environmental legislation and regulation. See "Regulation" above.

FINANCIAL INFORMATION RELATING TO WATER AND SEWER SYSTEM

Debt Relating to Water and Sewer System

Water and Sewer System Bonds

As of September 30, 2019, $1,158,645,000 in aggregate principal amount of bonds (the "Water and Sewer System Bonds") issued pursuant to the resolution of JEA adopted on February 18, 1997 and referred to therein as the "Water and Sewer System Revenue Bond Resolution" (as amended, restated and supplemented, the "Water and Sewer System Resolution") was outstanding. As of the date of this Annual Disclosure Report, there is $1,085,510,000 in aggregate principal amount of Water and Sewer System Bonds outstanding under the Water and Sewer System Resolution, consisting of (a) $156,220,000 in

Debt Service Coverage on Water and Sewer System Bonds. The debt service coverage ratio on Water and Sewer System Bonds increased to 3.59 times for the Fiscal Year ended September 30, 2019 as compared to the debt service coverage ratio of 3.33 times for the Fiscal Year ended September 30, 2018, as a result of the 6.6 percent increase in net revenues available for debt service and the 1.2 percent decrease in debt service on Water and Sewer System Bonds between such periods.

Debt Service on Subordinated Water and Sewer System Bonds. Debt service on Subordinated Water and Sewer System Bonds decreased $0.5 million, or 2.8 percent, for the Fiscal Year ended September 30, 2019 as compared to the Fiscal Year ended September 30, 2018, primarily related to lower interest expense as a result of lower outstanding debt balances.

JEA did not issue any Subordinated Water and Sewer System Bonds during the Fiscal Year ended September 30, 2019.

During the Fiscal Year ended September 30, 2018, JEA issued Subordinated Water and Sewer System Bonds as summarized in the following table:

Series	Purpose	Month Issued	Par Amount Issued	Par Amount Refunded
2017 Series A	Refunding[1]	December 2017	$58,940,000	$65,970,000

[1] Fixed rate bonds issued to refund fixed rate bonds.

Debt Service Coverage on Water and Sewer System Bonds and Subordinated Water and Sewer System Bonds including capacity fees. The debt service coverage ratio on Water and Sewer System Bonds and Subordinated Water and Sewer System Bonds increased to 3.02 times for the Fiscal Year ended September 30, 2019 as compared to the debt service coverage ratio of 2.79 times for the Fiscal Year ended September 30, 2018, as a result of the 6.6 percent increase in net revenues available for debt service and the 1.4 percent decrease in debt service on Water and Sewer System Bonds and Subordinated Water and Sewer System Bonds between such period.

Liquidity Resources

The Days of Cash on Hand for the Water and Sewer System at September 30, 2019 was 186 days, and the Days of Liquidity was 334 days. The Days of Cash on Hand for the Water and Sewer System at September 30, 2018 was 434 days, and the Days of Liquidity was 529 days. The Days of Cash on Hand computation is as follows:

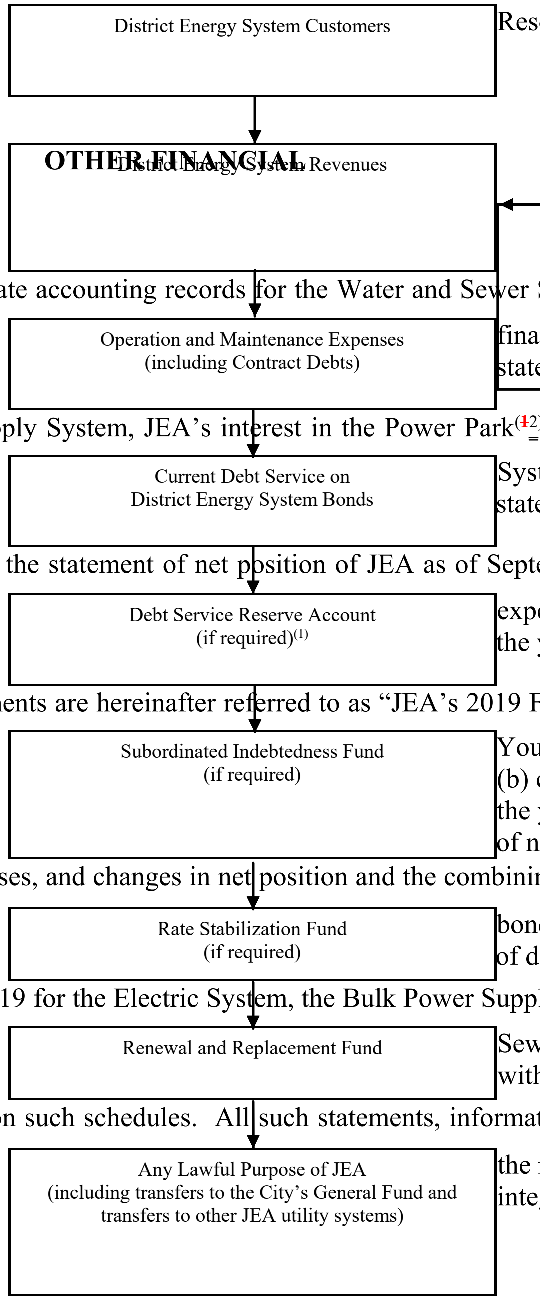
(*Cash and cash equivalents* and *Investments* amounts under *Current assets* on the Combining Statement of Net Position + *Renewal and Replacement Fund* balance referenced in Note 4 of the JEA Financial Statements attached hereto as APPENDIX ~~C~~A) / ((*Total operating expenses* - *Depreciation* + *Contributions to General Fund, City of Jacksonville, Florida*) / 365 days).

The Days of Liquidity computation is as follows:

(*Cash and cash equivalents* and *Investments* amounts under *Current assets* on the Combining Statement of Net Position + *Renewal and Replacement Fund* balance referenced in Note 4 of the JEA Financial Statements attached hereto as APPENDIX ~~C~~A + allocated share of available Revolving Credit Facility*) / ((*Total operating expenses* - *Depreciation* + *Contributions to General Fund, City of Jacksonville, Florida*) / 365 days).

APPLICATION OF DISTRICT ENERGY SYSTEM REVENUES

The following chart shows a summary of the major components of the application of revenues under the District Energy System Resolution.



OTHER FINANCIAL INFORMATIO

General

JEA maintains separate accounting records for the Water and Sewer System and the District Energy System. For purposes of financial reporting, however, JEA prepares combined financial statements that include the Electric System, the Bulk Power Supply System, JEA's interest in the Power Park(~~1~~2), the Water and Sewer System and the District Energy System. Set forth in APPENDIX A hereto are (a) the financial statements of JEA for its Fiscal Year 2019 (which consist of the statement of net position of JEA as of September 30, 2019 and the related statement of revenues, expenses, and changes in net position and cash flows for the year then ended and the notes thereto; such financial statements are hereinafter referred to as "JEA's 2019 Financial Statements"), together with the report of Ernst & Young LLP, independent auditors, on such financial statements, (b) certain supplemental data as of September 30, 2019 and for the year then ended (which consist of the combining statement of net position, the combining statement of revenues, expenses, and changes in net position and the combining statement of cash flows) and (c) certain statements of bond compliance information (which consist of schedules of debt service coverage for the year ended September 30, 2019 for the Electric System, the Bulk Power Supply System, JEA's interest in the Power Park, the Water and Sewer System and the District Energy System), together with the report of Ernst & Young LLP, independent auditors, on such schedules. All such statements, information, data and schedules should be read in conjunction with the notes to JEA's 2019 Financial Statements, which are an integral part of the financial statements.

(1) Revenues of the Water and Sewer System shall be deposited into a special subaccount in the Debt Service Reserve Account (the 2013 Series A Bonds Subaccount) established for the DES 2013 Series A Bonds and pledged to pay debt service on the DES 2013 Series A Bonds in the event that revenues of the District Energy System are insufficient to pay debt service on such DES 2013 Series A Bonds.

(~~1~~2) The Power Park ceased operations on January 5, 2018.

Investment Policies

The goals of JEA's investment policy are to (i) provide safety of capital, (ii) provide sufficient liquidity to meet anticipated cash flow requirements, and (iii) maximize investment yields while complying with the first two goals. Sound investment management practices help maintain JEA's competitive position since investment income reduces utility rates. JEA's funds are invested only in securities of the type and maturity permitted by its bond resolutions, Florida statutes, its internal investment policy and federal income tax limitations. JEA does not speculate on the future movement of interest rates and is not permitted to utilize debt leverage in its investment portfolio. Debt leverage is the practice of borrowing funds solely for the purpose of reinvesting the proceeds in an attempt to earn more income than the cost of the debt.

JEA invests its funds pursuant to Section 218.415, Florida Statutes, its various bond resolutions and its JEA Board-approved investment policy. As of September 30, 2019, 34.6 percent of JEA's total investment portfolio (including funds held under the Water and Sewer System Resolution, the Subordinated Water and Sewer System Resolution, the District Energy System Resolution, the Bulk Power Supply System Resolution, the Electric System Resolution, the Subordinated Electric System Resolution, the First Power Park Resolution and the Second Power Park Resolution) was invested in securities issued by the United States Government, federal agencies or state and local government entities and has a weighted average maturity of approximately 4.4 years. As of September 30, 2019, the remaining 65.4 percent of such investment portfolio was invested in commercial paper rated at least "A-1" and "P-1" by S&P and Moody's, respectively, having a weighted average maturity of less than 30 days, in money market mutual funds and in demand deposit bank accounts. JEA's funds that are invested in commercial paper, in money market mutual funds and in bank accounts are used primarily for operating expenses.

JEA has entered into securities lending agreements in the past wherein from time to time JEA loaned certain securities in exchange for eligible collateral consisting of United States Government and federal agency securities whose market values were at least 103 percent of the market values of the loaned securities which were re-priced daily. JEA earned a fee in connection with such securities lending agreements, which augmented its portfolio yield. Although JEA currently does not have any securities held pursuant to its securities lending program, JEA may enter into similar securities lending agreements in the future.

JEA previously implemented a strategy to lengthen synthetically the investment maturity of its short-term revolving funds by entering into 100 percent asset-matched interest rate swap transactions. Through the use of this strategy, JEA may lock-in a fixed rate of return for up to five years on those funds, such as debt service sinking funds, that it is permitted to invest only in short-term investment securities. As of September 30, 2019, JEA had, and as of the date of this Annual Disclosure Report, JEA has, no outstanding interest rate swap transactions for this purpose, although it may enter into interest rate swap transactions for this purpose in the future.

The JEA Board has established limits on the notional amount of JEA's interest rate swap transactions and standards for the qualification of financial institutions with whom JEA may enter into interest rate swap transactions. The counterparties with whom JEA may deal must be rated (i) "AAA"/"Aaa" by one or more nationally recognized rating agencies at the time of execution, (ii) "~~AA-/Aa3~~A"/"A2" or better by at least two of such credit rating agencies at the time of execution, or (iii) if such counterparty is not rated "A"/"A2" or better at the time of execution~~, ("AA-/Aa3" or better for interest rate swap transactions entered into prior to 2014)~~, provide for a guarantee by an affiliate of such counterparty rated at least "A"/"A2" or better at the time of execution where such affiliate agrees to unconditionally guarantee the payment obligations of such counterparty under the swap agreement. In addition, swap agreements generally will require the counterparty to enter into a collateral agreement to provide collateral when (a) the ratings of such counterparty (or its guarantor) fall below "AA-"/"Aa3" by two rating agencies and (b) a termination payment would be owed to JEA.

INTER-OFFICE MEMORANDUM
December 5, 2019

SUBJECT:	**RESCIND PERFORMANCE UNIT PLAN**
FROM:	Aaron F. Zahn, Managing Director/CEO
TO:	JEA Board of Directors

BACKGROUND:
In connection with JEA's current strategic planning process, JEA management has explored various tools and policies to attract and retain employees.

DISCUSSION:
In January 2019, the Compensation Committee directed JEA management to develop a compensation policy to align with the talent market and JEA guiding principles. At the July 23, 2019 Board meeting, the board heard a comprehensive presentation regarding the merits and characteristics of a long-term performance unit plan (PUP). As presented, the Compensation Committee's minimum requirements for any proposed policy were as follows: 1. Be consistent with JEA guiding principles, 2. Encourage a long-term culture of value creation, 3. Establish a formal compensation policy to align behavior to the four corporate measures of value and market based compensation, and 4. Promote collaboration with regard to JEA's Vision and Mission.
In response, and with the assistance of the Office of General Counsel, Foley & Lardner, Pillsbury Winthrop Shaw Pittman, and independent compensation consultant Willis, Towers and Watson (the "Advisors"), the PUP was proposed, as a new benefit program which would enable all full-time qualifying employees to participate in both the up-side and down-side of JEA's financial performance over a three-year period. Per the PUP terms and conditions, employees would be required to remain employed through the end of the 3-year period in order to benefit from the plan.

The PUP units would be offered at a purchase price of $10.00 with 30,000 units authorized in the initial offering. The proposed plan included a 110% threshold (estimated increase of $300 million) minimum increase in value of JEA by the end of 2022 (the "Challenge Target Value"), in order for any benefit to accrue to the PUP units. If JEA value were to increase above the Challenge Target Value, then the PUP pool would receive a payment equal to 5% of the increase in value in addition to return of the face value of the PUP units. If JEA value were to decrease at the end of 2022, then the PUP pool would decrease in value, accordingly. Any increase in value that did not exceed the Challenge Target Value would result in a return of the purchase price (the face value of the PUP units). The PUP units would be non-transferrable. It was noted in discussion that, if successful, the PUP plan could be continued over the long-term and additional thresholds could be established for additional offerings.

In discussion, the Board noted that the plan met the stated requirements and additionally would encourage employee retention. After discussion, Resolution 2019-10 was adopted unanimously.

Following the July 23 Board meeting, JEA Management continued to confer with the Advisors regarding the PUP.

In early October, JEA requested, through its Chief Legal Officer and the Office of General Counsel, an opinion from the Florida Attorney General, as to whether or not the PUP was consistent with Florida Law. That request has since been withdrawn.

On November 12, JEA's CEO made the decision to terminate the PUP and request the board to rescind Resolution 2019-10. Management believes this decision is in the best interest of JEA and its employees.

<u>RECOMMENDATION</u>:
Rescind resolution 2019-10.

Aaron F. Zahn, Managing Director/CEO

AFZ/LHR/MRH

Resolution No. 2019-17

A RESOLUTION RESCINDING PREVIOUSLY ADOPTED RESOLUTION 2019-10

WHEREAS, on July 23, 2019, in accordance with Board Policy 2.7, the Board adopted Resolution 2019-10, "A RESOLUTION APPROVING LONG-TERM PERFORMANCE UNIT PLAN AND RELATED DOCUMENTATION AND AUTHORIZING THE CEO TO TAKE ANY ALL ALL ACTION TO PURSUE THE IMPLEMENTATION OF SUCH PLAN AND RELATED DOCUMENTATION";

WHEREAS, the Board adopted Resolution 2019-10 based on the recommendation of the Compensation Committee and the authorization of the Office of General Counsel memo dated July 22, 2019;

WHEREAS, Board Resolution 2019-10, among other things, authorized the CEO or his designee to implement a long-term performance unit plan (the "Long-Term Performance Unit Plan") and to execute with each actively employed eligible full-time employee an agreement under the Long-Term Performance Unit Plan;

WHEREAS, Board Resolution 2019-10 further directed the CEO or his designee, in consultation with the Office of General Counsel, to make revisions to the Long-Term Performance Unit Plan which do not increase the financial obligations or liability of JEA, and to take, or cause to be taken any and all actions to prepare, execute and deliver, any and all documents that the CEO or his designee deems necessary or advisable to carry out the intent of Resolution 2019-10;

WHEREAS, the Long-Term Perfomance Unit Plan has not been finalized or executed by the CEO or offered to any eligible employee and no documents have been offered to be executed to carry out the intent of Resolution 2019-10; and

WHEREAS, after further review and discussion, the CEO and JEA management has requested that the board rescind Resolution 2019-10 and cancel the Long-Term Performance Unit Plan.

BE IT RESOLVED by the JEA Board of Directors that:

1. Previously adopted Resolution 2019-10 related to Long-Term Performance Unit Plan be and hereby is rescinded;
2. No further action be taken to carry out the intent of Resolution 2019-10; and
3. This Resolution shall be effective immediately upon passage.

Dated this ______ day of ____________2019.

JEA

By: ________________________________
Chair

Form Approved:

____
Lynne C. Rhode
Chief Legal Officer

EMPLOYMENT AGREEMENT FOR CHIEF EXECUTIVE OFFICER

THIS EMPLOYMENT AGREEMENT (this "Agreement") is made and entered on July 23, 2019 by and between JEA, a body politic and corporate under the laws of the State of Florida and an independent agency of the Consolidated City of Jacksonville (hereinafter referred "JEA" or "Employer"), and Aaron F. Zahn, an individual currently residing in Florida, hereinafter referred to as Employee.

WHEREAS, JEA is a community-owned, not-for-profit utility providing electricity to more than 485,000 customers in Jacksonville and the surrounding areas in northeastern Florida;

WHEREAS, JEA, founded in 1968, manages an electric system that dates back to 1895, and now owns and operates an electric system with five generating plants, transmission and distribution facilities, including 745 miles of transmission lines and 6,625 miles of distribution lines; is part owner and full operator of a sixth generating plant; produces energy from two methane-fueled generating facilities and owns a 12.6-megawatt solar project, placing JEA's total generating capacity at approximately 3,757 megawatts;

WHEREAS, JEA also provides water and wastewater services to approximately 352,000 water customers, 12,600 reuse water customers and 275,000 wastewater customers;

WHEREAS, JEA's water system consists of 136 artesian wells tapping the Floridian aquifer, distributing water through 37 water treatment plants and 4,352 miles of water lines and with a sewer system of more than 3,760 miles of collection lines and seven regional and seven non-regional sewer treatment plants;

WHEREAS, JEA owns and operates the District Energy System, a separate utility system that provides chilled water to 13 locations in Jacksonville;

WHEREAS, the JEA governing body is made up of a seven-member Board of Directors ("Board") appointed by the Mayor and confirmed by the City Council;

WHEREAS, the Board is tasked with appointing a Managing Director & Chief Executive Officer to operate the eighth largest community-owned electric utility company in the United States and the largest in Florida, with total assets of $8.4 billion (2018), total equity of $2.8 billion (2018), and approximately 2,000 employees (2018); and

WHEREAS, JEA is desirous of continuing to employ Employee as Chief Executive Officer pursuant to the terms and conditions and for the consideration set forth in this Agreement, and Employee is desirous of entering into this Agreement pursuant to such terms and conditions.

NOW, THEREFORE, for and in consideration of the mutual promises, covenants, and obligations contained herein, JEA and Employee agree as follows:

SECTION I – EMPLOYMENT AND DUTIES:

1.1 **Engagement**. JEA agrees to continue to employ Employee and Employee agrees to continue to be employed by JEA, for a time period beginning on November 27, 2018 (the "Effective Date"), and continuing until the employment relationship is terminated in accordance with the terms and conditions of this Agreement (the "Term").

1.2 **Terms and Duties**. Employee shall be employed as Managing Director and Chief Executive Officer of JEA (hereinafter collectively "CEO"). Employee agrees to serve in this position and to perform diligently Employee's duties and services with the dedication and in manner of similarly situated executives and as reasonably directed by the Board.

1.3 **Compliance with Policies and Procedures**. Employee shall at all times comply with and be subject to such policies and procedures as the Board may establish.

1.4 **Diligence to Position**. Employee shall devote full business time, energy, and best efforts to the business of Employer with the dedication and in the manner of similarly situated executives; provided, however, that it is agreed that this obligation shall not preclude Employee from engaging in appropriate civic, charitable or religious activities or from serving on the boards of directors of companies that are not competitors to JEA, as long as the activities do not materially interfere or conflict with Employee's responsibilities to JEA or Employee's ability to perform Employee's duties of employment at JEA, within the sole discretion of the Board. Subject to the foregoing, Employee may not engage, directly or indirectly, in any other business, investment, or activity that interferes with Employee's performance of his duties, is directly contrary to JEA's interests, or requires any significant portion of Employee's business time; provided, however, that Employee may own less than two percent (2%) of the voting stock of a corporation listed for trading or traded over the counter on a recognized stock exchange in the United States. Employee's responsibilities and duties are generally described in the Position Profile for the CEO, which may be amended from time to time and which is attached hereto as Exhibit A and by reference made a part hereof.

1.5 **Fiduciary Obligations**. Employee acknowledges and agrees that, during the Term, Employee owes a fiduciary duty of loyalty toward JEA, and will not intentionally injure the direct or indirect interests of JEA, or benefit from any outside activities which Employee knows conflict with interests of JEA or, upon discovery of any such conflict, allow such a conflict to continue. Moreover, Employee agrees to disclose to JEA any facts which involve a conflict of interest during the Term.

SECTION II – COMPENSATION AND BENEFITS:

2.1 **Annual Compensation**. Employee shall be paid an annual salary of $520,392.00 (the "Annual Base Salary"), which shall be paid in equal installments in accordance with JEA's standard payroll practice, including deductions for all legally applicable taxes and withholdings. Once every twelve (12) months (measured from, and contemporaneous with, the completion of JEA's annual audit), JEA shall conduct a performance review of Employee, including a review of the market pricing peer group assessment of Employee's Annual Base Salary by a nationally recognized compensation consultant and shall discuss the results of such review with Employee. The Board shall make modifications to Employee's Annual Base Salary as deemed to be appropriate based upon this annual review of Employee's performance.

2.2 **Pay for Performance Program**. The Board has established a Pay for Performance Program for fiscal year 2018/2019, and anticipates continuing the Program or a similar program in future years (all such programs are referred to in this Agreement as the "Program"). During the Term, Employee shall be eligible to participate in the Program, or any other incentive compensation program established by the Board in accordance with the terms of any such program.

2.3 **Vehicle**. Employee will have the use of an appropriately equipped JEA vehicle at the expense of JEA to supplement Employee's personal vehicle. In lieu of having use of a JEA vehicle, at Employee's option, JEA shall pay to Employee a monthly automobile allowance of $850.00, to be paid on or before the first regular payday of each month following the Effective Date, subject to withholding. It is specifically intended and understood that this allowance shall be provided as compensation for unreimbursed expenses incurred by Employee within the territorial limits of the JEA service territory and receipt of this allowance shall not prevent Employee from claiming and being reimbursed for travel expenses resulting from travel by Employee outside the JEA service territory in the manner provided by the Ordinance Code of the City of Jacksonville. JEA and Employee understand and agree that $850.00 is an estimate of the total cost Employee would incur if not provided with a JEA vehicle, including vehicle wear and tear and other costs that cannot be measured with precision, and that the full $850.00 shall be paid without any obligation on the part of Employee to provide proof of actual expenses.

2.4 **Business Allowance**. JEA shall pay to Employee a monthly allowance in the amount of $2,200.00 for general business expenses incurred in Employee's efforts to promote and represent JEA beyond those identified in JEA employee policies. The business allowance shall be paid on or before the first regular payday of each month following the Effective Date, subject to withholding. Employee may expend the monthly allowance in such a manner as Employee determines, in Employee's sole discretion, in support of Employee's performance of Employee's duties under this Agreement.

2.5 **Parking Allowance**. On or before the first regular payday of each month following the Effective Date, Employee will be provided a monthly allowance in the amount of $50.00 for parking (subject to withholding).

2.6 **Expenses**. Notwithstanding anything herein to the contrary, and in addition to other payments provided for in this Agreement, JEA shall reimburse Employee for telephone, travel, continuing education, and general business expenses incurred by Employee in accordance with JEA policies and procedures.

2.7 **Annual Leave**. Employee will be provided annual Paid Time Off ("PTO") in accordance with JEA's existing policies and procedures in effect from time to time. Without limiting the generality of the foregoing, Employee shall be entitled to a minimum of two hundred and eighty (280) hours of PTO during each year of employment commencing on the Effective Date. In addition, JEA shall observe eleven (11) paid holidays and one floating holiday each year.

2.8 **Fringe Benefits**. Employee shall be allowed to participate, on the same basis generally as other employees of JEA, in all general employee benefit plans and programs, including improvements or modifications of same, which on the Effective Date or thereafter are made available by JEA to all or substantially all of JEA's executive employees, or to JEA's employees generally, including any amendments thereto. Such benefits, plans, and programs may include, without limitation, medical, health, and dental care, life insurance, disability protection, and flexible spending accounts. Except as specifically provided herein, nothing in this Agreement is to be construed or interpreted to provide greater or lesser rights, participation, coverage, or benefits under the benefit plans or programs than provided to executive employees pursuant to the terms and conditions of such benefit plans and programs. JEA shall not by reason of this Agreement be obligated to institute, maintain, or refrain from changing, amending, or discontinuing, any incentive compensation or employee benefit program or plan, so long as such actions are similarly applicable to covered employees generally. Notwithstanding anything to the contrary in this Agreement, for so long as Employee's employment with JEA continues, JEA shall pay the premiums required to maintain a life insurance policy, with $500,000.00 in coverage, payable to one or more beneficiaries to be designated by Employee, and with a conversion provision that will allow Employee to continue coverage upon and after termination of employment.

2.9 **Pension Benefits**. Employee shall be allowed to participate in the General Employees Pension Plan, the JEA 401(a) Defined Contribution Plan, and in any other pension or retirement plan made available by JEA to all or substantially all of JEA's executive employees or to JEA's employees generally, including any amendments thereto. Any amounts which the Company would contribute to any Section 401(a) defined contribution plan but for the Section 401(a) limit under the Internal Revenue Code of 1986, as amended (the "Code"), shall be paid to Employee as taxable compensation on a current basis.

SECTION III – TERMINATION OF EMPLOYMENT:

3.1 **Termination**. Subject to the terms of Subsections 3.1.4, 3.1.5 and 3.1.6 of this Agreement, Employee's employment with JEA may be terminated (i) by JEA immediately for "Cause" (as defined in, and subject to the notice and cure provisions of, Subsection 3.1.1 of this Agreement); (ii) by Employee for "Good Reason" (as defined in, and subject to the notice and cure provisions of, Subsection 3.1.2 of this Agreement); (iii) upon Employee's death or upon Employee's "Disability" (as defined in Subsection 3.1.3 of this Agreement); or (iv) by either party, without Cause or Good Reason, upon thirty (30) days' advance notice to the other party.

3.1.1 For purposes of this Agreement, "Cause" for termination of employment means: (i) a willful breach by Employee of material duties, obligations and policies of JEA which Employee fails to cure within ten (10) days after written notice from JEA specifically identifying such breach; (ii) Employee's gross negligence or gross neglect of duties and obligations required in performance of Employee's duties, or willful misconduct; (iii) Employee's continued violation of written rules and policies of the Board after written notice of same and reasonable opportunity to cure; (iv) conviction of Employee for any criminal act which is a felony; (v) commission by Employee in a public or private capacity of theft, fraud, or misappropriation or embezzlement of funds; or (vi) misconduct as defined in Florida Statutes § 443.036(29). For purposes of this Agreement, termination of employment "without Cause" means any termination of employment by JEA for any reason not explicitly defined by this Subsection 3.1.1 as Cause for termination.

3.1.2 For purposes of this Agreement, "Good Reason" shall mean the occurrence of any of the following: (a) a material diminution in Employee's role, responsibilities, compensation, benefits and/or title without Employee's consent; (b) a directive by the Board to Employee to take any action or to refrain from action when implementing said directive would constitute a violation of applicable law; or (c) a material breach of this Agreement by JEA. Without in any way limiting the foregoing, a reduction in Employee's Base Salary to a level of 95% or less of the Base Salary stated in this Agreement shall be conclusively presumed to be a material diminution in Employee's compensation. Notwithstanding anything to the contrary in this Subsection 3.1.2 or in this Agreement, Employee may terminate Employee's employment for Good Reason only under the following terms and conditions. A termination of employment by Employee for Good Reason shall be effectuated by giving JEA written notice of the termination (the "Notice of Termination for Good Reason") within thirty (30) days after the event constituting Good Reason, setting forth in reasonable detail the specific conduct that constitutes Good Reason and the specific provisions of this Agreement on which Employee relies in support of the assertion of Good Reason. JEA shall have thirty (30) days from the receipt of the Notice of Termination for Good Reason within which to (i) deny that an event of Good Reason has occurred, or (ii) correct, rescind or otherwise substantially reverse the occurrence supporting termination for Good Reason as identified by Employee. If JEA does not deny that an event of Good Reason has occurred or if such event has not been cured within thirty (30) days after JEA received the Notice of Termination for Good Reason, then the termination of employment by Employee for Good Reason shall be effective upon expiration of said thirty (30)-day period after JEA received the Notice of Termination for Good Reason. If the event of Good Reason is cured within such thirty (30)-day period, the Notice of Termination for Good Reason shall have no effect. If JEA disputes that Good Reason exists, and does not within thirty (30) days cure the event cited by Employee as Good Reason, and if Employee then elects to terminate employment, the parties agree to arbitrate the dispute pursuant to Subsection 4.19. Any disputes between the parties regarding this Subsection 3.1.2, including with respect to whether circumstances giving rise to Good Reason exist, shall be resolved pursuant to the arbitration procedure set forth in Subsection 4.19.

3.1.3 For purposes of this Agreement, the term "Disability" shall mean: if JEA provides long-term disability insurance to its employees generally, and if JEA's long-term disability plan defines the term "Disability," then that term shall have the same meaning in this Agreement as in JEA's long-term disability plan; otherwise, the term "Disability" means a physical or mental incapacity as a result of which Employee becomes unable to continue to perform Employee's essential job functions, with or without reasonable accommodation, for four consecutive months.

3.1.4 If Employee's employment is terminated by JEA for Cause, by Employee without Good Reason, or as a result of Employee's death or Disability, then (a) Employee shall be paid all amounts and shall receive all benefits earned through the date of termination of employment, and (b) all future compensation to which Employee would otherwise be entitled and all future benefits for which Employee would otherwise be eligible shall cease and terminate as of the date of termination, except that (c) Employee shall be entitled to all vested benefits, to the right to continuation of benefits to the extent provided by applicable benefits plans, COBRA, and other applicable law, and to all other rights provided by applicable law.

3.1.5 If Employee's employment is terminated by JEA without Cause or by Employee for "Good Reason" then, subject to Employee's compliance with the covenants set forth in this Agreement and Employee's execution and non-revocation of the release of claims substantially in the form of Exhibit B attached hereto, (a) Employee shall be paid all amounts and shall receive all benefits earned through the date of termination of employment, (b) JEA shall pay Employee a lump sum payment equal to twenty (20) weeks of the current Annual Base Salary, less applicable taxes and deductions (such payment will be made within thirty (30) days of the date Employee's termination occurs), (c) Employee shall become fully vested in any unvested amounts contributed on his behalf to any available retirement plan that may then be in effect to the extent allowable under the terms of the applicable plan and applicable law, (d) if Employee makes a timely and effective election to continue health insurance coverage under COBRA, then JEA shall pay directly to its COBRA provider the COBRA premiums necessary to continue Employee's coverage (and coverage for Employee's covered dependents) under COBRA for a period of twenty (20) weeks following the end of the month in which the termination occurs, (e) Subsection 3.1.6 shall become operative, and JEA and Employee shall comply with Subsection 3.1.6, and (f) Employee shall be entitled to all other vested benefits, to all additional rights to continuation of benefits to the extent provided by applicable benefits plans, COBRA, and other applicable law, and to all other rights provided by applicable law.

3.1.6 JEA and Employee further agree that if, during the first six (6) years following the Effective Date, Employee's employment is terminated by JEA without Cause, or by Employee for "Good Reason" then, beginning on the first Monday after the effective date of termination of Employee's employment with JEA, Employee shall serve as a consultant to JEA for a period of twelve (12) months in accordance with the terms of the Separation and Transition Agreement substantially in the form of Exhibit B attached hereto.

SECTION IV – MISCELLANEOUS:

4.1 **Eligibility to Work in the United States**. Employee has provided previously to JEA the appropriate documentation to verify Employee's authorization to work in the United States.

4.2 **Governing Law; Binding Effect; Amendment**. This Agreement shall be interpreted and enforced in accordance with the laws of the State of Florida, and shall be binding on JEA's successors (including any organization that succeeds to substantially all of the assets and business of JEA) and assigns, and the term "JEA" whenever used in this Agreement shall mean and include any such successor or assign. This Agreement shall not be assignable or transferable by Employee or his beneficiaries or legal representatives. Notwithstanding the foregoing, in the event of the death of Employee, payments that otherwise would have been made to Employee shall instead be provided to Employee's estate. No amendment or modification shall be effective unless in writing by the parties, including the approval by the Board.

4.3 **Savings Clause**. Employee's present benefits and rights are preserved, including but not limited to accrued service credits, accrued leave, and accrued incentive compensation carried forward in accordance with existing policies and procedures.

4.4 **Public Records and Open Meetings (Sunshine) Requirements**. Employee will become familiar, with the assistance of JEA's staff and JEA's legal counsel, with the unique obligations and parameters of the State of Florida's public records and sunshine act laws, in order that JEA maintain its record of compliance with such laws.

4.5 **Legal Counsel**. Employee shall be entitled to legal counsel from or approved by the Office of General Counsel, paid for by JEA in a prompt and current manner as provided in Section 111.07, Florida Statutes, as necessary if Employee is a defendant participant in a lawsuit against JEA for actions that occurred during period of employment with JEA, excepting where a court has adjudicated Employee as having committed intentional tort or torts.

4.6 **Indemnification**. Pursuant to Section 768.28(9)(a), Florida Statutes, Employee is not personally liable in any action for any injury or damage suffered as a result of any act, event, or omission of action in the scope of her or his employment or function. JEA hereby agrees to indemnify, defend and hold Employee harmless from any and all claims, to the fullest extent permitted by Sections 111.07, 111.071 and 768.28(9)(a), Florida Statutes, and other applicable law. Without limiting the scope of this Subsection 4.6, which the parties agree shall be construed as broadly as permitted by applicable law, JEA's agreement to indemnify, defend and hold employee harmless includes claims arising out of the exercise of (or failure to exercise) Employee's duties and responsibilities to JEA, and to all other acts entitled to indemnification pursuant to Sections 111.07, 111.071 and 768.28(9)(a), Florida Statutes. If Employee's claim for indemnification is one for which indemnification is provided by Sections 111.07, 111.071 and 768.28(9)(a), Florida Statutes, or by other applicable law, then Employee shall be entitled to the benefits and protections of this Subsection 4.6 notwithstanding (i) any provision in this Agreement to the contrary, (ii) termination of Employee's employment, regardless of the reason for or circumstances surrounding said termination, or (iii) the termination of this Agreement.

4.7 **Confidentiality**. Employee agrees and acknowledges that, in the course of Employee's employment with JEA, Employee may learn trade secrets and other proprietary information of JEA. For purposes of this Agreement, "trade secrets" means any information protected by Florida's Trade Secrets Act, and "proprietary information" means any information obtained during the course of Employee's employment with JEA the disclosure of which would reasonably be expected to create a material risk of harm to JEA's legitimate business interests. JEA agrees and acknowledges that, in the course of Employee's employment with JEA, JEA may learn confidential information about Employee's finances and other personal matters. Accordingly, Employee agrees that Employee will not, during or after Employee's employment with JEA, disclose any of JEA's trade secrets or other proprietary information, except in performance of Employee's duties as an Employee of JEA, and JEA agrees that it will not, during or after Employee's employment with JEA, disclose any confidential information about Employee. However, nothing in this Agreement or in this Subsection 4.7 shall impose or be construed to impose any limitation that is contrary to applicable law or applicable court order, or to limit the parties' opportunity to agree in the future to permit disclosures of information otherwise made confidential by this Subsection 4.7.

4.8 **Non-disparagement**. Employee agrees not to disparage JEA, its officers or its Board members, and JEA agrees not to disparage Employee, except that nothing in this Agreement or in this Subsection 4.8 shall preclude either Employee or JEA from making truthful statements in legal proceedings, to preclude Employee from providing information to or initiating or participating in a proceeding before any federal, state or local administrative agency, or to impose any limitation that is contrary to applicable law or applicable court order.

4.9 **Authority**. The person executing and delivering this Agreement on behalf of JEA is an authorized officer, director or agent of JEA with full power and authority to bind JEA. Upon execution and delivery of this Agreement by JEA, this Agreement shall constitute the legal, valid and binding obligation of JEA.

4.10 **Execution**. This Agreement shall not become a binding and enforceable contract until signed by Employee, the Chair of JEA's Board of Directors, JEA's Chief Financial Officer and JEA's Chief Legal Officer. This Agreement may be executed in multiple counterparts, each of which shall be deemed to constitute an original, and which together, when signed by Employee, the Chair, the Chief Financial Officer and the Chief Legal Officer, shall constitute a single, legally binding contract.

4.11 **Entire Agreement**. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof. This Agreement supersedes all prior agreements and understandings, both oral and written, between the parties with respect to the subject matter of this Agreement.

4.12 **Compliance with Sections 409A / 457**. JEA intends that all payments provided under this Agreement be exempt from, or comply with, the requirements of Sections 409A and 457 of the Code and any guidance promulgated under Sections 409A / 457 of the Code (collectively, "Sections 409A / 457") so that none of the payments or benefits will be subject to the additional tax imposed under Sections 409A / 457, and any ambiguities in this Agreement will be interpreted in accordance with this intent. No payment or benefits to be paid to Employee, if any, under this Agreement or otherwise, when considered together with any other severance payments or separation benefits that are considered deferred compensation under Sections 409A / 457 will be paid or otherwise provided until Employee has a separation from service within the meaning of Sections 409A / 457. Each severance payment, installment, and benefit payable under Section 3 of this Agreement is intended to constitute a separate payment for purposes of U.S. Treasury Regulation Section 1.409A-2(b)(2).

All expenses or other reimbursements under this Agreement that would constitute nonqualified deferred compensation subject to Sections 409A / 457, (i) shall be paid on or prior to the last day of the taxable year following the taxable year in which such expenses were incurred by Employee, (ii) no such reimbursement or expenses eligible for reimbursement in any taxable year shall in any way affect Employee's right to reimbursement of any other expenses eligible for reimbursement in any other taxable year, and (iii) Employee's right to reimbursement shall not be subject to liquidation in exchange for any other benefit.

4.13 **Confidential Disclosure in Reporting Violations of Law or in Court Filings**. Employee acknowledges and JEA agrees that Employee may disclose confidential information in confidence directly or indirectly to federal, state, or local government officials, including but not limited to the Department of Justice, the Securities and Exchange Commission, the Congress, and any agency Inspector General or to an attorney, for the sole purpose of reporting or investigating a suspected violation of law or regulation or making other disclosures that are protected under the whistleblower provisions of state or federal laws or regulations. Employee may also disclose confidential information in a document filed in a lawsuit or other proceeding, but only if the filing is made under seal. Nothing in this Agreement is intended to conflict with federal law protecting confidential disclosures of a trade secret to the government or in a court filing, 18 U.S.C. § 1833(b), or to create liability for disclosures of confidential information that are expressly allowed by 18 U.S.C. § 1833(b).

4.14 **Notices**. For purposes of this Agreement, notices, demands and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when received if delivered in person, the next business day if delivered by overnight commercial courier (e.g., Federal Express), or the third business day if mailed by United States certified mail, return receipt requested, postage prepaid, to the following addresses:

If to JEA, to:

JEA
21 West Church Street
Jacksonville, FL 32202

If to Employee, to:

Aaron F. Zahn
at the address on file with JEA

Either party may change its address for notices in accordance with this Subsection 4.14 by providing written notice of such change to the other party.

4.15 **Survival**. The provisions of this Agreement that are intended to survive this Agreement and Employee's termination of employment shall survive in accordance with their terms.

4.16 **Severability**. If any provision of this 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 Agreement (as applicable) shall continue in full force and effect.

4.17 **Waiver**. Any failure of Employee to comply with any of his obligations under this Agreement may be waived only in writing signed by JEA. Any failure of JEA to comply with any of its obligations under this Agreement may be waived only in writing signed by Employee. No waiver of any breach, failure, right or remedy contained in or granted by the provisions of this Agreement shall constitute a continuing waiver of a subsequent or other breach, failure, right or remedy, unless the writing so specifies.

4.18 **Compliance with Applicable Laws**. No provision of this Agreement shall be deemed to violate applicable law and this Agreement shall be interpreted in accordance with this intent.

4.19 **Arbitration**. Except for suits seeking injunctive relief or specific performance or as otherwise prohibited by applicable law, the parties hereby agree that any dispute, controversy or claim arising out of, connected with and/or otherwise relating to this 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 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 in 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.]

[*Signature Page Follows*]

IN WITNESS WHEREOF, the parties hereto have duly executed this Employment Agreement on the day and year above first written.

ATTEST:

____

JEA

____
April Green, Chair

Date: 7/23/2019

WITNESSES:

____

____

____
Aaron F. Zahn, Employee
Date: 7/23/2019

I hereby certify that the expenditure contemplated by the foregoing Agreement has been duly authorized, and provision has been made for the payment of the moneys provided therein to be paid in respect of Fiscal Year 2019/2020.

____
Ryan Wannemacher, Chief Financial Officer

Approved:

____
Lynne Rhode, Chief Legal Officer

[*Signature Page to Chief Executive Officer Employment Agreement*]

EXHIBIT A

Position Profile

Position Title	Managing Director & Chief Executive Officer (CEO)
Location	Jacksonville, Florida
Reports To	This position reports directly to the JEA Board of Directors (the "Board"), comprised of seven members appointed by the Jacksonville Mayor, confirmed by City Council, who serve staggered terms.

Reporting Structure

Current Reporting Structure under the CEO:

- President & Chief Operating Officer
- Chief Financial Officer
- Chief Public & Shareholders Affairs Officer
- Chief Administrative Officer
- Chief Innovations and Transformation Officer
- Chief Information Officer

Position Summary

This individual will be a forward-thinking, innovative leader capable of conducting a strategic review of JEA and the industry landscape to establish the long-term plans and objectives ensuring JEA will be relevant and agile to adapt and thrive for decades to come. The Managing Director & Chief Executive Officer ("CEO" henceforth) will be responsible for establishing the overall direction of JEA, leading the business and overall activities of the organization, and ensuring near and long-term financial success and sustainability. The CEO will be tasked with identifying new lines of business and revenue sources for JEA as well as establishing a culture of continuous improvement and commercial success, always seeking ways to improve efficiency and profitability.

The CEO will design the appropriate organizational structure to support this strategy and is responsible for ensuring that the organization attracts and retains a diverse mix of talent with the leadership, operational, and commercial skills to drive a culture of internal and external innovation, process excellence, and risk management.

In addition to working closely with the Board and his Executive Management Team, the CEO will also work with public officials, customers, industry leaders, suppliers, the financial community, and environmental groups to ensure JEA continues to meet or exceed its objectives in the safest, most reliable and cost effective manner.

Responsibilities

- Provide strategic leadership for the organization by developing and implementing the strategic vision that outlines the long-term role of JEA in the Jacksonville metro, the State of Florida, and the utility industry as a whole. Working across the stakeholder community, the CEO will conduct a detailed assessment of business including its current objectives, market opportunities for business line expansion and revenue growth, operational delivery capabilities, and customer service to develop the near and long-term goals of JEA.

Pivotal to the strategic plan developed will be the identification of potential additional revenue streams including competitive and retail offerings such as retail solar, energy efficiency services and equipment sales and/or leasing, leveraging JEA's Dark Fiber and other infrastructure assets, electrification of Jacksonville's transportation fleet, gas to electric energy conversions, etc.

- In support of the business strategy developed, design and implement the appropriate organizational structure to support a nimble, collaborative, and innovative culture and enhanced delivery capabilities. Utilize new-to-JEA collaboration and workflow initiatives (idea generation forums, customer feedback reviews, internal/external think tanks, etc.) to create a consistent internal engine idea generation for growth and improvement.

- Establish the appropriate policies to support the business strategy that enable creativity, diversity, and commercial growth while also protecting the assets, people, and information of JEA and those it serves.

- Facilitate stakeholder communication of strategy to gain buy-in; clearly and continuously articulate the business strategy/direction to the Board of Directors, regulators, senior management team and all employees.

- Effectively communicate risk and opportunity to facilitate decision-making, prioritization and measurement of operating performance against plan.

- Represent JEA with its major customers, the financial community, the public, and other stakeholders including local, state, and national forums.

- Manage company operations to ensure operational efficiency, safety, quality service and cost-effective use of resources. Identify and implement ongoing financial and operational improvements.

- Define and execute a workforce development plan to attract and engage a high performing team with the skills and competencies necessary to accomplish the goals of JEA today and in the future. Identify and mentor future leaders for the organization, creating a workplace of safe, reliable, cost-effective service with excellent customer experience.

- Enhance and maintain relationships with key constituents across the region and the industry including elected officials, industry leaders, suppliers, environmental groups and customers. Communicate effectively to stakeholder groups with messaging appropriate for the audience.

- Define and oversee JEA's Disaster Preparedness Plan and ensure the appropriate training, logistics plan, and communication equipment are in place to respond to emergency/disaster situations.

- Lead public policy and public affairs activity, serving as the primary spokesperson for the agency locally, regionally and nationally.

- Increase understanding of the role of JEA in economic development efforts across the region. Participate actively in legislative and regulatory initiatives regionally and nationally.

- Promote strong fiscal accountability and responsibility.

- Develop a culture of productivity, diversity, efficiency, flexibility, and accountability to customers. Help JEA continue to evolve its internal development capabilities and be a top employer of choice with a diverse employment base with varying backgrounds.

EXHIBIT B

Separation and Transition Agreement

FORM OF SEPARATION AND TRANSITION AGREEMENT

THIS SEPARATION AND TRANSITION AGREEMENT (this "Agreement") is made and entered into on [DATE] by and between JEA, a body politic and corporate under the laws of the State of Florida and an independent agency of the Consolidated City of Jacksonville (hereinafter referred to as "JEA"), and Aaron F. Zahn, an individual currently residing in Florida, hereinafter referred to as Service Provider. Capitalized terms used herein but not defined shall have the meanings in the Employment Agreement for Managing Director and Chief Executive Officer, dated as of July 23, 2019 (the "Employment Agreement"), between JEA and Service Provider.

WHEREAS, Service Provider is employed by JEA as its [TITLE] pursuant to the Employment Agreement;

WHEREAS, Service Provider's employment with JEA shall be terminated; and

WHEREAS, in connection with Service Provider's separation from service with JEA, JEA and Service Provider desire to commence the transition of the [TITLE] position and Service Provider agrees to make himself or herself available to provide services to JEA on the terms and conditions set forth herein.

Now therefore JEA and Service Provider agree as follows:

SECTION 1 – SEPARATION:

1.1 **Removal from Positions**. The Service Provider's last day of employment with JEA is [DATE] (such date, the "Separation Date"). In that regard, as of the Separation Date, (a) Service Provider's position as [TITLE] of JEA and (b) all other officer positions, directorships and other positions that Service Provider holds with JEA shall terminate.

1.2 **Release Agreement**. Service Provider's receipt of any payments and benefits pursuant to this Agreement (other than the payments and benefits pursuant to Sections 3.1.5(a) and (f) of the Employment Agreement (the "Accrued Obligations")) is subject to Service Provider's signing and not revoking the Release Agreement substantially in the form attached hereto as <u>Exhibit A</u> (the "Release Agreement"); provided that the Release Agreement is effective within thirty (30)[1] days following the Separation Date. No payments or benefits under this Agreement (other than the Accrued Obligations) shall be paid or provided to Service Provider until the Release Agreement becomes effective in accordance with the deadline specified in the preceding sentence.

SECTION II – TRANSITION:

2.1 **Consulting Period and Services**. Commencing on the Separation Date and ending on the twelve (12)-month anniversary thereof (the "Consulting Period"), Service Provider

[1] <u>Note to Draft</u>: To be increased to 60 days for group terminations.

shall make himself or herself available to consult with JEA as reasonably requested by JEA from time to time (the "Services").

2.2 **Consulting Fee.** In exchange for the Services, commencing on the Separation Date, JEA agrees to pay Service Provider a monthly fee of $[AMOUNT] (the "Monthly Fee") for a total fee of $[AMOUNT].[2] Except as to the Monthly Fee, no other payment or benefits shall be due or payable to Service Provider for the Services. JEA may terminate Service Provider's service for Cause prior to the expiration of the Consulting Period and, in such event, Service Provider shall forfeit his or her right to receive the Monthly Fee for the remainder of the Consulting Period.

2.3 **Status as an Independent Contractor**. In all matters relating to the Services, nothing under this Agreement shall be construed as creating any partnership, joint venture or agency between JEA and Service Provider or to constitute Service Provider as an agent, employee or representative of JEA. Service Provider shall act solely as an independent contractor and, as such, is not authorized to bind any member of JEA to third parties. Consequently, Service Provider shall not be entitled to participate during the Consulting Period in any of the employee benefit plans, programs or arrangements of JEA in his capacity as a consultant. Service Provider shall be responsible for and pay all taxes related to the receipt of compensation in connection with the provision of the Services. Service Provider shall not make any public statements concerning the Services that purport to be on behalf of JEA, in each case without prior written consent from JEA. Notwithstanding Service Provider's status as an independent contractor in providing the Services, to the fullest extent permitted by applicable law and JEA's constituent documents applicable to officers and directors of JEA, (a) Service Provider shall continue to be entitled to indemnification for any loss, damage, or claim incurred by, imposed or asserted against Service Provider in connection with the Services provided to JEA, and (b) JEA shall pay the expenses incurred by Service Provider in defending any claim, demand, action, suit or proceeding related thereto as such expenses are incurred by Service Provider and in advance of the final disposition of such matter; provided that Service Provider shall be entitled to the coverage under clauses (a) and (b) on the same terms and conditions as were in effect prior to the Separation Date as reflected in Section 3.2.

2.4 **Legal Counsel**. The Service Provider shall be entitled to legal counsel, paid for by JEA, as necessary if Service Provider is a defendant participant in a lawsuit against JEA for actions that occurred during his period of employment and the Consulting Period with JEA, excepting intentional torts.

SECTION III – SEVERANCE BENEFITS:

[2] Note to Draft: To be calculated based on an annualized amount equal to the combined total of all items reflected on Service Provider's total compensation statement provided to Service Provide for the most recent 12-month period.

3.1 **Compliance with Employment Agreement**. JEA shall comply with any and all of its payment and benefit obligations of the Employment Agreement.

3.2 **Indemnification**. Pursuant to Section 768.28(9)(a), Florida Statutes, Service Provider is not personally liable in any action for any injury or damage suffered as a result of any act, event, or omission of action in the scope of her or his employment or function. JEA hereby agrees to indemnify, defend and hold Service Provider harmless from any and all claims, to the fullest extent permitted by Sections 111.07, 111.071 and 768.28(9)(a), Florida Statutes, and other applicable law. Without limiting the scope of this Section 3.2, which the parties agree shall be construed as broadly as permitted by applicable law, JEA's agreement to indemnify, defend and hold Service Provider harmless includes claims arising out of the exercise of (or failure to exercise) Service Provider's duties and responsibilities to JEA, and to all other acts entitled to indemnification pursuant to Sections 111.07, 111.071 and 768.28(9)(a), Florida Statutes. If Service Provider's claim for indemnification is one for which indemnification is provided by Sections 111.07, 111.071 and 768.28(9)(a), Florida Statutes, or by other applicable law, then Service Provider shall be entitled to the benefits and protections of this Section 3.2 notwithstanding (i) any provision in this Agreement or the Employment Agreement to the contrary, (ii) termination of Service Provider's employment, regardless of the reason for or circumstances surrounding said termination, or (iii) the termination of this Agreement.

3.3 **No Other Compensation or Benefits**. Except as otherwise specifically provided herein or as required by the terms of any employee benefit plan, program or arrangement of JEA, the Consolidated Omnibus Reconciliation Act or other applicable law, Service Provider shall not be entitled to any compensation or benefits or to participate in any past, present or future employee benefit plans, programs or arrangements of JEA on or after the Separation Date.

SECTION IV – COVENANTS AND AGREEMENTS:

4.1 **Incorporation by Reference**. The covenants and agreements set forth in Sections 4.7, 4.8 and Section 4.13 of the Employment Agreement (the "Restrictive Covenants") are incorporated herein by reference as if such provisions were set forth herein in full.

4.2. **Return of Property**. All files, records, documents, manuals, books, forms, reports, memoranda, studies, data, calculations, recordings, or correspondence, whether visually perceptible, machine-readable or otherwise, in whatever form they may exist, and all copies, abstracts and summaries of the foregoing, and all physical items related to the business of JEA, whether of a public nature or not, and whether prepared by Service Provider or not, are and shall remain the exclusive property of JEA, and shall not be removed from its premises, except as required in the course of Service Provider's employment by JEA, without the prior written consent of JEA. No later than the Separation Date, such items, including any copies or other reproductions thereof, shall be promptly returned by Service Provider to JEA (or, if requested by JEA, destroyed by Service Provider).

SECTION V – MISCELLANEOUS:

5.1 **Governing Law; Binding Effect; Amendment**. This Agreement shall be interpreted and enforced in accordance with the laws of the State of Florida, and shall be binding on JEA's successors and assigns. This Agreement shall not be assignable or transferable by Service Provider or his or her beneficiaries or legal representatives. Notwithstanding the foregoing, in the event of the death of Service Provider, payments that otherwise would have been made to Service Provider shall instead be provided to Service Provider's estate. No amendment or modification shall be effective unless in writing by the parties, including the approval by the Board.

5.2 **Authority**. The person executing and delivering this Agreement on behalf of JEA is an authorized officer, director or agent of JEA with full power and authority to bind JEA. Upon execution and delivery of this Agreement by JEA, this Agreement shall constitute the legal, valid and binding obligation of JEA.

5.3 **Execution**. This Agreement shall not become a binding and enforceable contract until signed by Service Provider, the Chair of JEA's Board of Directors, JEA's Chief Financial Officer and JEA's Chief Legal Officer. This Agreement may be executed in multiple counterparts, each of which shall be deemed to constitute an original, and which together, when signed by Service Provider, the Chair, the Chief Financial Officer and the Chief Legal Officer, shall constitute a single, legally binding contract.

5.4 **Entire Agreement**. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof. This Agreement supersedes all prior agreements and understandings, both oral and written, between the parties with respect to the subject matter of this Agreement (including, without limitation, the Employment Agreement (other than to the extent set forth herein and the Restrictive Covenants, which shall remain in full force and effect)).

5.5 **Compliance with Sections 409A / 457**. JEA intends that all payments provided under this Agreement be exempt from, or comply with, the requirements of Sections 409A and 457 of the Code and any guidance promulgated under Sections 409A / 457 of the Code (collectively, "Sections 409A / 457") so that none of the payments or benefits shall be subject to the additional tax imposed under Sections 409A / 457, and any ambiguities in this Agreement shall be interpreted in accordance with this intent. No payment or benefits to be paid to Service Provider, if any, under this Agreement or otherwise, when considered together with any other severance payments or separation benefits that are considered deferred compensation under Sections 409A / 457 shall be paid or otherwise provided until Service Provider has a separation from service within the meaning of Sections 409A / 457. Each severance payment, installment, and benefit payable under Section 3 of this Agreement is intended to constitute a separate payment for purposes of U.S. Treasury Regulation Section 1.409A-2(b)(2).

All expenses or other reimbursements under this Agreement that would constitute nonqualified deferred compensation subject to Sections 409A / 457, (i) shall be paid on or prior to the last day of the taxable year following the taxable year in which such expenses were incurred by Service Provider, (ii) no such reimbursement or expenses eligible for reimbursement in any taxable year shall in any way affect Service Provider's right to reimbursement of any other expenses eligible for reimbursement in any other taxable year, and (iii) Service Provider's right to reimbursement shall not be subject to liquidation in exchange for any other benefit.

5.6 **Notices**. For purposes of this Agreement, notices, demands and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when received if delivered in person, the next business day if delivered by overnight commercial courier (e.g., Federal Express), or the third business day if mailed by United States certified mail, return receipt requested, postage prepaid, to the following addresses:

If to JEA, to:

JEA
21 West Church Street
Jacksonville, FL 32202

If to Service Provider, to:

Aaron F. Zahn
at the address on file with JEA

Either party may change its address for notices in accordance with this Subsection 5.6 by providing written notice of such change to the other party.

5.7 **Survival**. The provisions of this Agreement that are intended to survive this Agreement and Service Provider's termination of employment shall survive in accordance with their terms.

5.8 **Severability**. If any provision of this 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 Agreement (as applicable) shall continue in full force and effect.

5.9 **Waiver**. Any failure of Service Provider to comply with any of his or her obligations under this Agreement may be waived only in writing signed by JEA. Any failure of JEA to comply with any of its obligations under this Agreement may be waived only in writing signed by Service Provider. No waiver of any breach, failure, right or remedy contained in or granted by the provisions of this Agreement shall constitute a continuing waiver of a subsequent or other breach, failure, right or remedy, unless the writing so specifies.

5.10 **Arbitration**. Except for suits seeking injunctive relief or specific performance or as otherwise prohibited by applicable law, the parties hereby agree that any dispute, controversy or claim arising out of, connected with and/or otherwise relating to this 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 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 in 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.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the parties hereto have duly executed this Separation and Transition Agreement on the day and year above first written.

ATTEST: **JEA**

______________________________ ______________________________

[NAME], Chair

Date: ____________________________

WITNESSES:

______________________________ ______________________________

Aaron F. Zahn, Service Provider

______________________________ Date: ____________________________

I hereby certify that the expenditure contemplated by the foregoing Agreement has been duly authorized, and provision has been made for the payment of the moneys provided therein to be paid in respect of Fiscal Year 20[__]/20[__].

____

[NAME], Chief Financial Officer

Approved:

____

[NAME], Chief Legal Officer

EXHIBIT A

MUTUAL RELEASE AGREEMENT

THIS MUTUAL RELEASE AGREEMENT (this "Agreement") is made and entered into on [DATE] by and between JEA, a body politic and corporate under the laws of the State of Florida and an independent agency of the Consolidated City of Jacksonville (hereinafter referred to as "JEA"), and Aaron F. Zahn, an individual currently residing in Florida, hereinafter referred to as Service Provider. Capitalized terms used herein but not defined shall have the meanings set forth in the Separation and Transition Agreement, dated as of [DATE] (the "Separation Agreement"), by and between JEA and Service Provider.

WHEREAS, the Separation Agreement sets forth the terms and conditions of Service Provider's separation from service with JEA effective as [DATE]; and

WHEREAS, the Separation Agreement provides that, in consideration for certain payments and benefits payable to Service Provider in connection with his or her separation from service, Service Provider shall fully and finally release JEA from all claims relating to Service Provider's employment relationship with JEA and the termination of such relationship.

Accordingly, the parties hereto agree as follows:

SECTION I – RELEASE:

1.1 **General Release by Service Provider**. In consideration of JEA's obligations under the Separation Agreement and for other valuable consideration, Service Provider hereby releases and forever discharges JEA and each of its respective officers, employees, directors and agents from any and all claims, actions and causes of action (collectively, "Claims"), including, without limitation, any Claims arising under (a) the Sarbanes-Oxley Act of 2002, 18 U.S.C. § 1514; Sections 748(h)(i), 922(h)(i) and 1057 of the Dodd-Frank Wall Street and Consumer Protection Act (the "Dodd Frank Act"), 7 U.S.C. § 26(h), 15 U.S.C. § 78u-6(h)(i) and 12 U.S.C. § 5567(a) but excluding from this release any right Service Provider may have to receive a monetary award from the Securities and Exchange Commission as an SEC Whistleblower, pursuant to the bounty provision under Section 922(a)-(g) of the Dodd Frank Act, 7 U.S.C. Sec. 26(a)-(g), or directly from any other federal or state agency pursuant to a similar program, or (b) any applicable federal, state, local or foreign law, including, but not limited to, claims under Chapter 112 or Chapter 760, Florida Statutes, that Service Provider may have, or in the future may possess arising out of (x) Service Provider's employment relationship with and service as a director, employee, officer or manager of JEA, and the termination of such relationship or service, or (y) any event, condition, circumstance or obligation that occurred, existed or arose on or prior to the date hereof; provided, however, that the release set forth in this Section 1.1 shall not apply to (i) the obligations of JEA under the Separation Agreement, (ii) the obligations of JEA to continue to provide indemnification to Service Provider as provided under applicable law or in the Separation Agreement and (iii) any Claims which cannot be released under applicable law. Service Provider further agrees that the payments and benefits described in the Separation Agreement shall be in full satisfaction of any and all claims for payments or benefits, whether express or implied, that Service Provider may have against JEA arising out of Service Provider's employment relationship, Service Provider's service as a director, employee, officer or manager of JEA and the termination thereof. The provision of the payments and benefits described in the Separation Agreement shall not be deemed an admission of liability or wrongdoing by JEA. This Section 1.1 does not apply to any Claims that Service Provider may have as of the date Service Provider signs this Agreement arising under the federal Age Discrimination in Employment Act of 1967, as amended, and the applicable rules and regulations promulgated thereunder ("ADEA"). Claims arising under ADEA are addressed in Section 1.2 of this Agreement.

1.2 **Specific Release of ADEA Claims by Service Provider**. In consideration of the payments and benefits provided to Service Provider under the Separation Agreement, Service Provider hereby releases and forever discharges JEA and each of their respective officers, employees, directors and agents from any and all Claims that Service Provider may have as of the date Service Provider signs this Agreement arising under ADEA. By signing this Agreement, Service Provider hereby acknowledges and confirms the following: (a) Service Provider was advised by JEA in connection with Service Provider's termination to consult with an attorney of Service Provider's choice prior to signing this Agreement and to have such attorney explain to Service Provider the terms of this Agreement, including, without limitation, the terms relating to Service Provider's release of claims arising under ADEA; (b) Service Provider has been given a period of not fewer than twenty-one (21)[3] days to consider the terms of this Agreement and to consult with an attorney of Service Provider's choosing with respect thereto; and (c) Service Provider is providing the release and discharge set forth in this Section 1.2 only in exchange for consideration in addition to anything of value to which Service Provider is already entitled.

1.3 **General Release by JEA**. JEA hereby releases and forever discharges Service Provider and each of his or her agents, representatives, attorneys, successors, assigns, heirs, executors and administrators from any Claims that JEA may have, or in the future may possess, arising out of (x) Service Provider's employment relationship with and service as a director, employee, officer or manager of JEA, and the termination of such relationship or service, or (y) any event, condition, circumstance or obligation that occurred, existed or arose on or prior to the date hereof; provided, however, that the release set forth in this Section 1.3 shall not apply to any Claims which cannot be released under applicable law.

1.4 **Representation**. Service Provider hereby represents that Service Provider has not instituted, assisted or otherwise participated in connection with, any action, complaint, claim, charge, grievance, arbitration, lawsuit or administrative agency proceeding, or

[3] Note to Draft: To insert for employees who are age 40 years or older and to be increased to 45 days for a group termination.

action at law or otherwise against any member of JEA or any of their respective officers, employees, directors, shareholders or agents.

SECTION II – CESSATION OF PAYMENTS:

In the event that Service Provider (a) files any charge, claim, demand, action or arbitration with regard to Service Provider's employment, compensation or termination of employment under any federal, state or local law, or an arbitration under any industry regulatory entity, except in either case for a claim for breach of the Separation Agreement or failure to honor the obligations set forth therein or (b) breaches any of the covenants or obligations contained in or incorporated into the Separation Agreement, JEA shall be entitled to cease making any payments due pursuant to Section 3 of the Separation Agreement (other than the Accrued Obligations).

SECTION III – VOLUNTARY ASSENT:

Service Provider affirms that Service Provider has read this Agreement, and understands all of its terms, including the full and final release of claims set forth in Section 1. Service Provider further acknowledges that (a) Service Provider has voluntarily entered into this Agreement; (b) Service Provider has not relied upon any representation or statement, written or oral, not set forth in this Agreement; (c) the only consideration for signing this Agreement is as set forth in the Separation Agreement; and (d) this document gives Service Provider the opportunity and encourages Service Provider to have this Agreement reviewed by Service Provider's attorney and/or tax advisor.

SECTION IV – REVOCATION:[4]

This Agreement may be revoked by Service Provider within the seven (7)-day period commencing on the date Service Provider signs this Agreement (the "Revocation Period"). In the event of any such revocation by Service Provider, all obligations of JEA under the Separation Agreement shall terminate and be of no further force and effect as of the date of such revocation. No such revocation by Service Provider shall be effective unless it is in writing and signed by Service Provider and received by JEA prior to the expiration of the Revocation Period.

SECTION V – MISCELLANEOUS:

5.1 **Governing Law; Binding Effect; Amendment**. This Agreement shall be interpreted and enforced in accordance with the laws of the State of Florida, and shall be binding on JEA's successors and assigns. This Agreement shall not be assignable or transferable by Service Provider or his or her beneficiaries or legal representatives. No amendment or modification shall be effective unless in writing by the parties, including the approval by the Board.

[4] Note to Draft: To insert for employees who are age 40 years or older.

5.2 **Authority**. The person executing and delivering this Agreement on behalf of JEA is an authorized officer, director or agent of JEA with full power and authority to bind JEA. Upon execution and delivery of this Agreement by JEA, this Agreement shall constitute the legal, valid and binding obligation of JEA.

5.3 **Execution**. This Agreement shall not become a binding and enforceable contract until signed by Service Provider, the Chair of JEA's Board of Directors, JEA's Chief Financial Officer and JEA's Chief Legal Officer. This Agreement may be executed in multiple counterparts, each of which shall be deemed to constitute an original, and which together, when signed by Service Provider, the Chair, the Chief Financial Officer and the Chief Legal Officer, shall constitute a single, legally binding contract.

5.4 **Entire Agreement**. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof. This Agreement supersedes all prior agreements and understandings, both oral and written, between the parties with respect to the subject matter of this Agreement.

5.5 **Notices**. For purposes of this Agreement, notices, demands and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when received if delivered in person, the next business day if delivered by overnight commercial courier (e.g., Federal Express), or the third business day if mailed by United States certified mail, return receipt requested, postage prepaid, to the following addresses:

If to JEA, to:

JEA
21 West Church Street
Jacksonville, FL 32202

If to Service Provider, to:

Aaron F. Zahn
at the address on file with JEA

Either party may change its address for notices in accordance with this Subsection 5.5 by providing written notice of such change to the other party.

5.6 **Survival**. The provisions of this Agreement that are intended to survive this Agreement and Service Provider's termination of employment shall survive in accordance with their terms.

5.7 **Severability**. If any provision of this 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 Agreement (as applicable) shall continue in full force and effect.

5.8 **Waiver**. Any failure of Service Provider to comply with any of his or her obligations under this Agreement may be waived only in writing signed by JEA. Any failure of JEA to comply with any of its obligations under this Agreement may be waived only in writing signed by Service Provider. No waiver of any breach, failure, right or remedy contained in or granted by the provisions of this Agreement shall constitute a continuing waiver of a subsequent or other breach, failure, right or remedy, unless the writing so specifies.

5.9 **Arbitration**. Except for suits seeking injunctive relief or specific performance or as otherwise prohibited by applicable law, the parties hereby agree that any dispute, controversy or claim arising out of, connected with and/or otherwise relating to this 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 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 in 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.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the parties hereto have duly executed this Release Agreement on the day and year above first written.

ATTEST:

____

JEA

____
[NAME], Chair

Date: ____________________________

I hereby certify that the expenditure contemplated by the foregoing Agreement has been duly authorized, and provision has been made for the payment of the moneys provided therein to be paid in respect of Fiscal Year 2019/2020.

____
[NAME], Chief Financial Officer

Approved:

____
[NAME], Chief Legal Officer

SERVICE PROVIDER HEREBY ACKNOWLEDGES THAT SERVICE PROVIDER HAS READ THIS AGREEMENT, THAT SERVICE PROVIDER FULLY KNOWS, UNDERSTANDS AND APPRECIATES ITS CONTENTS, AND THAT SERVICE PROVIDER HEREBY ENTERS INTO THIS AGREEMENT VOLUNTARILY AND OF SERVICE PROVIDER'S OWN FREE WILL.

____
Aaron F. Zahn